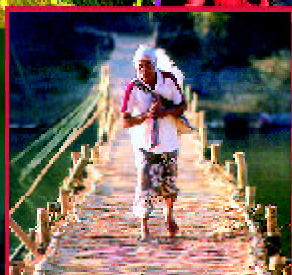
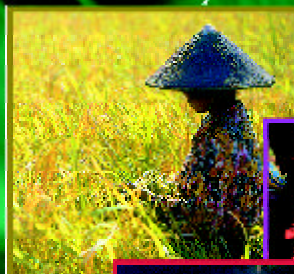




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Jakarta

Indonesia: Working out of Poverty



Employment dimensions of macro and sectoral policies

1

In Preparation for the ILO's submission to the Poverty Alleviation Committee in Indonesia, a series of 12 (twelve) Technical Briefing Notes (TBNs) have been prepared which serve two purposes; first, as background documents, on issues and policy choices critical to poverty reduction and secondly, as building blocks towards a comprehensive report: *“Working Out of Poverty: an ILO submission for the Indonesia PRSP”*.

This briefing note address ***Employment dimensions of macro and sectoral policies***. Other themes in series include the following:

- Decentralization and decent work: making the connection to the MDGs;
- Job creation and enterprise development (SMEs and local economic development);
- Rural development: access, employment and income opportunities;
- Youth employment: pathways from school to work;
- Skills development for economic growth and sustainable livelihoods;
- Promoting the declaration on fundamental principles and rights at work;
- Eliminating the worst forms of child labour;
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- Promoting good governance in the labour market by strengthening tripartism and social dialogue;
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EMPLOYMENT DIMENSIONS OF MACRO AND SECTORAL POLICIES

Productive and durable employment creation for reducing income poverty represents one of the pillars of the ILO's *Decent Work Agenda* (DWA). There is ample evidence to suggest that, in Indonesia and elsewhere, the poverty-labour market linkage is robust. In the rapid growth phase of the Suharto period, income poverty fell on a sustained basis as workers moved from agriculture to the more productive non-agricultural activities, the size of the wage employment sector expanded, some degree of skill deepening took place and real wages rose in line with increases in productivity. Unfortunately, the 1997 financial crisis temporarily reversed this virtuous process. While the crisis did not wipe out all the gains of the pre-crisis period, and while some degree of recovery has been in progress over the last five years, the Indonesian labour market is still characterized by a number of weaknesses. This TBN highlights such weaknesses and delineates the key features of an employment-focused policy framework that can make a significant contribution to the Indonesian government's renewed commitment to poverty reduction.

Introduction

1

As poverty shot up during the peak of the crisis, there was an involuntary reallocation of labour to the agricultural sector and an enlargement in the size of the urban informal sector, thus creating a phase of 'de-industrialisation'. Real wages also collapsed by about 40 per cent.

**Crisis, recovery
and the
Indonesian
labour market:
the persistence
of structural
weaknesses**

Since then, some form of recovery seems to have taken place. Income/consumption poverty has fallen from its peak in 1998/1999 and is now (as measured in 2002) equal to the level recorded in 1996. Preliminary estimates from the Central Board of Statistics suggest that poverty incidence in 2002 was 17.6 per cent, which is the value recorded in 1996.¹ Real wages are growing again and in 2002 were 10 to 30 per cent above their pre-crisis values.²

Despite such promising signs of recovery, various labour market indicators show that the recovery is still tenuous. The pertinent details are provided in the appendix (table A1). Consider some important statistics. The employment share of the agricultural sector fell to 40.1 per cent in 1997, but by 2001 it still stood at 43.3 per cent. The share of wage employment peaked at 35.5 per cent in 1997, but by 2001 it tapered off to 33.3 per cent. At the same time, the employment share of the urban informal sector (a sector in which the poor are concentrated) was 42.8 per cent in 1997, but by 2001 it was 45 per cent. In other words, there is no compelling evidence that the adverse changes in the employment structure that one witnessed during 1998 in the wake of the crisis-induced recession have dissipated.

Attention should also be drawn to the fact that the open unemployment rate has gone up quite sharply in recent years. It was recorded in excess of 9 per cent in 2002 *vis-à-vis* 4.7 per cent in 1997.³ Admittedly, open unemployment in Indonesia is concentrated among the relatively well educated, but the fact that it is dominated by very high youth unemployment rates is a source of some concern. The youth unemployment rate in 2001 stood at 24.1 per cent *vis-à-vis* 15.5 per cent in 1997 and accounts for more than 60 per cent of the total unemployed. Such visible manifestations of lack of productive employment opportunities for young Indonesians could turn out to be a source of social unrest.

Gender disparities persist in the Indonesian labour market. While the male-female wage gap has come down in recent years, a cursory inspection of

1 Figures kindly supplied to the author by Mr Brasukra Sudjana (UNSFIR-UNDP, Jakarta).

2 Alisjahbana and Manning (2002)

3 Asia Recovery Information Centre database for 2003 (www.aric.adb.org).

the relevant data in table A1 shows that, on almost every significant indicator of the labour market, female workers lag behind male workers.⁴ In 2001, for example, the labour force participation rate (in the 15-64 age bracket) for females were 53.3 per cent vis-à-vis 87.3 per cent for males. Female workers are also under-represented in the wage employment sector (29.3 per cent vs 35.6 per cent), over-represented in part-time employment (56.4 per cent) and the urban informal sector (49.9 per cent vs 42.2 per cent), exhibit higher involuntary underemployment (11.5 per cent vs 7.6 per cent) and have lower educational attainments (15.5 per cent of female workers have secondary education vs 21.1 per cent of male workers).⁵

The labour market weaknesses highlighted in the previous section necessitate the enunciation of two major goals as part of a national poverty reduction strategy. These are:

- The need to create enough durable jobs annually (at least two million according to current estimates) to absorb new entrants to the workforce and clear the backlog of the unemployed and the underemployed
- The need to strengthen labour market institutions rather than uncritically embracing labour market flexibility for creating an environment of decent work for all.

Embedded within the twin goals of employment creation and strengthening of labour market institutions are a series of policy recommendations that one can make. These are discussed below.

Over the 1999-2002 period, the average growth rate ranged was 3.2 per cent. Contrast this with a 7.0 per cent growth rate for 1994 to 1997.⁶ The growth rate in the second quarter of 2003 is expected to be 3.8 per cent.⁷ The post-crisis growth rate recorded so far is not enough to create jobs to cope with the two million entrants to the work force

Employment-focussed policies for poverty reduction: some recommendations

The need for the return of rapid and sustainable growth

4 The male-female wage gap is explored in Dhanani and Islam (2001).

5 The only exception seems to be female workers with tertiary education who are at par with their male counterparts (5.0 per cent).

6 Asia Recovery Information Centre database for 2003 (www.aric.adb.org)

7 The latest growth estimates are available at the website of the Central Board of Statistics (www.bps.go.id)

and to cope with the backlog of the unemployed and the underemployed. Based on current estimates of employment elasticity, a growth rate of at least five per cent in the short to medium term appears critical in underpinning any employment-focused strategy for mitigating the incidence of poverty in post-crisis Indonesia.⁸

*Reflecting
employment goals
in macro policy*

It is difficult to be serious about employment-led recovery from the 1997 financial crisis and its terrible aftermath unless employment concerns are formally incorporated as part of macroeconomic policy goals and targets. Indonesian monetary authorities, in common with such authorities in many countries, are entrusted with the task of reigning in inflation to an agreed target. In the medium-term, the aim is to maintain the inflation rate below 5 per cent.⁹ At the same time, fiscal policy is constrained by the need for 'fiscal consolidation' in order to reign in a crisis-induced explosion of public debt. This has understandably created a macroeconomic policy framework geared towards monitoring financial and fiscal variables.

In the 2001-2002 period, Indonesia experienced double digit inflation (in the 11.5 to 11.9 per cent range), while the nominal interest rate, as recorded in mid-2001 was the highest among Southeast Asian economies. Since then, the nominal interest rate has fallen by 350 basis points and the implied annualised inflation rate now (as at October, 2003) stands at a little over 6 per cent.¹⁰ At some point, the monetary authorities need to resolve some fundamental issues. What are the ex-ante social gains of keeping inflation persistently below five per cent or, conversely, the social costs of allowing inflation to drift above five per cent in the medium term?¹¹ Have they taken on board the lessons of international evidence that a moderate rate of inflation (below 15 per cent) is not harmful

8 The five per cent figure was highlighted in the 1999 ILO Employment Mission to Indonesia (ILO, 1999a). Note that the required growth rate to absorb new entrants to the labour force is sensitive to the particular value of employment elasticity used. Islam and Nazara (2000) find that the required growth rate to maintain 'flow' equilibrium in the Indonesian labour market varies from 3.5 per cent to 4.7 per cent.

9 The challenges and constraints of implementing 'inflation targeting' in Indonesia are explored in Alamsyah et al (2001).

10 Asia Recovery Information Centre, July Update, 2003. The inflation estimates are available at the website of the Central Board of Statistics (www.bps.go.id).

11 See Akerlof et al (1996) who argue that the social costs of moderate inflation have been exaggerated.

to growth nor is it prejudicial to the poor?¹² Unless there are convincing answers to such basic questions, inflation targeting in a stringent fashion may cause more problems than they will resolve.

Consider also the implications of running a tight fiscal policy at a time when economic growth seems to be quite anaemic. The Indonesian government has signalled its intention to target a budget deficit of 1.3 per cent of GDP for 2003, with the aim of balancing the budget by 2004.¹³ In order to achieve such a fiscal goal, the government has assumed a growth rate of 5 per cent for 2003, proposed a substantial increase in tax revenue of 18.7 per cent and has signalled its intention to cut subsidies on fuel, electricity and other items by 39 per cent. The need to cut subsidies is motivated by the need to move the budgetary framework in a pro-poor direction. Despite this laudable objective, some observers have expressed concern arguing that all the goals, including the projected growth rate, are overly ambitious.¹⁴ With a growth rate of 3.8 per cent in the second quarter of 2003 (as noted above), these reservations seem quite valid. More importantly, one could argue that, while the composition of the budget is important, its overall size in relation to the financing needs of a national poverty reduction strategy cannot be ignored.

It appears that there is a case for balancing the focus on financial and fiscal variables in macroeconomic management with a credible commitment to the provision of productive and durable employment opportunities for all Indonesians. Such a commitment could occur in the form of a 'jobs summit' that is enunciated in the context of public deliberations on issues pertaining to employment creation at both the national and local level. It would entail setting explicit job creation targets that would be consistent with absorbing new entrants to the work-force and making a significant dent on the current stock of the unemployed (given assumptions about the

12 The evidence is reviewed in Islam (2003).

13 The government is being urged to run a primary surplus (equal to two per cent of GDP) over the next few years. See World Bank (2000b). The draft budget for 2003 is reviewed in the *Jakarta Post*, August 19, 2002.

14 See *Jakarta Post*, August 18, 2002. Rizal Ramli is a major critic of the current government's macroeconomic management and argues that it is entirely based on servicing the government's debt obligations. See Ramli's commentary in the *Business Times*, August 16, 2002.

structural parameters of an economy). This key target would then set the context for working out the corresponding growth rate, requisite policy initiatives and in specifying a pro-poor budgetary framework. The use of employment creation targets as the locus of macroeconomic management in turn provides scope for exploring ways in which the growth process can be made employment-intensive thus reducing the burden on the growth rate alone to engender the required number of jobs to meet policy goals.

*Strengthening
labour market
information systems
to complement
employment-
focused
macroeconomic
management*

Any attempt to craft an employment-focused policy framework needs to be undergirded by an appropriate statistical framework that can enable the government to monitor the labour market. To start with, it is necessary to regularly update key indicators of the labour market (as illustrated in the appendix to this TBN). This can be complemented by drawing on the wide-ranging recommendations of an ILO study for improving the labour market information system (LMIS).¹⁵ These include: improvements in the design and collection of labour market data, greater efforts to collect information on the self-employed (who account for 40 per cent of the workforce), early warning systems to monitor the living standards of the working poor by focusing on monthly wage data of vulnerable groups in the labour force, integrating labour market data with poverty indicators, reduction in the time-lags between data generation, processing and dissemination, strengthening the capacity of district-level officials to produce relevant labour market data, and ensuring that the collection and production of labour statistics are fully funded from regular budgetary resources of the government. In addition, pertinent labour market information should be developed for job seekers, students, trainees and employers.

*Initiatives for
enhancing
employment
intensity of growth*

A key advantage of integrating employment concerns in macropolicy is that it enables the government to track the employment intensity of economic growth through estimates of employment elasticity. Higher employment elasticity will translate into lower growth rates required to reach employment creation targets (that is, the two million jobs noted above). Several pertinent questions

naturally emerge at this stage. What has been the historical behaviour of employment elasticity? How is it going to be influenced by the current reform agenda of further domestic deregulation, trade and FDI liberalisation, and privatisation in the short term and medium term? What will be the likely impact of decentralisation on the employment intensity of economic growth in the short and medium term?¹⁶ Once again, clear policy positions on these issues are not yet evident. However, thorough evaluations by the government of these issues are critical as part of developing a coherent and credible strategy for employment-led recovery.

What scope is there for the government to enhance employment elasticity, thereby reducing the burden on economic growth alone to generate the necessary jobs to absorb new entrants to the labour force? An employment-oriented poverty focused strategy in post-crisis Indonesia needs to be accompanied by appropriate measures that ensure the health and buoyancy of the agricultural sector and provides ample scope for small and medium-sized business enterprises (SMEs) to play a major role in productive employment opportunities for ordinary Indonesians currently languishing in the informal sector.¹⁷ These initiatives in turn are also likely to improve income distribution and thus reinforce the capacity of the growth-process to reduce poverty.

It is also necessary to highlight the role that certain sectors/sub-sectors play in employment creation. For example, the available evidence suggests that garments, footwear, furniture and electronics are sub-sectors within manufacturing with 'high' employment elasticities (above 0.5 for the 1985-1997 period).¹⁸ These are also sub-sectors with a significant degree of export-orientation. There is scope in these activities for small and medium-

16 The ILO Area office in Jakarta has completed a preliminary study of the short-run employment consequences of the current economic reform agenda that suggest rather moderate employment effects. The results have been reported in Dhanani and Widarti (2002) and highlighted in Islam (2002).

17 There is now a sizeable literature on SMEs in Indonesia. For a recent evaluation, see Berry et al (2001). They argue that SMEs fared better than large firms during the crisis, while in the pre-crisis period their productivity grew at rates quite similar to their large counterparts. The authors advocate the creation of a business environment conducive to SMEs and recommend the provision of business development services by the private sector.

18 See Islam (2002).

sized enterprises (SMEs) to play an important role in job creation. The government should seek to reduce entry barriers to sectors/sub-sectors with high employment elasticity both by reducing regulatory impediments and restraining the restrictive practices of dominant firms.

The use of labour-based production methods in public investment policy

ILO studies have consistently argued that governments ought to incorporate the use of 'labour-based' rather than 'equipment-based' production methods in its public investment policy.¹⁹ The public sector in Indonesia, as in many other developing countries, is a major player in infrastructure investment. One ILO study has shown that labour-based production methods in infrastructure investment in Indonesia can generate as many as 1.2 million durable jobs over four years without compromising standards of quality that one associates with equipment-intensive production techniques. This means that, if general growth-induced employment creation is of the order of two million annually, it has the potential to rise to 2.3 million annually with the adoption of 'labour-based' production methods in public investment policy.²⁰ This point is of particular importance because infrastructure maintenance and investment will grow significantly as economic recovery takes hold.

Access to the education and training system to enhance returns from participation in the labour market

An important area of poverty-focused policy intervention pertains to the education and training system. There is a strong correlation between educational attainment and poverty incidence at the household level. More specifically, the available evidence suggests that 87 per cent of Indonesia's poor have primary education or less. Simply upgrading a household head's education to a junior secondary level is associated with a drop in the poverty rate from 30 per cent to 17 per cent.²¹ These are significant figures and suggest that all Indonesians need to have educational attainment at least to a junior secondary level - a target that the Indonesian government has recognised. This target is also in line with the international community that argues the need for 'education for all'.²² This in

19 ILO (2000a).

20 ILO (1999a).

21 The evidence is reviewed in Islam (2002).

22 Mingat and Winters (2002) draw attention to the need for 'education for all' by 2015 - this being the goal set by 180 countries at the World Education Forum in Dakar, Senegal in 2000. Such a goal in turn is a continuation of an agenda set by the 1990 World Conference on 'Education For All' held in Thailand.

turn highlights a major policy challenge: how to ensure that barriers are not erected against broad-based participation by the poor in the education and training system.²³ In particular, considerable attention needs to be given to the goal of removing gender disparities in the education and training system that is enshrined in the Millennium Development Goals (MDGs) endorsed by the international community in 2002.²⁴ As noted, gender disparities persist in the Indonesian labour market and are quite marked in terms of the gap in educational attainment between male and female workers. This gap in turn is one of the important determinants of the male-female wage gap.

An influential body of opinion maintains that labour market flexibility is key to rapid employment growth. This suggests a policy approach in which institutional arrangements pertaining to mandatory unionism, collective bargaining, minimum wages, unemployment benefits and other labour protection legislation should be diluted or even dismantled because they represent impediments to job creation. Recent research – drawing on international evidence – has now cast doubt on the veracity of such claims.²⁵ Analytical work on unemployment benefits scheme has also shown that the disincentive effects of such a scheme have been overstated,²⁶ while studies in an East Asian context have shown that such a scheme is fiscally affordable, even for Indonesia.²⁷ There is also growing

*Strengthening
labour market
institutions for
creating decent
work for all*

23 SMERU (2001) has released a newsletter in which the difficulties faced by the poor in gaining access to secondary schooling are highlighted. The author, Oey-Mayling Gardiner, maintains that there are two barriers facing the poor (a) insufficient number of state-funded junior secondary schools; (b) exorbitant fees, even in the so-called state-funded sector, that discriminate against the poor. Recent media reports, focusing on the experience of a particular Indonesian district (BanjarNEGARA), also highlights the rather difficult barriers that ordinary families face in educating their children at a junior secondary level. The drop-out rate for this locality at the junior secondary level is nearly 50 per cent! See *Jakarta Post*, 25 March, 2002.

24 See UNICEF (2003) that provides an update on the global quest for gender equality in primary and secondary education.

25 As Baker et al (2002:55) put it: 'Our results indicate a yawning gap between the confidence with which the case for labour market deregulation has been asserted and the evidence that the regulating institutions are the culprits. It is even less evident that further weakening of social and collective protections for workers will have significant positive impacts on prospects'. See also Rama (2001) who draws on international evidence to show that the adoption of core labour standards does not impair growth (and hence, by implication, employment creation). In the case of Indonesia, studies on the employment consequences of minimum wages have yielded rather mixed results. See Islam and Nazara (2001), SMERU (2002) and Alatas and Cameron (2003).

26 See Acemoglu and Shimmer (2000).

27 See Lee (1998) and Vroman (1999).

professional opinion that informal systems of social protection (the variety of assistance flowing from private organisations and the informal network of friends and family) are not necessarily efficient and cannot cope effectively with economy-wide shocks (such as the 1997 crisis) that create systemic labour market risks in the form of spells of unemployment and underemployment.²⁸ Labour market risks in turn lie at the root of the economic insecurity and vulnerability that afflict the lives of ordinary citizens. Studies suggest that, in Indonesia, 30 per cent of the population may be vulnerable to labour market risks and other forms of economic insecurity causing them to endure transient spells of poverty.²⁹

It seems reasonable to conclude that dismantling of labour market institutions to create unregulated market forces in the labour market may well create some form of employment, but they are unable to 'promote opportunities for all women and men to obtain decent and productive work in conditions of freedom, equity, security and human dignity'³⁰. What, then, is the way forward?

In order to cope with the issue of vulnerability and economic insecurity engendered by labour market risks, Indonesia could consider the feasibility of setting up an unemployment benefits scheme to cater to the needs of formal sector workers. At the same time, a well-designed public works scheme could serve as an employment protection arrangement for workers in the informal sector and the rural economy.

Public works schemes have been quite common in all the Asian economies (including Indonesia) that were affected by the 1997 financial crisis. The general conclusion seems to be that they have not been particularly successful in meeting their goals. The employment creation effects were modest and intended beneficiaries often failed to gain access to the potential benefits of the programme, largely because the schemes were erected in haste.³¹ The

28 See Murdoch (1999). See also Ginnekan (1999), Beattie (2000), ILO (2000b), ESCAP (2000).

29 The evidence is reviewed in Islam (2002).

30 ILO. *Decent Work: Report of the Director-General*. Geneva. International Labour Conference, 87th Session. 1999

government should seek inspiration from international evidence that shows that well-designed public works schemes can be an important part of the tool-kit of long-term social protection policies in developing countries.³²

The agenda on strengthening labour market institutions also needs to deal with perceptions about growing labour unrest in Indonesia that have understandably caused considerable concern among both domestic and international investors.³³ One appropriate instrument for dealing with labour unrest and related concerns is 'social dialogue' or consensus building through deliberation and negotiation between employers and workers. The notion of social dialogue has built on the ILO's time-honoured principle of tripartism entailing the participation of the government, employers and worker organisations.

The challenge that the process of social dialogue faces in Indonesia is the balancing of considerations of voice, empowerment and representation of the interests of ordinary workers on the one hand with those of an industrial relations environment that is conducive to investment, economic growth and employment creation. This may well require a focus on broad-based coalition of employers, worker organisations, other civil society organisations and public intellectuals that can work in partnership with the government to focus on the essential tasks of employment-led recovery. One could use the idea of a 'jobs summit' noted earlier as a rallying point for such a coalition. At the same time, it has to be emphasised that no declaration emanating from a 'jobs summit' can be effective if it does not build on a labour rights-driven industrial relations system. The Indonesian government has made a promising start in this direction by ratifying all the core ILO

31 Direct employment creation programmes typically generate temporary employment equivalent to less than 1 per cent of the workforce. See Jorgensen and Domelan (1999: 16). Lee (1988: 55) estimates that if one includes all social expenditures directed towards employment creation, then their effects may be summarized as follows: seven per cent of the unemployed in Thailand; 10 per cent of the unemployed in Indonesia; 24 per cent of the unemployed in Korea.

32 See Ravallion (1998), Subbarao et al (1997).

33 A 2001 survey by the Japan Bank for International Cooperation (JIBC) notes that Indonesia continues to fall further behind China and Thailand in the competition for Japanese investment and it could be overtaken by Vietnam and India in this decade. The JIBC has urged the Indonesian government to take immediate steps to improve its investment climate. It is noteworthy that Japan is the largest source of private direct foreign investment for Indonesia. See *Jakarta Post*, 22 March, 2002.

conventions that pertain to the 'fundamental principles and rights at work'.³⁴ It has thus acquired the enviable distinction of being the only country in the East Asian region to accomplish such a task.³⁵ Nevertheless, ratification is only the beginning. The next challenge is the sustained realisation of basic worker rights for all Indonesians within the context of equitable, employment-intensive growth.

Conclusions and recommendations

The TBN has highlighted the labour market weaknesses that still prevail in Indonesia in the wake of the 1997 financial crisis. Despite promising signs of falling income poverty and rising real wages, there is no compelling evidence that the adverse changes in the employment structure that one witnessed during 1998 in the wake of the crisis-induced recession have dissipated. Open unemployment is higher today than it was in the pre-crisis period as is the youth unemployment rate. The growth of the wage employment sector has languished, while the size of the low-productivity informal sector is still significant. Gender disparities persist in the Indonesian labour market.

Given the robust poverty-labour market linkage that one witnessed in the pre-crisis era, it is necessary to focus on the provision of productive and durable employment creation as a key element of a national poverty reduction strategy. This is also one of the pillars of the ILO's DWA. The TBN has concluded the current growth rate is too low to create employment-led recovery. Policy-makers should aim for an annual and sustained growth rate of 5 per cent as a necessary condition for attaining employment-led recovery. It is necessary to make a credible commitment to job creation targets to balance the preoccupation with financial and fiscal variables, strengthening the labour market information system, identifying ways in which the employment intensity of growth can be enhanced, enhancing access to – and reducing gender disparities in – the education and training system to enhance the pay-offs from labour market

34 These are: freedom of association, right to organise and bargain collectively, the prohibition of forced and child labour, elimination of discrimination of employment.

35 See ILO (1999b).

participation, emphasizing the importance of social protection to cope with labour market risks and developing a cordial industrial relations system as part of an overarching agenda of strengthening labour market institutions.

Statistical Appendix

Table A 1
Indonesia: Key Indicators of the Labour Market (KILM 1-14),
1996-2001³⁶

INDICATORS	Indonesia					
	1996	1997	1998	1999	2000	2001
Participation in the world of work KILM 1: Labour force participation rate						
Male						
- 15 +	83.5	83.4	83.2	83.6	84.2	85.8
- 15 - 64	85.2	85.0	84.8	85.2	85.8	87.3
- 15 - 24	61.4	60.2	59.9	61.3	60.8	63.6
- 25 - 54	97.2	97.2	97.1	97.2	97.6	98.0
- 55 - 64	84.7	84.7	84.7	83.7	83.9	84.6
- 65 +	56.8	57.9	58.8	58.0	59.0	60.1
Female						
- 15 +	50.7	49.9	51.2	51.2	51.7	51.8
- 15 - 64	52.3	51.4	52.7	52.6	53.2	53.3
- 15 - 24	43.2	41.5	41.1	41.8	43.1	43.9
- 25 - 54	57.1	56.6	58.6	58.5	58.1	57.7
- 55 - 64	50.7	49.3	52.1	49.5	52.6	52.9
- 65 +	27.4	28.3	29.0	27.6	29.4	28.8
Male + Female						
- 15 +	66.9	66.3	66.9	67.2	67.8	68.6
- 15 - 64	68.5	67.9	68.5	68.9	69.4	70.2
- 15 - 24	52.1	50.7	50.3	51.6	51.8	53.5
- 25 - 54	76.9	76.6	77.6	77.6	77.8	77.8
- 55 - 64	67.4	67.0	68.6	66.5	68.1	68.9
- 65 +	41.6	42.4	43.4	42.3	43.7	43.6
KILM 2: Employment-to-population- ratio						
- Male	80.0	80.0	79.0	78.5	79.4	80.1
- Female	47.7	47.1	48.0	47.6	48.2	46.3
- Male + Female	63.6	63.2	63.3	62.9	63.6	63.0
Employment KILM 3: Status in employment						
Male						
- Wage and salaries workers, or employees	38.4	39.4	36.1	36.2	35.7	35.6
- Self-employed worker with employees	1.8	2.2	2.3	3.4	2.9	4.2
- Own-account workers	52.1	50.3	52.7	51.9	52.9	52.1
- Contributing family workers	7.7	8.0	8.8	8.5	8.5	8.1

³⁶ Mr Puguh Irawan (CBS, Jakarta) prepared this statistical appendix. This is an update of work that was initially done in 2000 through the Jakarta office of the ILO.

INDICATORS	Indonesia					
	1996	1997	1998	1999	2000	2001
Female						
- Wage and salaries workers, or employees	27.4	29.0	27.7	28.1	28.2	29.3
- Self-employed worker with employees	0.8	0.8	0.8	2.0	1.2	1.1
- Own-account workers	38.5	34.5	34.9	35.8	31.6	31.1
- Contributing family workers	33.4	35.7	36.6	34.2	38.9	38.6
Male + Female						
- Wage and salaries workers, or employees	34.2	35.5	32.9	33.1	32.8	33.3
- Self-employed worker with employees	1.4	1.7	1.7	2.9	2.3	3.1
- Own-account workers	46.9	44.3	45.9	45.7	44.8	44.3
- Contributing family workers	17.5	18.5	19.5	18.3	20.1	19.4
Employment						
KILM 4: Employment by sector						
Male						
- Agriculture	42.7	40.1	44.3	43.3	44.4	43.3
- Manufacturing	19.7	20.8	17.8	19.3	19.0	20.3
- Services	37.6	39.1	38.0	37.5	36.7	36.4
Female						
- Agriculture	44.8	41.8	46.0	43.1	46.7	44.5
- Manufacturing	15.8	16.2	13.9	15.5	15.0	16.1
- Services	39.4	42.0	40.0	41.4	38.3	39.4
Male + Female						
- Agriculture	43.5	40.7	45.0	43.2	45.3	43.8
- Manufacturing	18.2	19.1	16.3	17.8	17.4	18.7
- Services	38.3	40.2	38.8	38.9	37.3	37.5
KILM 5: Part-time workers						
- Male	20.6	18.7	20.9	20.4	18.0	17.4
- Female	44.9	42.7	45.3	43.4	40.7	38.2
- Male + Female	29.8	27.8	30.3	29.1	26.7	25.1
Women employed part-time	57.4	58.3	57.7	56.8	58.3	56.4
KILM 6.a: Hours of work						
% of employed working < 10 hours/week						
- Male	3.7	3.4	3.7	3.5	2.6	2.9
- Female	8.0	8.1	8.4	7.5	6.6	6.5
- Male + Female	5.3	5.2	5.5	5.0	4.2	4.3
% of employed working > 40 hours/week						
- Male	54.8	57.6	53.6	54.1	56.7	58.4
- Female	32.9	35.2	32.5	34.1	36.0	37.9
- Male + Female	46.4	49.1	45.5	46.5	48.8	50.8
KILM 6.b: Hours of work						
Total annual worked hours/person						
- Male	2.148	2.200	2.136	2.150	2.183	2.209
- Female	1.724	1.765	1.714	1.759	1.791	1.847
- Male + Female	1.986	2.035	1.973	2.001	2.033	2.075

INDICATORS	Indonesia					
	1996	1997	1998	1999	2000	2001
KILM 7: Urban Informal Sector Employment						
- Male	38.9	39.3	42.8	42.2	42.8	42.2
- Female	49.1	49.0	50.9	51.9	50.4	49.9
- Male + Female	42.5	42.8	45.7	45.8	45.5	45.0
Unemployment, Underemployment & Inactivity						
KILM 8: Unemployment						
- Male	4.2	4.1	5.0	6.0	6.0	7.1
- Female	5.9	5.6	6.1	6.9	7.2	11.8
- Male + Female	4.9	4.7	5.5	6.4	6.5	8.8
Unemployment, Underemployment & Inactivity						
KILM 9: Youth Unemployment (Youth 15 – 24, Adult > 24)						
a. Youth unemployment rate						
- Male	14.3	14.3	15.7	19.0	19.7	22.3
- Female	17.0	17.3	19.1	21.1	20.1	26.5
- Male + Female	15.5	15.5	17.1	19.8	19.9	24.1
b. Ratio of youth unemployment rate to adult unemployment rate						
- Male	9.3	9.4	6.7	7.1	8.6	7.8
- Female	7.4	8.4	8.5	7.6	7.2	4.1
- Male + Female	8.5	9.0	7.4	7.3	3.5	2.0
c. Number of youth unemployment as % of total unemployment						
- Male	71.1	70.4	63.1	64.8	67.4	65.1
- Female	70.4	72.0	71.5	68.8	68.2	57.2
- Male + Female	70.8	71.1	66.8	66.5	67.7	61.2
d. Number of youth unemployment as % of youth population (15 – 24)						
- Male	8.8	8.6	9.4	11.6	12.0	14.2
- Female	7.3	7.2	7.9	8.8	8.7	11.6
- Male + Female	8.1	7.9	8.6	10.2	10.3	12.9
KILM 10: Long-term unemployment						
a. Long-term unemployment rate						
- Male	1.2	1.3	1.3	1.8	1.5	1.2
- Female	1.7	1.7	1.4	1.9	1.7	1.6
- Male + Female	1.4	1.4	1.3	1.8	1.6	1.4
b. Incidence of long-term unemployment						
- Male	27.9	31.1	25.4	29.4	26.4	18.8
- Female	28.4	30.7	23.2	28.2	24.7	15.0
- Male + Female	28.1	30.9	24.5	28.9	25.7	16.9

INDICATORS	Indonesia					
	1996	1997	1998	1999	2000	2001
KILM 11: Unemployment by educational attainment						
a. % unemployment rate by educational level						
Male						
- No schooling	0.5	0.4	0.5	0.5	0.4	2.7
- Less than Primary	1.0	1.1	1.4	1.7	1.4	2.7
- Primary	3.1	2.9	3.6	4.4	4.8	5.5
- Secondary	10.8	10.5	12.2	13.8	11.4	12.5
- Tertiary	7.9	7.4	8.6	10.3	8.0	8.3
Female						
- No schooling	0.5	0.3	0.4	0.4	0.4	4.9
- Less than Primary	1.1	1.0	1.2	1.3	1.2	4.9
- Primary	4.6	4.5	4.8	5.4	5.6	9.6
- Secondary	19.1	18.2	19.6	20.7	18.7	22.7
- Tertiary	19.1	15.5	15.1	16.3	14.2	15.3
KILM 12: Time-related underemployment (Working < 30 hours/week who were seeking work or available for additional work during the reference period)						
a. Time-related underemployment as % of labour force						
- Male	8.8	8.3	6.3	8.9	7.3	7.1
- Female	11.8	13.2	11.6	13.2	11.5	10.3
- Male + Female	9.9	10.2	8.4	10.6	8.9	8.4
b. Time-related underemployment as % of total employed						
- Male	9.2	8.7	6.7	9.5	7.7	7.6
- Female	12.5	14.0	12.4	14.2	12.3	11.5
- Male + Female	10.4	10.7	8.9	11.3	9.5	9.1
KILM 13: Inactivity rate						
- Male	2.8	2.8	2.9	2.8	2.1	1.2
- Female	42.9	43.4	41.4	41.5	43.3	57.7
- Male + Female	23.1	23.4	22.4	22.4	22.6	29.0
Educational attainment & Illiteracy						
KILM 14: Educational Attainment and Illiteracy						
a. % distribution of educational attainment of the entire labour force						
Male						
- No schooling	6.6	6.5	5.6	5.4	5.4	4.8
- Less than Primary	17.3	18.9	16.6	15.3	13.3	14.2
- Primary	52.9	50.8	53.1	53.5	54.9	54.9
- Secondary	19.1	19.6	20.3	21.3	21.8	21.1
- Tertiary	4.0	4.2	4.3	4.5	4.7	4.9

INDICATORS	Indonesia					
	1996	1997	1998	1999	2000	2001
Female						
- No schooling	14.5	14.2	13.3	12.2	10.8	10.7
- Less than Primary	21.5	22.7	20.7	19.7	18.4	18.3
- Primary	45.9	43.6	46.7	47.7	50.5	50.5
- Secondary	14.6	15.5	15.2	15.6	15.7	15.5
- Tertiary	3.5	3.9	4.0	4.8	4.6	5.0
Male + Female						
- No schooling	9.7	9.4	8.6	8.0	7.5	7.1
- Less than Primary	18.9	20.3	18.2	17.0	15.3	15.8
- Primary	50.2	48.1	50.6	51.3	53.2	53.2
- Secondary	17.4	18.1	18.4	19.1	19.4	19.0
- Tertiary	3.8	4.1	4.2	4.6	4.6	5.0
b. % distribution of educational attainment of the labour force aged 25 - 29 years (young age group)						
Male						
- No schooling	1.5	1.6	1.3	1.2	1.4	0.7
- Less than Primary	8.7	9.0	7.1	6.7	5.2	6.4
- Primary	52.6	52.5	54.3	54.4	57.7	57.0
- Secondary	31.2	31.0	31.1	31.3	30.0	29.6
- Tertiary	6.0	5.9	6.3	6.4	5.8	6.3
Female						
- No schooling	4.3	4.1	3.5	2.7	2.5	1.8
- Less than Primary	14.6	14.3	12.0	10.2	8.9	10.0
- Primary	47.7	46.7	51.4	51.9	56.0	57.0
- Secondary	24.4	25.2	24.4	24.9	23.0	22.4
- Tertiary	9.1	9.7	8.7	10.3	9.6	8.8
Male + Female						
- No schooling	2.6	2.5	2.1	1.8	1.8	1.1
- Less than Primary	10.9	11.0	9.0	8.0	6.6	7.8
- Primary	50.7	50.3	53.2	53.4	57.1	57.0
- Secondary	28.6	28.8	28.5	28.8	27.3	26.9
- Tertiary	7.2	7.3	7.2	8.0	7.2	7.3
c. Illiteracy Rate						
- Male	9.2	7.8	7.5	7.2		
- Female	19.8	17.2	16.6	16.2		
- Male + Female	14.7	12.6	12.1	11.8		