Indonesia Jobs Outlook 2017

Harnessing technology for growth and job creation

Pullman Hotel, Jakarta
December 14, 2017
Technology, growth & jobs
Some stylized facts
Product fragmentation
ARTIFICIAL INTELLIGENCE
GIG ECONOMY

Autonomy
Handy
Protections
Smart Phones
Worker Rights
Freelance
Worker Classification
Millenial
Ride Sharing
DIGITAL

On-demand
Capital Bikeshare
APP
TASKRABBIT
Flexibility
Collaboration
Sharing
Airbnb
Benefits
Technology
Seamless
Freelancers
Contractors
zZipcar

Creative Commons Image
Polarization of the labour market

Developed Countries

Developing Countries

Source: WDR 2016
Why future of work?

• Convergence of technologies

• Pace of change

• All of this amidst slow growth “new normal”
Technology is creating opportunities

• New technologies can be transformative

• Creating new opportunities and reducing costs

• Made individuals more autonomous and access to learning
Indonesia’s technology dividend

- Potential to add USD 150 billion to GDP (McKinsey)

- E-commerce: USD 9.3 billion (2016) – expected to grow fast

- 51.8 percent internet users [APJIII, 2016]


- Indonesia is ranked 3rd in users of social media growth
Employed with second jobs (%)
Occupations second job

Source: ILO staff calculations based on Sakernas
Addressing technological challenges

• Technological Readiness Ranking: 80

• 1 broadband connection per 100 people

• Poor infrastructure especially off Java & Bali

• Nature of economic growth
Disruptions?

• In USA 47% jobs at risk (Frey and Osborne, 2013)

• Globally, 45% of tasks could be made obsolete through automation (McKinsey, 2017)

• 9% of jobs at risks in OECD (Arntz et al., 2016)
Policy Considerations
Second wave of structural transformation

• Resisting technology may not be the answer

• An evidence-based approach should guide policy-makers

• Try to look for new sources of growth and jobs; human and machines can collaborate
Share of GDP & Employment (%)

Source: ILO staff calculations based on World Bank (GDP) and (Employment) Sakernas data
Labour Force Participation Rate (%)

Source: ILO staff calculations based on Sakernas
Not in employment, education or training (NEET)

Source: ILO staff calculations using data from ILOSTAT for global figures and Sakernas 2016 for Indonesia
Investment and quality of education & training

• Positive externalities... and greater spillover effect

• Lifelong learning to keep up with the changes in the labour market

• Soft skills becoming quite important
Employment by education (%)

- **Primary School or less**
  - 1996: High
  - 2006: Lower
  - 2016: Lower

- **Junior High school**
  - 1996: Moderate
  - 2006: Higher
  - 2016: Lower

- **Senior High school**
  - 1996: Lower
  - 2006: Higher
  - 2016: Lower

- **Vocational High school**
  - 1996: Lower
  - 2006: Higher
  - 2016: Lower

- **Diploma I/II**
  - 1996: Lower
  - 2006: Lower
  - 2016: Lower

- **Diploma III**
  - 1996: Lower
  - 2006: Lower
  - 2016: Lower

- **University/Diploma IV**
  - 1996: Lower
  - 2006: Lower
  - 2016: Lower

Source: ILO staff calculations based on Sakernas
Occupation and skills

Source: ILO staff calculations based on Sakernas
Educationally over-qualified and under-qualified workers

Source: ILO staff calculations based on Sakernas
Expanding social safety net

• Disruptions will invariably mean there are losers- rethink governance of work

• Revisit social protection to ensure that vulnerable are not left behind

• Universal basic income??
Terima kasih