

# **Indonesia Youth Employment**



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# Indonesia Youth Employment

## 1. Introduction

Recently many developing countries are facing a unique combination of massive rural-to-urban population movements, stagnant agricultural productivity, and growing urban and rural unemployment and underemployment. Of these emerging issues employment issue occupies a central place in the study of developing countries economic development. Substantial unemployment, especially in urban areas, now affects 10 percent to 20 percent of the labor force in these less developed countries. The incidence of unemployment is much higher among the young and increasingly more educated in the 15-24 age bracket (Todaro 1997).

Further, Todaro stressed that youth unemployment is one among the four areas of the employment problem in developing countries. The other areas of problem include the educated unemployed, self-employment and women's work. Youth unemployment itself affects both the educated and uneducated, women as well as men, and tends to be concentrated in urban areas. Having experienced rapid population growth rates, a sizable youth dependency ratio, and an increasing young labor force new entrants, youth employment poses a serious threat to future development in many less developed countries.

This study looks at the issue of Indonesian youth employment problem, which reflects the same problem widely found in many less developed countries as stated above, and tries to examine the policy responses to it. According to the estimation of the Central Agency of Statistics (CBS) there were 19,356,764 young people of 15 to 24 years of age in Indonesia in 1971, of which 11,325,493 persons were of 15-19 years age group and the rest were of 20-24 years age group. Of this total number of young people in 1971 78.5 percent lived in rural areas and 52.5 percent were female. In the next three decades, in the year of 2000, the total number of young people has doubled to 38,268,568, of which around half is young female. The most significant change that has taken place during the period is the proportion of those living in urban areas that shows an increase of more than doubled from 21.5 percent to 47.1 percent.

In 1971 1,072,343 young people of 15 to 24 years of age in Indonesia were searching for work but could not find any. In about three decades later this figure has risen up to 3,937,332 person, a more than triple its size in 1971 (CBS 2000). As compared to all unemployed persons (15 years of age and over), unemployed youth formed 40.8 percent and 31.6 percent of all urban and rural unemployed persons in 1971. In year 2000 this figure strikingly increased to 62.4 and 75.6 percent respectively. When gender issue matters, the data shows that 67.4 percent and 68.2 percent of all unemployed male and female are those who come from the 15-24 years age group in the year of 2000. In 1971 this youth proportion were 35.4 and 31.2 percent for male and female respectively. Having explored the characteristics of the youth employment in Indonesia and the existing policy on it, the study will later identify some lessons learned and come up with recommendations on what should be done in the case of youth employment in Indonesia in the future.

## 2. Background

In order to address the difficult challenge of youth employment a High-Level Panel on Youth Employment composed of the United Nations, the World Bank and the International Labour Office has recommended a new approach, a new political commitment and a new partnership for youth employment during the Millennium Assembly of the United Nations. The panel emphasizes the value of youth as an asset for social and economic development, the need for political commitment to promote decent and productive work for young people and the importance of new partnerships for employment policies. Three top priorities have been set up for national action plans.

- *Employability*

Since there is still a huge literacy gap, which leads to the vicious circle of poor education and training, poor jobs and poverty, then all countries need to review, rethink and reorient their education, vocational training and labour market policies to facilitate the school-to-work transition and to give young people ahead start in working life, particularly those who are disadvantaged because of disabilities or who face discrimination because of race, religion or ethnicity. Each country should set objectives and targets based on best practice/best performance for investment in education and training and other employability, strengthening measures, leading to jobs and social justice for the young.

- *Equality*

In many countries girls do not get the same education opportunities as boys do that leads to a serious gender gaps in literacy as a consequence. Regardless of these differences in education systems, young women have in general greater difficulties than young men do in entering – and staying in - the world of work, because of discriminatory policies, structural barriers and cultural prejudices. Responding to this problem, all countries need to review, rethink and reorient their policies to ensure that there are equal opportunities for young women and young men when they enter working life. Each country should set objectives and targets to rectify the gender disparities in access to education, training and labour markets, and develop and implement the necessary gender sensitive policies in these areas.

- *Entrepreneurship*

There are too few employers and hence too few job opportunities in the world. Cumbersome procedures and regulations hamper the start up of new businesses. In this case, all countries need to review, rethink and reorient the legal and institutional framework for business to make it easier to start and run a business. Government, at national and local level, need to encourage a broad and dynamic concept of entrepreneurship to stimulate both personal initiative and initiatives in a broad variety of organizations which include, but reach beyond, the private sector: small and large enterprises, social entrepreneurs, cooperatives, the public sector, the trade union movement and youth organizations.

To meet the common goal of decent and productive employment for young people translating these global priorities into national action plans is only a start. These plans required all countries to launch a policy dialogue and to mobilize partners for action. They will include the potential contribution which youth employment can make towards implementing national

poverty reduction strategies and thereby contributing to the international goal, agreed to at the Millennium Summit, of halving extreme poverty by the year 2015. Broad coalitions and partnerships at the local, national and international levels will be needed with employers, trade unions, local governments, youth organizations and other key players coming from civil society. In the meantime the UN, the World Bank and the ILO will work to provide governments with relevant and up-to-date indicators on youth employment, including data on the informal economy, on the costs occasioned by procedures for starting and operating enterprises and on the social and economic costs of youth employment.

### 3. Overview of Indonesian Youth Demographic Condition

Youth in Indonesia, as stated in the State Policy Guidelines are the people of the age group 15-29 years. The age group often used for youth classification internationally is teenage youth (15-19) and young adults (20-24). Table 3.1 is a description of the Indonesian population projection 2000 – 2005 by the age group. In terms of absolute number, the largest age group of Indonesian people in the next few years would still be the youth, the teenage youth (15-19) and young adults (20-24). The number in each age group would always around 20 millions of people, or around 10 percent of the total population.

**Table 3.1 Indonesian Population Projecti on2000 – 2005 (in thousands of people)**

Age Group	2000	2001	2002	2003	2004	2005
0 - 4	21,591.3	21,797.5	21,928.2	21,980.8	21,951.5	21,834.9
5 - 9	19,226.8	19,355.3	19,636.2	20,073.5	20,673.7	21,448.8
10 - 14	20,764.8	20,183.2	19,625.1	19,308.8	19,203.9	19,162.6
15 - 19	23,135.1	22,641.7	22,145.3	21,644.6	21,155.1	20,674.7
20 - 24	20,592.0	21,169.0	21,710.2	22,193.7	22,620.9	22,978.7
25 - 29	17,469.2	17,945.7	18,483.5	19,069.3	19,709.7	20,419.7
30 - 34	16,060.8	16,307.0	16,564.1	16,812.2	17,058.0	17,303.5
35 - 39	15,157.7	15,387.1	15,580.1	15,718.7	15,826.7	15,876.3
40 - 44	13,711.6	14,115.1	14,452.4	14,700.1	14,854.8	14,922.6
45 - 49	10,986.7	11,526.2	12,049.9	12,537.2	12,986.3	13,403.3
50 - 54	8,214.6	8,612.3	9,056.2	9,528.9	10,039.3	10,609.3
55 - 59	6,719.4	6,923.7	7,140.3	7,352.4	7,562.1	7,785.0
60 - 64	5,748.7	5,898.1	6,026.6	6,114.7	6,160.3	6,188.2
65 - 69	4,483.6	4,685.7	4,855.3	4,972.0	5,035.5	5,059.9
70 - 74	2,838.2	2,975.9	3,131.8	3,300.6	3,455.7	3,660.9
75 +	2,845.8	3,055.3	3,227.7	3,340.2	3,388.5	3,386.3
Total	209,546.3	212,578.8	215,612.9	218,647.7	221,682.0	224,714.7

Note : Excluding East Timor.

Source : Central Agency of Statistics.

The following is the descriptive condition of the Indonesian youth demographic condition. The data used in this study were obtained from the Population Census 1971, 1980, 1990, the 1976, 1985, 1995 Intercensal Population Survey, and the 2000 National Workforce Survey. The 2000 Population Census results were not available until the time this study was

completed. Some variables such as youth employment by status, youth unemployment rate by educational attainment were also obtained from 1990 National Workforce Survey.

In the year 2000, youth, the population in the age group 15-19 years constitutes 10 percent of total Indonesian population, and the 20-24 years age group is 8.8 percent of total population (Table 3.2). 47.1 percent of youth (15-24 years) live in urban areas (Table 3.3), their Labour Force Participation Rate is 51.8 percent, and their unemployment rate is about 19.9 percent (Table 3.4).

**Table 3.2 Indonesian Youth as Percentage of Total Population, 1971 – 2000**

Period	Total Number of 15-19 Population	15-19 years as Percentage of Total Population	Total Number of 20-24 Population	20-24 years as Percentage of Total Population
1971	11,325,493	9.6	8,031,271	6.8
1976	13,530,231	10.7	9,882,024	7.8
1980	15,283,235	10.4	13,000,959	8.9
1985	16,566,970	10.1	14,287,657	8.7
1990	18,926,983	10.6	16,128,362	9.0
1995	20,279,390	10.4	17,150,776	8.8
2000	20,316,329	10.0	17,952,239	8.8

Source: Indonesia Central Agency of Statistics: 1971, 1980, 1990 Population Census; 1976, 1985, 1995 Intercensal Population Survey, and 2000 National workforce Survey.

There is a rapid increase in the number of youth population in urban areas, as compared to rural areas. The increasing proportion of youth population in urban areas is remarkable. The youth proportion in urban areas in the year 2000 is more than double its proportion in 1971, while in rural areas it is getting smaller in the last 30 years (Table 3.3).

**Table 3.3 Percentage of Indonesian Youth Population (15-24 years) by Region and Gender, 1971 – 2000**

Location - Gender	1971	1976	1980	1985	1990	1995	2000
Urban	21.5	22.2	27.1	31.9	36.6	41.5	47.1
Rural	78.5	77.8	72.9	68.1	63.4	58.5	52.9
Male	47.5	48.5	47.7	47.7	48.8	48.9	49.1
Female	52.5	51.5	52.3	52.3	51.2	51.1	50.9

Source: Indonesia Central Agency of Statistics: 1971, 1980, 1990 Population Census; 1976, 1985, 1995 Intercensal Population Survey, and 2000 National workforce Survey.

The urban and rural classification follows that of the Central Agency of Statistics, who conducted a scoring method to decide whether an area is urban or rural. The scoring method covers the population density where urban areas are more dense than rural areas, the percentage of household in agriculture where it is larger in rural areas, and also the availability of infrastructures such as schools, hospitals, electricity and permanent roads where urban areas have

more of them than rural areas.

**Table 3.4 Youth (15-24) and Adult (> 25) Labour Force Participation Rate, and Unemployment Rate, 1971 – 2000**

Period of study	Youth (15-24 years)		Adult (> 25 years)	
	Labour Force Participation Rate	Unemployment Rate	Labour Force Participation Rate	Unemployment Rate
1971	46.8	11.9	63.7	7.1
1976	60.6	4.8	73.8	0.7
1980	46.3	3.5	63.4	1.0
1985	46.3	6.9	69.2	0.8
1990	49.9	8.6	69.0	1.2
1995	53.8	20.0	70.1	2.9
2000	51.8	19.9	73.7	2.5

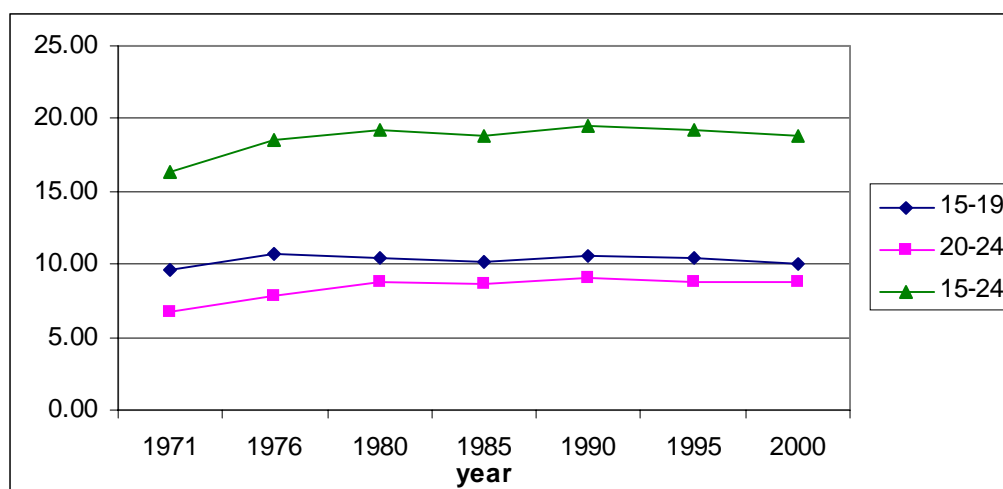
Source: Indonesia Central Agency of Statistics: 1971, 1980, 1990 Population Census; 1976, 1985, 1995 Intercensal Population Survey, and 2000 National workforce Survey.

Normally, youth age group is the age for education and training to develop the potentials within each individual, in order to prepare them toward the waiting world of employment. But what would happen if the external conditions could not support the young people? Sometimes these young people have to abandon their school in order to be able to do other activities to support their families. They might have to work, or looking for work, or in another word, they might have to actively participate in the economy. To explore further the supply side of the Indonesian youth population the following section will describe in more details of what has been happening to Indonesian youth during the last 30 years, their age groups and gender conditions, education, ethnic, residence and mobility.

### 3.1 Age and Gender

For the last 30 years Indonesian youth population, both teenage youth (15-19 years) and young adults (20-24 years), shows an increase in its proportion to total population,. As found in many developing countries, which characterized by its big proportion of young population, Indonesian 2000 data confirmed the youth domination that around one fifth of the total population were of this group (15-24 years). So, it deserves special attention as they are expected to be the nation's future human resources. Below is the graphic of youth population as a percentage of the total population.

**Figure 3.1 Youth Population as percentage of Total Population, 1971 - 2000**



Source: Indonesia Central Agency of Statistics: 1971, 1980, 1990 Population Census; 1976, 1985, 1995 Intercensal Population Survey, and 2000 National workforce Survey.

Indonesian female youth population shows a slightly larger number than male for the last 30 years. It can be observed from the percentage of population by gender, for all youth age group, that the female proportion is always higher than that of male for every period of study. The exception applies to the 15-19 age group that shows a change from female domination, in 1971 to 1980, to male domination starting 1985 up until 2000 (Table 3.5).

**Table 3.5 Percentage of Indonesian Population by Age Group and Gender, 1971 – 2000**

Age Group	1971		1976		1980		1985		1990		1995		2000	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
15-19	49.3	50.7	48.7	51.3	49.2	50.8	50.3	49.7	50.3	49.7	50.7	49.3	51.1	48.9
20-24	44.9	55.2	48.3	51.7	45.9	54.0	44.7	55.3	47.0	52.9	46.9	53.1	46.9	53.1
15-24	47.5	52.5	48.5	51.5	47.7	52.3	47.7	52.3	48.8	51.2	48.9	51.1	49.1	50.9
Total (>0)	49.3	50.7	49.5	50.5	49.7	50.3	49.8	50.2	49.9	50.1	49.8	50.2	49.9	50.1

Source: Indonesia Central Agency of Statistics: 1971, 1980, 1990 Population Census; 1976, 1985, 1995 Intercensal Population Survey, and 2000 National workforce Survey.

### 3.2 Education

In the last three decades there has been a notable decrease in the percentage of youth (15-24 years) that has never attended school. The figure is from 8.3 percent in the year 1971 to 0.5 percent in the year 2000 in urban areas and from 24.2 percent to 1.6 percent in the rural areas. In urban areas the decreasing proportion applies also to those with “Less than Primary” and “Primary School” education, while in rural areas applies only to those with “Less than Primary” education. On the other hand, there have been some increases in the percentage of those who

attained higher education, that is junior high school and above in urban areas, and primary school and above in rural areas (Table 3.6).

Furthermore, from the same table we could also find differences in the proportion of each level of youth education in urban and rural areas. In the year of 2000, the majority of young rural population attained Primary School education (44.5 percent) and Junior High School (33.1 percent), while in the urban areas, most of them have Junior High School level education (37.9 percent) and Senior High School (34.3 percent).

**Table 3. 6 Percentage Distribution of Youth Population (15 –24 years) by Educational Attainment and Region, 1971 – 2000**

Educational attainment	1971		1976		1980		1985		1990		1995		2000	
	Ru	Ur	Ru	Ur	Ru	Ur	Ru	Ur	Ru	Ur	Ru	Ur	Ru	Ur
No schooling	24.2	8.2	18.8	7.7	-*	-*	7.7	2.4	4.9	1.4	2.5	0.7	1.6	0.5
Less than Primary School	35.7	20.8	52.1	39.2	30.7	15.8	29.2	13.5	19.8	7.9	14.3	5.3	7.7	3.1
Primary School	31.8	35.8	23.1	24.2	39.9	30.0	42.3	31.3	46.1	28.1	48.3	26.6	44.5	22.1
Junior High School	6.4	22.8	3.5	13.2	26.1	36.6	15.0	31.1	19.9	34.1	24.3	35.0	33.1	37.9
Senior High School	1.8	11.4	2.5	15.2	2.9	16.2	5.6	21.0	9.0	27.3	10.3	30.3	12.6	34.3
College and University	0.0	0.9	0.0	0.6	0.3	1.4	0.2	0.6	0.3	1.3	0.4	2.1	0.5	2.3

\* = The Central Body of Statistics publication of the 1980 Population Census does not contain the data for the category.

Source: Indonesia Central Agency of Statistics: 1971, 1980, 1990 Population Census; 1976, 1985, 1995 Intercensal Population Survey, and 2000 National workforce Survey.

When broken down by gender, youth educational attainment figures show a tremendous turn down of the proportion of both male and female in the lower level education (below Primary School) in the last three decades. Male youth education level used to be 14.1 percent for ‘No schooling’ and 32.1 percent for ‘Less than Primary School’ in 1971 and these figures become 0.9 percent and 5.1 percent, respectively, in 2000. During the same period, female youth lower education level has decreased from 26.9 percent to 1.2 percent for those with ‘No schooling’ and from 32.9 percent to 5.9 percent for those with ‘Less than Primary school’. It seems that female young population achieved more as compared to their counterpart in terms of education. They increased their proportion of having Junior High school and Senior High school as large as 12.05 percent and 24.35 percent annually in the last 29 years. While for male youth the figures are 6.59 percent and 12.44 percent, respectively, during the same period. The figures even show that in the year 2000, the percentage of female who attained college and university level of schooling (1.5 percent) is slightly higher than male (1.1 percent). (Table 3.7).

**Table 3.7 Percentage of Youth Population (15 –24 years) by Educational Attainment and Gender, 1971 - 2000**

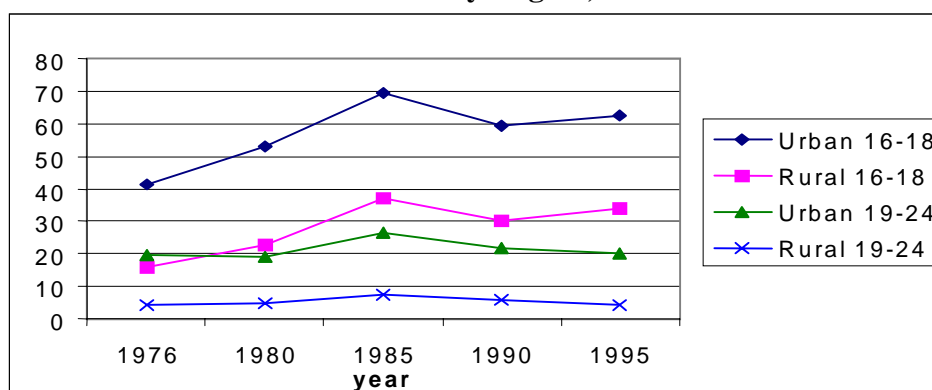
Educational attainment	1971		1976		1980		1985		1990		1995		2000	
	M	F	M	F	M	F	M	F	M	F	M	F	M	F
No schooling	14.1	26.8	12.9	23.5	-*	-*	3.9	8.0	2.4	4.7	1.3	2.2	0.9	1.2
Less than Primary School	32.1	32.9	50.5	49.9	22.7	30.7	20.8	27.2	13.7	17.0	10.2	10.9	5.1	5.9
Primary School	35.8	29.7	25.5	19.9	36.7	38.0	39.4	38.2	38.7	40.3	37.9	40.7	32.9	34.9
Junior High School	12.6	7.6	5.9	3.4	32.1	25.6	23.2	17.4	27.3	22.9	30.1	27.4	36.5	34.2
Senior High School	5.1	2.7	5.0	3.1	7.9	5.0	12.4	8.8	17.3	5.0	19.5	17.7	23.4	22.2
College and University	0.3	0.1	0.1	0.1	0.6	0.6	0.3	0.3	0.6	0.6	1.0	1.2	1.1	1.5

\* = The Central Body of Statistics' publication of the 1980 Population Census does not contain the data for the category.

Source: Indonesia Central Agency of Statistics: 1971, 1980, 1990 Population Census; 1976, 1985, 1995 Intercensal Population Survey, and 2000 National workforce Survey.

Another important mean to analyze the situation of youth education is the youth school enrollment ratio, which is the percentage of youth population attending school by schooling age group. In urban areas, youth of high school age (16-18 years), who stays in school, increases from 40 percent to around 60 percent of its population during the last 20 years. Although the figure in rural areas is worse, where the school enrollment ratio has never attained 40 percent, it shows an improvement in about 20 years (Figure 3.2). In general, there have been noticeable gaps between urban and rural areas school enrollment ratio for both the high school age and the college-university age group.

**Figure 3.2 School Enrollment Ratio by Region, 1976 - 1995**



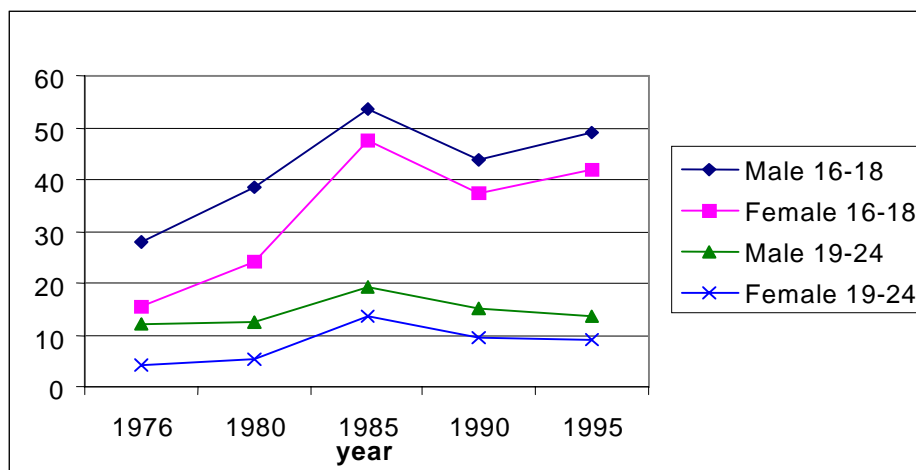
Source: Indonesia Central Agency of Statistics: 1971, 1980, 1990 Population Census; 1976, 1985, 1995 Intercensal Population Survey, and 2000 National workforce Survey.

When gender issues comes to mind, it is apparent that there has been a decrease in the gap of male and female school enrollment ratio, which shows that there has been some success in the effort of equalizing male and female education. The significantly reduced gap between male and female school enrollment ratio is not followed by the urban-rural situation, where the school enrollment ratio still shows a substantial gap.

It could be predicted that this increase in the number of educated female youth could affect their decision to whether to actively participate in the economy or not. This possibility of joining the labor market also emerged in a study by the Indonesian Institute of Science, that one possible reason to explain the phenomena is the increase of the acceptance of female workers in urban areas (Tirtosudarmo, 1994).

On the other hand, the data also warn us that the highest school enrollment ratio of both male and female youth forms only 40 to 50 percent in 1985 and in 1995 for the 16-18 years age group (Figure 3.3). The figure for the 19-24 age group is even worse that it has never reached 20 percent for the last 30 years. And as the youth education tends to equalize in gender, it does not seem to be happening regionally, both urban and rural.

**Figure 3.3 School Enrollment Ratio by gender, 1976 – 1995**



Source: Indonesia Central Agency of Statistics: 1971, 1980, 1990 Population Census; 1976, 1985, 1995 Intercensal Population Survey, and 2000 National workforce Survey.

### 3.3 Ethnic Groups, Residence and Mobility

By utilizing the information on the daily used language, youth’s ethnic group classification is explored. There is no doubt that most of them live in rural areas, although the proportion is decreasing over time. At the same time, the proportions of youth of various ethnic groups who live in urban areas have been increasing in the period of 1980 to 1995. Table 3.8 shows that in 1980 almost 80 percent of Javanese youth live in rural areas, but in 1995 there were about 60 percent of them living in rural areas. In the year 1990 and 1995, Minang ethnic group, originally from the Western side of Sumatra island has the largest proportion (around 36 and 42 percent) of native ethnic youth living in urban areas. In 1980 this figure was only 24 percent. The Minangs widely known for their culture of mobility, could be found in many regions in Indonesia, mostly in trade activities. The second largest youth of native ethnic group living in urban areas in 1995 were Banjarese (38.7 percent), who came from Southern Kalimantan island, and the Javanese (38.5 percent).

**Table 3. 8 Percentage Distribution of Youth Population (15-24) by Ethnic Groups, 1980 - 1995**

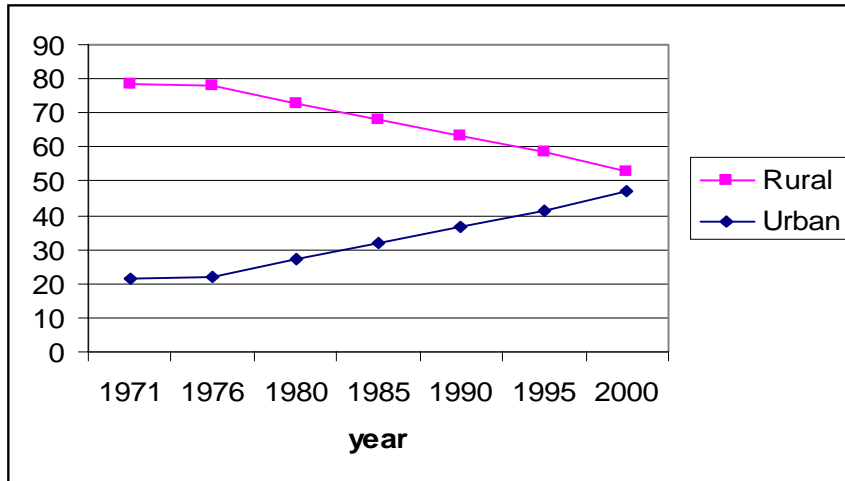
Ethnic	1980		1990		1995	
	Urban	Rural	Urban	Rural	Urban	Rural
Javanese	21.4	78.6	33.1	66.9	38.5	61.5
Sundanese	24.0	76.0	33.4	66.6	37.9	62.0
Madurese	13.0	86.9	17.3	82.7	21.1	78.9
Batak	14.6	85.4	25.5	74.5	31.7	68.3
Minang	23.6	76.4	35.8	64.2	41.9	58.1
Balinese	16.2	83.8	27.9	72.1	31.2	68.8
Buginese	15.2	84.8	23.8	76.2	24.8	75.2
Banjarese	26.6	73.4	31.6	68.4	38.7	61.3
Others	14.8	85.2	20.9	79.1	23.1	76.9
Foreign	-	-	74.8	25.2	71.0	28.9
Not stated	7.9	92.1	34.1	65.9	-	-
TOTAL	27.1	72.9	36.6	63.4	41.5	58.5

Source: Indonesia Central Agency of Statistics: 1971, 1980, 1990 Population Census; 1976, 1985, 1995 Intercensal Population Survey, and 2000 National workforce Survey.

The largest proportion of ethnic youth living in rural areas is the Madurese, comprises around 79 percent. In the case of foreign ethnic, such as Chinese, Arabs and others, it is evident that most of them (71 percent) live in urban areas.

Figure 3.4 elaborates more the magnitude and trend of youth population living in urban and rural areas. It confirms that the trend of youth living in urban areas has been increasing while those living in rural areas have been decreasing. In 1971 youth living in urban and rural areas constituted around 20 and 80 percent respectively. In the year 2000 this figure in urban and rural areas merged to become relatively close to 50 percent.

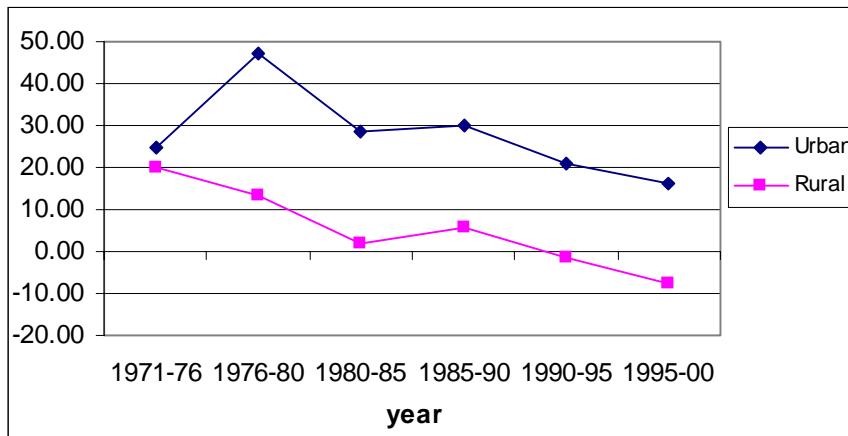
**Figure 3.4 Percentage of Indonesian Youth Population (15-24 years) by Region, 1971 - 2000**



Source: Indonesia Central Agency of Statistics: 1971, 1980, 1990 Population Census; 1976, 1985, 1995 Intercensal Population Survey, and 2000 National workforce Survey.

Figure 3.5 depicts the growth rate of youth population living in urban and rural areas during the 1971 to 2000. It is shown here that the rate of growth for youth population residing in rural areas has been decreasing and comes to a negative rate since 1990, while the growth rate for those in urban areas has been positive in all period and with the same decreasing trend. This finding corresponds with what has been found by the Indonesian Institute of Sciences' study, that during 1980-1990, the growth rate of the 15-29 years age group in urban areas was around 5 to 7 percent, while in rural areas it was only 1 to 2 percent (Tirtosudarmo 1994).

**Figure 3.5 Growth Rate of Youth (15-24 years) Population by Region, 1971 -2000**



Source: Indonesia Central Agency of Statistics: 1971, 1980, 1990 Population Census; 1976, 1985, 1995 Intercensal Population Survey, and 2000 National workforce Survey.

Migration status is another interesting aspect affecting young population's life that is worth discussing. Table 3.9 shows the consistent slightly larger proportion of male youth (15-29 years) as compared to female, both for lifetime and recent migration categories. The recent migrant are those which the current province is not the same as 5 years ago. The recent non-migrant is for the people who live in the same province as 5 years ago. The life time migrant are those who the current province is not the one which they were birthed in, and for the life time non migrant is the people living in the same province since their birth. The condition of youth migration tends to resemble the general migration condition that it is the traditional role of male as the breadwinner in the family that drives them to search for opportunities in different places. It has been frequently asserted that migration is strongly sex-selective, with males being more mobiles than females (Rogers and Willekens, 1986; Tirtosudarmo, 1994). The percentage of lifetime migration (around 21 percent), is higher than those of recent migration (10 percent), which might correlates to youth's status as their parents' dependants when the family moved to the new place.

**Table 3.9 Percentage of Youth by Migration Status, 1980 – 1990**

15-29 years Age group	1980			1990		
	Male	Female	M+F	Male	Female	M+F
Life time Migration						
Life time Migrant	20.8	19.8	20.3	19.0	18.9	19.0
Non-Life time Migrant	79.2	80.2	79.7	81.0	81.1	81.0
Recent Migration						
Recent Migrant	10.5	10.1	10.3	10.4	10.2	10.3
Non-Recent Migrant	89.5	89.9	89.7	89.6	89.8	89.7

Source : Population Census 1980, 1990 (as in Tirtosudarmo 1994).

Compared to the total Indonesian population, it seems that the proportion of youth migrants forms a relatively larger percentage than that of the total migrant. As presented in Table 3.10 below, the proportion of the Indonesian lifetime and recent migrant is 6 percent and 2.5 percent respectively, in 1980, and the condition has not changed much in 1990. The youth dominating condition actually confirms other empirical findings that the rate of migration achieves its peak in the youth age group (Mulder 1993). Also as Todaro (1997) pointed out that urban migrants in developing countries tend to be young men and women between the ages of 15 and 24.

**Table 3. 10 Indonesia Total Population by Migration Status, 1980 - 1990**

Total	1980	1990
	M+F	M+F
Life time Migration		
Life time Migrant	5.9	
Non-Life time Migrant	94.1	94.6
Recent Migration		
Recent Migrant	2.5	2.0
Non-Recent Migrant	97.5	98.0

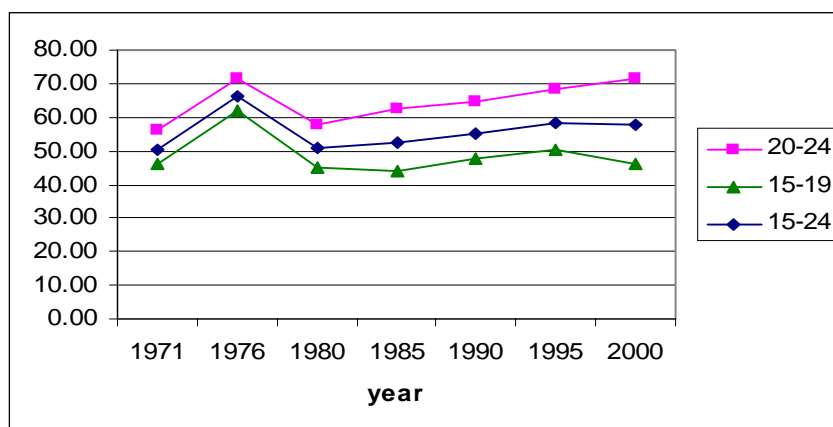
Source : Population Census 1980, 1990 (as in Tirtosudarmo 1994).

## 4. Youth Employment

### 4.1 Youth Labour Force Participation Rate

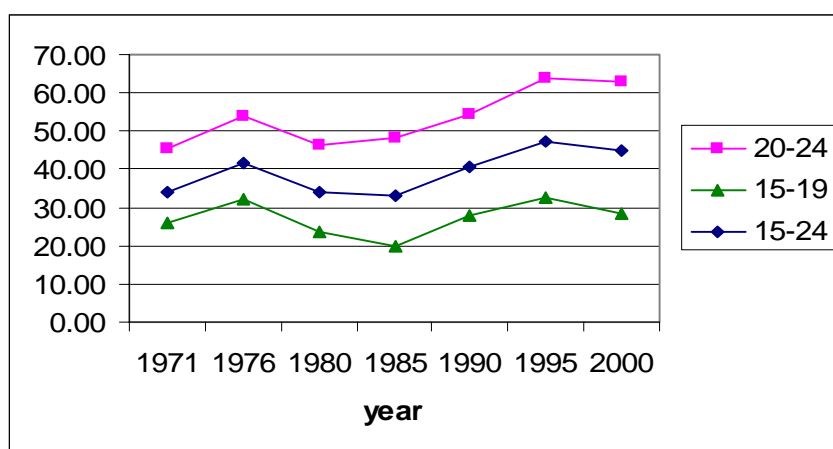
Figure 4.1 to 4.3 summarize the Indonesian youth labour force participation rates, broken down by region and gender. Generally, the Indonesian youth labour force participation rate has been increasing for the last 30 years, both in urban and rural areas, and in all age groups that are considered as youth. In Indonesia the 25-29 years age group sometimes, for different interest, is considered as youth, as stated in the “Garis-garis Besar Haluan Negara”, the State Policy Guidelines. In each period of study, more than 40 percent of rural youth of all related age groups participate actively in the economy (Figure 4.1), and this condition also applies in urban areas except for teenage youth (15-19 years) which labour force participation rate comprises about 30 percent (Figure 4.2). These facts should be our common concern for when they are expected to stay in school those teenagers have already been working or looking for work. The difference of labour force participation rate between rural and urban teenage youth, with the former being higher than the latter, is supposed to correspond with the difference in the urban and rural school enrollment ratio presented in Figure 3.2. It seems that the explanation for lower labour force participation rate of urban teenage youth is their staying-in-school status. The older age group (25-29 years) in Figure 4.1 and 4.2 show higher rate as compared to the younger age group, both for urban and rural areas. And the 15-24 age group is between the two of them. Eventually, in the year 2000, these age groups reach a magnitude of around 70 percent of participation in the economy, both in urban and rural areas.

**Figure 4.1 Rural Labour Force Participation Rate by Age group, 1971 - 2000**



Source: Indonesia Central Agency of Statistics: 1971, 1980, 1990 Population Census; 1976, 1985, 1995 Intercensal Population Survey, and 2000 National workforce Survey.

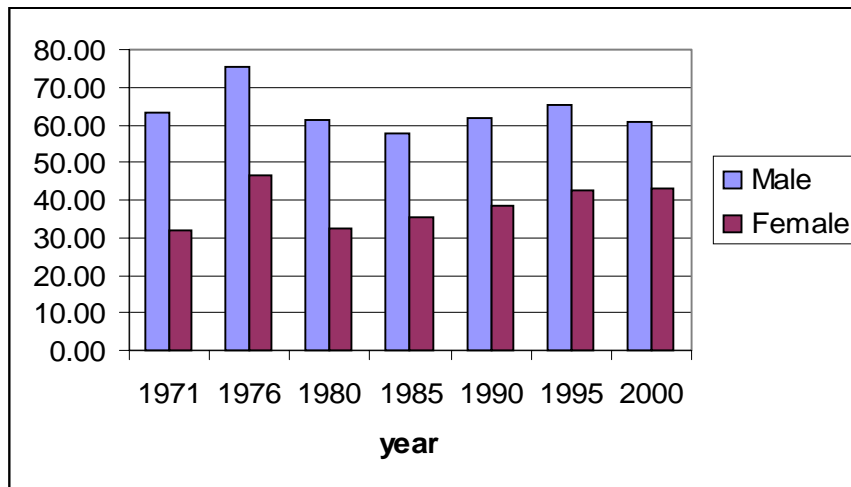
**Figure 4.2 Urban Labour Force Participation Rate by Age group, 1971 - 2000**



Source: Indonesia Central Agency of Statistics: 1971, 1980, 1990 Population Census; 1976, 1985, 1995 Intercensal Population Survey, and 2000 National workforce Survey.

From gender perspective it is evident and explainable that male youth continue to dominate the youth labour force. Figure 4.3 presents the facts that male youth who were working or looking for work form around 60 percent of the labour force during 1971 - 2000, while it is only around 30 to 40 percent for female. But, apparently the gap is getting smaller for each period, as a result of the increase of female participation in the economy. More and more female youth are working or looking for work, instead of only carrying out their traditional activities such as housekeeping and child rearing. Education could be one possible explanation of this.

**Figure 4.3 Youth (15-24 year) Labour Force Participation Rate by Gender, 1971 - 2000**



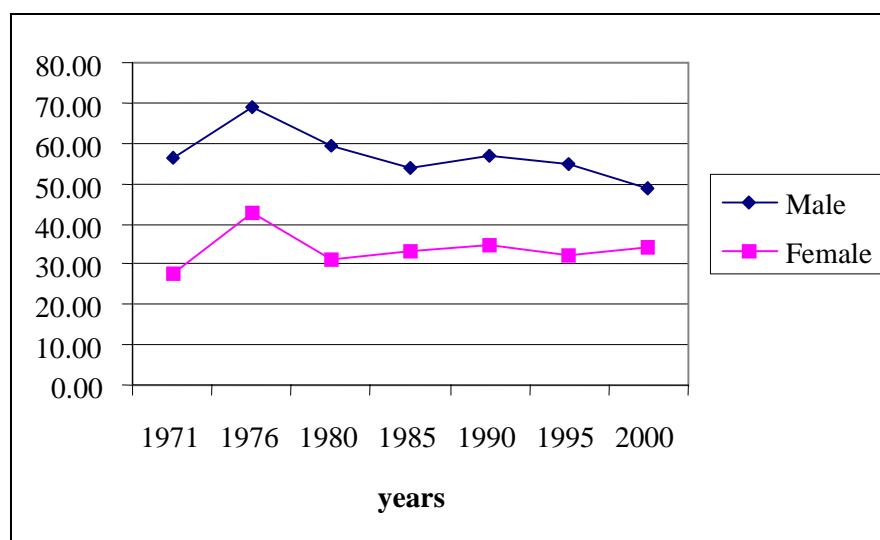
Source: Indonesia Central Agency of Statistics: 1971, 1980, 1990 Population Census; 1976, 1985, 1995 Intercensal Population Survey, and 2000 National workforce Survey.

## 4.2 Employment to Population Ratio

Employment to population ratio may indicate the employability of a potentially productive population. For youth, the ratio is developed through comparing all employed youth (15-24) to the total number of respective age groups of the population. As in Puguh *et.al.* (2000), the ratio indicates the extent to which the population is involved in labour market activities. The result indicates that around 50 percent of male youth were employed during the period of study, while there were only about 30 percent of female youth employed.

There is a tendency of decrease in terms of gap of male and female youth employment to population ratio during the last five years. As observed in Figure 4.4, the ratios for male and female are relatively constant, it does not seem to change too drastically in the last two decades. This constant employment to population ratio of youth age groups could reflect the demand for youth labour in the market. But as the youth labour force participation in the work world continue to expand, this situation might be able to explain the growing portion of those who are looking for work. Lack of education and experience could be the acceptable reasons for that situation.

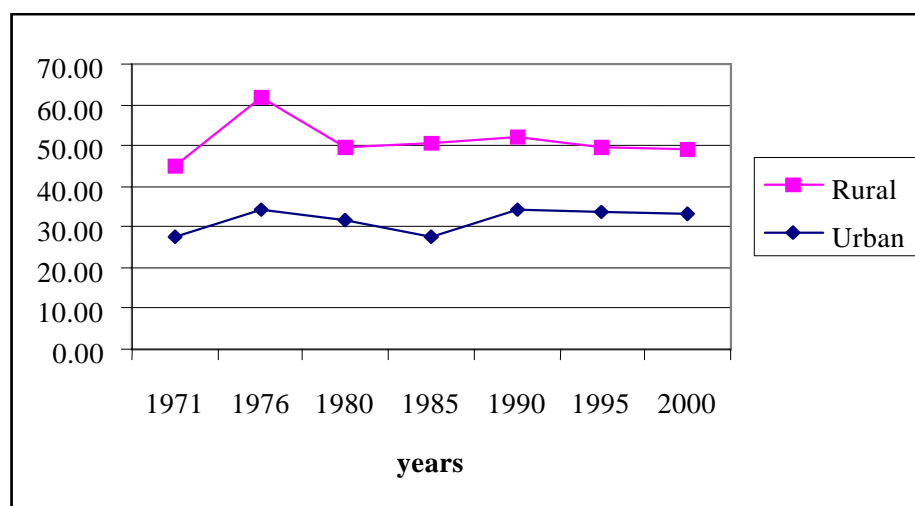
**Figure 4.4 Youth (15-24 years) Employment to Population Ratio by Gender, 1971 - 2000**



Source: Indonesia Central Agency of Statistics: 1971, 1980, 1990 Population Census; 1976, 1985, 1995 Intercensal Population Survey, and 2000 National workforce Survey.

The youth employment to population ratio by region, as observed in Figure 4.5, also shows a relatively stable trend for the last twenty years. The ratio for rural, which comprises 50 percent, surpassed that for urban by 10 to 20 percent.

**Figure 4.5 Youth (15-24 years) Employment to Population Ratio by Region, 1971 - 2000**



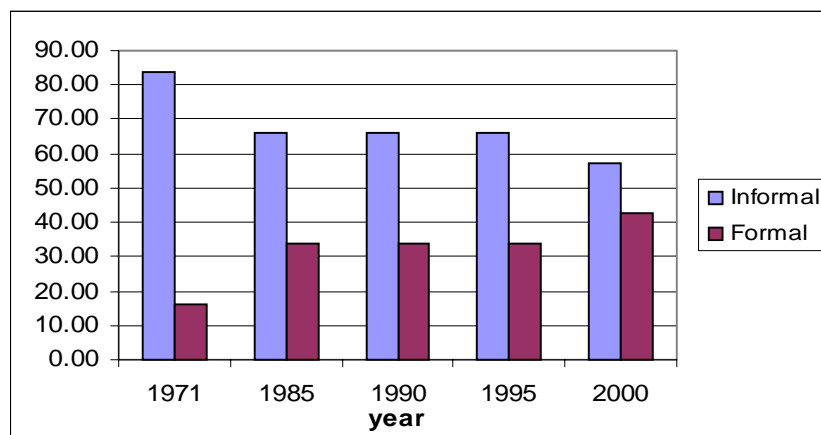
Source: Indonesia Central Agency of Statistics: 1971, 1980, 1990 Population Census; 1976, 1985, 1995 Intercensal Population Survey, and 2000 National workforce Survey.

### 4.3 Employment by Status

The proportion of young people working in the informal sector shows a continuing dominance than that in the formal sector for the last 30 years. Generally the main characteristics of formal sectors are that they require more education, skills, training and experience for the

jobs, things that youth has the least, as compared to adult labour force age groups. According to the definition of the Indonesian Central Agency of Statistics, employment in the informal sector covers three kinds of workers, namely the own-account workers, the self employed helped by family workers, and the family workers. While its counterpart, that is employment in the formal sector consists of two kinds of workers, the employer and the employee. Although the proportion of youth working in informal sector continuously surpasses those in formal sector, actually the gap between them has been decreasing as more and more youth gain the opportunity to work in the formal sector. In 1971 more than 80 percent of youth workers were found in the informal sectors, whereas it is close to 60 percent in the year 2000. In the formal sectors, there were 16 percent and 42 percent in 1971 and 2000 respectively (Figure 4.6).

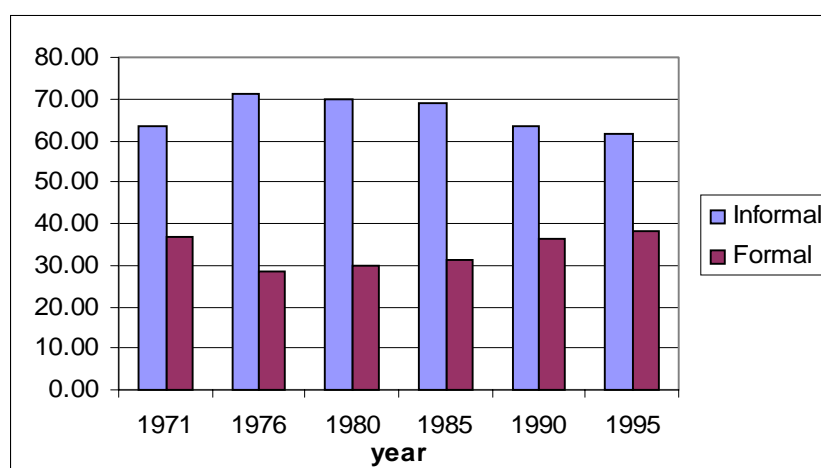
**Figure 4.6 Youth (15-24 years) Employment by Status, 1971 - 2000**



Source: Indonesia Central Agency of Statistics: 1971, 1980, 1990 Population Census; 1976, 1985, 1995 Intercensal Population Survey, and 2000 National workforce Survey.

The same tendency also occurs in the percentage of adult employment by status which can be seen in Figure 4.7. Although the proportion of informal adult employment tended to increase during 1971-1976 period, it started to decrease for the rest of the period.

**Figure 4.7 Percentage of Adult (over 25 years) Employment by Status, 1971 - 1995**



Source: Indonesia Central Agency of Statistics: 1971, 1980, 1990 Population Census; 1976, 1985, 1995 Intercensal Population Survey, and 2000 National workforce Survey.

During the 1976-1995 period, the gap between the informal and formal status of adult employment decreases. The proportion of adult working in the formal status tends to increase, while in informal it tends to decrease.

#### 4.4 Employment by Field of Work

Further exploration on the field of work found out that the majority of youth are engaged in the field of agriculture. As the transformation of the economy occurs, the proportion of youth working in the agricultural sector is decreasing, from 52 percent in 1985 to 42 percent in 2000 (Table 4.1). Industrial sector, including handicraft works, spotted as the second sector more likely to be occupied by youth and its proportion has been increasing over the study period. Sectors in Trading and Community, Social and Individual Services seem to be the next common field for youth employment but, with different growth direction. Those employed in Trading sector have been increasing, while those in Community, Social and Individual Services tend to decrease.

**Table 4.1 Percentage of Youth (15-24 years) Employment by Field of Work, 1985 – 2000**

Field of Work	1985	1990	1995	2000
Agriculture	52.5	46.4	44.7	41.9
Industry / handicraft	13.4	18.8	17.5	20.3
Construction / Building	3.5	3.9	4.9	4.3
Trading	12.4	11.8	14.4	19.4
Transportation, Storage and Communication	3.2	3.2	3.1	4.4
Finance, Insurance, Rentals, Establishment services	0.4	0.9	0.5	0.8
Community, Social & Individual services	13.8	13.9	12.9	8.3
Others (Mining , Electricity, gas and water)	0.8	1.2	1.8	0.7

Source: Indonesia Central Agency of Statistics: 1971, 1980, 1990 Population Census; 1976, 1985, 1995 Intercensal Population Survey, and 2000 National workforce Survey.

If we compare the tendency in the youth employment by field of work with the adult's employment, we will find a similar trend. The classification of the adult employment is the population above 25 years, who are working. As seen on Table 4.2, the adult employment in the agricultural field continue to decrease over time, from 54.5 percent in 1985 to only around 45.3 percent of the total adult employment in 2000. While for the industrial and services fields, the proportion of adult employment is increasing. The largest increase occurs in the Trading field, from 15.9 percent of total adult employment in 1985 to 20.6 percent in the year 2000.

**Table 4.2 Percentage Distribution of Adult (>25 years) Employment by Field of Work, 1985 – 2000**

Field of Work	1985	1990	1995	2000
Agriculture	54.5	50.4	47.9	45.3
Industry / handicraft	8.1	10.0	8.9	13.0
Construction / Building	3.4	3.6	4.4	3.9
Trading	15.9	17.0	17.2	20.6
Transportation, Storage and Communication	3.2	3.8	3.9	5.1
Finance, Insurance, Rentals, Establishment services	0.4	0.6	0.7	1.0
Community, Social & Individual services	13.6	13.4	14.9	10.7
Others (Mining , Electricity, Gas and Water)	0.8	1.2	2.0	0.6

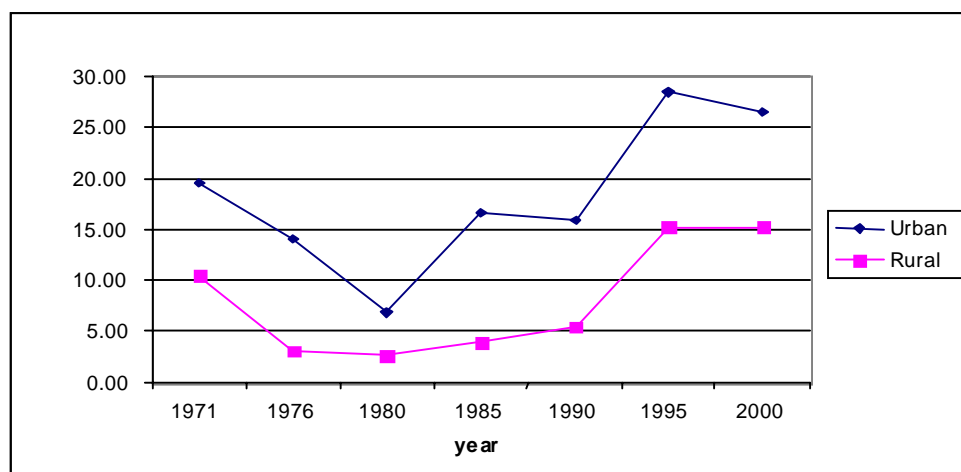
Source: Indonesia Central Agency of Statistics: 1971, 1980, 1990 Population Census; 1976, 1985, 1995 Intercensal Population Survey, and 2000 National workforce Survey.

#### **4.5 Unemployment**

As experienced in some other developing countries, the demographic condition of the Indonesian youth shows imbalances in terms of urban-rural employment, youth and adult employment, and educational attainment.

The increasing male and female youth labour force participation rate in urban and rural areas for each selected youth age group (see Figure 4.1 and 4.2), and the more likely to be constant of employment opportunities have brought up some issues of serious incidence of youth unemployment in the country. This phenomenon could be observed in Figure 4.8 that depicts the issues of unemployment in urban and rural areas. The figure concludes that youth unemployment rate has been increasing for the last twenty years, both for urban and rural areas. There was around 10 percent difference between the rates for urban and rural areas but the gap tends to narrow when the urban rate was decreasing during the last five years.

**Figure 4.8 Youth (15-24 years) Unemployment Rate by Region, 1971 - 2000**



Source: Indonesia Central Agency of Statistics: 1971, 1980, 1990 Population Census; 1976, 1985, 1995 Intercensal Population Survey, and 2000 National workforce Survey.

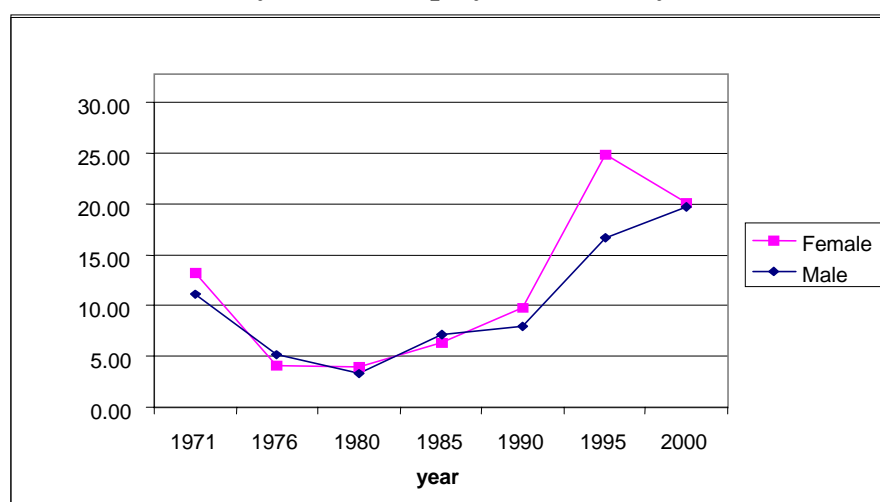
This situation has also been explored by Manning (1998), who detected a high Indonesian young people unemployment rate in urban areas which comprises 15 to 20 percent, especially among people aged 15-24 and among upper secondary graduates in the 1990s.

#### **4.5.1 Unemployment by Gender**

In terms of gender, the unemployment rate of young men and women seems to be identical during 1971 – 1985. Starting 1990 their rates tend to split with female rate higher than that of its counterpart and eventually they merged back in the year of 2000 at the rate of 20 percent (Figure 4.9). These results confirm what has been stated by Manning (1998) that youth unemployment rates seem to have risen in the mid 1990s, especially among females and tertiary graduates.

The above situation, which also corresponds to the data on the increasing female labor force participation in Figure 4.3 should have explained the phenomena of the increasing female youth labour supply but often with smaller opportunities to get a job as compared to male young people. O'Higgins (2001) confirms the higher unemployment rates for young women than for young men, especially in OECD countries, and explains that employment opportunities are generally more limited to women than to men.

**Figure 4.9 Youth (15-24 years) Unemployment Rate by Gender, 1971 – 2000**



Source: Indonesia Central Agency of Statistics: 1971, 1980, 1990 Population Census; 1976, 1985, 1995 Intercensal Population Survey, and 2000 National workforce Survey.

#### **4.5.2 Unemployment by Level of Schooling**

Unemployment rates among young people with higher-level of education remain high, and have a tendency to increase further. The situation should have warned us that there is a large proportion of youth job seekers with high education, that is people with more than primary school education. Unemployment among the highly educated youth age group is observed when they are newly graduated and looking for work for the first time (Tirtosudarmo 1994). The youth (15-24 years) unemployment rates among junior high school graduates range from 9.8 percent in 1985 to 18.2 percent in 2000 (Table 4.3). For high school and college/university graduates the rate range from 31.1 to 33.9 percent and 20.5 to 35.8 percent respectively. The figures tend to show high unemployment rate for the educated youth. But as O'Higgins (2001) pointed out, even if there are high unemployment rates concentrated among the highly educated, some observations could be identified :

1. The Labour Force Participation Rate tends to increase the higher is the level of education . The competition among them is surely tight.
2. Educational levels of the Indonesian population have been rapidly increasing over the past 30 years, for urban and rural areas .
3. Although the unemployment rates seem to be higher among more educated youth, actually, its absolute total number is still smaller than those with lower education.

A research conducted by the Department of Manpower Republic of Indonesia (1999) collected data from respondents who are general and vocational high school graduates. The results reveal that there are three main difficulties the high school graduates were facing when they were looking for work, those are : competition among job seekers (41.4 percent), unmatched education (16.6 percent), and their limited skills (12.8 percent). Having those difficulties does not mean young people have to prepare themselves but instead, they try to find a way of making a short cut to obtain employment. This kind of assumption is confirmed by the

proportion of the high school graduates who got employed without a test, which is 40 percent of the total number employed.

Furthermore, the research's results found out that the main source of information on the availability of employment ranges from relatives (47 percent), employee of the company (20 percent), and the company itself (14.9 percent). To get the application letter the applicant goes to the company by him/herself (67.7 percent) or through relatives (16.6 percent).

**Table 4.3 Percentage of Youth (15-24 years) Unemployment Rate by Level of Schooling, 1985 – 2000**

Education	1985	1990	1995	2000
No Schooling	1.2	2.2	-	3.9
Less than Primary School	1.9	2.5	7.6	7.4
Primary School	3.3	3.1	9.6	12.4
Junior High School	9.8	7.8	16.6	18.2
Senior High School	31.1	27.3	33.6	33.9
College and University	20.5	31.4	40.8	35.8

Source: Indonesia Central Agency of Statistics: 1990 Population Census; 1985, 1995 Intercensal Population Survey, and 2000 National workforce Survey.

**Table 4.4 Percentage of Youth (25-29 years) Unemployment Rate by Level of Schooling, 1985 - 2000**

Categories	1985	1990	1995	2000
No Schooling	0.5	0.8	-	0.4
Less than Primary School	0.9	0.8	2.3	1.8
Primary School	1.1	0.9	2.8	2.4
Junior High School	4.3	3.3	5.5	8.6
Senior High School	7.0	7.8	12.3	12.4
College and University	11.3	17.2	23.1	20.9
Total per-age group	2.2	3.3	7.1	7.6

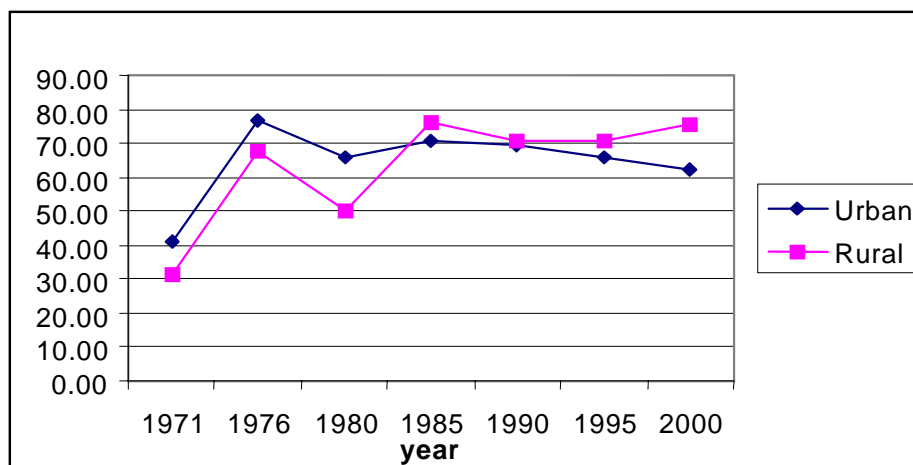
Source: Indonesia Central Agency of Statistics: 1990 Population Census; 1985, 1995 Intercensal Population Survey, and 2000 National workforce Survey.

#### 4.5.3 Percentage of Unemployed Youth to Total Unemployment

The growing demand for employment by young people seems to exceed any other age group's needs. Such condition could be clearly observed through Figure 4.10 which shows the rise in the ratio of youth unemployment as percentage of the total population unemployment above 15 years of age. The increasing curve of rural areas seems to be impressive, rising from 30 to 75 percent in about 30 years.

On the other hand, the urban figure increases from 40 to 60 percent during the same period. This high ratio of youth unemployment as compared to total unemployment reflects, among others, how difficult it is for the young job seekers to get a job. Furthermore, O'Higgins (2001) stated that youth employment appears to be more affected by shocks hitting the aggregate labour market than adult employment.

**Figure 4.10 Unemployed Youth (15-24 years) as Percentage of Total Unemployment (>15 years), 1971 - 2000**

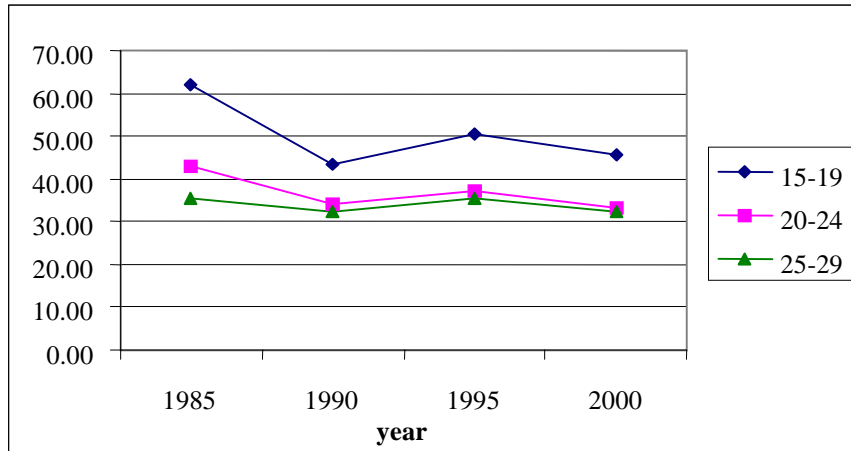


Source: Indonesia Central Agency of Statistics: 1971, 1980, 1990 Population Census; 1976, 1985, 1995 Intercensal Population Survey, and 2000 National workforce Survey.

#### 4.6 Underemployment

It appears that very often youth's intention to actively participate in the economy has been blocked by constraints such as the availability of jobs matching with their qualifications. Those who do not have much choice and are forced to accept any available jobs might end up with other problems. The Indonesian data used in this study inform that among those who were employed more than 30 percent were found to be working less than 35 hours per-week. This study employs the 35 hours cut-off to define underemployment. In 1985, more than 60 percent teenage youth (15-19 years) were found working less than 35 hours per-week and the rate has been decreasing in the last two decades and reached 45.7 percent in the year of 2000 (Figure 4.11).

**Figure 4.11 Time-related Youth Underemployment as Percentage of Total Employed by Age group, 1985 - 2000**

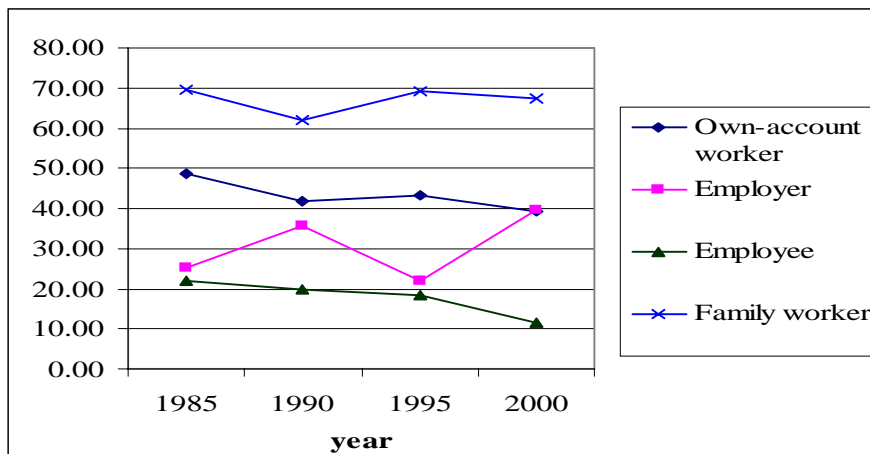


Source: Indonesia Central Agency of Statistics: 1971, 1980, 1990 Population Census; 1976, 1985, 1995 Intercensal Population Survey, and 2000 National workforce Survey.

The two groups of older youth share the similar trend but with smaller magnitude. The high rate of underemployment and unemployment among young people seems to reflect the biggest problem they have to take care of over time.

Explored by status, the underemployment data give us a picture that young people work as family workers seem to be the highest proportion (above 60 percent) of being underemployed over the period of 1985 to 2000 (see Figure 4.12).

**Figure 4.12 Time-related Youth (15-24) Underemployment as Percentage of Total Employed by Status, 1985 - 2000**



Source: Indonesia Central Agency of Statistics: 1971, 1980, 1990 Population Census; 1976, 1985, 1995 Intercensal Population Survey, and 2000 National workforce Survey.

While category of worker status presents a decreasing trend during the 15 years of observation, those who work as employer reveal an increasing tendency, especially during the

1995 – 2000 period. However, those youth with employee status constitute the lowest proportion of being underemployed, which is decreasing from around 20 percent in 1985 to slightly above 10 percent in the year of 2000.

The higher the level of schooling the lower tends the proportion of youth underemployment. Those who have never gone to school constitute the highest proportion of underemployment in each year of observation except in 1985. Across the year there have been some decreases in terms of the proportion of youth being underemployed with higher and middle level education. Table 4.4 presents the facts that in 1985 around 40 percent of young workers with college and university education were detected being underemployed but only around 20 percent of them were still being underemployed in year 2000. A similar pathway occurs for young workers with secondary level of education, while those with less than primary level of education remain in high proportion for each period of study. In short, it is obvious that young people with low education tend to be persistently underemployed when they were in employment.

**Table 4.4 Time-related Youth (15-24) Underemployment as Percentage of Total Employed by Educational Attainment, 1985 – 2000**

Education	1985	1990	1995	2000
No Schooling	57.4	42.5	-	58.6
Less than Primary School	44.9	38.6	48.8	44.7
Primary School	53.3	35.6	46.1	43.2
Junior High School	60.9	28.3	43.7	39.0
Senior High School	43.2	27.9	27.8	24.6
College and University	41.1	35.8	30.6	19.7

Source: Indonesia Central Agency of Statistics: 1990 Population Census; 1985, 1995 Intercensal Population Survey, and 2000 National workforce Survey.

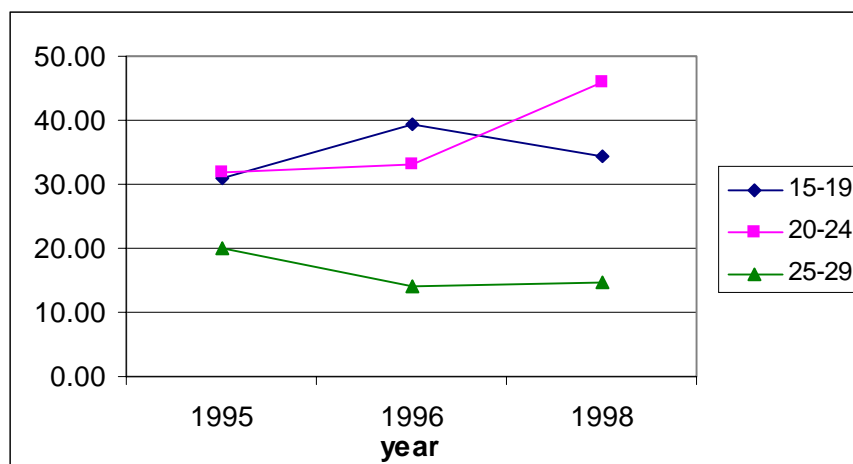
## 5. Social Consequences of Youth Unemployment

Youth unemployment, as well as underemployment is believed as the impacts of the non-matching condition between the excessive supply of youth labour and the availability of works. In the case of youth, an increase in unemployment rate could aggravate the situation where there are many existing youngsters who have been looking for job but can not get any. Those who are trapped in such a disadvantaged condition could start seeking another way to exercise their youth potential and there is no guarantee it would not be manipulated toward unhealthy and socially unacceptable activities.

In fact there is quite amazing magnitude of deviant behavior among youth in the society such as drugs abuse and other related crimes. In 1998, more than 40 percent of the in-patient young people belonging to the 20-24 year of age group were with drug problems (see Figure 5.1). The younger age group, which is the secondary school age group, has already shown a quite meaningful percentage of having drug abuse problems (that is more than 30 percent) ever since 1995. The figure does not account for the outpatients and those who have been addicted but have

not yet been reported to the hospital or the concerned institution. Though it is undercounted such figure should have given the society warnings when predicting the future of youth social life.

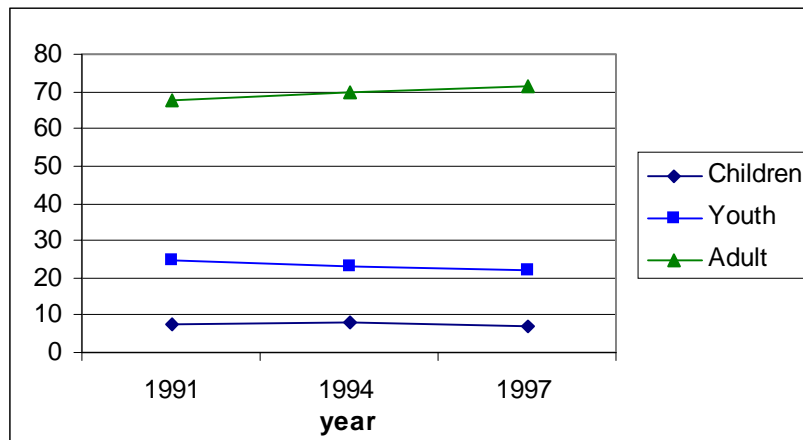
**Figure 5.1 Percentage of In-patient Youth for Drugs Abuse Cases by Age group, 1995 - 1998**



Source : Indonesia Central Agency of Statistics : 1998 Children and Youth Welfare.

Sometimes young people who are involved in some kind of serious crimes such as stealing and robbery have something to do with the above mentioned drugs problems, or it could also be driven by other motivation. The persisting gap between the high-level income group and the lower one could be one explanation on the motivation. According to an UNSFIR (United Nations Support Facility for Indonesian Recovery) report on regional disparity in Indonesia, the disparity within a province contributes more to the total disparity as compared to the inter-province disparity (Tadjoeddin, et. al. 2001). By employing Regional Decomposition Analysis on Theil and L-index it was observed that 80 percent of the total disparity was entitled to the within-province disparity, which could mean disparities among various income level, between the rich and the poor, between the migrant and non-migrant, and the other 20 percent was belong to the inter-province disparity. Those in the lower class are often motivated to take a shortcut to catch up with the upper class. Usually it is the youth that could easily be influenced and could not resist taking action, even the bad one, to fulfill their desires. Figure 6.2 below presents data on additional people sent to prison every year. For youth the figure stands for more than 20 percent during the 1991 – 1997 periods.

**Figure 5.2 Percentage of Additional Prisoners by Age group, 1991 - 1997**



Source : Indonesia Central agency of Statistics : 1991, 1994, 1997 Social Welfare Indicators.

In a big city like Jakarta, youth crimes do not always constitute of those related to drugs and other traditional crimes such as stealing and robbery. High school student fights, which often take many victims, have many times been the headlines of newspaper.

A study by Adiningsih (2001) found that in the capital city of Jakarta during 1994-1997 student fights covered about 137 schools, and 10 percent of them were junior high schools students. In 1989, 6 students died, 29 badly injured, and 136 wounded. Nine years later, 15 students died, 34 badly injured, and 108 wounded. Furthermore, during 1999 to March 2000, 26 students died, 56 badly injured, and 109 wounded. The street fights involved 1,369 students, which comprises 0.08 percent of the total 1,685,084 students in Jakarta. The 1995 data shows that out of 1,245 students committed street fights and detained by the police, only 50 of them could be put on trial. According to the law, students who have been proven to commit street fights could get 2.5 years' imprisonment. While those who are proven to be guilty in carrying sharp objects such as knife could get 5 years' imprisonment

Youth problems could be a serious threat to the youth's future if it is not taken seriously. There have to be specifically designed policies toward youth, not only to alleviate the unemployment and underemployment incidences among them, but also to improve the social-cultural structure through community development, in order to create a safe and sound environment for them to grow, study, and participate in the development of the country.

## **6. Active Labour Market Policies**

In alleviating youth unemployment ALMP, which is defined as public transfers that are linked to some form of activity (usually subsidized work experience or training) (O'Higgins 2001), has been adapted in some countries to help job-seekers obtain gainful employment. There are two types of policies that most commonly employed in those countries :

Those that promote wage employment, generally through a combination of subsidized work placement and vocational training;

Those that encourage young people to become self-employed, usually involving a combination of training in business methods, facilitated access to credit or grants and access to work space.

In Indonesia there has not been any national, integrated and specifically designed policy on combating youth unemployment. Of course there have been many general unemployment-related policies nationally and regionally, but not specifically designed for young people and it seems those policies are scattered, sporadically developed. But, since the young populations constitute the biggest proportion of the unemployed then those policies could indirectly applied to the youth. Not to mention the institution that supposed to deal with this youth problem, which could not be relied upon. Currently, within the new government, there is no high-level independent institution to take care of young people's matters. This task used to be taken care of by a junior or state ministry of youth affairs during the previous government. Instead of a structured office with a ministry level, a directorate, that is the Directorate of Youth Affairs, under the Directorate General of Out-of-School Education, Youth and Sports, Ministry of National Education, is assigned to take care of all youth-related matters.

### **6.1. Supply Side : Improving Human Capital**

As discussed in earlier section, the supply of Indonesian young population to join the labour force shows many limitations such as low educated, have limited training and work experience. Moreover, the growth of population, and accordingly that of the young population, shows an enormous figure that it makes the problems more complex. These limitations have long been structurally observed that to address the problems needs specific but integrated consideration by sector, local and national level government and the community as well.

The Ministry of National Education has long been acting as the institution that is responsible for the people's formal and informal education. In line with its mission, the ministry coordinates all national education and training-related policies but, so far, with only minor consideration on unemployment. When reviewing the Ministry's activities it turns out that there is some training for young people emphasizing on entrepreneurship to form the youth's self-sufficient characteristics. Also, there are apprenticeship programs conducted by this Ministry in collaboration with some companies and student exchange programs that are joint collaboration with overseas education institutions. The relatively small amount of education budget is another issue that was believed to worsen the national education situation in Indonesia.

The other institution supposed to deal with unemployment is the Ministry of Manpower. This ministry has some programs directed to alleviate unemployment in general, not specifically

for the young people. But, again, since the young population considered as the biggest proportion of the unemployed then the programs on unemployment could indirectly reach the youth. The programs conducted by the Ministry of Manpower include those providing guidelines and counseling for job seekers and job placement. These activities are done through their regional or representatives office in the provinces.

The most common and continuous programs provided by the government in conjunction with unemployment alleviation are those programs relating with training. A vast variety of training has been developed to carry out the efforts of overcoming the unemployment. The specifically designed training for youth is the TKPMP (*Tenaga Kerja Pemuda Mandiri dan Profesional* = Professional and Self Sufficient Youth Manpower), carried out together by the Ministry of Manpower and Universities. The training stresses on promoting self-employment, how to be self-sufficient people, how to establish productive own works, etc. There are also training programs held by some non-government-organizations that work under supervisor of the Ministry of Manpower.

University participation in the implementation of the TKPMP programs shows a promising development. In 1994/1995 fiscal year there were 10 universities in 9 provinces involved in the programs. The number has increased to 23 universities in 22 provinces during the 1995/1996 fiscal year. There were 347 university graduates trained during the 1994/95 fiscal year and 66.9 percent of them (232 persons) have had successfully started new business which had absorbed 883 workers or 4 workers per new enterprise (Minister of Manpower 1996). Further information on the sector that had absorbed more TKPMP alumni reveals that most of the TKPMP (34.5 percent) involved in trade activities while 23 percent of them stayed with agriculture activities (Minister of Manpower 1996). The name of the TKPMP alumni's university is presented below along with the data on the number of person start a business and the average capital assigned for the new business (Table 6.1).

**Table 6.1 TKPMP Alumni With Business by University and Average Capital, 1994/95**

Name of University	TKPMP Have Business	Average Capital (Rp. 000)
University of Indonesia	33	N.A.
Andalas University (West Sumatra)	29	5,657
Sriwijaya univ. (south Sumatra)	44	3,969
Padjadjaran Univ. (West Java)	21	9,237
Diponegoro Univ. (Central Java)	18	12,965
Gajah Mada Univ. (Yogyakarta)	42	2,391
Hasanuddin Univ. (South Sulawesi)	45	3,760
Total	232	6,330

Source : Minister of Manpower 1996.

Notes : N.A. = Not available

## **6.2. Demand Side : Creating Job Opportunities**

How to create job opportunities has long been disclosed among those policies carried out by the Ministry of Manpower. During the economic crisis the government received some aids, especially from international donor, to overcome the widely spread unemployment. Under the Social Safety Net Programs there were sub-programs targeted to those who were laid off when many firms downsized their employees. Those unemployed people, mostly young people, were offered to carry out some public works such as renovating bridges, sewers and religion facilities in return for wage. Village apparatus and community representatives were appointed as the coordinator of these activities and reported the results to the project management unit. Since this kind of activities were considered as rescue programs it was carried out for only several months in certain village, in order to give other villages opportunities to have the same programs, and was not intended to provide permanent work for the people.

Another effort in creating job opportunities has been carried out through the TKPMP program as mentioned above. After finishing the structured training organized by the universities the graduates would be encouraged to set up their own business. By that time they are supposed to be able to utilize their acquaintance with companies, banks/ financial institutions and other facilities introduced to them when they were trained.

Some private enterprise has programs, which actually not directly related to government policies on alleviating unemployment but it has really support young people, especially the fresh graduates and advanced university students, to have work experience that might be needed for their future work. The programs include on-the-job training, and internship. Some other enterprise has programs, called *Bapak Angkat* (Adopted Parent) Programs, to support and look after small enterprises and cooperatives, which is jointly carried out by the Ministry of Industry and Trade and the State Ministry of Cooperatives and Small and Medium Enterprise. Having been supported by some big company those small enterprises and cooperatives were expected to be able to maintain their business and, hence, their employees accordingly.

## **6.3. Job Brokerage**

A tracer research on the General and Vocational High School Graduates was conducted by the Ministry of Manpower in 1999. The research reveals that those who were employed acknowledged that the main sources of information on the employment opportunities were their relatives and family, the employee of the company, and the company itself. These findings confirmed by a recent study by Matondang (2001) who conducted some focus group discussions among youth and reports that the way the young people obtained the job was through the network of their family or relatives, the employee of the company and the newspaper. The use of the government job brokerage facility to match the job seekers with employment opportunities seems to be something unpopular. Those who registered to the government job brokerage facility, which is the regional office of the Ministry of Manpower, feel that the registering to the government office is only for fulfilling the employer requirement on such procedure when recruiting. It looks as if the officer in charge of job brokerage is the one who has to be actively approached both the job seekers and the company in order to be able to match their needs.

There are also private employment services to carry out the company's tasks on recruiting employee. On such practices this recruitment or placement company charges the company a certain amount of fee and on top of that these employment services sometimes have the rights to deduct a certain percentage of the employee's wages. It turns out that these kinds of practices mostly apply to casual workers and the prospective employees sometimes are not aware that they are not directly hired by the intended company. Later on, in some cases, when their contracts were terminated the employees would think that the company where they used to work had treated them unfairly. The employees were not clearly informed about the agreement between the hiring company and the recruitment company. The desperate job seekers would not even understand and did not inquire any working terms or agreement to secure their job. Here, the recruitment company saw an opportunity to make use of those disadvantaged people. Finally, after several months working at the company those employees were dismissed without any power to fight for their fate. Sometimes they filed complaints to the company but, of course, it is not the hiring company who should take care of this problem, it is the recruiting company's responsibility.

Those who do not have any channel to submit the work application forms will deeply depend on their acquaintances such as relatives and neighbors. A young man in his 20s, low educated and living in the Jakarta peripheral areas, has been looking for work and asking his neighbors whether there was one or whether the neighbors knew any person to contact with. Previously, the young job seeker had already been trained on creating and managing productive own work by the village youth club. As a package of the program he was also given a certain amount of capital to enable him to start the business with some friends. In short, he failed to manage the business and he could not even provide the required financial report. It seems that this youngster does not have any motivation to run a business and people could not expect him to become a self-sufficient person. Knowing that this young person had such bad experience the neighbor hesitated whether to refer this person to his contact person in a company or not. Moreover, it turns out that the desperate young unemployed has already been writing 4 application letters to intended companies that have never been responded. In the end the young man could only join the group of other unemployed people in the neighborhood without any specific productive work. Tragically, after some times he was found involved in stealing a water pump belonging to a community mosque. Surely, this is one example of those negative consequences of the fail-to-match of the demand of and the supply of work opportunities.

## **7. National Policy on Youth**

The role of young people in Indonesia's development is considered as strategic by the government. This important issue has long been stated in the State Policy Guideline that as one of the nation's resources of development the Indonesian youth issues need to be taken care of. The 1973, 1978, 1983, 1988, 1993 and 1999 State Policy Guidelines are concerned about young generation who will become the nation future leaders that they need to be of high quality, have wide perspective and politically literate. In the 1999 State Policy Guideline the issue on Indonesian youth was even made specific to cover the importance of developing interest and spirit of entrepreneurship among the young people, who are expected to be ready for fair competition, excellent and self-sufficient people.

The nation's history has proved that youth movement in Indonesia in 1966, sponsored by universities' students, was the force that struggled to establish equality and justice for all throughout the Indonesian nation. The result was the establishment of the New Order Government that took power from the Old Order government and stayed in power until the next 32 years. Before this New Order period Indonesian youth movement has long been considered as one of the nation's forces to struggle for the nation's independence. Among the oldest organization presenting youth community is the 'Budi Utomo', which was established on May 20, 1908 in Jakarta. This youth organization dedicated most of its activities in improving people's education level and increasing the nation's awareness of the importance of having independence. Following the establishment of 'Budi Utomo' organization there are several other youth organizations established in some different areas in Indonesia, namely the 'Yong Java', 'Yong Sunda', 'Yong Betawi', 'Yong Sumatera', 'Yong Minahasa', 'Yong Ambon' and 'Yong Selebes', that the organizations' names reflecting their origin places. These youth organizations were individually struggling to accomplish their objectives until October 28, 1928 when youth congress was held to unite all existing youth organizations. In this congress all youth organizations pledged to have only one nation, one country and one language, that is Indonesia (Ministry of Education and Culture, RI, 1999).

The implementation of all those State Policy Guidelines started in the beginning of 1970s when the government confirmed its strong need to deal with youth more intensively through the forming of a Junior Ministry to take care of the youth affairs. The formation of the Junior Ministry in 1970s during the New Order governance was about the same time when the National Committee of Indonesian Youth (KNPI = *Komite Nasional Pemuda Indonesia*) was established as the single youth organization to serve as the holding organization of all Indonesian youth organizations. In July 1973, during the Youth Organizational Congress, several existing youth organizations were united under the KNPI committee. Those organizations were :

1. *Gerakan Pemuda Ansor* (Ansor Youth Movement)
2. *Gerakan Pemuda Marhaen* (Marhaen Youth Movement)
3. *Pemuda Muslimin* (Muslimin Youth)
4. *Pemuda Katholik* (Catholic Youth)
5. *Pemuda Muhammadiyah* (Muhammadiyah Youth)
6. *Gerakan Pemuda Islam Indonesia* (Indonesian Islamic Youth Movement)
7. *Himpunan Mahasiswa Islam* (Islamic Students Organization)
8. *Gerakan Mahasiswa Nasional Indonesia* (Indonesian National Student Movement)
9. *Pemuda Mahasiswa Kristen Indonesia* (Indonesian Christian Student Youth)
10. *Gerakan Mahasiswa Kristen Indonesia* (Indonesian Christian Student Movement)
11. *Pergerakan Mahasiswa Islam Indonesia* (Indonesian Islamic Student Movement)
12. *Koordinator Pemuda–Mahasiswa Golkar* (Golkar Youth-Student Coordinator)

Later the KNPI organization was considered more political oriented than having general youth affairs orientation. The organization tended to be utilized as the government's wheel to convey approach to the young people or to accomplish its management's other political objectives.

In the meantime, along with the KNPI in Indonesia there are five categories of youth organization, namely : the KNPI (the Indonesian National Youth Committee), *Pramuka* (Boys and girls Scout), *Karang Taruna* (Community Youth Organization), SMPT (*Senat Mahasiswa Perguruan Tinggi* = University Student Senate), and OSIS (*Organisasi Siswa Intra Sekolah* = Inter-School Students Organization).

During the period when the New Order government was in power youth affair was taken care of by the institution either the Junior Ministry of Youth Affairs or State Ministry of Youth and Sport Affairs. The government, by way of the Junior Ministry, keeps the institution to deal with the young people matters until mid 1998 when the New Order government stumbled. The replacement government under President Habibie and his successor President Abdurrahman Wahid, which was depicted as a more-democratic government, maintained what the New Order government had initiated previously to take care of young people affairs. After a year in power President Wahid merged the junior ministry dealing with youth with the Ministry of Education. Recently, the latest government under President Megawati seems to consider also young people matters as part of the education affairs and assigned a directorate general of the Ministry of Education and Culture to be the host for youth affairs.

The Directorate of Youth Affairs, a part of the Directorate General of Out-of-School Education, Youth and Sports, of the Ministry of Education and Culture (1999), elaborates that government policy on youth affairs consists of 3 level activities : National Policy, Policy of the Ministry and Policy of Related Technical Departments or Institutions. National policies are derived from the State Policy Guidelines and it will, then, be spelled out into policies of the Ministry. When there was a State Minister taking care of youth and sports, the policies at the Ministry level was hold by this Ministry. Policies at this level include :

- a. Widening youth opportunity for education and skill development
- b. Improving youth capability, role and participation in nation's development of social, economic, politic, culture and national resilience
- c. Improving youth potential in pioneering and leadership skill
- d. Improving the quality of youth institutions and organizations
- e. Improving the general condition to enable young people to develop their lives in their communities and country

The government's policy on youth also includes policies for related ministries and institutions. Those ministries and institutions which are involved in addressing youth matters are:

1. Ministry of National Education, includes :
  - a. Always encourage the youth to keep faith in God Almighty
  - b. Improving disciplines and strengthen their personality
2. Ministry of Social Affairs

- a. Improving the quality of *Karang Taruna* and empowering it to the extent they could optimally contribute to the national development
  - b. Improving the implementation of inter-sector program coordination
3. Ministry of Agriculture  
Improving the quality of young fishermen and farmers in the field of horticulture
4. Ministry of Labor
  - a. Dealing with youth unemployment
  - b. Continuing the government policy on link and match program
5. Ministry of Cooperatives and Small Business Development  
Improving, developing and empowering youth institutions and business cooperation
6. Ministry of Industry and Trade
  - a. Improving youth participation in industrialization and trading process
  - b. Widening youth perspectives on problems and development of trade and industry
  - c. Creating and motivating sense of business among youth
7. Ministry of Religious Affairs
  - a. Encouraging unity, togetherness and national perspectives among among followers of religions
  - b. Encouraging the awareness of God Almighty presence in every efforts and activities towards national development
8. Ministry of Health
  - a. Improving youth participation in the field of humanity, especially youth health
  - b. Continuing and developing programs to overcome health problems among young people
9. Ministry of Transmigration and Resettlement
  - a. Developing youth potential, including knowledge, skills and self sufficient behavior, in transmigration areas in order to empower transmigration community
10. Ministry of Justice
  - a. Improving youth (and children) treatment and service in the correction institutions
  - b. Developing youth (and children) outside the rehabilitation centers
11. The National Center for Boys and Girls Scout Movement (*Kwartir Nasional Gerakan Pramuka*)
  - a. Improving and developing the quality and quantity of the tutors, members, structure and infrastructure, and the *Pramuka* activities
  - b. Encouraging youth and the *Pramuka* participation in poverty alleviation and natural disaster aid activities.

## 7.1 Programs on Youth Employment

From the perspective of implementation of those policies it is obvious that only particular institution out of all those ministries and institutions that have put their policies into programs. The *Pramuka*, the national institution for boys and girls scout, has long been consistent to serve as the place for strong youth characteristics development. Through this institution young people could also be directed to participate in government programs such as those related to poverty alleviation and youth unemployment eradication. *Pramuka* member, with special skills, could be advisor to small or informal business to sustain the business in the market.

The immediate programs related to the youth unemployment so far could be clearly referred to the Ministry of National Education and the Ministry of Manpower and Transmigration. The Ministry of National Education, by way of the Directorate General of Out-of-School Education and Sports, and mostly coordinated by the central office, facilitates youth and students exchange programs with other country which sometimes provides on-the-job training programs for young people. Among other activities which have been coordinated by this office are : training to develop youth business management skills, training on income generating for youth, leadership and management training, etc. (Ministry of Education and Culture, RI, 1999). To be able to carry out its program the Ministry also includes collaboration with some private companies to hold apprenticeship and on-the-job training programs for youth, especially college/university graduates. Furthermore, some big private companies, usually subsidiary of foreign companies, offers an apprenticeship program to be held in overseas countries, the origin country of the companies. Among those company that have the program is the Astra International Company, the automotive company, a Japan originated Toyota company subsidiary. This company sends people to Japan to attend apprenticeship program at the mother company in order that they could increase their skills and capability and applied it to their works afterward.

With only small authorities and small allocated budget hold by the Directorate General of Out-of-School Education and Sports, it looks obvious that this institution could not implement its policy and program as expected. The people at the Directorate General suggest that the regional government, along with the implementation of the regional autonomy law, could take over some part of the central government's tasks in addressing the youth employment problems. The regional government is expected to be more active in developing their own training schemes in their regions, assuming they know the appropriate programs needed for the local people. Having in hand knowledge and information on the region's economic potential, supported by availability of budget, should enable the local government to identify potential training program needed.

The Ministry of Manpower and Transmigration's activities that are related to young people's employment is mostly in connection with adult's employment. Those activities include providing information on employment opportunity, facilitating a training center for those looking for particular job, including foreign employment. This office has its provincial office to serve the same service to people in the provinces. Recently this office established an institution called the 'Unemployment Alleviation Movement' but it seems that this movement, as a newly developed government initiated institution, needs to clearly state its operational mission. A program called the TKPMP (*Tenaga Kerja Pemuda Mandiri dan Profesional* or Professional and Self-sufficient Youth Manpower) has been considered as successful training program to create entrepreneur youth, especially college and university graduates. After completing the training program those young people are expected to be able to establish their own business and hopefully, could also create job employment for others.

Other government technical department or ministry seems to have weak contribution and access to the national programs on youth since they have their own other programs to be taken care beside those on youth. For example, the Ministry of Social Affair that responsible for the development of the *Karang Taruna*, the community youth organization, acknowledges their limited role to as the facilitator for the development of the community youth organization. It

looks as if this ministry implements its programs without awareness that the youth programs should be part of the national policy on youth. This situation might express the historical position of this ministry that has been developed earlier than the institution supposed to take-care youth matters. Some other ministry and technical department might face the same condition that they just go on carrying out their own programs on youth without knowing the need to consolidate all those programs nationally.

## **8. Conclusion**

Having relatively huge number of population with big proportion of young population has put Indonesia into some disadvantaged situation, especially concerning the youth employment problems. Among the specific characteristics of Indonesian young population that has, accordingly, give specific characteristics to the youth employment are : there are more young people living in rural areas, and there is an improvement in the country's youth educational level.

Concerning the youth employment there are issues that emerged in this study, namely : the Indonesian youth labour force participation rate is increasing, those work in the informal sector comprises the biggest proportion and it seems that they are actively involved in agricultural sector works.

As the supply of the labour exceeds the available employment opportunities the unemployment incidence seems to be unavoidable increasing over time, especially in urban areas both for male and female young people. Unemployment rate among youth with higher level education remains high and tends to increase. Despite the unemployment problem the nation has also been exposed to underemployment problem for long time. Those considered as underemployed were mostly youth works as family worker and own-account worker.

Specific policy on youth employment has not been developed integratedly by the government for there were changes in the internal government structure of cabinet lately, which has impacts on the implementation of the policy and programs. The existing institution that take care the youth matter is the Directorate General of Out-of-School Education and Sport, the Ministry of National Education. With only small authority and small budget allocated to this institution it is impossible for this institution to carry out its program effectively. The national policy and program, which has been developed since the earlier State Ministry of Youth Affairs seems to be too far to reach by the institution at a directorate general level. Also, the other related ministries that indicate the existence of program on youth seems to be walking on their own without any awareness that those programs should be part of the national program. National coordination is needed to put those youth programs in appropriate place in each institution dealing with young people matters.

The small portion of national education budget and the implementation of the Regional Autonomy law are considered as to be the main reason to delegate some central government's tasks in conjunction with the youth matters. It is expected that the regional government could develop their own training schemes, which should be fit with their budget and economic and

social condition at certain time frame. For example, in particular area training or workshop on handicraft might be more useful as compared to other area, or other areas might express their interest to develop their economic potential by developing their young generation in order to have skills on trading and entrepreneurship. By utilizing the regional government to implement the programs it is expected that the youth programs should be right to the intended target and also, it will cut the long bureaucratic line.

Learning from what has been experienced by the nation and other countries the government needs to put more specific attention on youth employment problems in order to avoid further social consequences. A national institution, a higher level institution than a directorate general, which could coordinate and consolidate all the existing programs on youth, should be one way to addressing that problems.

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