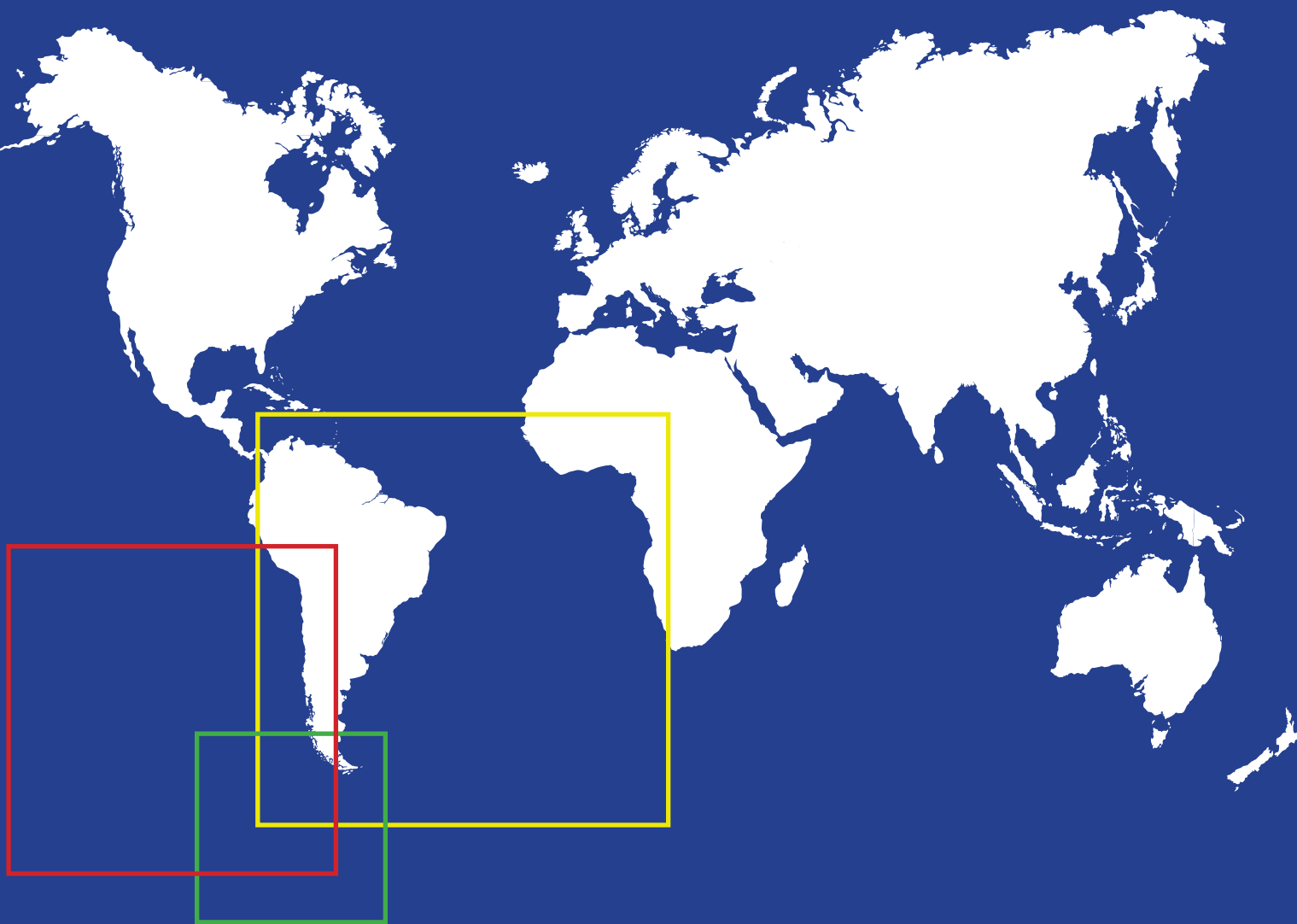




International
Labour
Office

Decent Work Country Profile INDONESIA



**Decent Work
Country Profile
INDONESIA**

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Preface

Decent work is central to efforts to reduce poverty and is a means for achieving equitable, inclusive and sustainable development. It involves opportunities for work that is productive and delivers a fair income, provides security in the workplace and social protection for workers and their families, and gives people the freedom to express their concerns, to organize and to participate in decisions that affect their lives.

In this regard, monitoring and assessing progress towards decent work at the country-level is a long-standing concern for the ILO and its constituents. The 2008 Declaration on Social Justice for a Fair Globalization details that member States may consider “the establishment of appropriate indicators or statistics, if necessary with the assistance of the ILO, to monitor and evaluate the progress made” (Paragraph II.B.ii.).

In September 2008, the ILO convened an international Tripartite Meeting of Experts (TME) on the Measurement of Decent Work, and consequently, adopted a framework of Decent Work Indicators, that was presented to the 18th International Conference of Labour Statisticians in December 2008. The Governing Body endorsed the proposal to test the framework in a limited number of pilot countries, by developing Decent Work Country Profiles.

The project on Monitoring and Assessing Progress on Decent Work (MAP) (2009–2013) with funding from the European Union, works with government agencies, employers’ and workers’ organizations, as well as research institutions to strengthen the capacity to self-monitor and self-assess progress towards decent work. The MAP project covers ten countries in the world, including Indonesia, and facilitates the identification of decent work indicators that are relevant at the national level, supports data collection, and uses the collected data for an integrated policy analysis of decent work (Profiles) in order to make them relevant for decent work country programmes and national policies. The project also provides guidelines and manuals on measuring and assessing progress on decent work from the pilot countries experience.

The DW Country Profiles cover ten substantive elements corresponding to the four strategic pillars of the Decent Work Agenda (full and productive employment, rights at work, social protection and the promotion of social dialogue): employment opportunities; adequate earnings and productive work; decent hours; combining work, family and personal life; work that should be abolished; stability and security of work; equal opportunity and treatment in employment; safe work environment; social security; and, social dialogue, employers’ and workers’ representation.

The Decent Work Country profiles compile in one document all available data on decent work, statistical and legal indicators, as well as analysis of gaps and trends on decent work. The Profiles facilitate the evaluation of progress made towards decent work and inform national planning and policymaking.

The Profiles provide key information for designing and monitoring the Decent Work Country Programmes (DWCP) and represent an advocacy tool to mainstream decent work into National Develop-

ment Policies. The compiled decent work indicators can serve as a reliable baseline at the stage of defining decent work targets, and as a powerful instrument for the monitoring and evaluation of the DWCP and national policies.

The Decent Work Country Profile for Indonesia aims at critically assessing progress towards the achievement of decent work in Indonesia and at further informing social dialogue at the national level.



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The Decent Work Country Profile for Indonesia has been prepared by national consultants in collaboration with the Ministry of Manpower and Transmigration (Depnakertrans), the Central Bureau of Statistics (Badan Pusat Statistics), and the University of Jakarta, with the technical assistance of the ILO experts.

National partners identified a list of decent work indicators relevant for Indonesia during the *Tripartite Consultation Workshop on Measuring Decent Work* (Jakarta, March 2010). The legal and statistical indicators were compiled according to the national list of decent work indicators and analysed into the social and economic context of Indonesia over the last decade. The draft Profile was discussed by constituents during the *Tripartite Validation Workshop of the Indonesia Decent Work Country Profile* held in Jakarta, in June 2011, with the participation of the Ministry of Manpower and Transmigration (MoMT), National Development Planning Agency (BAPPENAS), Ministry of Finance (MoF), Ministry of Industry and Trade (MoIT), Statistics Indonesia (BPS), representatives from the employers association (APINDO and ABADI), and confederations of trade unions (KSBSI, KSPI, and KSPSI).

The main results of the Profile are important inputs for designing and implementing the Decent Work Country Programme and the Indonesia Job Pact. Also, the Profile for Indonesia represents an important advocacy tool to mainstream decent work into the National Development Plan.

The International Labour Office would particularly like to thank the representatives from the Indonesia Employers' and Workers' organizations, the Ministry of Manpower and Transmigration, the Ministry of Finance, BAPPENAS, BPS, and other agencies for their contribution to the Decent Work Country Profile as well as academics at the University of Indonesia (Sri Moertiningsih Adioetomo, Padang Wicaksono, Beta Yulianita Gitaharie) and Diah Widarti who wrote this profile.

The ILO would like to thank the European Union for financing this study and supporting the whole process of the preparation and the validation of the Profile, under the ILO/EC Project "Monitoring and Assessing Progress on Decent Work".

In addition, the International Labour Office would like to thank the ILO officers from ILO Decent Work Team/Bangkok, the ILO Regional Office for Asia and the Pacific, and ILO-Geneva who have contributed to the development of the Profile.

Some statements made in the Decent Work Country Profile for Indonesia may not reflect the positions of the above named institutions and individuals. Any errors or omissions fall into the sole responsibility of the International Labour Office.

Summary

During the last fifteen years, the Republic of Indonesia has undergone tremendous social and political changes that have shaped the landscape for decent work (see Chapter 1). Following the economic crisis in 1997–1998, the country has experienced a political transition to a more democratic system along with fundamental labour market reforms, including the adoption of Act No. 13 of 2003 concerning Manpower (MA), Act No. 21 of 2000 concerning Trade Unions (TU) and Act No. 2 of 2004 concerning Industrial Relations Disputes Settlements (IRDSA).

Labour market conditions in Indonesia are very much correlated to the dynamics of social and economic contexts, in particular the 1997–1998 crisis which severely hindered the economy, and the 2008 global financial crisis which also moderated growth. Over the last decade, there has been steady progress in raising per capita income and significant achievement in poverty alleviation. However, poverty rates are still high in many parts of the country, and inequalities remain important. Employment is mainly distributed among the agricultural and services sectors while its share in manufacturing has decreased. Labour productivity has moderately increased at an annual average rate of 3.3 per cent over the last decade, but still lags behind other Southeast Asian economies. With regard to education, significant progress has been achieved in reducing the percentage of children not attending school, while some advancement in adult literacy has also been observed. Moreover, Indonesia faces a significant challenge with the prevalence rate of HIV and AIDS being among the fastest growing in Asia.

Over the last decade, progress in **employment opportunities** has been mixed, notably in three critical areas: gender, youth, and informal employment (see Chapter 2). The employment-to-population ratio has generally remained steady with significantly lower figures for women than for men. Since a ten-year peak in 2005 (9 per cent

for men and almost 15 per cent for women), 2010 has seen a fall in the unemployment rate (6 per cent for men and 9 per cent for women) which nonetheless remains higher than in 1996. Young workers are facing serious challenges on the labor market, even if the situation has improved since 2005, in particular for young women. Finally, only small achievements in reducing the share of workers engaged in informal employment have been observed, with more progress for female workers. Since 2005, female employment-to-population ratio and labour force participation rates have increased, while the female unemployment rate and female informal employment have decreased. The Government of Indonesia has positioned employment creation among the main objectives of the National Midterm Development Plan 2010–2014.

Progress in **adequate earnings and productive work** has been modest (see Chapter 3). Despite a global positive increase in average real wages for both men and women, the increasing trend of the minimum wage proportion to median wages, shows that the increase of real wages is limited in comparison with minimum wages. Also the share of casual employees whose monthly earnings were less than two-thirds of the median earnings has increased in the last 15 years for both men and women. Generally, casual employees and female employees are less advantaged compared to regular employees and male employees, respectively, and regional disparities are also prevalent. Finally, the minimum wage policy has been inadequate to protect employees, in part due to non-compliance and enforcement problems.

Progress on **decent hours** has not been achieved from 1996 to 2010. The relatively high percentage of employed people who work more than 48 hours per week increased during that period. Nearly three in four regular employees and half of all casual employees worked more than 40 hours per week in 2010. In addition, the average weekly hours of

work for male workers have exceeded the range of the legal limit. The rate for time-related under-employment increased, especially for the female workers, while open unemployment declined and the number of casual workers increased.

Indonesia has adopted legal provisions on leave and working time responding to the decent work dimension of **combining work, family, and personal life**, especially for maternity leave and annual leave (see Chapter 5). Working hours have been regulated in order to provide workers with a better balance between work, family and personal life. However, workers including those in informal employment are increasingly working more hours, especially urban workers who are affected by the impact of urban sprawl and high commuting time.

Further efforts are needed with regards to **work that should be abolished**. With regard to child labour, Indonesia adopted Law No. 23 on Child Protection in 2002 (see Chapter 6). The age of admission to employment has been set at 15, and the Government has put in place legal provisions with regard to admission to employment, light work, and hazardous work. Notable progress has been achieved from 1996 to 2010 resulting in increased school enrolment and attendance rates, as well as a decline in child labour for the population aged 10 to 17. Nevertheless, more than 1.5 million children aged 10 to 17 were engaged in child labour in 2010, essentially in the agricultural sector. Almost half the child labour population (aged 5–17) is engaged in hazardous work and more than half of working children aged 13 to 14 years is engaged in work that does not constitute light work.

With regard to forced labour, efforts to eliminate trafficking in persons especially women and children are included in the legal frameworks and in many Government regulations, as well as plans of action. Further efforts are required in order to fully eliminate these abhorrent forms of work but they are gravely hindered by poverty, access to secondary and tertiary education, demand for child labour, as well as gaps in law enforcement.

In the area of **stability and security of work**, the labour market has experienced more flexible

forms of employment and increased job insecurity (see Chapter 7). Although Indonesia has not ratified the Termination of Employment Convention, 1982 (No. 158), the Manpower Act No. 13/2003 contains provisions for the termination of employment on valid grounds and for severance payment. Over the last decade, despite existing policies, a significant and increasing part of the employed population has been engaged in precarious or casual work (from 6 million in 2001 to almost 11 million in 2010). The share of workers in informal employment fell slightly but remains high, at nearly three out of five workers. The rising trend of precarious work went along with the declining rate of unemployment over the last decade. In addition, real wages of casual employees remain around two-fifths of the level for regular employees. Gender-based wage disparities are also apparent between male and female casual workers.

In terms of **equal opportunity and treatment in employment**, some progress has been achieved over the last decade, resulting in a rise in the share of women's participation in politics and management and a falling gender wage gap among regular employees (see Chapter 8). However, significant challenges remain, including expanding education and employment opportunities for women and differently abled persons, ensuring equal pay for work of equal value and enhancing protection for overseas migrant workers, in particular women engaged in domestic work. To this end, the President of Indonesia issued an instruction concerning the Maintaining Justice Development Programme in April 2010, with a focus on women and children, workers, as well as on the poor and marginalized population.

Regarding **safe work environments**, the Government of Indonesia delegated the responsibility to enforce occupational safety regulations to local governments following the Law on Decentralisation in 2000 (see Chapter 9). Employment injury benefits are provided through a law on social security adopted in 1992 which regulates compensation to injured workers (Jamsostek). In 2006, the Government tried to extend Jamsostek coverage to self-employed workers and to provide injury benefits in particular for workers in informal employment. In addition, in 2007, the Gov-

ernment formed the National Occupational Safety and Health Council (NOSHC) which is a tripartite body consisting of representatives from the local government, businesses, and labour unions. Despite existing gaps in the reporting system from the local level to the central level, the available data show a progress in the last five years, as is indicated by the fall in fatal and non-fatal occupational injury rates. However, the Government is still lacking in institutional capacity to be able to enforce occupational safety regulations, especially as the number of labour inspectors has decreased in the last three years, while the number of registered workers has increased.

Indonesia has launched the Law on National **Social Security** System (NSSS) No. 40 of 2004, which reflects the Government's strong political commitment to improve people's welfare through a national social security system (see Chapter 10). The law mandates universal coverage of social security with compulsory contributions and different programmes (health insurance, work accident insurance, old age pension, pension insurance, and life insurance), but not including unemployment insurance. Altogether, during the last 15 years, much effort has been devoted to increasing the coverage of social security for the benefit of workers and their families, as can be observed in the rising government expenditure on social security and the increasing percentage of health-care expenditure not financed out of pocket by private households. Nonetheless, other deficits remain: a sizeable portion of formal employees are still not participating in the Jamsostek scheme, and programmes to support informal workers are still at an early stage.

Finally, with respect to **social dialogue, and employers' and workers' representation**, Indonesia has ratified the relevant main ILO Conventions (see Chapter 11). However, there has been mixed progress over the last five years. Not only did the number of trade unions demonstrate a declining trend, the rate of union density was also relatively low at around 12 per cent of all employees in 2009. At the same time, the number of registered companies belonging to the employers' association APINDO remained the same, while the number of collective labour agreements increased. In addition, the number of bipartite cooperation councils, which are mandatory for enterprises employing 50 or more workers, was still low but showed an increasing trend. Likewise, the incidences of strikes and lockouts were on the increase, but the number of workers involved tended to be on the decrease.

Despite the achievements mentioned above, Indonesia is still facing many problems in achieving decent work for all, as mandated by MDG Target 1B: "achieve full and productive employment and decent work for all, including women and young people" (ILO, 2011). Indonesia recognizes these problems and has adopted policy strategies in the National Midterm Development Plan (RPJMN) 2010–2014, which focus on pursuing economic growth, alongside labour intensive investment, improving competitiveness, as well as poverty reduction measures.¹ However, robust efforts should accompany these policy strategies in order to make them effective by including decent work indicators into the monitoring and evaluation systems, and action plans.

¹ RPJMN 2010-2014, Chapter III, Book 2.

List of Abbreviations

ADB	Asian Development Bank
APINDO	<i>Asosiasi Pengusaha Indonesia</i> - The Employers' Association of Indonesia
ASABRI	<i>Asuransi untuk ABRI</i> – Insurance for the military
ASKES	<i>Asuransi Kesehatan</i> – Health Insurance
ASKESKIN	<i>Asuransi Kesehatan untuk orang Miskin</i> – Health Insurance for the poor
BPJS	<i>Badan Penyelenggara Jaminan Sosial</i> – Administering Body to Implement Social Insurance
BPS	<i>Badan Pusat Statistics</i> – The Central Bureau of Statistics
CEACR	Committee of Experts on the Application of Conventions and Recommendations
CLA	Collective Labour Agreements
CPI	Consumers Price Index
DG	Director General
EPR	Employment to Population Ratio
GDP	Gross Domestic Product
GER	Gross Enrolment Ratio
ILO	International Labour Organization
IMF	International Monetary Fund
IOM	International Organization for Migration
ISCO	International Standard Classification of Occupations
IUCTR	Center for Trade Union Rights
JAMKESMAS	<i>Jaminan Kesehatan Masyarakat</i> – Social Health Insurance for the Poor
JAMPERSAL	<i>Jaminan Persalinan Masal</i> – Free Birth Delivery Services for the People
JAMSOSTEK	<i>Jaminan Sosial Tenaga Kerja</i> – Social Insurance for Workers
LFI	Legal Framework Indicator
LHK	<i>Luar Hubungan Kerja</i> – Workers outside industrial relation
MA	Manpower Act
MAP	ILO/EC Project “Monitoring and Assessing Progress on Decent Work”
MDG	Millennium Development Goal
MoF	Ministry of Finance
MoMT	Ministry of Manpower and Transmigration
MoSA	Ministry of Social Welfare
NER	Net Enrolment Ratio
NGO	Non-Government Organization
NOSHC	National Occupational Safety and Health Council
NPA	National Plan of Action
NSSS	National Social Security System
PPP	Purchasing Power Parity
Rp	Rupiah – IDR
RPJMN	<i>Rencana Pembangunan Jangka Menengah</i> – Medium Term Development Plan
SAKERNAS	National Labour Force Survey
SUSENAS	National Social and Economic Survey
TASPEN	<i>Tabungan Pensiun</i> – Pension Funds

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1 Economic and social context for decent work

Located in the Southeast Asia region, the Republic of Indonesia is the world's largest archipelago with roughly 17,000 islands which span some 5,120 km from east to west. The country consists of about 300 ethnic groups which encompass a rich diversity of cultures and religions with a majority hailing from native ancestry, and a minority from Chinese, Indian, and Arabic ancestries. Most people in Indonesia are Muslims (nearly 90 per cent), and the rest are Protestants, Catholics, Hindus, Buddhist, or belong to another denomination.

As a populous country, Indonesia has always attempted to lower its population growth rate. This has resulted in a declining population growth rate from 2.34 per cent per annum during 1971–1980 to only 1.45 percent for the period 1990 to 2000. However, the growth of the population has continued and the 2010 Census recorded 237.6 million people, with an annual growth rate of 1.49 per cent for the period 2000 to 2010 (BPS-Statistics Indonesia, 2010).¹

During the last fifteen years, Indonesia has undergone tremendous social and political changes that have shaped the landscape for decent work. Following the severe economic crisis in 1997–1998, the country has experienced a political transition to a more democratic system. With regard to the labour market, fundamental changes have included a labour law reform programme which started in 1998 and gave rise to the adoption of the following acts: Act No. 13 of 2003 concerning Manpower (MA), Act No. 21 of 2000 concerning Trade Unions (TU), and Act No. 2 of 2004 concerning Industrial Relations Disputes Settlements (IRDSA).

In addition, Indonesia has made positive strides towards strengthening its labour administration system dictated by the need for a coordinated and well-financed system of labour administration critical to support industrial harmony as well as a business climate conducive to economic growth and the achievement of decent work (see Legal Framework Indicator 1 on Labour administration).

The economic developments during and after the devastating 1997–1998 crisis have also been significant. The per capita GDP contracted by 14.3 per cent and 0.6 per cent in 1998 and 1999 respectively, compared to 6.1 per cent growth in 1996, the year prior to the crisis (see 1). However, the economy recovered soon thereafter and per capita income grew between the range of 3.1 per cent and 5.1 per cent from 2002 to 2007. The global financial crisis of 2008 moderated economic growth in Indonesia through a decline in global demand for Indonesia's exports and in foreign direct investment.² Although per capita GDP still increased by 4.8 per cent in 2008 and 3.4 per cent in 2009, a steep decline in the rate of growth of wage employment was observed (declining from 6.1 per cent before 2008 to only 1.4 per cent during 2008–2009) reflecting the decline in export value.³ On the other hand, the employment in the non-tradable sector grew by 4.0 per cent (ILO, 2010a).

² Exports recorded negative growth in 2008 of 11.6 per cent, with oil and gas exports declining by 55.4 per cent and manufactured exports decreasing by 26.9 per cent; foreign direct investment declined from US\$9.3 billion in 2008 to US\$4.9 billion in 2009 (ILO, 2010a).

³ Employers association (APINDO) recorded 237,000 job losses, mostly from textile and garment, palm and oil plantation, automotive spare parts, constructions and footwear industries (ILO, 2010a).

¹ Preliminary findings.

Legal Framework Indicator 1. Labour administration

Law, policy and institutions: In accordance with Ministerial Regulation No. 14/MEN/VII/2005, the MoMT promotes the continuing improvement and strengthening of the labour administration for the successful implementation of the national manpower policy as a component of national development. The MoMT has a General Secretariat, a General Inspectorate, a Research, Development and Information Board, and six Directorates General (DG) (in charge of Training and Productivity; Manpower Placement; Industrial Relations and Workers' Social Security; Labour inspection; Transmigration Area; Community Development). Each DG has built a system of reporting the implementation of activities and data from regional to central government (this reporting, however, is said not to be running well according to a communication by the Government). Each DG consists of several Directorates and is supported by a Secretariat. Each DG Secretariat covers the division of programme evaluation and report, division of finance, division of legal affairs and foreign technical cooperation, and division of personnel and general affairs. No workers are excluded from the scope of the MoMT.

The Research, Development and Information Board has built a database of employment (Ministerial Decision MoMT No. 250 of 2008 concerning Classification and Characteristics type of Employment Data and Information) but is still being refined. This database will be linked with the institution that performs the function of employment in the province and district/city.

An online system within each DG and regional government builds labour administration functions (job fair, communication system of foreign labour (Sisko TKLN), labour inspection activity reporting system, industrial relations reporting system, and training reporting system).

To support the success of labour administrative functions at the province and district/city, the MoMT must allocate funding to each province, which is then distributed to specific districts/cities which continuously report employment data and results of implementation of activities. The budget allocation is still partial, however (communication of the MoMT). One DG that has been allocated a budget is the Directorate General of Industrial Relations and Labour Social Security.

Evidence of implementation effectiveness: According to a Government communication, financing of the labour administration seems to be an area to be improved.

Ratification of ILO Conventions: The Labour Administration Convention, 1978 (No. 150) has not been ratified by Indonesia; the Labour Inspection Convention, 1947 (No. 81) has been ratified on 29 January 2004.

Sources:

1. CEACR Direct request on Convention No. 81: <http://webfusion.ilo.org/public/db/standards/normes/appl/appl-displaycomment.cfm?hdroff=1&ctry=0740&year=2008&type=R&conv=C081&lang=EN>;
2. MOMT website: <http://www.nakertrans.go.id>;
3. ILO, Labour Administration in Indonesia, ILO Office in Indonesia, 2006: http://www.oit.org/wcmsp5/groups/public/---asia/---ro-bangkok/---ilo-jakarta/documents/publication/wcms_120305.pdf.

In terms of macroeconomic management, the Government of Indonesia and the Central Bank of Indonesia have aimed to maintain the inflation rate at a low level, with varying success. During the 1997–1998 economic crisis, the inflation rate escalated to 58 per cent in 1998 and was effectively brought down to 20.8 per cent a year later. The high inflation was partly exacerbated by the removal of government subsidies particularly on rice, oil and fuels. However, by 2000, the Government of Indonesia was able to further reduce the inflation rate to 3.8 per cent.

Nevertheless, due to some domestic structural problems in Indonesia and the slowdown of the

global economy, the inflation rate again increased to 11.5 per cent and to 11.8 per cent in 2001 and 2002, respectively. The Government tried to keep inflation low, especially through the implementation of inflation targeting carried out by the Central Bank of Indonesia in 2005. However, the inflation rate in 2005 (10.5 per cent) was higher than that in 2004 (6.1 per cent) due to the increasing price of gasoline, which resulted from a decrease in the government fuel subsidy (Central Bank of Indonesia). From 2007 to 2010, inflation has remained below double-digit levels (4.8 per cent in 2009 against 9.8 per cent in 2008), but external factors _ increasing uncertainty in the global financial market, significant slowdown of the glo-

bal economy, and the fluctuation of commodity prices – have caused inflation to remain a primary concern for policymakers.

Inflation has affected wages in terms of nominal and real values. For example, the nominal wage of a production worker in manufacturing below supervisory level in 2001 was 535,000 Rupiah and in 2009 was 1,116,000 Rupiah. With a 2001 constant price, the inflation index (CPI) for 2001 was 100 and increased to 196 in 2009 (ILO, 2011b). With the CPI figure thus increasing almost twice as much, the real wage for a production worker in manufacturing below supervisory level in 2009 was only 569,388 Rupiah.

Macroeconomic growth and stability have influenced Indonesia's efforts in addressing poverty. Following the 1997–1998 economic crisis, poverty reduction has become one of the Government's key social strategies. The poverty rate – defined as the percentage of the total population living below the poverty line – has generally declined but at a slow rate. The poverty rate was 24.2 per cent in 1998 and continually decreased to 13.3 per cent in 2010, with an exception in 2006 (Table 1). The increasing poverty rate in 2006, despite healthy economic growth, was mainly due to the ban of rice imports and the rice price increase of 33 per cent (World Bank, 2006). In addressing poverty, the Government has designed programmes to maintain a stable macroeconomic environment and invest in the poor. These investments include enhancing their agricultural capability and improving access to education and training, urban markets, jobs, financial markets and social protection, among others (World Bank, 2006).

Despite the progress in poverty reduction, there are some indications of growing inequality between rich and poor households. Consumption-based inequality (P90/P10 ratio), which represents the ratio of the average consumption of households in the top percentile to that of households in the bottom percentile of consumption distribution, has increased from 6.2 in 1998 to 7.0 in 2010. The analysis of wage inequality trends reveals similar increasing patterns. Furthermore, wage inequality between men and women, due to

cultural barriers and social stereotypes, education attainment, working experience and other factors, has fallen but remains significant (see Chapter 3 and Chapter 8, in particular the Legal Framework Indicator 12 on Equal remuneration of men and women for work of equal value). These developments are of substantial concern as high wage inequality may lead to a decrease in productivity (Chun and Khor, 2010). Furthermore, income inequality has a strong impact on efforts to alleviate poverty (van Leeuwen and Foldvari, 2009; ILO, 2011).

In line with recent economic developments, Indonesia is undergoing a gradual structural transformation from agriculture to services (ILO, 2008). Employment in agriculture has fallen from 43.4 per cent in 1996 to 38.3 per cent in 2010, while employment in services has increased from 38.4 per cent to 42.3 per cent during the same period. A majority of service workers are concentrated in trade, restaurants and hotels, which is a sub-sector that absorbs a high proportion of women workers. During the periods of economic crisis there have been mass retrenchments, particularly in the formal sector, and an increase in the share of informal work arrangements. The share of GDP distributed to wages is around 30 per cent according to the available data, reflecting the weakness of wage employment (regular employees and casual employees represent respectively 30 per cent and 10 per cent of employment). However, from 2000 to 2005 the wage share increased very slightly from 29.9 per cent to 30.7 per cent, reflecting a stagnation of real wages; while in the meantime, the GDP growth increased from 4.2 per cent to 5.4 per cent (Table 1).

Labour productivity – defined as real GDP per person employed – has fluctuated significantly since 1996. During the 1997–1998 economic crisis labour productivity contracted by 15.4 per cent in 1998 as the economy shrunk significantly while the number of workers continued to rise. However, from 2000 to 2010 labour productivity increased at an annual average rate of 3.3 per cent, despite the impacts of the 2008 global financial crisis. This trend reflects an average real GDP growth of 5.2 per cent and an employment growth

Table 1. Economic and social context for decent work

Decent Work Indicator	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Children not in school, ages 5-17, %¹	27.2	26.0	25.6	25.3	25.1	26.0	24.9	23.5	22.3	22.8	20.1	19.7	19.0	18.0	...
Male	27.0	25.9	25.6	25.5	25.6	26.4	25.1	24.0	22.6	23.3	20.5	20.1	19.4	18.4	...
Female	27.4	26.1	25.6	25.0	24.6	25.6	24.6	23.0	22.0	22.3	19.7	19.3	18.6	17.5	...
Estimated % of working-age population who are HIV positive²	...	...	...	...	...	0.008	...	...	...	0.107	...	...	...	0.177	...
Male	...	...	...	...	...	0.011	...	...	...	0.177	...	...	...	0.252	...
Female	...	...	...	...	...	0.004	...	...	...	0.037	...	...	...	0.103	...
Labour productivity³															
GDP per person employed (thousand IDR)	17,222	17,715	14,994	14,853	15,470	15,862	16,424	16,993	17,675	18,634	19,350	19,657	20,306	20,766	21,534
Growth rate, %	...	2.9	(15.4)	(0.9)	4.2	2.5	3.5	3.5	4.0	5.4	3.8	1.6	3.3	2.3	2.8
Expenditure-based inequality (percentile ratio P90/P10)⁴	7.4	6.4	6.2	6.5	5.7	11.0	7.3	6.0	6.4	...	6.9	6.0	8.6	7.0	...
Male	7.4	6.4	6.2	6.3	5.7	10.1	7.6	6.0	6.4	...	6.8	5.9	8.4	7.0	...
Female	7.5	6.4	6.2	6.7	5.7	11.9	6.9	6.0	6.4	...	7.1	6.1	8.8	7.2	...
Inflation rate, %⁵	7.0	6.2	58.0	20.8	3.8	11.5	11.8	6.8	6.1	10.5	13.1	6.0	9.8	4.8	5.1
Employment by branch of economic activity, ages 15+, %⁶															
Agriculture	43.4	40.6	44.8	43.2	45.3	43.8	44.3	46.4	43.3	44.0	42.0	41.2	40.3	39.7	38.3
Industry	18.2	19.1	16.3	17.8	17.4	18.7	18.8	17.7	18.0	18.8	18.6	18.8	18.8	18.8	19.3
Services	38.4	40.3	38.8	38.9	37.3	37.5	36.9	35.9	38.7	37.3	39.4	40.0	40.9	41.5	42.3
Adult literacy rate⁷	85.3	87.4	87.9	88.4	88.6	87.9	89.5	89.8	90.4	90.9	91.5	91.9	92.2	92.6	...
Male	90.8	92.2	92.5	92.9	93.0	92.3	93.5	93.5	94.0	94.3	94.6	95.2	95.4	95.6	...
Female	80.2	82.8	83.4	84.0	84.3	83.5	85.7	86.2	86.8	87.5	88.4	88.6	89.1	89.7	...
Wage share (% of GDP)⁸	...	...	...	...	29.9	...	...	...	...	30.7	...	...	...	...	...
Real GDP per capita PPP⁹															
Constant 2005 international \$	2,996	3,093	2,650	2,634	2,727	2,788	2,875	2,973	3,082	3,217	3,352	3,521	3,689	3,813	...
Growth rate, %	6.1	3.2	(14.3)	(0.6)	3.5	2.3	3.1	3.4	3.7	4.4	4.2	5.1	4.8	3.4	...
Female share of employment by industry, ages 15+, %¹⁰	38.1	37.9	38.5	38.2	38.3	37.1	36.1	35.9	35.4	34.6	35.1	36.8	37.7	37.9	37.7
Agriculture, Forestry, Hunting and Fishery	39.3	38.9	39.4	38.1	39.5	37.7	36.9	36.8	36.4	34.9	34.3	36.9	37.3	37.0	36.9
Mining and Quarrying	20.3	20.5	14.9	14.4	18.1	17.5	13.3	12.8	16.0	15.4	11.5	12.1	12.3	11.9	11.9
Manufacturing industry	45.1	44.5	44.7	43.7	42.3	42.5	41.2	41.8	39.8	41.2	41.1	42.4	43.2	43.8	43.4
Electricity, Gas and Water	10.1	8.2	11.3	5.4	7.9	10.7	10.1	7.8	8.8	7.9	11.1	12.1	8.6	9.4	9.5
Construction	3.1	3.5	3.9	3.5	4.0	2.9	2.8	3.4	2.5	2.2	2.6	2.5	2.3	2.4	2.5
Wholesale trade, Retail trade, Restaurant and Hotel	51.0	51.1	51.0	51.8	47.6	48.5	47.0	47.0	46.5	45.8	46.2	49.5	50.5	51.0	49.3
Transportation, Storage and Communication	2.3	2.7	3.1	2.9	4.2	3.8	3.5	3.5	3.6	3.1	5.1	6.2	11.6	9.6	8.6
Financing, Insurance, Real estate and Business Service	27.3	31.9	33.3	29.8	28.9	24.5	26.4	27.7	25.0	26.8	29.2	28.9	29.6	29.4	29.4
Community, Social and Personal services	36.4	36.8	37.3	38.0	41.0	39.4	39.1	38.4	40.7	41.2	44.1	42.2	43.4	44.2	44.1

Decent Work Indicator	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Wage/earnings inequality (percentile ratio P90/P10)¹¹	6.3	6.8	6.9	6.7	6.7	6.4	6.0	5.8	5.6	5.5	6.0	7.2	7.9	9.0	7.3
Male	5.3	5.0	5.5	5.4	5.2	5.5	4.8	5.0	4.8	4.7	5.1	6.1	7.1	7.4	6.0
Female	8.1	8.4	8.9	8.9	9.0	8.3	7.5	6.3	6.8	6.8	7.3	9.5	8.4	10.6	8.3
Poverty rate, %¹²	17.5	...	24.2	23.4	19.1	18.4	18.2	17.4	16.7	16.0	17.8	16.6	15.4	14.2	13.3

Notes:

- ¹ Represents the percentage of children aged 5-17 not attending school.
- ² Represents the estimated number of people living with HIV (ages 15+) as a percentage share of the total working-age population (ages 15+).
- ³ Labour productivity defined as GDP per person employed in thousands of Indonesian Rupiah (constant 2000 prices).
- ⁴ Represents the percentile ratio of the 90th percentile to those at the 10th percentile of the consumption expenditure distribution.
- ⁵ Average consumer prices; based on 2009 harmonized prices from the Survey of 46 cities; frequency of source data is monthly and the base year is 2007.
- ⁶ Agriculture includes: agriculture, forestry, hunting and fishery. Industry includes: (a) mining and quarrying; (b) manufacturing industry; (c) electricity, gas and water; and (d) construction. Services include: (a) wholesale trade, retail trade, restaurant and hotel; (b) transportation, storage and communication; (c) financing, insurance, real estate and business service; and (d) community, social and personal services.
- ⁷ Includes adults ages 15+.
- ⁸ Represents the total wage share of total GDP.
- ⁹ PPP GDP is the gross domestic product converted to international dollars using purchasing power parity rates. An international dollar has the same purchasing power over GDP as the U.S. dollar has in the United States.
- ¹⁰ Represents total female employment as a percentage share of total employment in each industry.
- ¹¹ Represents the percentile ratio of the 90th percentile to those at the 10th percentile of the total wage distribution for regular employees.
- ¹² The reference period is February for all years except 1998 (December) and 2006–2010 (March). Starting in 1999, East Timor is not included. Poverty line is defined as the value of per capita expenditure per month to provide basic food and non-food needs required by a person to stay in a proper living condition. Poverty rate is the percentage of the population living below the poverty line.

Sources:

- ¹ BPS, Susenas.
- ² Estimated number of people living with HIV: UNAIDS and WHO. Total working-age population: BPS, Sakernas.
- ³ GDP: IMF, World Economic Outlook Database (April 2011); Employment: BPS, Sakernas.
- ⁴ BPS, Susenas.
- ⁵ IMF, World Economic Outlook Database (April 2011).
- ⁶ BPS, Sakernas.
- ⁷ BPS, Susenas.
- ⁸ BPS, Input-Output Economic Tables.
- ⁹ World Bank, World Development Indicators (2011).
- ¹⁰ BPS, Sakernas.
- ¹¹ BPS, Sakernas.
- ¹² BPS, Susenas.

of 1.9 per cent during that period. Nonetheless, the 2001–2007 average annual growth of labour productivity in Indonesia (4 per cent) remains lower than that of other countries in the South-east Asia region, such as Singapore (4.1 per cent), China (11.1 per cent), India (5.4 per cent), and only exceeds Thailand which is 3.5 per cent (ILO, 2010b).

In terms of education policy, every citizen of Indonesia is entitled to obtain his or her education as stipulated by the 1945 Constitution. The formal education system in Indonesia consists of primary education (six years), lower secondary education (three years) and upper secondary education

(three years). In 1989 the Government expanded the requirements of basic education from six years to nine years and basic nine-year education was made free and compulsory in 1994. Law No. 2 of 1989 on the National Education System states that every citizen has an equal right to obtain education. The law was then improved, completed, and replaced by Law No. 20 of 2003 on the National Education System. Presidential Instruction No. 5 of 2006 on the Implementation of Basic and Compulsory Education was issued to eradicate illiteracy and to implement the compulsory nine-year education. The Instruction includes the following stipulations: (i) primary education net enrolment ratio (NER) of 95 per cent by 2008; (ii) lower sec-

ondary education gross enrolment ratio of 95 per cent (GER) by 2008; and (iii) the number of illiterate population 15 years and above reduced by 5 per cent by 2009 (UNESCO, 2010).

Despite this education policy framework, the 95 per cent NER target for primary school has not yet been achieved although it increased from 92.6 per cent in 2003 to 94.4 per cent in 2009.⁴ The 95 per cent GER target for lower secondary education has not been met either despite a general increasing trend over time. However, the increasing school enrolment ratios from 2005 to 2007 did not correspond with a declining percentage of child labour (see Chapter 6), which may indicate that a high portion of economically active children are combining work and education.

Furthermore, in 2009, 18.0 per cent of all children aged 5 to 17 were not attending school, representing a steady decline from 27.2 per cent in 1996, with more progress achieved in reducing the rate for girls (9.9 percentage points) than for boys (8.6 percentage points). In addition, geographical disparities are prevalent as the share of children not attending school in 2009 was 32.2 per cent in Papua compared to 12.3 per cent in Yogyakarta.

In terms of adult literacy, progress has been achieved with the adult literacy rate increasing from 85.3 per cent in 1996 to 92.6 per cent in 2009. However, males remain more literate (95.6 per cent) than females (89.7 per cent). At the province level, adult literacy rates exceeded 96 per cent in DKI Jakarta, West Java and Central Java. On the other hand, Papua's adult literacy rate was the lowest at 76.3 per cent in 2009.

Critical health issues include children under the age of five suffering from malnutrition, people suffering from tuberculosis, and people living with HIV and AIDS. Malnutrition is very closely related to inferior economic conditions in which healthy food can be scarce. In general, bad and deficient malnutrition prevalence in Indonesia is 18.4 per cent which exceeds both the 20 per cent Medium Run Development Plan (RPJM) target and the 18.5 per cent MDGs target (Departemen Kesehatan, 2009).

Among the 18 ASEAN and SEARO (Southeast Asia Region) countries, Indonesia's tuberculosis prevalence in 2007 was 326 per 100,000 and is ranked sixth highest (Departemen Kesehatan, 2009). Regarding HIV and AIDS, the Ministry of Health reported that from January 1, 1987 to March 31, 2010 20,564 people have been living with HIV and AIDS and 3,936 have died (Ministry of Health, 2010). The adult prevalence rate increased from 2001 but remained low at 0.2 per cent in 2009, with a much higher prevalence among men than among women. Although the percentage of women living with HIV and AIDS is lower than that of men, the issue is nonetheless critically important because of the risk of mother-to-child transmission. In terms of prevention, there is a need for education, training, advocacy, and public outreach in order to disseminate information on HIV and AIDS. The Government has established the National AIDS Commission (Komisi Penanggulangan AIDS) by Presidential Regulation (Keputusan Presiden) No. 75 of 2006. This Commission, directly responsible to the President, was established in order to prevent HIV and AIDS through more intensive and coordinated strategies.

Summary assessment

Despite steady progress in raising per capita income and significant achievement in poverty alleviation, poverty rates still remain high in many parts of the country and Indonesia has fallen back slightly in terms of inequality. Employment is mainly distributed in the agriculture and services sectors and is growing in services where there is an influx of workers to agriculture from manufacturing and an increase in the share of informal employment. Following the 1997–1998 economic crisis the level of labour productivity has increased at a moderate pace with an average rate of 3.3 per cent which reflects an average of real GDP growth of 5.2 per cent and employment growth of 1.9 per cent on the last decade. However, average annual growth of labour productivity in Indonesia (4.0 per cent) remains lower than in other countries: Singapore (4.1 per cent), China (11.1 per cent), and India (5.4 per cent).

In terms of education, significant progress was made in reducing the percentage of children not

⁴ Source: BPS (www.bps.go.id).

attending school – although improvements for boys lagged behind those for girls in this regard – and some advancements in adult literacy were observed for both men and women. The net enrolment ratio (NER) and gross enrolment ratio (GER) of secondary and higher education have increased as well.

In the health sector, bad and deficient malnutrition prevalence in Indonesia has exceeded the Mid-term Development Plan (RPJM) and MDGs targets. Tuberculosis prevalence is improving but is

still ranked sixth among the ASEAN and SEARO countries. The HIV and AIDS prevalence rate, among the fastest growing rates in Asia, poses a significant challenge to Indonesia.

Policy measures have been formulated in Indonesia's Midterm Development Plan 2010–2014.⁵ However, these policy strategies need to be accompanied by effective implementation and robust efforts in order to achieve decent work which in turn increases people's welfare.

Scope of the Manpower Act (MA)

The MA defines a *worker/labourer* as any person who works and receives wages or other forms of remuneration. An *employer* is an individual, businessman, legal entity, or other agency that employs manpower by paying them wages or compensation in other forms. An *entrepreneur* is defined as an individual, a partnership or legal entity that operates a self-owned enterprise or a non-self-owned enterprise or representatives in Indonesia of enterprises domiciled outside the territory of Indonesia. Only 'entrepreneurs' are obliged to comply with regulations pertaining to work agreements, minimum wages, overtime, hours, rest, and vacation etc. (MA, Arts. 77-79 and 90). 'Employers' (or 'work-givers') are only obliged to provide basic protections to those they employ (this includes protection for the welfare, safety and health, both mental and physical, of those employed – MA, Art 35). Individuals employing domestic workers are considered work-givers. An employment relationship is defined in the MA as a relationship between an entrepreneur and a worker based on a work agreement - an agreement which specifies work requirements, rights and obligations of both sides (MA, Arts. 1 and 50). Civil servants are covered by specific legislation.

Work contracts under the Manpower Act

Unlimited terms work agreement: May be agreed in writing or orally (MA, Art. 51(1)). Maximum probation: three months (MA, Art. 60).

Fixed-term work agreement: Has to be drawn up in writing, in the Indonesian language; if not, it will be regarded as work for an unspecified period of time (MA, Art. 57). It cannot be made for work that is permanent in nature (it can only be made for certain jobs that will be finished in a specified period of time: temporary in nature, work where completion is estimated to be less than three years, seasonal work, work related to a new product or a new activity still in an experimental phase). A fixed-term contract may be made for a period of no longer than two years and can only be extended once for a maximum period of one year (MA, Art. 59(4)). No probation period is possible (MA, Art. 58(1)). Renewal and extensions may be made under certain conditions; if these are not respected, the work agreement is deemed an unlimited term work agreement (MA, Art. 59).

Outsourcing: An enterprise may hand over part of its work to another enterprise, in certain conditions (MA, Art. 65); if these conditions are not met, the enterprise that contracts the work to the contractor shall be held legally responsible to be the employer. Workers must enjoy the same protection and working conditions provided at the enterprise that commissions the contract.

Part-time work is covered under the MA.

⁵ See the Mid-term Development Plan 2010–2014, Chapter III Book II, on Economic Development, section 3.3.9 on strategy to achieve decent work through increasing competitiveness of the workforce.

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2 Employment opportunities

Promoting productive employment is one of the approaches to achieve decent work. However, it is very much correlated to the dynamics of socio-economic conditions. The 1997–1998 economic crisis severely affected Indonesia’s economy as noted in Chapter 1, and also hampered employment prospects. While the economy began to improve within a couple years, the labour market recovery took longer as a number of key employment indicators continued to deteriorate throughout 2005, despite the significant progress of the previous five years.

The employment-to-population rate (EPR) decreased from 63.6 per cent in 1996 to its low of 59.3 per cent in 2005 (see Table 2). The decrease in the EPR coincided with an increase of the unemployment rate, from 4.9 per cent in 1996 to 6.1 per cent in 2000; and from 8.1 per cent in 2001 to 11.2 per cent in 2005.¹ However, since 2006 the EPR has steadily increased to 62.9 per cent in 2010, nearly returning to its 1996 level. Similarly, the unemployment rate declined rapidly from 11.2 per cent in 2005 to 7.1 per cent in 2010. To this end, the Government of Indonesia has positioned employment creation and increased employment opportunities as its main economic goals for the Midterm Development Plan (RPJMN) 2010–2014 (see also Legal Framework Indicator 2 on Government commitment to full employment).² Three types of employment-related issues are particularly critical for Indonesia: gender issues, youth unemployment, and informal employment.

First, when examining the differences in the EPR of women versus men, it is apparent that women face significant barriers in accessing employment opportunities. The male-female gap in EPR stood at a striking 31.4 percentage points in 2010, only a modest decline from 32.2 percentage points in 1996. Moreover, female jobseekers are also at a disadvantage compared to their male counterparts. The unemployment rate for women was 4.0 percentage points higher than for men in 2001. This gap further increased to 5.4 percentage points in 2005 before falling to 2.6 percentage points in 2010. Analysing the gender gap in the labour force participation rates between men and women reveals the same disturbing trend.

Furthermore, looking at the employment opportunities for women compared to men during the weak labour market period from 2000 to 2005 – which resulted from the 1997–1998 economic crisis – and during the labour market recovery from 2006 to 2010 shows interesting differences. Female workers were more vulnerable during these hard times than their male counterparts. The female EPR declined sharply by 6.9 percentage points, from 48.2 per cent in 2000 to 41.3 per cent in 2005; at the same time, the male EPR only declined by 2.3 percentage points. While women are more vulnerable, this was partly due to the fact that women’s Labour Force Participation Rate (LFPR) went up immediately following the crisis. Interestingly, the female unemployment rate increased by 4.1 percentage points from 10.6 per cent in 2001 to 14.7 per cent in 2005; meanwhile, the male unemployment rate increased at a lower 2.7 percentage points during the same period. Moreover, the unemployment pattern for women does not reflect the decrease in their labour force participation rate (3.4 percentage points) during the period from 2001 to 2005, which may reflect

¹ The international definition of unemployment includes people who are (1) without work, (2) currently available for work, and (3) actively seeking work. Before 2001, the BPS only included those who were without work in its unemployment rate definition. In 2001, the BPS adopted the international definition of unemployment. Thus, the unemployment rate before 2001 is not directly comparable to the unemployment rate after 2001.

² In the 2010–2014 RPJMN, the Government commitments are stated as ‘pro-growth, pro-job, pro-poor’.

Table 2. Employment opportunities

Decent Work Indicator	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Employment-to-population ratio, ages 15+, %	63.6	63.2	63.3	62.9	63.6	63.0	61.6	61.3	60.9	59.3	59.4	60.9	61.5	61.9	62.9
Male	80.0	79.9	79.0	78.5	79.4	80.1	79.2	78.9	79.0	77.1	77.0	76.9	77.1	77.4	78.6
Female	47.7	47.1	48.0	47.6	48.2	46.3	44.2	43.8	42.9	41.3	41.7	44.8	46.1	46.7	47.2
Unemployment rate, ages 15+, %	4.9	4.7	5.5	6.4	6.1	8.1	9.1	9.7	9.9	11.2	10.3	9.1	8.4	7.9	7.1
Male	4.2	4.1	5.0	6.0	5.7	6.6	7.5	7.9	8.1	9.3	8.5	8.1	7.6	7.5	6.1
Female	5.9	5.6	6.1	6.9	6.7	10.6	11.8	12.7	12.9	14.7	13.4	10.8	9.7	8.5	8.7
Share of youth not in education and not in employment, ages 15-24, %	...	28.8	29.5	30.5	30.0	30.5	31.8	32.5	32.4	32.5	31.1	30.8	29.6	28.6	...
Male	...	17.5	19.2	21.2	20.5	20.3	22.0	22.6	22.4	23.6	22.2	21.7	21.4	20.7	...
Female	...	39.5	39.4	39.8	39.1	40.1	41.5	42.2	42.4	41.4	40.3	40.2	38.1	36.7	...
Informal employment, ages 15+, %¹	...	...	...	...	...	61.5	63.3	64.7	63.2	63.2	62.8	62.1	61.3	61.6	59.0
Male	...	...	...	...	...	57.9	60.4	61.9	60.5	61.4	61.4	59.9	59.3	60.1	57.2
Female	...	...	...	...	...	67.5	68.3	69.5	68.2	66.6	65.4	65.9	64.5	64.0	61.8
Labour force participation rate, ages 15+, %	66.9	66.3	66.9	67.2	67.8	68.6	67.8	67.9	67.5	66.8	66.2	67.0	67.2	67.2	67.7
Male	83.5	83.3	83.2	83.6	84.2	85.8	85.6	85.7	86.0	84.9	84.2	83.7	83.5	83.6	83.8
Female	50.7	49.9	51.1	51.2	51.7	51.8	50.1	50.2	49.2	48.4	48.1	50.2	51.1	51.0	51.8
Youth unemployment rate, ages 15-24, %	15.5	15.5	17.1	19.8	19.9	24.1	27.9	28.1	29.6	33.4	30.6	25.1	23.3	22.2	21.4
Male	14.3	14.3	15.7	19.0	19.7	22.3	25.8	26.2	26.9	30.1	27.8	23.8	21.8	21.6	21.1
Female	17.0	17.3	19.2	21.1	20.1	26.5	31.0	30.7	33.5	38.2	34.7	27.3	25.5	23.0	22.0
Distribution of unemployment by level of education, ages 15+, %															
<i>Total</i>															
No schooling, did not complete	1.0	0.7	0.6	0.5	0.5	3.5	2.4	3.5	3.3	2.2	1.6	0.9	1.1	1.0	1.9
Not yet completed Primary School	4.0	4.5	4.4	4.1	3.3	7.2	7.2	7.1	6.5	5.7	5.6	4.4	4.7	6.1	7.2
Primary School - Junior High School (General and Vocational)	37.6	35.7	37.5	38.3	44.5	46.0	49.3	49.9	48.4	49.4	48.7	44.4	43.5	37.0	36.8
Senior High School (General and Vocational)	48.1	50.1	48.9	47.9	43.8	36.6	35.5	34.9	36.0	36.8	38.0	40.7	40.7	43.4	40.2
Diploma I/II/III/Academy, University	9.3	9.0	8.5	9.2	7.9	6.7	5.7	4.5	5.7	5.9	6.2	9.6	10.0	12.5	13.9
<i>Male</i>															
No schooling, did not complete	0.7	0.6	0.5	0.4	0.3	2.0	1.2	2.2	2.4	1.6	0.7	0.8	0.7	0.8	1.0
Not yet completed Primary School	4.0	5.0	4.6	4.3	3.3	5.8	5.7	5.1	5.7	5.0	4.7	4.4	4.7	6.6	6.3
Primary School - Junior High School (General and Vocational)	38.9	36.7	38.4	39.0	46.0	46.0	49.1	49.8	48.7	50.2	49.3	45.3	43.1	39.7	37.6

Decent Work Indicator	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Senior High School (General and Vocational)	48.8	50.2	49.1	48.6	43.8	40.0	38.9	38.6	38.4	38.2	40.3	42.3	43.2	44.2	42.6
Diploma I/II/III/Academy, University	7.6	7.5	7.4	7.7	6.6	6.2	5.1	4.2	4.8	5.0	5.0	7.3	8.3	8.7	12.5
<i>Female</i>															
No schooling, did not complete	1.3	0.8	0.8	0.6	0.7	5.0	3.6	4.9	4.3	2.9	2.6	1.2	1.6	1.4	2.9
Not yet completed primary school	4.0	3.9	4.2	3.8	3.4	8.6	8.7	9.3	7.4	6.4	6.6	4.4	4.8	5.4	8.3
Primary School - Junior High School (General and Vocational)	36.2	34.5	36.3	37.4	42.4	45.9	49.4	49.9	48.2	48.5	47.9	43.3	43.9	33.0	36.0
Senior High School (General and Vocational)	47.3	50.0	48.7	46.9	43.8	33.3	31.9	31.1	33.4	35.2	35.4	38.6	37.5	42.3	37.4
Diploma I/II/III/Academy, University	11.2	10.8	10.0	11.3	9.7	7.3	6.4	4.8	6.7	7.0	7.5	12.6	12.2	17.9	15.4
Employment by status in employment, ages 15+, %															
<i>Total</i>															
Own account worker	21.8	23.3	23.4	24.4	21.7	19.2	19.2	18.2	19.5	18.4	20.4	20.3	20.4	20.1	19.4
Employer assisted by temporary and unpaid workers	25.1	21.0	22.4	21.3	23.1	22.4	24.0	24.1	23.0	22.3	20.9	21.0	21.2	20.9	20.0
Employer assisted by permanent workers	1.4	1.7	1.7	2.9	2.3	3.1	3.0	2.9	3.2	3.0	3.0	2.9	2.9	2.9	3.0
Employee	34.3	35.5	32.9	33.1	32.8	29.3	27.3	26.0	27.2	27.7	28.1	28.1	27.5	27.8	30.1
Casual employee in agriculture	...	...	...	...	...	4.0	4.9	5.0	4.7	5.9	5.8	5.9	5.8	5.6	5.4
Casual employee not in agriculture	...	...	...	...	...	2.7	3.9	3.5	4.0	4.6	4.8	4.5	5.2	5.4	4.7
Unpaid family workers	17.4	18.5	19.5	18.3	20.1	19.4	17.6	20.3	18.5	18.0	16.9	17.3	16.9	17.3	17.3
<i>Male</i>															
Own account worker	23.0	24.8	25.7	26.6	23.9	20.5	20.8	20.0	21.2	20.1	21.9	21.5	21.2	21.1	20.5
Employer assisted by temporary and unpaid workers	29.0	25.5	27.0	25.3	29.1	28.0	28.7	30.1	27.9	27.5	25.3	25.2	25.4	25.2	24.5
Employer assisted by permanent workers	1.8	2.3	2.3	3.4	2.9	4.2	4.1	3.9	4.3	4.0	4.0	3.8	3.9	3.9	4.0
Employee	38.5	39.5	36.2	36.2	35.7	31.9	29.4	28.0	29.1	28.8	28.9	29.9	28.9	28.6	31.2
Casual employee in agriculture	...	...	...	...	...	3.7	4.8	4.9	4.7	5.9	6.0	6.0	6.0	5.7	5.6
Casual employee not in agriculture	...	...	...	...	...	3.6	5.1	4.7	5.3	5.9	6.2	5.9	6.8	7.3	6.4
Unpaid family workers	7.7	8.0	8.8	8.5	8.5	8.1	7.0	8.5	7.5	7.7	7.7	7.8	7.8	8.1	7.7
<i>Female</i>															
Own account worker	19.8	20.9	19.8	21.0	18.3	17.0	16.5	15.0	16.5	15.2	17.8	18.4	19.1	18.3	17.6
Employer assisted by temporary and unpaid workers	18.7	13.6	15.0	14.8	13.4	12.9	15.7	13.3	13.9	12.6	12.8	14.0	14.3	13.8	12.6

Decent Work Indicator	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Employer assisted by permanent workers	0.8	0.8	0.8	2.0	1.2	1.1	1.1	1.0	1.1	1.2	1.1	1.4	1.4	1.3	1.4
Employee	27.5	29.0	27.8	28.1	28.2	24.8	23.7	22.5	23.6	25.6	26.5	24.8	25.1	26.4	28.2
Casual employee in agriculture	...	...	...	...	...	4.5	5.1	5.1	4.9	5.8	5.4	5.8	5.6	5.4	5.0
Casual employee not in agriculture	...	...	...	...	...	1.1	1.7	1.5	1.5	2.1	2.2	2.0	2.4	2.4	1.9
Unpaid family workers	33.2	35.6	36.6	34.2	38.9	38.6	36.2	41.5	38.5	37.5	34.1	33.6	32.1	32.4	33.3
Proportion of own-account and contributing family workers in total employment, ages 15+, %	39.2	41.8	43.0	42.7	41.8	38.6	36.8	38.5	38.0	36.4	37.4	37.6	37.3	37.4	36.8
Male	30.7	32.7	34.5	35.0	32.3	28.6	27.8	28.5	28.7	27.8	29.5	29.3	29.0	29.3	28.2
Female	53.0	56.5	56.5	55.2	57.2	55.6	52.7	56.5	55.0	52.7	51.9	52.0	51.2	50.8	51.0
Share of wage-employment in non-agricultural sector, ages 15+, %	...	...	...	...	...	51.3	51.5	50.9	51.0	50.9	49.6	51.3	50.4	...	...
Male	...	...	...	...	...	56.0	56.0	55.2	55.3	56.5	56.2	54.8	54.9	...	...
Female	...	...	...	...	...	43.1	43.3	42.8	42.8	47.1	46.3	43.2	43.1	...	...

Notes:

¹ Informal employment estimate based on cross-tabulation of employment status and main occupation since 2001, as defined in the Sakernas reports: (i) employers with permanent workers: they are formal in all occupations, (ii) employers assisted by temporary and unpaid workers: they are formal in major occupations but informal in agriculture, (iii) own account workers are formal if they are professional and technical workers, administrative and managerial, and clerical workers, and they are informal in the other occupations, (iv) regular employees are considered in the formal sector, (v) casual employees are informal but formal if they are professional and technical workers, administrative and managerial, and clerical workers, (vi) unpaid family workers are all in the informal sector. The data before 2001 are not comparable and therefore not included.

Source: BPS, Sakernas.

the rise in discouraged female jobseekers who left the labour force altogether.

However, during the strong labour market period that followed, employment opportunities for women improved substantially. From 2005 to 2010, the female EPR increased rapidly from 41.3 per cent to 47.2 per cent, while the male EPR increased only from 77.1 per cent to 78.6 per cent. Also, the female unemployment rate fell drastically from 14.7 per cent to 8.7 per cent. In contrast, the male unemployment rate declined from 9.3 per cent to 6.1 per cent. Even though female workers were more vulnerable during the difficult labour market period following the 1997–1998 economic crisis, their employment opportunities have improved during the labour market recovery. This is further confirmed by the data that the female labour force participation rate increased from 48.1 per cent in 2006 to 51.8 per cent in 2010, which is even higher than the level in the late 1990s. On the other hand, the male labour

force participation rate declined slightly from 84.2 per cent to 83.8 per cent during the same period.

In terms of young people aged 15 to 24, a portion of them stay in school until graduation from tertiary education. However, the Government realizes that many other young people are not able to continue to higher schooling and tend to enter the labour market. The Government set 15 years as the legal age for admission to employment (see Legal Framework Indicator 9 on Child labour). Employment opportunities for young workers are important since young people make up 20 per cent of the Indonesian population but there is an increasing tendency of untapped young workers in this group of young people who are neither in employment nor in education (NEET). The youth NEET rate has been on a downward trend since 2003, falling from 32.5 per cent that year to 28.6 per cent in 2009. Nonetheless, this figure remains stubbornly high, something that may be partially explained by the growing number

Legal Framework Indicator 2. Government commitment to full employment

Law, policy or institutions: The MA states that the Government needs to develop a manpower policy and planning (MA, Article 7). Indonesia has adopted a strategic plan for 2010–2014 with the aim of increasing employment opportunities (Regulation PER No. 03/MEN/I/2010 concerning the Strategic Plan 2010–2014). The priorities for the next five years are welfare, strengthening democracy and the enforcement of justice.

Evidence of implementation effectiveness: No information located by ILO supervisory bodies.

Ratification of ILO Conventions: The Employment Policy Convention, 1964 (No. 122) has not been ratified by Indonesia.

Sources:

1. *General survey 2010*: http://www.ilo.org/wcmsp5/groups/public/---ed_norm/---relconf/documents/meetingdocument/wcms_123390.pdf;
2. MOMT website: <http://www.nakertrans.go.id/>.

of higher education graduates, and the tendency for some of these to remain unemployed whilst waiting for suitable job opportunities (ILO, 2008).

The data also reveals far lower NEET rates among young men than women. Female rates have been consistently around 40 percent for the last decade, while for men they have been typically around 20 percent. Despite this, the gender gap has declined since the mid-2000s, falling from 20 percentage points in 2004 to 16 percentage points in 2009 (20.7 percent for males and 36.7 percent for females). Overall, the trends with regard to NEET suggest that while the situation is improving slightly, young men still have more opportunities than young females in Indonesia, albeit without considering the quality of their position in employment or in education.

Indonesia has been facing difficulties in providing formal employment opportunities, according to the definition of informal employment used for the Sakernas surveys (see note in Table 1). The percentage of workers in informal employment is high, and increased from 61.5 per cent in 2001 to 64.7 per cent in 2003 before gradually decreasing to 59 per cent in 2010. It is worth noting that the informal employment rate increased slightly from 61.3 per cent in 2008 to 61.6 per cent in 2009, most likely as an adverse impact of the 2008 global financial crisis, particularly in the urban areas.

In addition, a higher portion of female workers were engaged in informal employment arrangements than male workers, although the difference in the female informal employment rate compared to the male informal employment rate has fallen from 9.6 percentage points in 2001 to 4.6 percent-

age points in 2010. The share of female workers in informal employment decreased from 67.5 per cent in 2001 to 61.8 per cent in 2010 (5.7 percentage points), in contrast to the male rate which remained relatively stagnant during that period (a decrease of 0.6 percentage points). Male workers are experiencing difficulties in leaving their informal jobs and transitioning to formal employment opportunities.

The dynamics of formal and informal employment are analysed by the BPS according to employment status.³ Most workers who are engaged in informal employment are family workers or self-employed. The share of workers classified as own-account workers increased from 21.8 per cent in 1996 to 24.4 per cent in 1999, as a result of the 1997–1998 economic crisis, but has fallen to 19.4 per cent in 2010. On the other hand, there has been a gradual rise in casual employment (defined by the BPS as persons who work at their own risk without the assistance of their family members or employees), especially in non-agricultural activities. The share of workers categorized as casual employees in agriculture increased from 4 per cent in 2001 to 5.4 per cent in 2010, and the share of casual employees not in agriculture increased from 2.7 per cent in 2001 to 4.7 per cent in 2010. With regard to unpaid family workers, which comprise a disproportionately higher share of women, the rate increased from 17.4 per cent in 1996 to 20.1 per cent in 2000 before generally falling to 17.3 per cent in 2010.

³ The BPS classifies seven employment statuses: (i) own-account worker, (ii) employer assisted by temporary and unpaid worker, (iii) employer assisted by permanent worker, (iv) regular employee, (v) casual employee in agriculture, (vi) casual employee not in agriculture, and (vii) unpaid family worker.

Meanwhile, the share of regular employees has gradually decreased from 34.3 per cent in 1996 to 30.1 per cent in 2010, with a higher proportion of male workers (31.2 per cent against 28.2 per cent for female regular employees).⁴

Formal employment opportunities in the non-agricultural sector can also be measured by the share of wage-employment in the non-agricultural sector which has been declining steadily since 2002. It fell from 51.5 per cent in 2002 to 49.6 per cent in 2006, to reach 50.4 per cent in 2008. The share of wage-employment in the non-agricultural sector is higher for male than female workers and has decreased slowly for males by 1.1 percentage point from 2001 to 2008, while the share for female workers remains unchanged.

Given limited employment opportunities, many workers, in particular women, work as migrant labourers (TKW-Tenaga Kerja Wanita) abroad.⁵ They spend years working out of the country – mainly to Southeast Asia countries such as Malaysia, Hong Kong, and Taiwan; and Middle East countries such as United Arab Emirates, Saudi Arabia, and Kuwait. Most of them, some 85 per cent, work in Malaysia and Saudi Arabia. Almost 80 percent of all the migrants leaving in 2006 were women (World Bank, 2009).

Unemployment insurance is important in order to protect workers from severe economic fluctuations, but is still unavailable in Indonesia. Moreover, Indonesia has ratified neither the Social Security (Minimum Standards) Convention, 1952 (No. 102), nor the Employment Promotion and Protection against Unemployment Convention, 1988 (No. 168) (see Legal Framework Indicator 3 on Unemployment insurance). As a result, many workers simply cannot afford to remain unemployed. They tend to hold jobs in the informal sector and are likely to experience a sizeable reduction in their earnings (World Bank, 2010).

Thus, the Government of Indonesia must consider measures to expand formal employment opportunities and provide unemployment insurance in order to protect workers' welfare from economic downturns.

Summary assessment

During the period from 1996 to 2010, progress in terms of employment opportunities has been mixed. The EPR has generally remained steady and significantly lower for women than for men. Since a ten-year peak of 11.2 per cent in 2005, the unemployment rate has fallen considerably but remains nonetheless high at 7.1 per cent in 2010. Employment opportunities for female job-seekers have improved notably since 2005, but the female unemployment rate remained 2.6 percentage points higher than for men in 2010. Progress in youth employment, measured by the share of young workers who are neither in employment nor in education, has been observed since 2005. Finally, only small achievements in reducing the share of workers engaged in informal employment have been observed, especially for females. Interestingly, the decrease in the female informal employment rate coincides with an increase in the female employment-to-population ratio and a decrease in the female unemployment rate.

Currently, Indonesia has the momentum to provide greater employment opportunities, yet these opportunities cannot be maximized unless the Government places employment creation firmly in its main macroeconomic framework and sectoral policies, and improves its labour administration (see Legal Framework Indicators 1 on Labour administration and 2 on Government commitment to full employment). Notably, the Government must also develop an unemployment insurance policy to protect workers from severe economic downturns.

⁴ A regular employee is defined by the BPS as a person who works for another person or institution permanently for pay in cash or in kind. Regular employees are all classified as working in formal working arrangements. According to the BPS definition, regular employee only includes permanent employee and excludes seasonal worker, temporary worker, and worker on probation.

⁵ Indonesia is the second largest labour exporter in the world after the Philippines (ILO, June 2007).

Legal Framework Indicator 3. Unemployment insurance

Law, policy or institutions: Indonesia has no unemployment benefit system.

Benefits (level and duration): N/A

Coverage of workers in law: N/A

Coverage of workers in practice: N/A

Ratification of ILO Conventions: The Social Security (Minimum Standards) Convention, 1952 (No. 102), and the Employment Promotion and Protection against Unemployment Convention, 1988 (No. 168) have not been ratified by Indonesia.

Sources:

1. National legislation; NATLEX database: http://www.ilo.org/dyn/natlex/natlex_browse.country?p_lang=en&p_country=IDN.
2. ISSA database: <http://www.issa.int/aiss/Observatory/Country-Profiles>.

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3 Adequate earnings and productive work

Adequate earnings and productive work are essential to ensure workers' welfare and decent work. They are measured in terms of nominal and real earnings, in order to ensure that workers receive sufficient income to fulfil their basic needs. Earnings and wages are measured by occupation and type of contract and with reference to minimal wages. Earning distribution and poverty are measured from two indicators: the low-pay rate and the working poverty rate.

The working poverty rate increased from 1996 to 1998 and then declined significantly from 25 per cent in 1999 to 14.4 per cent in 2010, falling to below its level of 1996. However, the absolute number of poor workers in 2010 was 16 million people, not much different from the 1996 level. The share of working poor among both male and female workers is not significantly different either (see Table 3).

The low-pay rate (defined as the share of employees with monthly earnings that are less than two-thirds of the median) has also increased in the last 15 years. The low-pay rate for all employees increased from 29.7 per cent in 1996 to 34.5 per cent in 2010, and the same trend is observed for both males (25.5 per cent to 29.3 per cent) and females (30.2 per cent to 35.2 per cent).

Over the last decade, the low-pay rate for regular employees has fluctuated around 30 per cent from 1996 to 2009 before declining to 26.4 per cent in 2010. Worth noting is the one-year spike from 28.5 per cent in 2008 to 30 per cent in 2009 which could reflect the impact of the 2008 global financial crisis. The rates for male and female regular employees have varied during this period but stood respectively at 23.9 per cent and 31 per cent in 2010.

Workers' welfare can be examined through the difference between their monthly earnings by occupation, and the average national poverty line. The monthly earning of an agricultural worker is the lowest among all occupations and there is a huge gap between male and female workers, especially among service workers and agricultural workers (see Table 3). In 2010, the monthly earning for workers in agriculture amount in average to 557,000 Rupiah while the average national poverty line is 212,000 Rupiah and the average rural poverty line is 192,000 Rupiah. The monthly earnings for female agricultural workers is 373,000 Rupiah (less than two times higher than the national poverty line), and the monthly earning for male agricultural workers is 640,000 Rupiah (three times higher than the national poverty line).

Average real wages for all employees, including both regular and casual employees, have generally increased since 2000, even though there were decreases in 2005 and 2008 as a result of the rapid inflation of fuel prices (see Chapter 1).¹ From 2000 to 2010, average real wages increased from 430,000 Rupiah to 535,000 Rupiah per month (see Table 3). The annual average rate of real wage growth (2.2 per cent) was lower for casual employees (1.1 per cent) than for regular employees (3.8 per cent).

The difference in average real wages among all employees and only regular employees was significant in 2010, standing at 14.5 per cent, having grown larger from 54,000 Rupiah in 2001 to

¹ According to BPS, Sakernas, a regular employee is defined as "a person who works for another person or an institution with a stable contract for pay in cash or in kind". A casual employee is defined as "a person who works at his/her own risk without the assistance of his/her family members or employees".

Table 3. Adequate earnings and productive work

Decent Work Indicator	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Working poverty rate, %¹	18.4	...	25.6	25.0	20.4	20.0	20.0	19.3	18.5	17.8	19.8	18.4	16.8	15.4	14.4
Male	18.2	...	25.3	24.7	20.4	19.5	19.5	18.8	18.1	17.4	19.6	18.1	16.8	15.3	14.4
Female	18.6	...	25.7	25.0	20.6	19.7	20.3	19.7	19.1	18.3	20.8	19.1	17.3	15.7	14.6
Low-pay rate, %²															
Regular employees	29.7	30.7	31.9	30.4	29.7	29.4	28.4	26.2	28.9	28.0	29.1	29.3	28.5	30.0	26.4
Male	25.5	24.6	26.0	27.3	26.9	24.3	25.9	24.2	27.5	27.1	23.7	25.5	27.0	28.0	23.9
Female	30.2	34.2	32.1	32.1	32.0	29.5	34.0	29.0	30.7	30.1	31.7	32.2	31.5	33.6	31.0
All employees	29.7	30.7	31.9	30.4	29.7	29.0	31.5	30.5	33.1	34.0	30.7	31.5	31.4	32.1	34.5
Male	25.5	24.6	26.0	27.3	26.9	28.8	25.7	29.0	26.6	27.5	29.4	29.4	28.8	29.7	29.3
Female	30.2	34.2	32.1	32.1	32.0	46.7	47.8	45.9	49.5	49.3	44.7	45.3	44.2	44.9	35.2
Average earnings by occupation³															
<i>Total</i>															
1. Professional, technical and related workers	...	...	...	...	...	901	991	1,097	1,130	1,181	1,376	1,612	1,787	1,945	2,002
2. Administrative and managerial workers	...	...	...	...	...	2,133	2,193	2,972	3,220	2,349	3,040	2,788	3,017	3,266	3,283
3. Clerical and related workers	...	...	...	...	...	853	945	1,082	1,183	1,175	1,344	1,375	1,538	1,733	1,795
4. Sales workers	...	...	...	...	...	463	549	634	639	663	767	854	912	1,071	1,069
5. Services workers	...	...	...	...	...	388	460	531	559	602	629	841	824	945	986
6. Agricultural, animal husbandry, forestry workers, fisherman and hunter	...	...	...	...	...	262	281	323	344	353	398	422	523	541	557
7/8/9. Production and related workers, transport equipment operators and labourers	...	...	...	...	...	481	567	641	696	699	770	779	818	918	1,014
10. Others	...	...	...	...	...	1,048	1,184	1,366	1,473	1,505	1,775	2,101	2,300	2,674	2,809
<i>Male</i>															
1. Professional, technical and related workers	...	...	...	...	...	990	1,100	1,209	1,257	1,343	1,606	1,878	2,086	2,317	2,423
2. Administrative and managerial workers	...	...	...	...	...	2,319	2,267	3,109	3,290	2,443	3,289	2,794	2,958	3,239	3,262
3. Clerical and related workers	...	...	...	...	...	911	1,019	1,149	1,256	1,240	1,402	1,441	1,618	1,857	1,886
4. Sales workers	...	...	...	...	...	513	620	707	729	744	852	988	1,032	1,223	1,182
5. Services workers	...	...	...	...	...	492	579	664	706	775	816	1,098	1,111	1,347	1,324
6. Agricultural, animal husbandry, forestry workers, fisherman and hunter	...	...	...	...	...	315	334	383	405	416	458	484	597	615	640
7/8/9. Production and related workers, transport equipment operators and labourers	...	...	...	...	...	518	604	680	737	749	817	830	874	974	1,071
10. Others	...	...	...	...	...	1,055	1,185	1,364	1,479	1,515	1,792	2,110	2,316	2,688	2,792
<i>Female</i>															
1. Professional, technical and related workers	...	...	...	...	...	806	884	986	1,003	1,020	1,166	1,333	1,476	1,595	1,616

Decent Work Indicator	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
2. Administrative and managerial workers	1,321	1,866	2,156	2,740	1,731	2,229	2,742	3,297	3,397	3,381
3. Clerical and related workers	729	785	932	1,020	1,039	1,237	1,266	1,413	1,566	1,657
4. Sales workers	388	434	526	511	553	646	649	736	855	908
5. Services workers	263	303	346	369	377	424	525	574	585	642
6. Agricultural, animal husbandry, forestry workers, fisherman and hunter	161	177	203	216	215	260	298	374	397	373
7/8/9. Production and related workers, transport equipment operators and labourers	350	428	495	514	505	574	583	608	711	794
10. Others	827	1,147	1,391	1,318	1,198	1,320	1,917	1,903	2,407	3,175
Average real wages⁴															
<i>Regular employees</i>	430	530	556	592	596	547	565	576	564	615	626
Male	481	576	604	641	648	597	614	624	611	673	679
Female	326	430	451	483	479	442	467	478	474	510	529
<i>All employees</i>	430	476	481	510	517	469	476	486	476	513	535
Male	481	522	525	554	562	512	513	525	514	554	575
Female	326	376	381	408	408	369	393	400	397	431	455
Minimum wage as a percentage of median wage, %⁵	67.2	73.2	76.5	83.7	80.3	81.8
Male	62.7	68.7	72.9	77.0	72.6	74.3
Female	83.9	91.5	94.1	99.7	100.6	94.5
Real manufacturing wage index⁶	100.0	110.4	78.9	83.7	99.4	120.5	134.4	139.2	152.7	150.1	141.0	138.9	134.1	135.0	...
National Poverty Line⁷	129	153	167	183	200	212
Urban	151	175	188	205	222	233
Rural	117	131	147	162	180	192

Notes:

¹ Based on the national poverty line. Number of working poor estimated as the national poverty rate multiplied by the total labour force. Poverty rate based on Susenas: reference period is February for all years except 1998 (December) and 2006–2010 (March). Labour force and employment based on Sakernas: reference period is August (1996–2004) and February (2005–2010).

² Employees with monthly earnings less than two-thirds of the median. All employees include regular and casual employees.

³ Average monthly nominal wages in thousands of Rupiah. Includes both regular and casual employees.

⁴ Average monthly real wages in thousands of Rupiah, constant 2000 prices. All employees include regular and casual employees. 2005–2010 based on August round of Sakernas. CPI deflator based on IMF average consumer prices.

⁵ Based on weighted average of provincial statutory minimum wages. Includes only regular employees.

⁶ Annual index computed based on a simple average of the quarterly index, 1996=100.

⁷ Average in thousands of Rupiah (nominal).

Sources: BPS, Susenas; BPS, Sakernas.

91,000 Rupiah in 2010. Casual employees, who are engaged in informal work arrangements, have a lower level of welfare than regular employees. In 2010, casual employees earn only around two-fifths of the amount of the average real wages earned by regular employees.

The growth in average real wages was higher for women (3.4 per cent) than for men (1.8 per cent) which helped to narrow the gender wage gap (also see Chapter 8). Nonetheless, in 2010, average real wages were 575,000 Rupiah for men and only 455,000 Rupiah for women. As for regular

Legal Framework Indicator 4. Statutory minimum wage

Law, policy or institutions: Relevant legislation includes the MA, the Decision of the President of the Republic of Indonesia No. 107 of 2004 concerning the Wage Council, Regulation No. Per-01/MEN/99 as amended by the Decree No. Kep. 226/Men/2000; provincial regulations; collective agreements. The right to decent earning/decent living is specified in Article 88(1) of the MA. The Government must establish a wage policy (MA, Art. 88(2)). In general, all workers in an employment relationship with an entrepreneur are covered by minimum wage regulations, including workers on probation and daily workers if working for a month or more. Minimum wage rates are only valid for workers in the first year of their employment; after this time, a review of wage rates must be conducted between the workers/workers' associations and the company (Regulation No. Per-01/MEN/99 - but cannot be lower than the statutory minimum wage – MA, Art. 91). Entrepreneurs who cannot financially pay minimum wages may be allowed to ask for postponement, as regulated by Ministerial Decision (MA, Art. 90). [see scope of legislation in Chapter 1].

Minimum wage levels: Minimum wage is set by Government regulation (Article 97 MA). It is set by each Governor at provincial or district/city level (Art. 89) by the National Wage Council, Provincial Wage Councils and District/City Wage Councils (Art. 98); there are important minimum wage variations, even within one province. In 2010, minimum wage varied from Rp. 630,000 per month in the Province of East Java to Rp. 1,316,500 per month in Papua. This is due to differences in the living wage (KHL) in each province.

Evidence of implementation effectiveness: No information provided by ILO supervisory bodies.

Coverage of workers in law: The law covers all employees, whether regular or casual, which represented 40.2 per cent of all employed persons in 2010. Domestic workers are not covered by the law.

Coverage of workers in practice: High share of regular employees are not covered in practice, including in Nanggroe Aceh Darussalam, North Sumatra, and East Nusa Tenggara where more than 40 per cent of regular employees reported monthly earnings below the respective provincial minimum wage level in 2010 (see Annex 1).

Ratification of ILO Conventions: The Minimum Wage Fixing Convention, 1970 (No. 131) has not been ratified by Indonesia.

Sources:

1. National legislation; NATLEX Database: http://www.ilo.org/dyn/natlex/natlex_browse.country?p_lang=en&p_country=IDN;
2. TRAVAIL legal databases – Minimum Wages: http://www.ilo.org/dyn/travail/travmain.sectionReport1?p_lang=en&p_countries=ID&p_sc_id=1&p_year=2009&p_structure=1.

employees, the female real wage growth rate (5 per cent) has exceeded the male rate (3.5 per cent). Interestingly, the male-female gap in average real wages for regular employees (150,000 Rupiah or 22.1 per cent) was larger than the gender gap for all employees (120,000 Rupiah or 20.8 per cent) in 2010. Among casual employees, that gender wage gap has improved very slightly: the average real wages of women casual employees were 49.4 per cent of those of their male counterparts in 2010, against 47.9 per cent in 2001 (see Table 3).

In contrast with the original policy goals which were meant to protect particularly vulnerable workers, the minimum wage, enacted since the early 1990s, in reality has not been effective to protect those workers, largely due to problems in administering and enforcing it

The minimum wage as a percentage of the median wage for regular employees has undergone an

increasing trend from 67.2 per cent in 2005 to 83.7 per cent in 2008 followed by a decrease in 2010 to 81.8 per cent. During the same period, the average real wages also grew, except for 2008 (see Table 3). The minimum wage as a percentage of the median wage for male employees grew from 62.7 per cent to 74.3 per cent, while the rate for all female employees increased from 83.9 per cent in 2005 to 94.5 per cent in 2010. Such a difference between men and women is also observed in the average real wages that are much lower for female employees.

Summary assessment

Progress on adequate earnings and productive work in Indonesia has been modest during the last fifteen years even though there has been a positive increase in average real wages for both men and women, especially for regular employees. However this increase is limited in comparison

with minimum wages. The low-pay rate for all employees, and especially casual employees, has increased for both men and women.

Generally, casual employees and female employees are less advantaged, according to the gaps observed between gender and type of contracts: average real wages are much lower for female employees and casual employees; minimum

wages as a percentage of median wages are higher for female employees; low-pay rates for casual employees and female employees are higher.

Finally, the minimum wage policy is inadequate to protect employees, especially casual employees; regional disparities are observed. Furthermore, the Government faces non-compliance problems in enforcing minimum wage policies.

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4 Decent hours

Working time constitutes an essential part of decent work. Indicators on decent hours are related to excessive hours, insufficient hours of work, and time-related underemployment, in order to assess whether the working hours of workers are sustainable in terms of allowing a balanced personal and professional life and also whether the daily, weekly and annual resting periods are sufficient.

Excessive hours of work frequently signal an insufficient hourly pay, and is a threat to workers' physical and mental capacity to work in the long term. Thus working excessive hours will also eventually reduce productivity. Reflecting these concerns, since its inception, the ILO has adopted numerous international instruments on working time. The major goal expressed in these instruments is to reduce the number of workers who are exposed to excessive hours of work.

Indonesia has not ratified the ILO conventions on hours of work, in particular, conventions related to the Hours of Work in Industry, Commerce and Offices and conventions related to the Holidays with Pay (see Legal Framework Indicators 5 and 6). Nonetheless, the country provides two regulations related to decent hours, namely maximum hours of work and paid annual leave.

Indonesia's labour laws dictate legal limits on working hours, as is the case for most labour laws. The initial working hour standard adopted by the ILO mandates a maximum of normal working hours of 48 hours per week. The more recent approach at the international level is the promotion of 40 hours per week as a standard to be realized, progressively if necessary, by ILO member states (McCann, 2005).¹ As the standards are quite

clear, each country will be able to adjust easily to its indicator. The legislative norm in many countries on working time is thus frequently 40 hours or less (Lee, McCann and Messenger, 2007:12). As such, the definition of 'excessive' hours will vary across countries.

Excessive hours in the context of Indonesia is defined on the basis of a threshold of 48 hours per week as stipulated by ILO Conventions No. 1 and No. 30. The fact that Indonesia's Manpower Act No. 13/2003 stipulates 40 hours as the maximum working hours plus 14 overtime hours per week (although exceptions are allowed – see Legal Framework Indicator 5), means that in this analysis we will use both 48 and 40 hours as the criteria for excessive weekly working hours.²

In Indonesia, almost one-third of employed people work more than 48 hours per week in 2010. From 1996 to 2006, the percentage of those who worked excessive hours per week fluctuated around 25 per cent, then increased to 29.3 per cent in 2007 and to 32.4 per cent in 2010, with a brief downturn in 2009 due to the crisis (see Table 4).

Almost one-third of regular employees are working more than 48 hours a week in 2010, but their proportion decreased significantly over the last decade from 40.9 per cent in 1996 to 30.6 per cent in 2010. In contrast, an increasing proportion of precarious workers or workers engaged in informal work arrangements, especially own-account workers, unpaid family workers and casual employees are working more than 48 hours

¹ The ILO research reveals that 40 hours per week is now the most prevalent weekly hour standard. Almost half of 103 countries reviewed in the ILO report have adopted 40 hours per week or less (Lee et al, 2007).

² The ILO recommends that this definition of excessive hours of work should be restricted only to "long hours of work for economic reasons" and requires that account is taken of the expressed desire of the worker to work fewer hours with an acceptance of a reduction in income. In practice, these criteria require additional data collection efforts in order for such a measure to be implemented.

Legal Framework Indicator 5. Maximum hours of work

Law, policy or institutions: Relevant legislation includes the Manpower Act No. 13/2003; Minister of Manpower and Transmigration's Decree No. 102/MEN/IV/2004 concerning overtime work hours and overtime pay; Minister of MoMT's Decree No. 233/MEN/2003 concerning the type and characteristics of work done continuously; Minister of MoMT's Decree No. 234/MEN/2003 concerning working hours and rest hours in the energy and mining resources business sectors in specific areas. Hours of work in certain business sectors or certain types of work may be regulated by Ministerial Decision (Manpower Act No. 13/2003, Article 77(3) and (4)).

Number of hours allowed: Manpower Act No. 13/2003, Article 77(2): 40 hours a week (seven hours a day/six days a week or 8 hours a day/five days a week). An entrepreneur who requires a worker to work longer hours needs the approval of the worker; the maximum overtime work is three hours in a day and 14 hours in a week (MA, Article 78), provided that it is paid and that rest, food and drink are provided (Article 7, Minister of MoMT's Decree No. 102/MEN/VI/2004). Working hours and overtime for "certain business sectors or certain types of work" may be regulated by the Minister of MoMT's Decree. Certain workers in jobs with high-level responsibilities involving, for example, planning responsibilities, are not entitled to overtime pay, provided they receive higher wages (Article 4, Minister of MoMT's Decree No. 102/MEN/VI/2004). Mining, quarrying, electricity, water and gas sectors in offshore and isolated regions are excluded from the application of standard working hours, (but overtime rates still apply to periods of work longer than the standard working hours, Article 2, Minister of MoMT's Decree No. 234/MEN/2003). No contracting out of these provisions is possible.

Evidence of implementation effectiveness: No information provided by ILO supervisory bodies.

Coverage of workers in law: N/A.

Coverage of workers in practice: In 2010, 73.8 per cent of regular employees worked more than 40 hours per week in their main job, with the proportion higher for men (77.6 per cent) than for women (66.8 per cent). For casual employees, the rate was 50.8 per cent overall, and 59.1 per cent for all male casual employees and 26.8 per cent for all female casual employees.

Ratification of ILO Conventions: The Hours of Work (Industry) Convention, 1919 (No. 1) and the Hours of Work (Commerce and Offices) Convention, 1930 (No. 30) have not been ratified by Indonesia.

Source:

1. TRAVAIL legal databases – Working time: http://www.ilo.org/dyn/travail/travmain.sectionReport1?p_lang=en&p_countries=ID&p_sc_id=1001&p_year=2009&p_structure=2;
2. National legislation; NATLEX database: http://www.ilo.org/dyn/natlex/natlex_browse.country?p_lang=en&p_country=IDN;
3. *General Survey - Hours*: <http://www.ilo.org/public/english/standards/relm/ilc/ilc93/pdf/rep-iii-1b.pdf>.

a week, probably because of a higher need to increase earnings in activities which are characterized by low productivity. In the same period, the proportion of employers with permanent workers putting in more than 48 hours of work a week has doubled from 2.3 per cent to 4.1 per cent, while the percentage of employers with temporary workers has slightly decreased. Precarious workers and employers are more concerned by overtime than regular employees compared to the last decade which could be explained by the economic context of Indonesia and the crisis impacts (see Chapter 1).

With regard to the criteria stipulated by the Manpower Act (40 hours), the incidence of employees working more than 40 hours per week seems very common in Indonesia and its share has increased

over time despite national legislation. In 1996, 68.1 per cent of regular employees were working more than 40 hours weekly (72.3 per cent for male and 58.6 per cent for female), which increased to 76.6 per cent in 2004, and to 73.8 per cent in 2010 (77.6 per cent and 66.8 per cent for male and female respectively). While the majority of regular employees were working overtime, more than half of casual employees were working more than 40 hours a week in 2010. Also, the percentages of employed people working more than 48 hours per week and 40 hours per week were higher for males than for females from 1996 to 2010.

When examined on a regional basis, the incidence of working long hours was seen in almost all the provinces in Indonesia (see Annex 2). Except in

Legal Framework Indicator 6. Paid annual leave

Law, policy or institutions: Manpower Act No. 13/2003; Minister of MoMT's Decree No. 51/MEN/IV/2004 concerning Long Period of Rest in Certain Enterprises.

Qualifying conditions: 12 months of continuous service.

Levels of leave: Manpower Act No. 13/2003, Article 79: 12 workdays. After six years of continuous work, a worker is entitled to a long period of rest to be taken in the seventh and eighth year of work (one month each year); the worker is not entitled to the annual period of rest during those two years. This provision is applicable every six years of work. Workers of certain enterprises only are entitled to long period of rest (to be determined by Ministerial Decree).

Evidence of implementation effectiveness: No information provided by ILO supervisory bodies.

Coverage of workers in law: N/A.

Coverage of workers in practice: N/A.

Ratification of ILO Conventions: The Holidays with Pay Convention, 1936 (No. 52), the Holidays with Pay (Agriculture) Convention, 1952 (No. 101) and the Holidays with Pay Convention (Revised), 1970 (No. 132) have not been ratified by Indonesia.

Source:

1. TRAVAIL legal databases – Working time: http://www.ilo.org/dyn/travail/travmain.sectionReport1?p_lang=en&p_countries=ID&p_sc_id=1001&p_year=2009&p_structure=2;
2. National legislation; NATLEX database: http://www.ilo.org/dyn/natlex/natlex_browse.country?p_lang=en&p_country=IDN.

Papua, the number of employed people in all Indonesian provinces who worked more than 48 hours per week exceeded 25 per cent and was as high as 37.2 per cent in West Java and 48.4 per cent in Jakarta. The lower percentage of cases of those working more than 48 hours per week in Papua (15.3 per cent) might reflect that most employed persons work in the agricultural sector, usually characterized by a shorter working duration, or that there is a low incidence of non-agricultural work in that area.

Average weekly hours worked by employed persons in Indonesia have tended to increase during the period from 1996 to 2010, surpassing the legal limit of working hours as stipulated in the Manpower Act No. 13/2003. Employed people worked an average of 38.2 hours per week in 1996 (41.3 hours and 33.2 hours respectively for males and females) but 41.2 hours per week in 2010 (43.2 hours and 37.9 hours respectively for males and females).

The distribution of employed persons based on the weekly hours of work shows that insufficient hours of work affected more people over the last decade (short hours of work is defined by the number of hours worked less than 25 hours per week). The incidence of working shorter hours in Indonesia tends to decrease as the percentage of

employed persons working shorter hours declined from 19.8 per cent in 1996 to 16.9 per cent in 2010. Based on the 1976–2000 Sakernas data, Dhanani (2004) had earlier noted such a declining pattern, which was most likely due primarily to rapid urbanization and a corresponding shift away from agriculture, where shorter hours are more common.³ As noted previously (see Chapter 1), the proportion of workers in agriculture declined from 43.4 per cent in 1996 (42.6 per cent and 44.7 per cent for male and female respectively) to 38.3 per cent in 2010 (38.8 per cent for male and 37.6 per cent for female).

The share of women who work shorter hours is much higher than that of men although showing a declining trend. In 1996, only 12.3 per cent of employed male workers worked shorter hours while the figure stood at 31.9 per cent for females, decreasing to 24.9 per cent in 2010. The recent trend shows that women are working more hours, with higher employment opportunities (see Chapter 2).⁴

³ Indonesia's urban population was estimated at 22.3 per cent of the total population in 1980, and increased to 30.9 per cent in 1990 and to 44 per cent in 2010 (BPS, 1980, 1990 and 2010 Population Censuses).

⁴ Such a pattern of the increasing trend of working longer hours and declining trend of shorter hours worked should be examined in more detail according to other demographic variables for instance by age group or marital status to find out some possible explanations.

Table 4. Decent hours

Decent Work Indicator	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Excessive hours (more than 48 hours per week), %¹	24.9	26.4	24.2	24.5	24.6	26.5	24.2	23.9	26.5	24.8	26.2	29.3	29.1	28.6	32.4
Male	29.4	31.0	28.4	28.4	28.8	30.4	27.7	27.2	30.0	28.0	29.2	32.4	31.8	31.7	36.4
Female	17.5	18.9	17.6	18.2	17.9	20	18.1	18.2	20.1	18.7	20.6	23.8	24.5	23.6	25.9
Excessive hours (more than 48 hours per week) by status in employment, %²															
Own account worker	25.9	27.3	29.1	29.3	29.6	27.0	28.1	28.1	29.2	28.8	30.1	27.0	26.0	26.4	24.5
Employer assisted by temporary and unpaid workers	25.1	23.0	22.9	22.7	23.8	22.2	23.1	23.4	21.0	21.7	19.8	21.2	21.2	22.2	21.7
Employer assisted by permanent workers	2.3	2.9	2.8	4.1	3.9	4.8	4.8	4.9	5.2	4.4	4.9	4.3	4.5	4.5	4.1
Employee (regular)	40.9	40.2	38.3	37.4	35.1	31.3	28.1	27.1	28.4	27.8	28.9	29.3	29.7	28.1	30.6
Casual employee in agriculture	...	...	...	...	...	2.9	3.2	3.3	3.5	4.0	3.8	4.2	4.0	3.9	3.7
Casual employee not in agriculture	...	...	...	...	...	3.7	5.3	5.2	5.5	6.0	5.9	5.5	6.4	6.9	5.9
Unpaid family workers	5.7	6.7	6.9	6.6	7.6	8.1	7.3	7.9	7.3	7.4	6.6	8.4	8.1	8.0	9.5
Excessive hours (more than 40 hours per week), %³															
Regular employee	68.1	68.0	64.3	65.8	70.2	74.0	74.5	75.8	76.6	76.0	74.7	73.0	73.1	72.4	73.8
Male	72.3	72.1	68.6	69.8	74.6	76.9	77.2	78.9	79.5	79.3	77.9	76.4	76.0	75.8	77.6
Female	58.6	58.8	55.5	57.2	61.4	67.6	68.8	69.1	69.8	68.9	68.1	66.0	67.6	66.3	66.8
Casual employee	...	...	...	...	...	48.4	50.0	51.6	54.8	51.5	50.2	50.9	51.3	52.8	50.8
Male	...	...	...	...	...	58.9	59.1	60.8	64.2	60.4	57.8	58.8	59.8	60.6	59.1
Female	...	...	...	...	...	25.3	26.6	27.7	27.5	26.6	27.7	30.3	28.8	31.4	26.8
Average weekly hours of work⁴	38.2	39.2	38	38.5	39.1	39.9	39.3	39.1	40.4	39.9	40.3	41.0	41.0	40.8	41.2
Male	41.3	42.3	41.1	41.3	42.0	42.5	41.8	41.5	42.7	42.1	42.3	43.0	42.8	42.7	43.2
Female	33.2	34	33	33.8	34.4	35.5	35.1	34.9	36.1	35.8	36.6	37.6	38.2	37.7	37.9
Time-related underemployment rate, %⁵	12.2	12.7	9.9	15.2	13.5	12.6	13.3	14.3	14.3	14.8	14.4	14.9	14.5	14.7	14.1
Male	11.3	11.2	7.9	13.6	12.1	11.4	12.4	12.9	12.8	13.5	13.4	13.4	13.4	13.4	12.8
Female	13.6	15.1	13.1	17.7	15.7	14.7	14.8	16.7	17.1	17.2	16.4	17.5	16.4	16.8	16.2
Hours of work (standardized hour bands), %⁶															
<i>Total</i>															
0 (temporary absent)	2.7	2.7	2.5	2.4	1.9	2.7	2.8	2.7	2.4	2.2	2.6	2.4	2.2	2.3	2.3
1-24	19.8	18.2	20.6	19.4	18.1	15.8	15.6	16.1	15.0	15.4	15.5	16.2	16.5	16.7	16.9
25-39	26.8	26.0	27.1	27.6	26.9	26.2	27.8	27.6	26.6	27.2	26.6	24.7	24.6	23.5	23.4
40-48	25.9	26.6	25.5	26.0	28.5	28.7	29.6	29.7	29.6	30.4	29.2	27.4	27.6	28.9	25.0
49+	24.9	26.4	24.2	24.5	24.6	26.5	24.2	23.9	26.5	24.8	26.2	29.3	29.1	28.6	32.4
<i>Male</i>															
0 (temporary absent)	2.3	2.1	2.1	2.1	1.4	2.1	2.3	2.1	2.0	1.9	2.1	2.3	2.2	2.3	2.3

Decent Work Indicator	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
1-24	12.3	11.1	12.9	12.4	11.3	10.3	10.3	10.8	10.0	10.3	11.0	11.4	11.9	12.0	12.0
25-39	25.5	24.7	26.3	26.6	25.5	24.1	26.1	25.9	24.4	25.4	24.9	23.0	22.9	21.8	21.6
40-48	30.5	31.1	30.3	30.4	33.0	33.2	33.6	34.1	33.7	34.3	32.8	30.9	31.1	32.2	27.7
49+	29.4	31.0	28.4	28.4	28.8	30.4	27.7	27.2	30.0	28.0	29.2	32.4	31.8	31.7	36.4
<i>Female</i>															
0 (temporary absent)	3.3	3.7	3.1	2.9	2.6	3.9	3.7	3.8	3.2	2.8	3.4	2.5	2.1	2.2	2.3
1-24	31.9	29.9	32.9	30.9	29.0	25.1	25.0	25.7	24.2	24.9	23.7	24.5	23.9	24.4	24.9
25-39	28.9	28.3	28.5	29.1	29.3	29.8	30.8	30.6	30.6	30.7	29.7	27.8	27.6	26.3	26.4
40-48	18.4	19.3	17.9	18.9	21.3	21.2	22.4	21.8	22.0	22.9	22.6	21.4	21.9	23.5	20.5
49+	17.5	18.9	17.6	18.2	17.9	20.0	18.1	18.2	20.1	18.7	20.6	23.8	24.5	23.6	25.9

Notes:

- ¹ Percentage of employed persons working more than 48 hours per week in all jobs as a percentage share of total employed persons, based on actual hours worked.
- ² Distribution of all employed persons working more than 48 hours per week in all jobs by status of employment, based on actual hours worked.
- ³ Percentage of regular (and casual) employees working more than 40 hours per week in their main job as a percentage share of total regular (and casual) employees, based on actual hours worked. The indicator is an estimate for assessing coverage of workers in practice for Legal Framework Indicator 5 on Maximum hours of work.
- ⁴ Average weekly hours of work of all employed persons in all jobs, based on actual hours worked.
- ⁵ Employed persons working less than 35 hours per week and are looking for a job or are available for more work as a percentage share of total employed persons, based on actual hours worked.
- ⁶ Distribution of all employed persons based on weekly hours of work in all jobs, based on actual hours worked. '0' represents those who are employed but temporarily absent from work.

Source: BPS, Sakernas.

The time-related underemployed population includes all employed persons whose hours of work “are insufficient in terms of an alternative employment situation in which the person is willing and available to engage” (ILO, 2003). According to the BPS definition, underemployed people correspond to employed persons whose hours of work are below the normal working hours (less than 35 hours a week), and who are still looking for a job or are available for work. BPS refers to this group as involuntary underemployed people; otherwise they are classified as voluntary underemployed.⁵ Time-related underemployment is considered the best-defined indicator of underemployment in Indonesia and hence used as a proxy indicator for labour-underutilization (Irawan et al, 2000).

The time-related underemployment rate increased from 12.2 per cent in 1996 to 14.1 per cent in 2010, with a peak in 2007 (14.9 per cent). While an important proportion of employed people worked more than the legislated working hours,

an increasing number of employed people need to work more, probably as the pay is generally relatively low (see also Chapter 3).

The incidence of time-related underemployment for both sexes seems to gradually increase although it has been higher for females than for males. In 1996, 11.3 per cent and 13.6 per cent of the male and female employed population respectively suffered from underemployment, and in 2010 these figures increased to 12.8 per cent and 16.2 per cent respectively. Such an increase in the underemployment rate is accompanied in the same period, by the declining incidence of open unemployment (see Chapter 2) and the increasing number of casual workers both in agriculture and non-agriculture (see Chapter 7), which is in line with the findings of the earlier ILO report.⁶

The level of time-related underemployment in Indonesia varies according to the province (see Annex 2). Interestingly, in Jakarta employed people showed the lowest level of time-related underemployment, which was only around 3.2 per cent

⁵ See in the “Explanatory Notes of Labor Force Situation in Indonesia August 2010”. BPS Jakarta.

⁶ ILO Jakarta. 2010. Labour and Social Trends in Indonesia 2009.

in 1996, increasing to 5.1 per cent by 1998 – after the 1997–98 financial crisis – then fluctuating downward to 3.8 per cent in 2010. On the other hand, the incidence of time-related underemployment in other provinces was above 10 per cent in 2010. The low level of time-related underemployment in Jakarta was possibly due to the fact that as an urban province, Jakarta's labour market provides more diversified employment compared to the provinces which have a more rural setting, and mainly rely on agriculture.

The measurement of time-related underemployment can be introduced to overcome the problem of understated open unemployment, which is particularly relevant for a country like Indonesia, where unemployment benefits do not exist. Combining the indicators of open unemployment and underemployment seems to be a much better measure of labour underutilization (Sugiyarto, 2007).

Indonesia's Manpower Act No. 13/2003 provides a directive on paid annual leave, which allows employees/workers to take annual leave after 12 continuous months of work (see Legal Framework Indicator 5). A long period of leave after a certain time of work duration is also permitted, although this applies only to certain enterprises. Since the available data do not allow scrutinizing whether or not firms comply with such regulations on paid annual leave or long period of leave, in practice the coverage of workers by this regulation remains unknown.

Unfortunately, as the majority of employed people in Indonesia are engaged in informal employment (see Chapter 2 and Chapter 7), most employed people in Indonesia do not benefit from the implementation of the Manpower Act No. 13/2003 nor from the Decrees of the Minister of Manpower and Transmigration No. 233/MEN/2003, No. 234/MEN/2003, No. 102/MEN/IV/2004 and No. 51/MEN/IV/2004 (see Legal Framework Indicator 5).

Summary assessment

In conclusion, to a large extent, progress on decent hours in Indonesia has not been achieved over the last decade. The share of employed people working excessive hours increased, while little progress on adequate earnings was observed, especially as hourly pay has been stagnant (see Chapter 3).

The relatively high percentage of employed people working excessive hours (more than 48 hours per week) has increased. The average weekly work hours have exceeded the range of the legal limit, and the distribution of work hours demonstrates that more employed people concentrate on long working hours. At the same time, the percentage of time-related underemployed workers slowly increased.

Despite international guidelines and the Manpower Act no. 13/2003, more than a quarter of employed people aged 15 and over in Indonesia work excessive hours. The percentages of employed people working excessive hours per week have been higher for males than for females during the last decade and this is the case throughout the provinces in Indonesia.

To achieve decent hours of work in employment in a fair manner, a strong commitment from labour inspectors is crucial, not only to monitor but also to enforce the implementation of the Manpower Act No. 13/2003 and Act No. 7/1981.⁷ Labour inspection should be strengthened as it can play a decisive role in ensuring the implementation of the decent work agenda.

⁷ Act No. 7/1981 stipulates that firms are obliged to report the manpower situation in their companies.

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5 Combining work, family and personal life

Work is central to people's well being in terms of social integration, individual self-esteem, and time allocation. In addition to providing income, work can pave the way for broader social and economic advancement, while strengthening individuals, their families and communities.¹ In this regard, Indonesia has adopted legal provisions regarding leave and working time. Working hours are set at 40 hours per week; and workers are entitled to over-time payment if they work more than 40 hours per week (see Chapter 4, Legal Framework Indicator 5 for more details and exceptions). Workers are also entitled to 12 working days of annual leave, and weekly day(s) off, normally on weekends (see Legal Framework Indicator 5). In order to ensure that women's reproductive roles do not compromise their economic and employment security, and to ensure their health as well as the health of their child, three months paid maternal leave is provided by the MA (see Legal Framework Indicator 6). The most recently issued regulation is the *Jampersal* Programme with its Technical Guides to Childbirth (Petunjuk Teknis Jaminan Persalinan) by the Ministry of Health Number 631 of 2011 whose objective is to provide wider access to pregnant women in terms of funding facilities and healthier birth delivery. However, much has to be done to ensure that all workers benefit from these provisions.

Data is lacking with regard to the coverage of workers by maternity leave benefits. However, recently BPS and the Asian Development Bank (ADB) conducted pilot surveys in the two provinces of Banten and Jogjakarta, which are both in Java (BPS and ADB, 2010). The sur-

vey reveals that in Jogjakarta, 148,317 men and 109,960 women enjoy the benefit of paternity/maternity leave, which represents 15.1 per cent of informal workers and 63.3 per cent of formal workers. In Banten, as many as 438,107 men and 299,495 women received paternity/maternity leave compensation, or 21 per cent of informal workers and 49.0 per cent of the formal workers. These figures are encouraging, although the data are not representative of the whole population (all provinces) and do not indicate the source of financing for these benefits.

In the case of Indonesia, fulfilling the family's needs becomes the joint responsibility of both the husband and wife. This in turn drives the labour force participation rate in Indonesia which has increased over the last decade. The male labour participation rate has remained stable around 85 per cent from 1996 to 2010, while the female labour participation rate has increased slightly from 52.3 per cent to 53.7 per cent during that time (see Chapter 2).

The participation of women in the labour market is on the increase and this may be explained by demographic trends. The fertility rate in Indonesia has declined over time – in the 1970s, the average number of children per one family was between five and six, and declined to only two to three in the 2000s.² The declining nature of the fertility rate, which translates into fewer children, contributes to the increasing number of women in the labour market and vice versa. However, the female labour participation rate is still lower than it is for men. This may be related to a patriarchy pattern which is still commonly attached to Indonesia's cultures whereby men work outside the

¹ <http://www.ilo.org/global/about-the-ilo/decent-work-agenda/lang--en/index.htm>

² Indonesia Demographic and Health Survey –IDHS, 2007.

house and women inside the house, taking care of the family.

Another issue which impacts on family time is the involvement of workers in informal employment. About three in five workers in Indonesia are engaged in informal employment (see Chapter 2). Furthermore, own-account workers, unpaid family workers and casual employees, many of whom are engaged in informal work arrangements represent a sizeable and increasing share of employed persons working excessive hours (see Chapter 4), and they are mostly engaged in poorly remunerated jobs. High informal and casual employment rates combined with excessive working hours has implications for the allocation of family and private life time.

Longer commuting time between home and work reduces the time allocated to family and personal life. On the other hand, economic development has brought about increasing economic activities and the development of cities. Several regions have turned out to be metropolitan cities and there are now seven of these in Indonesia. Of the metropolitan areas, Jabodetabek (an abbreviation standing for Jakarta, Bogor, Depok, Tangerang, and Bekasi) is the largest, busiest, and the most attractive as it is the location of the capital city of the country and the centre of government and business. Due to its activity load, population mobility and urban sprawl are inevitable.

This situation causes people to commute between home and the place of work on a regular basis.

The study by Sahara (2010) finds that commuters traveling between 31 and 60 minutes are mostly from Bekasi (53.5 per cent) followed by commuters from Tangerang (47.5 per cent); whilst the commuters who travel for more than 60 minutes are mostly from Bogor (67.1 per cent) and Depok (62.7 per cent). Commuters in Indonesia's metropolitan cities are mostly men (71.3 per cent) and 66 per cent of the commuters are married (see Table 5). Moreover, more than 38 per cent of commuters in Jabodetabek spend more than 60 minutes traveling from home to the work place due to intense traffic congestion (see Table 5). Long journeys between home and the work place produce negative effects by reducing personal and family time.

The development of information communications technologies (ICT) is changing working patterns, thus affecting family and personal time. The world of work is now shaped by the advancement of information and technology, and the narrowing of the digital divide. Technology advancements indeed support working activities, yet have caused people to work without limitation of time or space. A study on ICT conducted in Yogyakarta urban areas by Rachmawati, et al, (2010) concludes that ICT devices enable workers to finish work more effectively and efficiently; and reach wider areas of work both nationally and internationally. It also decreases the extent to which people require mobility to get to their work places. However, information is not available which would allow the assessment of the share of Indonesian workers who enjoy these

Table 5. Commuting time in Jabodetabek and all metropolitan areas in Indonesia

	Jabodetabek Metropolitan Commuting Time (%)				All Metropolitan Commuting Time			
	≤ 30 minutes	Between 31-60 minutes	> 60 minutes	Total	≤ 30 minutes	Between 31-60 minutes	> 60 minutes	Total
Sex								
Male	13.7	47.8	38.4	71.3	16.7	50.2	33.1	71.0
Female	15.5	46.2	38.3	38.7	20.4	47.9	31.7	29.0
Marriage Status								
Married	13.4	45.7	41.0	66.0	16.4	48.9	34.7	66.2
Not married	16.0	50.6	33.5	34.0	20.4	51.0	28.7	33.8

Note: Jabodetabek is an abbreviation standing for Jakarta, Bogor, Depok, Tangerang, and Bekasi.

Source: Sahara, 2010.

Legal Framework Indicator 7. Maternity leave

Law, policy or institutions: MA. Female workers/labourers are covered by the law (a worker/labourer is any person who works and receives wages or other forms of remuneration). Domestic workers and casual workers are not covered.

Qualifying conditions: None stated in the MA.

Benefits (level and duration): MA, Article 82(1): 3 months (1.5 month before birth and 1.5 months after); 100 per cent of earnings.

Financing: Paid by the entrepreneur.

Evidence of implementation effectiveness: No information provided by ILO supervisory bodies.

Coverage of workers in law: N/A.

Coverage of workers in practice: N/A.

Ratification of ILO Conventions: The Maternity Protection (revised), 1952 (No. 103), The Maternity Protection Convention, 2000 (No. 183) and the Social Security (Minimum Standards) Convention, 1952 (No. 102) have not been ratified by Indonesia.

Sources:

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2. National legislation; NATLEX database: http://www.ilo.org/dyn/natlex/natlex_browse.country?p_lang=en&p_country=IDN.

Legal Framework Indicator 8. Parental leave

Law, policy or institutions: MA.

Qualifying conditions: N/A.

Benefits (Levels and duration): No parental leave. A male employee is entitled to take two days of leave at the birth of his child.

Evidence of implementation effectiveness: N/A.

Coverage of workers in law: N/A.

Coverage of workers in practice: N/A.

Ratification of ILO Conventions: The Workers with Family Responsibilities Convention, 1981 (No. 156) has not been ratified by Indonesia.

Source:

1. National legislation; NATLEX Database: http://www.ilo.org/dyn/natlex/natlex_browse.country?p_lang=en&p_country=IDN.

flexible working arrangements while utilizing ICT.

Summary Assessment

In efforts to combine work, family, and personal life, Indonesia has adopted legal provisions regarding leave and working time. Women workers are entitled to three months paid maternal leave and pregnant women are supported by the Government which is funding delivery facilities, in order to provide secure and healthier birth deliveries.

Working hours have been regulated to provide workers with decent working hours and, in turn, a better balance between work, family and personal life. However, Indonesian workers are increasingly working more hours. Women are also participating in the labour market in increasing numbers, even if their participation rate is still lower than that of men. Other issues that also affect the household allocation of time between work and personal/family time include commuting times. The current trends show that workers need longer time to commute but at the same time, the development of ICT may improve work arrangements.

Longer working and travelling hours resulting in less time for personal/family time will create a challenge for the future. Compensating for such inevitable loss of family time should be consid-

ered when seeking to improve the quality of time for families. This is important as it will have an effect on the quality of life of children who represent the future in terms of human capital.

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6 Work that should be abolished

Various international guidelines provide the basis for defining work that should be abolished. These forms of work include forced labour and child labour, as stipulated in the Forced Labour Convention, 1930 (No. 29), the Abolition of Forced Labour Convention, 1957 (No. 105), the Minimum Age Convention, 1973 (No. 138) and the Worst Forms of Child Labour Convention, 1999 (No. 182). All four conventions have been ratified by Indonesia (see Legal Framework Indicators 9 on Child labour and 10 on Forced labour).

With regard to child labour, the Government's commitments to eliminate child labour by 2016 are expressed through the development of a range of laws and regulations and National Action Plans (see Legal Framework Indicator 9). According to the national legislation: (1) all work undertaken by working children aged 5 to 12, should be abolished, regardless of working hours, and regardless of whether it is light or regular work or non-hazardous work; (2) children aged 13 to 15 may do some light work in certain conditions; (3) the general admission age to employment is 15 years and therefore work undertaken by working children aged 15 to 18 is considered legal as long as it is non-hazardous.¹

To support the elimination of child labour, it is critical to ensure children have access to education and are attending school. The 1945 Indonesian Constitution mandates universal coverage for education, but until recently many children aged below 18 years were not attending school. Strong efforts to expand universal coverage of education are seen in the enactment of the 1973 Presidential Instruction (SD Inpres) in which every Indonesian

village is to have at least one primary school, in addition to other national education policies on compulsory and basic education and literacy (see Chapter 1). In this regard, Indonesia has seen a positive trend in rising net enrolment ratios (NER) at the primary and secondary education levels in the past decade, and a decline in the percentage of children aged 5 to 17 who are not attending school. Nonetheless, around 18 per cent of children were not attending school in 2009 (see Chapter 1).

Corresponding with these positive trends in education, statistical evidence of child labour shows a declining pattern in Indonesia (see Table 6). Based on the population aged 10 to 17, the absolute number of children engaged in child labour fell from 2.5 million in 1996 to 1.6 million in 2010, an annual average decrease of 3.4 per cent. The number of boys in child labour (857,000) exceeded the number of girls (696,000), but in the Indonesian context, girls usually have to do domestic work which is statistically not included as child labour. In terms of the percentage of the child population aged 10 to 17, the share of children in child labour fell from 7.1 per cent in 1996 to 4.3 per cent in 2010, with a decline from 8.1 per cent to 4.6 per cent for boys and from 6.1 per cent to 3.9 per cent for girls. Nevertheless, the CEACR has expressed its concern at the high number of children under the minimum age who are working in Indonesia.²

Interestingly, there is no indication of an increase in the percentage of working children during the time of the 1997–1998 economic crisis. This may reflect the effect of Government efforts to keep

¹ See technical notes in Table 6 for further information on the operational definitions of child labour and hazardous child labour.

² See CEACR comments on the application of Convention No. 138: <http://webfusion.ilo.org/public/db/standards/normes/appl/appl-displaycomment.cfm?hdroff=1&ctry=0740&year=2008&type=O&conv=C138&lang=EN>.

Legal Framework Indicator 9. Child labour

Law, policy or institutions: Applicable laws and regulations include: the MA, Ministerial Decree No. 115/MEN/VII/2004 on protection of children performing work for developing talents and interests; Ministerial Decree No. 235/MEN/2003 on jobs that jeopardize the health, safety and morals of children; Law No.39/004 on placement and protection of Indonesian workers in foreign countries; and, Presidential Decree No. 59 of 2002 on the worst forms of child labour. A Law on anti-trafficking was adopted in 2007 (No 21). Several NPAs were introduced by Presidential Decrees: NPA to Combat the Worst Forms of Child Labour of 25 July 2007 (three-phase programme over 20 years launched in 2002); NPA to Combat the Commercial Sexual Exploitation of Children; and NPA to Combat Trafficking of Women and Children. The right to education is provided for by the Constitution of 1945.

General age for admission to employment: 15 years old (Art. 3 Ministerial Decree No. 235/MEN/2003). MA, Art. 68: prohibition for entrepreneurs to employ children. Children under 15 may engage in activities developing talents and interests (Art. 5 of Ministerial Decree No. 235/MEN/2003). The CEACR has requested that the Government defines the minimum age for such activities.

Admission to hazardous work: general prohibition (MA, Art. 74). Presidential Decree No. 59 of 2002 lists 13 worst forms of child labour. The Government has made a strong commitment to eliminate the worst forms of child labour by 2016.

Exception for light work: MA, Art. 69: permitted for 13-15 years old (with, *inter alia*, written permission from parents/guardians; not more than three hours a day; no disturbance with school; conducted during the day; wages in accordance with the law; and, does not stunt or disrupt the child's physical mental or social development). If the child works for a family business, some provisions do not apply (maximum hours of work, wages). The Government has an obligation to make efforts to overcome problems concerning children who work outside an employment relationship (MA, Art. 75).

Evidence of implementation effectiveness: The CEACR noted that, according to the technical proposal for the second phase of the NPA of 25 July 2007, law enforcement against traffickers increased in 2006, with arrests up from the previous year by 29 per cent, prosecutions up 87 per cent, and convictions up 112 per cent. The CEACR noted the Government's information that, in 2007, 123 trafficking cases involving 71 children were filed, of which 49 are before the courts, 70 are under investigation and three are under observation. The Government also indicates that it is taking measures to enhance the capacities of the police, immigration officers and labour inspectors. In this regard, it has conducted training on human trafficking for 38 police officers and 20 immigration officers; on preventing human trafficking for 19 police officers and five immigration officers; on investigating human trafficking for 25 police officers; and on border crimes for public prosecutors, judges and the police. In a 2010 Observation, the CEACR expressed its concern at the high number of children working under the minimum age; it also expressed its concern that only 4.8 per cent of working children aged 5-12 and 12.1 per cent of children aged 13-14 were working as "employees" and were under the scope of the MA. It noted that 321,200 children of light work age were performing non-light work activities. The CEACR also noted the Government's efforts to prevent child domestic work, including the dissemination of guidelines to various employers; the organization of a workshop on withdrawing child domestic workers organized for labour inspectors in several areas; and, the forthcoming discussion in the Indonesian House of Representatives of a draft Act for the Protection of Domestic Workers. The CEACR nevertheless expressed its serious concern at the exploitation of child domestic workers. It also expressed its serious concern at the significant number of children who are victims of commercial sexual exploitation. Furthermore, the CEACR urged the Government to take the necessary measures to ensure that every employer, regardless of the type of work performed, keeps a register indicating the name and age of employed persons of less than 18 years of age.

Ratification of ILO Conventions: The Minimum Age Convention, 1973 (No. 138) was ratified by Indonesia on 7 June 1999 and the Worst Forms of Child Labour Convention, 1999 (No. 182) was ratified by Indonesia on 28 March 2000.

Sources:

1. National legislation; NATLEX database: http://www.ilo.org/dyn/natlex/natlex_browse.country?p_lang=en&p_country=IDN;
2. CEACR comments on the application of Convention No. 138: <http://webfusion.ilo.org/public/db/standards/normes/appl/appl-displaycomment.cfm?hdroff=1&ctry=0740&year=2008&type=0&conv=C138&lang=EN> and on the application of Convention No. 182: <http://webfusion.ilo.org/public/db/standards/normes/appl/appl-displaycomment.cfm?hdroff=1&ctry=0740&year=2010&type=0&conv=C182&lang=EN>;
3. Human Rights Council: *National Report Submitted in Accordance with Paragraph 15(1) of the Annex to Human Rights Council Resolution 5/1: Indonesia*. 11 March 2008, UN Doc. A/HRC/WG.6/1/IDN/1.

children in school, by providing, among others measures, scholarships and block-grants to maintain schools running until the end of the crisis (Adioetomo, 2002). From 1996 to 2010, the absolute level and percentage of child labour aged

10 to 17 years decreased, except with a one-year spike in 2007. The main explanatory factors for this pattern are related to other indicators including education attendance and enrolment, per capita income and price inflation (see Chapter 1).

Legal Framework Indicator 10. Forced labour

Law, policy or institution: The MA: the Law No. 21 of 2007 on the elimination of human trafficking crime and the Law No. 39 of 2004 on the placement and protection of Indonesian workers abroad all provide sanctions. Decree No. 10 of July 2007 of the Chief of the Indonesian National Police, issued under Law No. 21 of 2007, relates to the establishment of “special service rooms” in local police stations in every province and city to protect victims of trafficking and to examine witnesses in trafficking investigations; Regulation No. 9 of 2008, promulgated under Law No. 21 of 2007, relates to the establishment of “integrated service centres” in every city and regency to protect victims and witnesses in trafficking cases; a multi-stakeholder initiative aims at disseminating information to and sensitizing prosecutors regarding Law No. 21 of 2007.

Several NPAs have been introduced by Presidential Decrees: 2002 NAP to Combat the Worst Forms of Child Labour (three-phase programme over 20 years launched in 2002); 2002 NAP to Combat the Commercial Sexual Exploitation of Children; and 2002 NAP to Combat Trafficking of Women and Children.

The CEACR has noted that Law No. 39 of 2004 contains vague provisions and numerous shortcomings and that, despite measures adopted by the Government, many Indonesian workers continue to turn to illegal networks, thereby increasing the risk of exploitation. The CEACR has also noted that the Memorandum of Understanding (MoU) concluded with the Government of Malaysia in May 2006 does not guarantee standard labour protections; does not include measures to prevent and respond to cases of abuse; and contains provisions that contribute to maintaining Indonesian migrant workers in situations of great vulnerability. The CEACR has expressed its hope that the Government will amend this MoU.

Evidence of implementation effectiveness: In order to tackle trafficking in persons, the Government has implemented prevention and protection measures, law enforcement, as well as inter-sectoral and intergovernmental coordination and cooperation. Several cases of recent arrest, prosecution and punishment of perpetrators have been reported. The CEACR has noted however that many of the measures to implement Law No. 39 of 2004 appear to place greater emphasis on addressing the shortcomings of worker placement and placement related procedures rather than on worker protections. The CEACR noted with concern the allegations of complicity and cooperation of law enforcement officials and other government officials with human traffickers.

The CEACR pointed out that several sections of the Criminal Code and of the Law No. 21 of 2007 were not in conformity with Convention No. 105 as they allow the use of forced labour as a punishment for expressing views opposed to the established political, social or economic system. It noted that several persons were convicted to heavy sentences of imprisonment, involving compulsory labour, for the peaceful expression of their political opinions, their peaceful support to an independence movement, or for the simple fact of having raised a separatist flag. The CEACR, as the Conference Committee, expressed its deep concern and its hope that the sections would be amended. The Conference Committee and the CEACR have asked the Government to amend sections 139 and 185 of the MA so as to limit their scope to essential services in the strict sense of the term and to ensure that no penalty involving compulsory labour can be imposed on persons participating in strikes, as required by Convention No. 105.

Ratification of ILO Conventions: The Forced Labour Convention, 1930 (No. 29) was ratified by Indonesia on 12 June 1950 and the Abolition of Forced Labour Convention, 1957 (No. 105) was ratified by Indonesia on 7 June 1999.

Sources:

1. National legislation; NATLEX Database: http://www.ilo.org/dyn/natlex/natlex_browse.country?p_lang=en&p_country=IDN;
2. CEACR 2008 Observations on the application of Convention No. 29: <http://webfusion.ilo.org/public/db/standards/normes/appl/appl-displaycomment.cfm?hdroff=1&ctry=0740&year=2008&type=0&conv=C029&lang=EN>;
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4. Conference Committee 2008 Comments: <http://www.ilo.org/ilolex/cgi-lex/pdconv.pl?host=status01&textbase=iloeng&document=818&chapter=13&query=Indonesia%40ref&highlight=&querytype=bool>;
5. Human Rights Council: *National Report Submitted in Accordance with Paragraph 15(1) of the Annex to Human Rights Council Resolution 5/1: Indonesia*. 11 March 2008, UN Doc. A/HRC/WG.6/1/IDN/1.

In 2009, the BPS conducted a national child labour survey as an additional module to the regular Sakernas survey. This survey provides further insight into the characteristics of working children and child labour in Indonesia, based on the child population aged 5 to 17. According to the survey, 1.8 million children are engaged in child labour in 2009, or 3.0 per cent of the child population aged

5 to 17. This consists of 977,000 boys (3.2 per cent) and 778,000 girls (2.7 per cent).

More than half of working children aged 5 to 17 years work in agriculture, forestry, hunting and fishery (57.2 per cent). This should be cause for concern since according to the ILO (2009a), agriculture is considered the most hazardous work-

Table 6. Work that should be abolished

Decent Work Indicator	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Child labour (aged 10-17)¹															
<i>Total (in thousand)</i>	2,527	2,504	2,399	2,151	1,801	1,769	1,629	1,172	1,390	1,148	1,284	1,808	1,713	1,679	1,553
Male (in thousand)	1,485	1,505	1,434	1,256	1,000	1,03	982	683	813	716	726	1,078	984	950	857
Female (in thousand)	1,042	1,000	964	895	801	731	647	489	577	432	558	730	729	730	696
<i>Share of population (aged 10-17), %</i>															
Male	7.1	7.0	6.8	6.3	5.5	5.3	4.9	3.8	4.2	3.3	3.7	5.3	4.9	4.7	4.3
Female	8.1	8.2	7.8	7.1	5.9	6.0	5.6	4.6	4.8	3.9	4.0	6.0	5.4	5.2	4.6
	6.1	5.8	5.7	5.4	5.1	4.6	4.0	3.1	3.6	2.5	3.3	4.4	4.2	4.2	3.9
Child labour (aged 5-17)²															
<i>Total (in thousand)</i>	...	...	...	...	...	...	...	...	...	...	...	...	...	1,755	...
Male (in thousand)	...	...	...	...	...	...	...	...	...	...	...	...	...	977	...
Female (in thousand)	...	...	...	...	...	...	...	...	...	...	...	...	...	778	...
<i>Share of total population (aged 5-17), %</i>															
Male	...	...	...	...	...	...	...	...	...	...	...	...	...	3.0	...
Female	...	...	...	...	...	...	...	...	...	...	...	...	...	3.2	...
	...	...	...	...	...	...	...	...	...	...	...	...	...	2.7	...
Hazardous child labour (aged 5-17)³															
<i>Total (in thousand)</i>	...	...	...	...	...	...	...	...	...	...	...	...	...	839	...
Male (in thousand)	...	...	...	...	...	...	...	...	...	...	...	...	...	497	...
Female (in thousand)	...	...	...	...	...	...	...	...	...	...	...	...	...	343	...
<i>Share of total population (aged 5-17), %</i>															
Male	...	...	...	...	...	...	...	...	...	...	...	...	...	1.4	...
Female	...	...	...	...	...	...	...	...	...	...	...	...	...	1.6	...
	...	...	...	...	...	...	...	...	...	...	...	...	...	1.2	...
<i>Share of child labour population (aged 5-17), %</i>															
Male	...	...	...	...	...	...	...	...	...	...	...	...	...	47.8	...
Female	...	...	...	...	...	...	...	...	...	...	...	...	...	50.8	...
	...	...	...	...	...	...	...	...	...	...	...	...	...	44.0	...

Notes:

¹ Child labour, as adapted from ICLS resolution, defined as: (1) all working children aged 5-12, regardless of working hours; (2) working children aged 13-14, who worked more than 15 hours per week; and (3) working children aged 15-17, who worked more than 40 hours per week. Due to limitations in the age coverage of Sakernas (aged 10 and above) for all years except 2009, includes only children aged 10-17.

² The 2009 Sakernas survey included a child labour module and covered the population aged 5 and above.

³ Hazardous child labour estimated based on children working more than 40 hours per week, which is in line with national legislation regarding maximum hours of work (see Chapter 4). There is no national definition for hazardous child labour based on occupations or economic activity.

Source: BPS, Sakernas; BPS and ILO: *Working Children in Indonesia 2009* (Jakarta, February 2010).

ing sector, especially for children; moreover, it is largely unregulated. The hours of work tend to be extremely long during planting and harvesting, and the work is physically demanding and strenuous, with extreme temperatures worsening labour conditions. More than one quarter of working children aged 5 to 17 years work in the manufacturing industry (10.4 per cent), in wholesale and retail trade, as well as in restaurants and hotels (19.0 per

cent). While most working children still attend school, 20.7 per cent of working children under the age of 18 works for more than 40 hours a week, mostly as compulsory overtime. This is contrary to the regulation, as statutory overtime is another form of forced labour (BPS and ILO, 2009).

The majority of working children aged 5 to 17 are working in a family (65.5 per cent are unpaid

family workers); while 24.2 per cent of them are employees and 10.3 per cent are self-employed (BPS and ILO, 2009). Also, about half of all working children aged 5 to 17 work in a plantation, farm or garden, where the potential for hazardous work is high. Equally worth noting is that 8.2 per cent of these children work in mobile places, fixed streets, market stalls, and at traffic lights (BPS and ILO, 2009). In this regard, the hazards faced by street children can vary from abuse, exploitation, being hit by vehicles, exposure to pollution, among others (ILO 2009a).

According to an ILO report on domestic workers, almost 35 per cent of domestic workers in Indonesia are below the age of 18 and at least 25 per cent are under the age of 15, but these children are expected to perform the same amount of work as adult domestic workers (ILO, 2010).³

Based on a proxy definition of hazardous child labour that includes all children working more than 40 hours per week, the 2009 child labour survey finds that approximately 839,000 children aged 5 to 17 are engaged in hazardous work, or 1.4 per cent of the corresponding child population and 47.8 per cent of the child labour population. There are more boys (497,000) engaged in hazardous child labour than girls (343,000), and the rate of hazardous child labour for boys also exceeds the rate for girls. The 2009 child labour survey also indicates that approximately 52 per cent of working children aged 13 to 14 years are engaged in work that does not constitute light work. This amounts to approximately 321,200 children who are of an age where they can perform light work performing non-light work activities (BPS and ILO, 2009).

With regard to forced labour, trafficking in person is criminalized in Indonesia. However, due to the increasing number of women and children who are victims of internationally organized trafficking, a National Action Plan on the Elimination of Trafficking in Women and Children was established in 2002. As a result, a Task Force was established involving many related line ministers, the Police

Department and NGOs. Programmes were then developed to provide services and counseling for the victims through the establishment of special rooms in most district police stations and hospitals (see Legal Framework Indicator 10). Traffickers are now subject to criminal law enforcement and processed through courts, in accordance with Law No. 21 of 2007 on the Elimination of human trafficking crime (Government of Indonesia, Coordinating Ministry for People's Welfare; 2005).

Efforts to eliminate trafficking in women and children were recognized by the U.S. Department of State's Office to Monitor and Combat Trafficking in Persons, by elevating Indonesia from tier 3 to tier 2 in 2002, which means that a minimum standard of efforts to eliminate trafficking has been achieved. However, these efforts are hindered by situations of poverty, low education and increasing aspirations of women and children for a better life despite a lack of employment opportunities (Coordinating Ministry for People's Welfare; 2002). Moreover, data compiled by the Indonesian NGO Migrant Care estimate that 43 per cent, or approximately 3 million, of Indonesia's overseas workforce are victims of trafficking conditions (U.S. Department of State, 2010). Most of the victims are brought overseas from Indonesia and exploited as forced labour and prostitution in the destination areas. To this end, in 2009 the Ministry of Women's Empowerment and Children's Protection established a National Action Plan 2009–2014 in order to develop guidance and coordination for the elimination of trafficking and sexual exploitation of children.

The International Organization for Migration (IOM) has collaborated with the Government to build the capacity of law enforcement bodies, including through workshops, curriculum development for police schools and the 2009 revision of the Guidelines on Law Enforcement and Victim Protection. Awareness-raising initiatives have reached 5,000 law enforcement officers, and 10,000 copies of the Guidelines have been distributed. However, the U.S. Department of State's Trafficking report states that criminal justice agencies in Indonesia need to be sensitized with regard to the content of the Law of 2007 and better familiarized with the anti-trafficking legislation. Moreover, better governance and counter corruption measures are

³ See ILO 2010, "Recognizing domestic work as work". The report indicates also that 81 per cent of domestic workers work 11 hours or more a day, and quotes a study where 93 per cent of domestic worker respondents had experienced physical violence at work.

needed to support anti-trafficking efforts, particularly in regard to the issuance of official licenses for international labour recruiting agencies.⁴

Summary Assessment

In terms of work that should be abolished, notable progress has been achieved in Indonesia during the period from 1996 to 2010 as demonstrated by increased school enrolment and attendance rates, as well as a decline in child labour. However, comprehensive or reliable data are not available to fully assess the situation in terms of hazardous child labour, worst forms of child labour and forced labour. Regardless, it is clear that further efforts are required in order to fully eliminate these abhorrent forms of work.

Indonesia's commitment to eliminate child labour and combat trafficking in persons, especially women and children, is apparent in the national legislation and in many Government regulations

as well as plans of action (see Legal Framework Indicators 9 and 10). However, these measures face many challenges due to poverty, low access of children to further education, parents' perceptions of the importance of education for their children, as well as labour demand dynamics.

It is highly important to strongly advocate for the Ministry of Education to develop effective policy strategies to keep children in school and to inform society and parents that providing children with education fulfils one of children's basic needs. Empowering parents to obtain resources in order to provide education for their children is an effective measure to combat child labour.

The law needs to be strongly re-enforced, especially regarding the recruitment of children in economic activities. The Government should develop effective monitoring systems to prevent child labour, forced labour and trafficking of women and children.

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⁴ See United States Department of State, Trafficking in Persons Report 2010 – Indonesia, (http://www.unhcr.org/refworld/country_USDOS_IDN_4c1883ecc_0.html) and CEACR 2010 Observation on the application of Convention No. 182 (<http://webfusion.ilo.org/public/db/standards/normes/appl/appl-displaycomment.cfm?hdroff=1&ctry=0740&year=2010&type=O&conv=C182&lang=EN>).

7 Stability and security of work

Precarious work denotes jobs without stability and security; in Indonesia, precarious work is measured by casual work. Workers who are employed as either casual workers in agriculture or casual workers in non agricultural sectors¹ do not have permanent working relationships, but are employed whenever required which is normally on a short-term basis. Furthermore, as they are recruited on a casual basis, they are rarely covered by social protection.²

The number of casual workers in Indonesia has increased at a relatively rapid rate of 6.8 per cent on average; from 6 million of casual workers in 2001 to 11 million in 2010 (see Table 7). Casual work could be considered as a proxy of employment flexibility, and may result partly from the ongoing process of globalization and trade liberalization, but also companies' responses in a context of crisis, as well as Indonesia's economic structure. The increasing use of casual work could impact negatively on productivity gains in the long term.

However, it is worth noting the one-year decline from 2009 to 2010 of 600,000 casual workers that may be explained by the impact of the recent crisis. The majority of casual workers are males and their proportion increased over the last decade: 74.4 per cent in 2010 of casual employees were males against 68.8 per cent in 2001.

An increasing number of employed persons have thus been engaged in precarious work, over the last decade: 6.7 per cent of Indonesian workers in 2001 worked in precarious work against 10.1 per cent in 2010. Male workers are relatively more likely to be working in precarious work arrangements with the percentages of male and female workers at 7.3 per cent and 5.6 per cent respectively in 2001 and increasing to 12.1 per cent and 6.9 per cent for males and females respectively in 2010 (see Table 7).

The share of employed people working in precarious jobs is higher for males than for females, although this varies with a sectoral perspective. Overall, a majority of precarious workers were based in the agricultural sector (53.1 per cent) in 2010, although this varied with gender.³ For example, among female casual workers, 72.1 per cent were based in agriculture and on the contrary, only 46.6 per cent of male casual workers were employed in the agricultural sector. In the non-agricultural sector, the male casual workers were based heavily in construction, while casual women workers were concentrated in manufacturing and in the sub-sector of community, household and personal services.⁴

Casual work could be considered as a proxy of employment flexibility, and may result partly from the ongoing process of globalization and trade liberalization, but also companies' responses in a context of crisis,⁵ as well as Indonesia's economic

¹ The official statistics on casual workers both in agriculture and non-agriculture in Indonesia were first introduced in the 2001 Indonesia National Labour Force Survey/NLFS (Sakernas). Prior to 2001, BPS classified casual workers in agriculture in the category of "employees", while casual workers in non-agriculture in the group of "own account workers" (see Explanatory Notes of SAKERNAS publication).

² The Indonesian official statistics do not provide data on contract workers; hence casual work is used as a proxy for precarious or short-term contract work.

³ BPS tabulations of regular and casual employees and wages by sex and economic sector (classified in two main sectors only: agriculture and non-agriculture) from Sakernas publications (2001_2010).

⁴ Special cross-tabulations, which are based on Sakernas raw data 2001 to 2010.

⁵ ILO Jakarta, 2010, *Labour and Social Trends Indonesia 2009*.

Table 7. Stability and security of work

Decent Work Indicator	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Precarious (casual) work, ages 15+, %¹	6.7	8.8	8.5	8.7	10.5	10.6	10.4	11.0	11.0	10.1
Male	7.3	9.9	9.6	10.0	11.8	12.3	11.8	12.8	13.0	12.1
Female	5.6	6.9	6.6	6.4	7.9	7.7	7.9	8.0	7.8	6.9
Number of casual workers, ages 15+ (thousands)	6,072	8,074	7,893	8,183	9,860	10,159	10,376	11,284	11,550	10,947
Male	4,180	5,806	5,708	6,071	7,278	7,593	7,481	8,175	8,463	8,140
Female	1,893	2,268	2,185	2,112	2,582	2,566	2,895	3,108	3,087	2,807
Informal employment, ages 15+, %²	61.5	63.3	64.7	63.2	63.2	62.8	62.1	61.3	61.6	59.0
Male	57.9	60.4	61.9	60.5	61.4	61.4	59.9	59.3	60.1	57.2
Female	67.5	68.3	69.5	68.2	66.6	65.4	65.9	64.5	64.0	61.8
Distribution of informal employment by status in employment, %										
<i>Total</i>										
Own account worker	31.0	30.2	27.9	30.7	28.9	32.1	32.2	31.8	32.6	31.8
Employer assisted by temporary workers/unpaid worker	26.7	28.2	27.6	26.4	26.1	24.1	23.3	22.6	21.4	21.7
Employee	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Casual employee in agriculture	6.5	7.8	7.7	7.5	9.3	9.2	9.5	9.5	9.1	9.1
Casual employee not in agriculture	4.3	6.1	5.4	6.2	7.2	7.6	7.1	8.4	8.8	8.0
Unpaid family workers	31.5	27.7	31.4	29.2	28.5	27.0	27.8	27.7	28.2	29.4
<i>Male</i>										
Own account worker	35.1	34.1	32.0	34.8	32.5	35.2	35.3	34.2	35.1	34.7
Employer assisted by temporary workers/unpaid worker	38.5	37.9	38.9	36.3	35.8	32.5	32.0	31.1	29.7	30.9
Employee	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Casual employee in agriculture	6.4	7.9	7.9	7.8	9.7	9.8	10.0	10.1	9.6	9.8
Casual employee not in agriculture	6.1	8.4	7.5	8.7	9.5	10.0	9.7	11.5	12.1	11.2
Unpaid family workers	13.9	11.6	13.7	12.4	12.6	12.5	13.0	13.1	13.6	13.4
<i>Female</i>										
Own account worker	25.1	23.9	21.4	24.0	22.6	26.8	27.4	28.1	28.6	27.3
Employer assisted by temporary workers/unpaid worker	9.5	13.1	9.5	10.3	9.2	9.4	9.8	9.6	8.6	7.7
Employee	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Casual employee in agriculture	6.6	7.5	7.3	7.1	8.7	8.3	8.9	8.7	8.4	8.0
Casual employee not in agriculture	1.6	2.4	2.1	2.2	3.2	3.3	3.0	3.8	3.7	3.1
Unpaid family workers	57.1	53.0	59.7	56.5	56.3	52.1	50.9	49.8	50.7	53.9
Real wages of casual workers (thousands Rupiah)³	241	249	260	269	261	241	243	255	256	265
Male	287	292	301	312	307	276	277	294	290	305
Female	138	141	151	144	132	138	153	154	162	151

Notes:

¹ Precarious work represents all casual employees in agriculture and non-agricultural sectors as a percentage share of total employed persons.² Informal employment estimates are based on cross-tabulations of employment status and occupation, as defined in the Sakernas reports (see Chapter 2 for further details).³ Average monthly real wages in thousands of Rupiah, constant 2000 prices.

Source: BPS, Sakernas.

structure.⁶ The increasing use of casual work could impact negatively on productivity gains in the long term.

The incidence of an increasing share of those working in precarious works is also confirmed by another source, the Wereldsolidariteit Solidarite Mondiale report (2009).⁷ In the garment sector, at BPG⁸ for example, it is estimated that 40 per cent of workers are now on short-term contracts. The report further states that currently three-quarters of workers only have a short-term contract. Meanwhile, in some of the Free Trade Zones, the share of workers on short-term contracts can be as much as 80 per cent and in other companies even 90 per cent.⁹

In terms of earnings, there has been a marginal increase in the trend of the average monthly real wages among casual workers which grew from 241,000 Rupiah in 2001 to 265,000 Rupiah in 2010, an annual average of merely 1.1 per cent (see Table 7). Casual work could be considered as a proxy of employment flexibility, and may result partly from the ongoing process of globalization and trade liberalization, but also companies' responses in a context of crisis, as well as Indonesia's economic structure. The increasing use of casual work could impact negatively on productivity gains in the long term (see Table 6). In comparison to average real wages of regular employees in 2010, casual employees earn only around two-fifths of the amount. Also, casual women workers earn in average less than half of the average wages of male casual workers (see also Chapter 3).

⁶ Indonesians mainly rely for their livelihood on agriculture; SMEs and cottage-based manufacturing industries; retail trades as well as community/personal services that make substantial share of the informal employment.

⁷ The Wereldsolidariteit Solidarite Mondiale (WSM) report is a policy paper written in order to support an Asian campaign on the need for equal treatment of short-term contract workers and regular workers, sponsored by WSM. See <http://www.socialalert.org/k/images/STC/policy%20document%20on%20stc%20.pdf>

⁸ BPG stands for *Busana Prima Global*, a garment factory in Indonesia, which produces wares for well known sportswear brands such as Fila, Converse and others.

⁹ As stated by the vice-president of the ITUC (International Trade Union Confederation), who is also the President of *K-SBSI*, Mr. Rekson Silaban. *K-SBSI* is the largest independent trade union confederation in Indonesia and stands for the Confederation of Indonesia Prosperity Trade Unions, <http://www.ksbsi.or.id>.

In Indonesia, the informal sector is perceived to contribute significantly to the economy, particularly in terms of employment, but the Indonesian statistical system does not have data series on the informal sector and informal employment. Regardless, in order to promote decent work for all, it is necessary for the Government and policy makers to measure this sector and incorporate it in the data set of official statistics. The Manpower Act No. 13/2003 does not explicitly exclude workers of the informal economy (especially considering the wide definition of BPS), but it does not seem to have specific regulations that address the working conditions of these workers. Were such regulations to exist it is not likely that they would be implemented very often.¹⁰

In the absence of a direct measurement of informal employment, the BPS has published proxy statistical estimates through cross-tabulations of two variables, namely status in employment and occupation (see Chapter 2). The estimates show a very small decrease over the last decade, with 59 per cent of employed people in informal employment in 2010 compared to 61.5 per cent in 2001 (see Table 7). Casual work could be considered as a proxy of employment flexibility, and may result partly from the ongoing process of globalization and trade liberalization, but also companies' responses in a context of crisis, as well as Indonesia's economic structure. The increasing use of casual work could impact negatively on productivity gains in the long term. (See Table 6). Contrary to the gender-distribution pattern of casual work, in 2010 the percentage of females in informal employment (61.8 per cent) was higher than that of males (57.2 per cent). However, since 2001, the share of women workers in informal employment has decreased at a faster rate than for men. Female informal workers were predominantly unpaid family workers (53.9 per cent) whereas the majority of male informal workers were classified as either own-account workers (34.7 per cent) or employers assisted by temporary/unpaid workers (30.9 per cent) in 2010.

In order to measure informal employment directly, the BPS and ADB recently conducted a pilot sur-

¹⁰ The Ministry of Manpower and Transmigration acknowledges the existence of "worker outside of employment relations", as reflected in the Ministry's portfolio.

vey on the informal sector and employment, which focused on two provinces: Yogyakarta and Banten (see ADB-BPS, 2011). The study has provided more concrete evidence that informal employment is an important component of the Indonesian labour market. Its findings reflect that informal employment accounts for 81.9 per cent and 75.9 per cent in Yogyakarta and Banten respectively. Furthermore, in terms of the gross regional domestic product (GRDP), although the share of the informal sector was much less than that of the formal sector, its estimated share of the economic output of Yogyakarta was nonetheless 34.1 per cent, while in Banten it was less, at 20.2 per cent.¹¹ It is worth noting that the results also showed that to a certain extent formal enterprises, and not only informal enterprises, create informal employment.¹²

Although Indonesian statistics do not provide data on short-term contracts, the share of the workforce that is employed on such contracts seems significant, especially in the garment industry. The Indonesian Manpower Act No. 13/2003 contains some provisions on short-term contracting, although workers feel that their rights and protection are threatened.¹³ From the unions' perspective, the Government has a tendency to introduce more flexible forms of employment, by relaxing the provisions for short-term contracting, in order to promote direct foreign investment (WSM, 2009).

Summary assessment

The analysis of indicators on stability and security of work in Indonesia reveals globally a lack of

progress. The Indonesian labour market remains largely segmented, and a large part of the labour force is still engaged in precarious jobs and informal employment. Over the last decade, there has been an increasing share of precarious work. This trend has tended to correspond to the declining rate of unemployment over the last decade, and demonstrates that more job opportunities have been created but sometimes in precarious conditions. In addition, real wages of casual employees have risen but at a significantly lower rate than for regular employees; and gender-based wage disparities remain between male and female casual workers.

Workers in informal employment are most concerned by precarious work conditions. Because of the vulnerability of informal workers, the Government launched a scheme to provide workers' insurance for workers in the informal sector. The scheme has been piloted for the last several years.¹⁴ Although Indonesia has not ratified the ILO Termination of Employment Convention, 1982 (No. 158), the national legislation that relates to termination of employment is provided by the Manpower Act No. 13/2003 (see Legal Framework Indicator 11).

Through Act No. 40 /2004 on NSSF, various social security schemes will be harmonized into one national system,¹⁵ and although it has not been implemented yet, workers in precarious working conditions could at the very least expect protection against work insecurities (see Chapter 10).

¹¹ Banten, the more industrialized of the two provinces, is the seat of many large-scale enterprises, both domestic and foreign. Hence, manufacturing production and provision of services is mainly related to formal enterprises.

¹² In Yogyakarta, for example, 103,642 out of 337,196 jobs in formal enterprises (30.7 per cent) were informal. Similarity was observed in Banten where as much as 32.7 per cent of the jobs in formal enterprises were informal.

¹³ More detailed information on the implementation of the fixed-term contracts can be found in the Decree of Minister's of MoMT No. Kep.100/MEN/VI/2004.

¹⁴ This Circular Letter of the Minister of Manpower and Transmigration No.: Per-24/MEN/VI/2006 was first introduced in 2006 through the Decree of the Minister of Manpower and Transmigration. The participation is voluntary and through this scheme which is still being piloted in several provinces in Indonesia the Government subsidizes a certain amount of premium. The authority claims that participation tends to grow with time.

¹⁵ The NSSF Law No. 40 of 2004 authorizes a universal coverage of social security with compulsory contribution, and provides for those who cannot afford to pay a premium to receive subsidy.

Legal Framework Indicator 11. Termination of employment

Law, policy or institutions: Manpower Act No. 13/2003, ILRDS, collective agreements.

Substantive requirements for dismissals: *Valid grounds:* Manpower Act No. 13/2003, Art. 163: change of status of the enterprise, merger, fusion, or change of ownership; MA, Arts. 164 -165: closure of the enterprise due to continual loss for two years, *force majeure* or bankruptcy; MA, Art. 158: grave wrongdoings (revoked by Constitutional Court Decision in 2003; Minister of Manpower's 2005 circular states that termination is possible for "emergency reasons" with approval of Industrial Court). MA, Art. 160(3): inability to perform work because of detention (termination possible after six months). MA, Art. 161: violation of work agreement, company regulations, collective agreement (termination possible after the issuance of three warning letters with an interval of six months). MA, Art. 167: worker reaching retirement age; Art. 168: unexplained absence for five days. *Prohibited grounds:* religion, ethnicity, race, colour, sex, political opinion, marital status or physical conditions, work illness or disability, trade union membership and activities, whistle blowing, family members at the same workplace, absence from work due to pregnancy, giving birth, breast-feeding, miscarriage, getting married, practising his/her religion, state duties or illness of less than one year (MA, Art. 153; TU Act, Art. 28).

Procedure for individual dismissals: Termination is not based on notice (MA, Art. 150). All efforts (including alternatives to dismissal) must be made to prevent termination (MA, Art. 151(1)); prior negotiations with the union/worker are necessary, and if they fail, mediation, conciliation and/or arbitration and eventually judicial settlement are needed to terminate employment.

Collective dismissals for economic reasons: There is no definition of collective dismissals or special requirements for collective dismissals.

Severance pay: Termination may give rise, depending on its cause, to severance pay, service/reward pay, other compensations and/or separation pay. *Severance pay* – MA, Art. 156(2): one month of wage for each year of service up to a maximum of nine months' pay. *Compensation pay* – MA, Art. 156(4): rights or entitlements unused by the worker, such as annual leave, housing allowance, etc. (unless termination is motivated by grave wrongdoing or absence of more than five days without explanation – MA, Art. 160). *Service/Reward pay* – Art. 156(3): two months pay for three to six years employment; three months pay for up to six to nine years employment, etc., up to ten months pay for 24 years employment or more. *Separation pay:* In some circumstances (MA, Art. 168 – absence of more than five days without explanation for example) separation pay as provided in the work agreement, company regulations or collective agreement shall be paid. In case of termination because of employer's status at the employer's desire, the worker is entitled to *twice* the amount of severance pay, once the amount of reward pay and compensation pay for unused entitlements (MA, Art. 163(2)).

Evidence of implementation effectiveness: No information provided by ILO supervisory bodies.

Coverage of workers in law: All workers. Civil servants (covered by specific legislation) are excluded. Domestic workers are excluded (MA, Art. 150). A worker on probation may be laid-off after negotiations, without the need to obtain the decision of a judicial body.

Coverage of workers in practice: N/A.

Ratification of ILO Conventions: The Termination of Employment Convention, 1982 (No. 158) has not been ratified by Indonesia.

Sources:

1. DIALOGUE EPLEX: http://www.ilo.org/dyn/terminate/termmain.showCountry?p_lang=en&p_country_id=53;
2. National legislation; NATLEX Database: http://www.ilo.org/dyn/natlex/natlex_browse.country?p_lang=en&p_country=IDN.

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8 Equal opportunity and treatment in employment

The development programmes of the Government are directed at the objectives of pro-people development, justice for all, and the MDGs (Millennium Development Goals). In April 2010, the President of Indonesia issued an instruction with regard to the Maintaining Justice Development Programme.¹ This programme aims to focus on justice for women and children, in the field of manpower and labour, laws and legal aspects, as well as on poor and marginalized people.

Discrimination, resulting *inter alia* in a distortion of wages and allocation of jobs, can still be found in the Indonesian labour market. For example, the unemployment rate for women is higher than that of men (see Chapter 2).²

While the MA does state that every worker has the right to receive equal treatment, it does not, as the Equal Remuneration Convention, 1951 (No. 100) requires, provide explicitly for the principle of equal remuneration for work of equal value (see Legal Framework Indicator 13).

The gender gap in education between men and women is also present and is quite significant both at lower and upper secondary levels, but is almost non-existent at the elementary level (see Chapter 1), with the implication that men attain higher education than women.

Statistical data also suggest that highly educated female jobseekers may be facing more difficulty in securing employment in comparison to their male counterparts (see Chapter 2). The share of unemployed women with higher edu-

cation – including diploma/academy/ university graduates – is higher than that of men. In 1996, 11.2 per cent of unemployed women had completed higher education, and the figure increased to 15.4 per cent by 2010. Comparable figures for unemployed men were 7.6 per cent in 1996 and 12.5 per cent by 2010. Interestingly, the share of unemployed women with higher education spiked by 5.7 percentage points between 2008 and 2009, a one-year trend possibly shaped by the 2008–2009 global financial crisis.

In terms of differentials in earnings, there is a significant gap between male and female average real wages, although the disparity is narrowing (see Table 8). Among regular employees, average real wages for men were 33.3 per cent higher than for women in 1996 but by 2010, the gap had decreased to 22.1 per cent. With regard to casual employees, the wage differential is even more prominent than for regular employees, but has fluctuated considerably: an increase from 52.1 per cent in 2001 to 57.0 per cent in 2005, then a decline to 44.2 per cent in 2009, before surging again to 50.6 per cent in 2010. Given this volatile and uncertain trend, the gender pay gap among casual workers should continue to be monitored closely.

Occupational segregation by gender occurs and is determined by both employers' and workers' preferences and stereotypes, workers' competencies, and societal perceptions regarding male and female workers. Women comprise around two-fifths of the employed population in Indonesia; however, they are disproportionately represented in various occupations. Research carried out by the Ministry of Women's Empowerment and Child Protection noted that the slight additional female labour force that was noted between 2004 and 2008 was absorbed by sectors which have

¹ Inpres No. 3 Year 2010.

² The labour force participation rate of women is significantly lower than that of men by more than 30 percentage points.

Table 8. Equal opportunity and treatment in employment

Decent Work Indicator	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Occupational segregation by sex, ages 15+, %¹	36.8	37.7	37.9	37.7
1. Legislators, senior officials and managers	19.7	22.1	19.4	21.2
2. Professionals	52.1	53.0	54.8	55.4
3. Technicians and associate professionals	30.6	28.7	30.5	32.7
4. Clerks	39.9	41.7	45.2	41.3
5. Service workers and shop and market sales workers	49.7	52.9	52.8	51.1
6. Skilled agricultural and fishery workers	37.9	38.0	37.6	37.7
7. Craft and related trade workers	34.7	33.8	34.3	33.8
8. Plant and machine operators and assemblers	10.8	12.4	12.5	14.5
9. Elementary occupations	32.1	32.8	33.1	30.2
10. Armed forces	4.7	3.9	4.9	4.3
Female share of employment in ISCO-88 (groups 11 and 12), ages 15+, %²	15.8	17.9	18.1	20.1
Gender wage gap³															
Regular employees	33.3	31.2	30.8	29.5	32.3	25.4	25.3	24.6	26.1	25.9	23.9	23.4	22.4	24.2	22.1
Casual employees	52.1	51.6	50.0	53.8	57.0	50.0	44.7	47.6	44.2	50.6

Notes:

¹ Based on ISCO-88; female employment as a percentage share of total employment. Occupational classification by ISCO-88 was adopted in 2007.² ISCO-88 group 11 includes legislators and senior officials and group 12 includes corporate managers.³ Represents percentage gap between male and female average real monthly wages.

Source: BPS, Sakernas.

traditionally employed women, such as trade, agriculture or industry. However, women appear to be more economically active in the informal economy, and as unpaid family workers. Thus, the increase in the women's labour force participation rate has not necessarily led to an improvement in their employment status (CEACR, 2010 Observation on the application of Convention No. 111).

In 2010, Indonesian women were overrepresented in the occupational fields of professional (55.4 per cent) and service workers and shop and market sales workers (51.1 per cent). On the other hand, women are significantly underrepresented in the important occupational category of legislators,

senior officials and managers (21.2 per cent). Nevertheless, some recent progress is shown by an increase in women's participation in politics and management. The share of women in ISCO-88 Group 11 (legislators and senior officials) and Group 12 (corporate managers) has expanded by 4.3 percentage points, from 15.8 per cent in 2007 to 20.1 per cent in 2010. There are increasing numbers of women involved in the Parliament House, as legislators carrying the people's aspirations, and as high ranking government officials, for instance as female ministers and director generals.

As concerns unequal opportunity and treatment based on ethnicity, legislation was adopted in 2008

Legal Framework Indicator 12. Equal opportunity and treatment

Law, policy or institutions: Equal treatment before the law is guaranteed by Section 27 and 28D of the 1945 Constitution; the right to be free from discriminative treatment based upon any grounds whatsoever and the right to protection from such discriminative treatment is guaranteed by Section 28I of the Constitution. According to the MA, every worker has equal rights and opportunities to get a job, choose a job or move to another job and the right to receive equal treatment without discrimination (based on: sex, ethnicity, race, religion, skin colour, political orientation, according to the explanatory note). Men and women have the same opportunity to obtain training (Article 32). Entrepreneurs are under an obligation to provide workers with adequate opportunity to perform their religious obligations (Article 80). Article 28 TU Act prohibits discrimination on the basis of trade union activities. According to Law No. 4 of 1997 on disabled people, an employer must employ one disabled person who fulfils the requirements and qualifications of the job per every 100 employees. The Elimination of Racial and Ethnic Discrimination Law (No. 40) was adopted in 2008 and Presidential Instruction No. 9 on Gender Mainstreaming was adopted in 2000.

Evidence of implementation effectiveness: A circular letter has been issued by the Minister of Manpower and Transmigration (No. SE/60/MEN/SJ-HK/2006), dated 10 February 2006, regarding Guidance for Equal Employment of Opportunity and Treatment in Jobs and Occupation in Indonesia containing a clear definition of direct and indirect discrimination. The CEACR noted that this circular has so far been promoted in three Indonesian provinces, namely the Riau Islands, West Java, and East Java. During the year 2007, the Government extended this promotion to other provinces with a view to covering all Indonesian regions. The CEACR has noted that the MA does not seem to provide effective protection against both direct and indirect discrimination in accordance with Convention No. 111.

The CEACR noted the legislative provisions prohibiting dismissal relating to pregnancy and childbirth; Ministerial Regulation No. PER/03/MEN/1989 concerning termination of employment prohibits dismissal of a “married couple” relating to pregnancy or childbirth. The CEACR pointed out that protection against discrimination based on sex, including pregnancy, applies to all women regardless of whether they are married or not and urged the Government to amend the Regulation.

The CEACR has noted several shortcomings in the legislation concerning discrimination on the grounds of religion and sexual harassment. The MoMT however is developing a code of practice on sexual harassment in the workplace and implementation guidelines.

Coverage of workers in law: All workers.

Ratification of ILO Conventions: The Equal remuneration Convention, 1951 (No. 100) has been ratified by Indonesia on 11 August 1958 and the Discrimination (Employment and Occupation) Convention, 1958 (No. 111) has been ratified by Indonesia on 7 June 1999.

Sources:

1. National legislation; NATLEX Database: http://www.ilo.org/dyn/natlex/natlex_browse.details?p_lang=en&p_country=IDN&p_classification=15&p_origin=COUNTRY&p_sortby=SORTBY_COUNTRY;
2. CEACR 2007 and 2010 comments on the application of Convention No. 100: <http://webfusion.ilo.org/public/db/standards/normes/appl/appl-displayAllComments.cfm?conv=C100&ctry=0740&hdroff=1&lang=EN>;
3. CEACR 2007 and 2010 Observations and Direct requests on the application of Convention No. 111: <http://webfusion.ilo.org/public/db/standards/normes/appl/appl-displaycomment.cfm?hdroff=1&ctry=0740&year=2010&type=O&conv=C111&lang=EN>.

(Act No. 40 of 2008) on the Elimination of Racial and Ethnic Discrimination. This act imposes a number of obligations on national and regional governments regarding the effective protection of persons affected, as well as the elimination of racial and ethnic discrimination. Under the act, the National Human Rights Commission (*Komnas HAM*) is responsible for supervising efforts aimed at eliminating all forms of racial and ethnic discrimination. Such supervision may include: monitoring and assessment of government policies which are considered a potential cause of racial and ethnic discrimination; fact-finding and

evaluation of alleged racial or ethnic discriminatory actions by individuals, communities or government; and the monitoring and assessment of government and community action in eliminating such discrimination.

Disabled people are an important part of the discussion on equal opportunity and treatment in employment. ‘Diffable’ is the commonly used term that stands for ‘differently able’ and means that these people can do things that people without disability do but in different ways. Statistical data show that around 1 per cent of Indonesia’s population

Legal Framework Indicator 13. Equal remuneration of men and women for work of equal value

Law, policy or institutions: Equal treatment before the law is guaranteed by Section 27 and 28D of the 1945 Constitution; the right to be free from discriminative treatment based upon any grounds whatsoever and the right to protection from such discriminative treatment is guaranteed by Section 28I of the Constitution. According to the MA, every worker has the right to receive equal treatment (Article 6). The CEACR has urged the Government to provide explicitly for the principle of equal remuneration for *work of equal value*. It has noted that Ministerial Regulation No. 48/MEN/2004 concerning company regulations and collective labour agreements provides a mechanism for the Government to examine compliance with non-discrimination principles. Additionally, a number of initiatives have been undertaken to implement the principle of equal remuneration, ranging from training programmes for employers, workers, and government officials, to conducting inspections. The Minister of Manpower and Transmigration has issued a circular letter (SE/60/MEN/SJ-HK/2006) requesting the Governors of the provinces and heads of districts throughout the country to implement the Equal Employment Opportunity (EEO) Guidelines.

Evidence of implementation effectiveness: The CEACR has requested information on several matters to the Government. It stated that it has not been provided with any details concerning either the concrete implementation of the EEO Guidelines and its impact on the reduction of the wage gap between men and women workers, or the results of the inspections carried out.

Coverage of workers in law: All workers.

Ratification of ILO Conventions: The Equal remuneration Convention, 1951 (No. 100) has been ratified by Indonesia on 11 August 1958 and the Discrimination (Employment and Occupation) Convention, 1958 (No. 111) has been ratified by Indonesia on 7 June 1999.

Sources:

1. National legislation; NATLEX Database: http://www.ilo.org/dyn/natlex/natlex_browse.details?p_lang=en&p_country=IDN&p_classification=15&p_origin=COUNTRY&p_sortby=SORTBY_COUNTRY;
2. CEACR 2007 and 2010 comments on the application of Convention No. 100: <http://webfusion.ilo.org/public/db/standards/normes/appl/appl-displayAllComments.cfm?conv=C100&ctry=0740&hdoff=1&lang=EN>;
3. CEACR 2007 and 2010 comments on the application of Convention No. 111: <http://webfusion.ilo.org/public/db/standards/normes/appl/appl-displayAllComments.cfm?conv=C111&ctry=0740&hdoff=1&lang=EN>.

is diffabled (ESCAP, 2010). The Government has adopted legal provisions in favour of persons with diffability, such as in Law No. 4 of 1997 on Dif-fable, followed by Law No. 39 of 1999 on Human Rights, Law 28 of 2002 on Building Establishment and Law No. 13 of 2003 on Manpower. According to these laws, the diffabled are to be granted equal opportunity and treatment in all areas—education, employment, and decent life; and also in utilizing public facilities. Furthermore, Law No. 4 of 1997 in its Article 14 stipulates that both state owned and private enterprises are to employ the diffabled at the rate of at least 1 per cent of their workers (see Legal Framework Indicator 12). Wage-setting and professional achievement norms should be as fairly and equally applied to diffabled persons as to others. In this regard, however, comprehensive data are not available to assess whether enterprises fully comply with these legal measures to support diffabled persons in the workplace.

Another important concern related to decent work is the situation of international migrant

workers. According to official statistics, about 4.3 million Indonesian workers are employed abroad, but this number may be underestimated since a large number of undocumented migrants are also prevalent (ILO, 2011). Malaysia and Saudi Arabia are the major destination countries. Most of these migrant workers are women and most of them work as domestic workers, vulnerable to exploitation and violence, and excessive hours of work (ILO, 2007). Of similar concern are the problems which exist at the pre-departure stage, in terms of the recruitment of the migrant workers, and their training in view of their arrival in the host countries. In order to stop exploitation at work, priorities should target improved management of labour migration so as to increase the protection of Indonesian migrant workers, in particular migrant domestic workers (ILO, 2007).

The reason these workers migrate is mainly to seek better earnings, as well as more promising and varied employment opportunities. Many

of these workers are successfully employed, and their remittances are estimated at US\$ 7.1 billion in 2010 (World Bank, 2010). Ironically, while these labour migrants are called *pahlawan devisa* (remittance heroes) their protection is still limited. To support migrant workers abroad, the Government has issued a law on the placement and protection of Indonesian migrant workers abroad (Law No. 39 of 2004). The law is also backed up by regulations on its technical stages—Presidential Instruction (*Inpres*) No. 6 of 2006 on reformation policy on the placement system and protection of Indonesian migrant workers abroad and the Presidential Regulation (*Peraturan Presiden*) No. 81 of 2006 on the national board of placement and protection of Indonesian migrant workers. In addition, there should also be some kind of agreement to incorporate better protection measures in the international migrant workers' MOUs to improve their working conditions.

Moreover, a large number of domestic workers are also reported in Indonesia. They are mostly over-

worked, underpaid, and unprotected and are often considered as ranking lower than other workers, both socially and from a power perspective (ILO, 2010).

Summary Assessment

In the area of equal opportunity and treatment in employment, some progress has been achieved during the period from 1996 to 2010, as indicated by the rising share of women in occupations such as legislators, senior officials and corporate managers, as well as by the falling gender wage gap among regular employees. However, significant challenges remain, including expanding education and employment opportunities for women and disabled persons, ensuring equal pay for work of equal value and enhancing protection for overseas migrant workers, in particular women engaged in domestic work. To this end, legal regulations have been issued, but more efforts are needed in order to ensure effective implementation and enforcement.

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9 Safe work environment

Regulations on occupational safety have existed in Indonesia since 1970. After the 1998–1999 economic crisis and subsequent political reforms, the Government of Indonesia delegated the responsibility to enforce occupational safety regulations to local governments. In 2007, the Government of Indonesia revised its vision and mission on occupational safety in order to facilitate safety audits and to conduct a safety campaign through a zero accident competition. Furthermore, the Government formed the National Occupational Safety and Health Council (NOSHC), which is a tripartite body that consists of representatives from the local government, businesses, and labour unions. The NOSHC has the responsibility to formulate a national occupational safety policy. To increase the effectiveness of this campaign, the Government obligates all businesses to report every occupational accident and disease within 48 hours.

Statistical trends in occupational injuries are difficult to ascertain due to gaps in data collection at the local level, as well as in reporting to central authorities. However, the available data show a decline in occupational injuries over the last five years (see Table 9). The number of total reported cases of occupational injuries fell from 99,023 in 2005 to 10,034 in 2009. Also, the number of fatal occupational injuries decreased from 2,045 in 2005 to 66 in 2009. Per 10,000 registered workers, this represents a fall from 1.6 per cent to 0.05 per cent. Similarly, according to the available data, Indonesia has made a successful attempt to reduce non-fatal occupational injuries. Thus the number of non-fatal occupational injuries fell from 96,978 in 2005 to 9,968 in 2009, or a decline from 6.4 per cent to 1.0 per cent based on non-fatal injuries per 10,000 registered workers.

The available statistical information for non-fatal occupational injuries, shows a reduction in the

number of injuries for each type of injury: (i) for the most serious injury category that leads to permanent disabilities and significant loss of work time due to its enduring impact, the number of injuries decreased from 5,471 in 2005 to 138 in 2009; (ii) for injuries leading to temporary inability to work, the number of injuries decreased from 3,032 in 2005 to 1,145 in 2009; (iii) for minor injuries commonly occurring in work places with negligible effect on work time (as this type of injury does not affect the workers' ability to work they can return to work immediately after minor treatments), the number decreased significantly from 88,475 in 2005 to 8,685 in 2009. However, it is important to emphasize again that monitoring improvements in occupational injuries, especially non-fatal, can be problematic due to gaps in the data reporting system.

In terms of a labour inspection system, Indonesia is still lacking institutional capacity. The number of labour inspectors has slightly decreased in the last three years from 1,619 in 2007 to 1,542 in 2009. Therefore, for every 10,000 registered workers, there were only 1.7 labour inspectors in 2007 and 1.1 inspectors in 2009, while the number of registered workers increased from 9.4 million to 14 million during that period. It should be noted that the number of labour inspectors as an indicator of a safe work environment, does not provide information on the quality of inspection or the area of inspection, as labour inspectors do not solely work on issues of safety of the work environment.

The reporting system for occupational injuries may therefore be affected by the weak capacity of the labour inspection system. It is important for the Government of Indonesia to recruit more labour inspectors and to ensure their commitment

Table 9. Safe work environment

Decent Work Indicator	2005	2006	2007	2008	2009
Total reported cases of occupational injuries¹	99,023	95,624	65,474	11,727	10,034
<i>Occupational injuries, fatal, reported total</i>					
Total injuries, fatal	2,045	1,784	1,451	114	66
Fatal injuries per 10 thousand registered workers, %	...	...	1.55	0.09	0.05
<i>Occupational injuries, non-fatal, reported total</i>					
Total injuries, non-fatal	96,978	93,840	64,023	11,163	9,968
Total injuries leading to permanent disabilities	5,471	5,095	5,326	293	138
Total injuries leading to temporary inability to work	3,032	2,918	631	2,123	1,145
Total injuries not affecting time worked	88,475	85,827	58,066	8,747	8,685
Non-fatal injuries per 10 thousand registered workers, %	...	...	6.4	7.6	1.0
Time loss due to occupational injuries, working days²	...	...	...	...	8,723
Labour inspection					
Labour inspectors, total	...	...	1,619	1,514	1,542
Labour inspectors per 10 thousand registered workers	...	...	1.7	1.1	1.1

Notes:

¹ Includes all reported injury cases, including fatalities and those resulting in permanent disability and temporary absence from work.² Includes only data reported from Nanggroe Aceh Darussalam, Lampung, Central Java, Banten, East Kalimantan, North Sulawesi, Central Sulawesi and Maluku.

Source: Ministry of Manpower and Transmigration administrative records, referencing Ditjen PPK, Diolah Pusdatinaker.

Legal Framework Indicator 14. Employment injury benefits

Law, policy or institutions: The 1945 Constitution states that every citizen has the right to social security (Art. 28H (3)) and emphasizes the role of the State in providing universal social security coverage (Art. 34(2)). Under Act No. 3 of 1992 concerning Workers' Social Security, an employer with ten or more employees or a monthly payroll of more than Rp. 1 million has to insure his employees in the social security programme (Jaminan Sosial Tenaga Kerja, "Jamsostek"). Most enterprises that currently comply with the Act are formal sector enterprises. In 2006, the Department of Manpower and Transmigration issued a Ministerial Regulation (Guidelines on the implementation of the manpower social security Program for manpower undertaking jobs outside industrial relations, No. PER-24/MEN/VI/2006) whose aim is to extend social security to self-employed workers (pilot projects were carried out). The National Social Security System Law (Law No.40 of 2004) provides a framework for a social security system, but needs follow-up to be implemented.

Qualifying conditions: The work injury must be assessed by Jamsostek, based on a health examination by a medical doctor. There is no minimum qualifying period.

Benefits (level and duration): *Temporary disability:* The monthly benefit is equal to 100 per cent of the insured's wage in the month before the disability began and is paid for in the first four months; 75 per cent for the next four months; 50 per cent thereafter until rehabilitation or the determination of permanent disability. *Permanent disability:* A lump sum is paid equal to 70 per cent of 80 months of the insured's wage in the month before the disability began, plus a monthly benefit of 200,000 rupiah for 24 months. *Partial disability:* A lump sum is paid equal to 80 months of the insured's wage in the month before the disability began multiplied by the assessed degree of disability according to the schedule in law.

Financing: Employer only (between 0.24 and 1.74 per cent of gross wages depending on the economic sector).

Evidence of implementation effectiveness: No information provided by ILO supervisory bodies.

Coverage of workers in law: N/A.

Coverage of workers in practice: N/A.

Ratification of ILO Conventions: The Social Security (Minimum Standards) Convention, 1952 (No. 102) and the Employment Injury Benefits Convention, 1964 (No. 121) have not been ratified by Indonesia.

Sources:

1. National legislation; NATLEX Database: http://www.ilo.org/dyn/natlex/natlex_browse.country?p_lang=en&p_country=IDN;
2. ISSA Database: <http://www.issa.int/Observatory/Country-Profiles/Regions/Asia-and-the-Pacific/Indonesia>;
3. Employees Social Security System (Jamsostek): <http://www.jamsostek.co.id>.

Legal Framework Indicator 15. OSH labour inspection

Law, policy or institutions: MA, Occupational and Safety Law No. 1 of 1970; Act No. 3 of 1951 on Labour Inspection. Decentralization, through the enactment of Law No. 22 of 1999, amended by Law No. 32 of 2004 on local government and Government Regulation No. 25 of 2000, has challenged the application of Law No. 1 of 1970 and national oversight of labour inspection. With the Presidential Decree No. 21 of 2010, the implementation of labour inspection is under one integrated and coordinated system (NB. labour inspection is *not limited* to OSH). The labour inspectorate maintains a workplace registry and inspectors use standard checklists and report forms. Recruitment of labour inspectors is through competition; training lasts four months. Labour inspectors are civil servants and are independent in performing their duties defined by MA. They have the authority to enter any workplace without prior notice; they may carry out any examination, test, enquiry; they can provide education on OHS; issue warnings and apply sanctions if necessary. The MA provides for the right of all workers to OSH protection (Article 86). Law No. 1 of 1970 applies to all workplaces within the jurisdiction of Indonesia.

Future plans for labour inspection include an increase in the number and quality of labour inspectors, improvement of protection and institutional development, improvement of functional coordination, development of networks within and outside the country, and improvement of management communication (communication of the MoMT).

Every occupational accident or disease must be reported within 48 hours (after accident or diagnostic).

Evidence of implementation effectiveness: The CEACR has noted the lack of resources faced by labour inspection units and has recalled the importance that labour inspection operates under a central authority. Presidential Decree No. 21 of 2010 has been adopted since. According to information received by the ILO (LAB/ADMIN), there were 9,444,799 workers in the enterprises visited in 2007 and 14,047,272 in 2009, with 2,970 visits in 2009. In practice, labour inspectors tend to intervene only in regulated enterprises.

Coverage of workers in law: N/A.

Coverage of workers in practice: N/A.

Ratification of ILO Convention: The Labour Inspection Convention, 1947 (No. 81), has been ratified by Indonesia on 29 January 2004. Its 1995 Protocol and the Labour Inspection (Agriculture) Convention, 1969 (No. 129) have not been ratified by Indonesia.

Sources:

1. National legislation; NATLEX Database: http://www.ilo.org/dyn/natlex/natlex_browse.details?p_lang=en&p_country=IDN&p_classification=15&p_origin=COUNTRY&p_sortby=SORTBY_COUNTRY;
2. Lab/Admin: Labour inspection Country Profile: Indonesia (http://www.ilo.org/labadmin/info/lang--en/WCMS_153136/index.htm) and communication between ILO INTEGRATION and Lab/admin with MoMT;
3. Report submitted to the CEACR under Article 19;
4. National Occupational Safety and Health Council: *Vision, Mission, Policy, Strategy and Program of National Occupational Safety and Health, 2007-2010*: http://www.ilo.org/public/libdoc/ilo/2007/107B09_66_engl.pdf;
5. ILO, Labour Administration in Indonesia, ILO Office in Indonesia, 2006: http://www.oit.org/wcmsp5/groups/public/---asia/---ro-bangkok/---ilo-jakarta/documents/publication/wcms_120305.pdf.

in providing a safer work environment (see Legal Framework Indicator 15).

In 1992, Indonesia adopted provisions for an employment injury benefit through PT Jamsostek to compensate workers in case of injury. In its early period of implementation, Jamsostek only covered workers who were registered by their employer (see Legal Framework Indicator 14 and Chapter 10). Following the adoption of the National Social Security System Law, the Ministry of Manpower and Transmigration launched a ministerial regulation of 2006, to extend Jam-

sostek coverage to self-employed (see Chapter 2 and Chapter 7). This is the Government's first attempt to provide a social security programme for workers in informal employment.

Summary assessment

Following the Law on Decentralisation in 2000, the Government of Indonesia delegated the responsibility to enforce occupational safety regulations to local governments. In 2007, the government enforced zero accident tolerance and formed the National Occupational Safety and Health

Council (NOSHC), which is a tripartite body that consists of representatives from the local government, businesses, and labour unions.

While existing gaps in the reporting system from the local level to the central level make it difficult to fully assess the trends in safety at work, the available data show that in the last five years, Indonesia has made progress in reducing occupational injuries as demonstrated by the decrease in fatal and non-fatal occupational injury rates. However, the Government is still lacking in its institutional capacity to enforce the regulations on occupational safety and the number of labour inspectors has been decreasing in the last three years, while the number

of registered workers has increased. Indonesia provides an employment injury benefit (Jamsostek) through a law of 1992 as a social security scheme to compensate injured workers. In 2006, the Government tried to extend Jamsostek coverage to self-employed workers and to provide injury benefits particularly for workers in informal employment.

In conclusion, workers in Indonesia have experienced improvements in work environment safety in the last five years, and the Government has made efforts to provide greater coverage for workers. However, the labour inspector system should be improved as well as the monitoring capabilities of the Government.

10 Social security

Access to social security is a human right. In 1952, the ILO set minimum standards of social protection in the Social Security (Minimum Standards) Convention, 1952 (No. 102) which lists nine branches of social security.¹ Due to some constraints, among others the large size of its population, Indonesia has not ratified Convention No. 102 but, after long discussions between the Government and the Parliament, Indonesia finally launched a Law on National Social Security System (NSSS) No. 40 of 2004. This law accommodates both the UN 1948 Declaration of Human Rights and ILO Convention No. 102, and is also consistent with Indonesia's 1945 Constitution and its amendment of 2002. This shows a strong political commitment by the Indonesian Government to improve its people's welfare through the framework of a national social security system.

The NSSS Law No. 40 of 2004 mandates universal coverage of social security with compulsory contributions. This law, which has not yet been implemented, provides that those who cannot afford to pay premiums receive a subsidy. In general, the law follows the basic principles of social security administration by including as participants all citizens and foreign nationals who have worked for at least six months in Indonesia and have contributed directly, through their employer or a government scheme. Article 4 of this law states that the NSSS should be administered on the basis of the nine principles of social insurance: mutual assistance, not for profit, transparency, prudence, accountability, portability, mandatory participation, trust fund and the return of social insurance which must be used entirely for developing programmes in the best interest of the participants.

¹ These components include medical care, sickness, unemployment benefit, old age benefit, employment injury, family benefit, maternity benefit, invalidity and survivor benefit.

Informal workers are excluded from the current social protection system. The implementation of social security is presently fragmented among four administering bodies: PT Jamsostek covers mostly the formal workers, PT Askes covers health insurance for civil servants and military personnel, PT Asabri covers pensions for the military, and PT Taspen provides a pension system for civil servants. These four carriers operate under the State Own Company. In addition, social assistance which is tax financed, is available in the form of free health services for the poor and has been developed since 2005 (Askeskin – Health for the Poor). This assistance which targets the poor,² including poor informal workers,³ has been improved since 2008 and is now called Jamkesmas (Social Health Insurance).

It is hoped that through Law No. 40 of 2004, the various social security systems will be aligned into one national social security system. This law provides for five social security programmes: health insurance, work accident insurance, old age pension, pension insurance (provident), and life insurance.⁴ To implement this law, an administering body called Badan Penyelenggara Jaminan Sosial (BPJS) is to be legally established. However, the establishment of this body has been hampered by the differing perceptions of the basic principles of social security held by the Government and the Parliament. As a result, the existing four administering bodies continue to operate.

² The BPS poverty line in 2010 is Rupiah 211, 726 (\$24), or 30 million people, but Jamkesmas targets 74 million people including the 'near poor'.

³ The BPS poverty line in 2010 is Rupiah 211, 726 (\$24), or 30 million people, but Jamkesmas targets 74 million people including the 'near poor'.

⁴ Due to a number of factors including the large size of the population, the Government has not been able to include unemployment benefits.

Table 10. Social security

Decent Work Indicator	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Share of population aged 65 and above benefiting from old-age pension,% ¹	...	...	...	...	...	...	...	22.9	...	...	...	...	...	...
Public social security funds²														
% of GDP	0.06	0.07	0.05	0.05	0.04	0.08	0.06	0.08	0.08	0.13	0.19	0.19	0.15	0.17
% of general government expenditure	0.40	0.39	0.28	0.25	0.28	0.38	0.35	0.39	0.42	0.70	0.96	1.01	0.76	0.94
Health-care expenditure not financed out of pocket by private households³														
% of total health expenditure	53.6	52.7	52.0	51.4	53.8	58.5	55.3	55.6	55.3	66.3	65.3	68.3	67.9	64.8
Registered workers and employers in Jamsostek⁴														
<i>Total (thousands)</i>														
Employers	...	73,277	79,581	80,802	84,439	93,329	100,929	109,807	118,666	130,960	143,224	159,213	175,805	200,214
Workers	...	9,573,	10,197	11,095	13,552,	16,472	17,577	18,595,	19,633	20,944	23,081	23,730	26,626,815	29,030,673
<i>Active (thousands)</i>														
Employers	...	57,439	59,848	57,634	58,105	63,776	66,227	67,093	70,378	75,616	82,352	90,697	100,684	115,683
Workers	...	7,287	7,499	8,140	8,181	9,264	8,391	8,380	7,812	7,844	7,720	7,941	8,219,154	8,495,732
<i>Inactive (thousands)</i>														
Employers	...	15,838	19,733	23,168	26,334	29,553	34,702	42,714	48,288	55,344	60,872	68,516	75,121	84,531
Workers	...	2,286	2,698	2,955	5,371	7,208	9,185	10,215	11,820	13,100,	15,362	15,789	18,407,661	20,534,941
Number of workers and employers covered by health care benefits in Jamsostek⁵														
Employers	9,452	10,892	14,225	15,628	16,707	17,847	18,305	20,676	21,259	22,473	25,583	28,932	...	...
Workers	961,594	989,094	1,110,478	1,235,818	1,321,844	1,298,533	1,219,881	1,230,044	1,226,450	1,267,600	1,412,352	1,621,175	...	...
Single	539,642	566,341	612,673	644,461	684,096	647,434	577,387	573,911	537,296	525,672	603,589	669,648	...	...
Married	421,952	422,753	497,805	591,357	637,748	651,099	642,494	656,133	689,154	741,928	808,763	951,527	...	...
Family	764,024	959,917	1,227,597	1,331,758	1,378,133	1,553,775	1,460,797	1,450,477	1,435,986	1,592,412	1,715,668	3,600,469	...	...

Source:

¹ ILO Social Security Inquiry Database.² World Health Organization National Health Accounts database, referencing Askes, Jamsostek, Jamkesmas, Bank Indonesia and IMF.³ World Health Organization National Health Accounts database, referencing Askes, Jamsostek, Jamkesmas, Bank Indonesia and IMF.⁴ ILO and Jamsostek: *Social Security in Indonesia: Advancing the Development Agenda* (Jakarta, 2008), referencing Jamsostek, *Descriptive Statistics, 2007*.⁵ ILO and Jamsostek: *Social Security in Indonesia: Advancing the Development Agenda* (Jakarta, 2008), referencing Jamsostek, *Descriptive Statistics, 2007*.

Legal Framework Indicator 16. Pension

Law, policy or institutions: The 1945 Constitution states that every citizen has the right to social security (Article 28H (3)) and emphasizes the role of the State in providing universal social security coverage (Article 34(2)). Under Act No. 3 of 1992 concerning Workers' Social Security, an employer with 10 or more employees or a monthly payroll of more than Rp. 1 million has to insure his/her employees in the social security programme (Jaminan Sosial Tenaga Kerja, 'Jamsostek'). In 2006, the MoMT issued a Ministerial Regulation (Guidelines on the implementation of the manpower social security programme for manpower undertaking jobs outside industrial relations, No. PER-24/MEN/VI/2006) which aims to extend social security to self-employed workers (pilot projects were carried out). Taspen is the fund for civil servants (it provides a retirement lump-sum and a pension programme); Asabri is the counterpart fund for the armed forces and police. The National Social Security System Law (Law No. 40 of 2004) provides a framework for a social security system, but needs follow-up to be implemented.

Qualifying conditions: 55 years old.

Contributions: Employees (2 per cent of monthly earnings); Employers (3.7 per cent of payroll).

Benefits (level and duration): At the age of 55, a lump sum is paid equal to total employee and employer contributions plus accrued interest; optionally, a periodic pension is paid to members with more than 50 million Rupiah in their provident fund account. The lump sum may be claimed after layoff if the employee has contributed for at least five years.

Evidence of implementation effectiveness: No information provided by ILO supervisory bodies.

Coverage of workers in law: N/A.

Coverage of workers in practice: N/A.

Ratification of ILO Conventions: The Social Security (Minimum Standards) Convention, 1952 (No. 102) has not been ratified by Indonesia.

Sources:

1. National legislation; NATLEX database: http://www.ilo.org/dyn/natlex/natlex_browse.details?p_lang=en&p_country=IDN&p_classification=15&p_origin=COUNTRY&p_sortby=SORTBY_COUNTRY;
2. ISSA database: <http://www.issa.int/Observatory/Country-Profiles/Regions/Asia-and-the-Pacific/Indonesia>;
3. Employees Social Security System (Jamsostek): <http://www.jamsostek.co.id>.

Considering that an estimated three out of five workers are informal workers (see Chapter 2 and Chapter 7), the Minister of Manpower and Transmigration, through Ministerial Regulation No. PER_24/MEN/VI/2006, aims at extending coverage of social protection to workers outside of industrial relations. To implement this regulation, the MoMT mandated PT Jamsostek to expand coverage to informal workers in order to ensure a more secure working environment. PT Jamsostek, supported by the MoMT, is conducting a pilot programme of social protection for informal workers. In this pilot project, informal workers are defined as those who work outside industrial relations (LHK-Luar Hubungan Kerja). A LHK worker as defined by the MoMT is "labour that works outside an employment relationship, workers who perform their own activities without any assistance from another person (self-employed without labour / workers)". The characteristics of LHK workers include: micro-scale with small capital; use of simple/ low technology; production

of goods and/or services of relatively low quality; non-permanent place of business; highly mobile; no guarantee of sustainability of work; irregular working hours; productivity and income levels are relatively low and are not fixed; and risk of work.⁵

Contributions and benefits applicable in this pilot scheme are similar to those applied to formal workers. These are: (1) work accident benefit from one per cent contribution of the monthly income;⁶ (2) death benefit from two per cent contribution of the monthly income; (3) retirement benefits from 0.3 per cent contribution of the monthly income; (4) health care benefit from 3 per cent contribution of the monthly income for single persons and 6 per cent with families. The implementation, however, faces many obstacles and reflects inadequate understanding of social protection and

⁵ Ministerial Regulation of 2006.

⁶ Since LHK workers mostly do not have a regular income, the percentage of the contribution is set on the basis of minimum wages applied at the provincial level (UMP- Upah Minimum Provinsi).

Table 10.1. Percentage of workers by health care coverage, type of health insurance/assistance, age and sector of work, 2009

	Health Insurance Govt Civil Servant/ Military/ Pensions (1)	Health Insurance Jamsostek (2)	Health Insurance Private (3)	Company compensation (4)	JPK MM/kartu sehat/JPK Gakin/kartu miskin/kartu jamkesmas (5)	Dana sehat (6)	JPKM/JPK lain (7)
15-59	8.6	7.0	2.1	2.6	25.5	0.4	1.9
Formal	17.5	14.9	4.4	5.7	17.7	0.5	1.8
Informal	3.0	2.0	0.7	0.7	30.6	0.4	1.9
60+	5.5	2.1	0.7	0.8	34.2	0.5	1.8
Formal	11.8	5.5	2.1	2.6	26.2	0.6	1.3
Informal	4.6	1.6	0.5	0.5	35.3	0.4	1.9

Source: Author's calculations from National Social and Economic Survey (Susenas), 2009.

Note:

¹ The interviewers ask whether health services are available through insurance or social assistance.

² Column #5, 6 and 7 are non-out-of-pocket health services (tax financed) and targeted for the poor.

a low ability to pay both the contributions and the premiums. In addition, this regulation is non-compulsory with regard to informal workers and is not sufficiently robust to motivate the existing carriers to extend social insurance coverage to informal workers. Therefore, sustainability of this pilot project in terms of extending social protection is a matter for serious consideration.

This project is executed throughout Indonesia, covering 32 provinces. However, the results have so far shown mixed signs of success with only about a total of 505,000 LHK workers being successfully covered by the social security programmes up until August 2010. This number is excessively small, compared to the estimated total number of LHK workers in Indonesia which stands at about 31.7 million.⁷

Data on coverage of social security are based on various sources and are not always comprehensive. However, an estimated 22.9 per cent of older persons aged 65 years and over received an old-age pension in 2003 (see Table). Additional up-to-date information on coverage of older persons is needed in order to assess their current situation, including information on those who are not pensioners.

Government efforts to improve social assistance have increased since 1996. Although still very minimal, public social security funds as a percentage of general government expenditure dropped from 0.4 per cent in 1996 to below 0.3 per cent during the period from 1998 to 2000, likely reflecting the shrinking fiscal capacity caused by the 1997–1998 economic crisis. However, the percentage nearly doubled to 0.7 per cent by 2005 and had generally increased to 0.94 per cent by 2009.

Similarly, the indicator of health-care expenditure not financed out of pocket by private households reveals a similar positive trend of enhanced public investment in health. As a percentage of total health expenditure, health care expenditure not financed out of pocket by private households also increased quite substantially from 53.6 per cent in 1996 to 67.9 per cent in 2008. However, it is worth noting the decline to 64.8 per cent in 2009 and the importance of monitoring the trend of this indicator in the coming years in order to better assess the pattern that is developing. As a whole, these statistics reflect the Government's commitment to improve health care access, including for the poor, by establishing a programme on social health for the poor (Askeskin, later named Jamkesmas).⁸

⁷ Presentation of PT Jamsostek, 2011: Jamsostek Scheme for Self-employed Workers. Lessons Learned.

⁸ Although it is named as a social insurance contribution it is paid by the Government.

Legal Framework Indicator 17. Incapacity to work due to sickness/sick leave

Law, policy or institutions: MA, MA, Article 93(2) a): Wages must be paid if the worker is ill. All workers in an employment relationship with an entrepreneur are covered.

Qualifying conditions: Illness must be certified by a physician.

Benefits (level and duration): MA, Article 93(3): first four months, 100 per cent of wages; second four months, 75 per cent of wages; third 4 months, 50 per cent of wages; subsequent months, 25 per cent of wages prior to termination of employment by the employer. A female worker/labourer who has a miscarriage is entitled to a period of leave of one-and-a-half months, or a period of leave as stated in the medical statement issued by the obstetrician or midwife (MA, Article 82(2)).

Financing: N/A.

Evidence of implementation effectiveness: No information provided by ILO supervisory bodies.

Coverage of workers in law: N/A.

Coverage of workers in practice: N/A.

Ratification of ILO Conventions: The Social Security (Minimum Standards) Convention, 1952 (No. 102) and the Medical Care and Sickness Benefits Convention, 1969 (No. 130) have not been ratified by Indonesia.

Source:

1. National legislation; NATLEX Database: http://www.ilo.org/dyn/natlex/natlex_browse.details?p_lang=en&p_country=IDN&p_classification=15&p_origin=COUNTRY&p_sortby=SORTBY_COUNTRY.

Access to a social security system is a key element for promoting decent work, as this is one among other elements to guarantee income and social services for workers, thus bringing about positive effects for the welfare of their families. Furthermore, it is well-accepted that quality health coverage for workers may increase productivity and employability.

Annual reports from PT Jamsostek indicate a growing number of participating companies and their employees (formal workers). Since 1997, the number of active companies, i.e. companies that contribute to the scheme, increased by 50 per cent, from 57,439 to 115,683 by 2009 (see Table). However, the number of active workers covered has fluctuated considerably and expanded by less than 10 per cent during that period, reaching 8.5 million in 2009. A trend which is of concern and rising is the sizeable numbers of inactive employers and workers who do not pay contributions. Among these participants of Jamsostek, in 2009, the number of companies registered for health care benefits was 84,531 and the number of inactive workers was 20.5 million. While the statistical evidence shows a positive and significant increase in the coverage of health care for workers and their families, a large share of formal, regular employees are still not covered. The 2009 Jam-

sostek Annual Report reported that 9.4 million workers participate in Jamsostek, but it is surprising that while PT Jamsostek has been in operation for more than 30 years it only covers roughly 9.4 million out of about 33 million workers.

Table 9 shows the percentage of workers who were covered by the existing health insurance and health assistance in 2009. Overall, health care coverage among all workers in Indonesia in 2009 was very low. Even among the formal workers, who should be covered by PT Jamsostek, the coverage rate is only 14.9 per cent for formal workers aged 15 to 59, and 5.5 per cent for those aged 60 years and above. Columns 1 to 4 include forms of social insurance paid by the employee and/or assisted by the employers. Column 5 represents the very recent schemes of social assistance for the poor, which is tax financed, namely the Jamkesmas (and similar schemes). These schemes cover about 25 per cent to 35 per cent of all Indonesian workers who are not covered by other schemes.

In terms of older workers aged 60 years and older who have health coverage through pensions, only 11.8 per cent of formal workers and 4.6 per cent of informal workers were covered (Column 1). The percentages are lower for older persons with

Legal Framework Indicator 18. Incapacity to work due to invalidity

Law, policy or institutions: The 1945 Constitution states that every citizen has the right to social security (Article 28H (3) see also MA, Article 99) and emphasizes the role of the State in providing universal social security coverage (Article 34(2)). Under Act No. 3 of 1992 concerning Workers' Social Security, an employer with ten or more employees or a monthly payroll of more than Rp. 1 million has to insure his/her employees in the social security programme (Jaminan Sosial Tenaga Kerja, 'Jamsostek'). The National Social Security System Law (Law No.40 of 2004) provides a framework for a social security system, but needs follow-up to be implemented. In 2006, the Department of Manpower and Transmigration issued a Ministerial Regulation (Guidelines on the implementation of the manpower social security programme for manpower undertaking jobs outside industrial relations, No. PER-24/MEN/VI/2006) which aims to extend social security to informal workers (pilot projects were carried out).

Qualifying conditions: A medical doctor must certify the incapacity.

Contributions: Employees (2 per cent of monthly earnings); employers (3.7 per cent of payroll).

Benefits (level and duration): For workers younger than age 55 with a total permanent incapacity for work as a result of a work injury, a lump sum is paid equal to total employee and employer provident fund contributions plus accrued interest; optionally, a periodic pension is paid to members with more than 50 million rupiah in their provident fund account.

Evidence of implementation effectiveness: No information provided by ILO supervisory bodies.

Coverage of workers in law: N/A.

Coverage of workers in practice: N/A.

Ratification of ILO Conventions: The Social Security (Minimum Standards) Convention, 1952 (No. 102) has not been ratified by Indonesia.

Sources:

1. National legislation; NATLEX database: http://www.ilo.org/dyn/natlex/natlex_browse.details?p_lang=en&p_country=IDN&p_classification=15&p_origin=COUNTRY&p_sortby=SORTBY_COUNTRY;
2. ISSA database: <http://www.issa.int/Observatory/Country-Profiles/Regions/Asia-and-the-Pacific/Indonesia>;
3. Employees Social Security System (Jamsostek): <http://www.jamsostek.co.id>.

Jamsostek health coverage, since PT Jamsostek covers workers only up to the age of 55. On the bright side, about 36.5 per cent of older workers aged 60 years and above are covered by free health services through tax finance (see Table 9, columns 5, 6, 7 and also Legal Framework Indicator 16).

Summary assessment

Overall, much effort has been applied to increasing coverage of social protection for workers and their families, as is reflected in the rising government expenditure on social security and the increasing percentage of health-care expenditure not financed out of pocket by private households. Nonetheless, deficits remain: while participation in Jamsostek has increased, a significant portion of formal employees are still not covered, and programmes to support informal workers are still at an early stage.

The Government of Indonesia is highly committed to expanding social protection to the people, and

especially to workers. The Law of 1992 mandates employers with ten or more employees to register their employees with Jamsostek and Law No 40 of 2004 on the National Social Security System has been launched. Its implementation is hampered by many factors including, the challenge to develop an integrated social security system with four existing social insurance carriers which have been in operation for a long time prior to the adoption of the law. Nonetheless, these carriers mainly target formal workers, civil servants and the military and in order to close the gap the Government developed a social assistance system for the poor with initiatives such as the Jamkesmas which guarantees free health services for all poor people – but non-poor informal workers remain excluded.

Robust advocacy efforts should be directed at the executive as well as the legislative in order to find ways to implement the 2004 NSSS with the aim of universal social protection coverage. It is equally

important to raise awareness and concern amongst society about the importance of social protection as a means of protection in case of income loss.

Current social protection providers should be legally obligated to actively implement the Law of 1992 on social protection for workers.

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11 Social dialogue, employers' and workers' representation

Social dialogue is one of the pillars of the Decent Work Agenda. Undeniably, dialogue among and between the Government and its two social partners can promote consensus building, as well as democratic involvement of those who have critical stakes in the world of work, and may ultimately improve industrial relations. Social dialogue can cover all kinds of negotiation, consultation and exchange of information between, or among, representatives of governments, employers and workers on issues of common interest. Effective dialogue entails the right to freely establish and join groups for the promotion and defense of an occupational interest.

The Government of Indonesia has ratified the main ILO Conventions on social dialogue: the Freedom of Association and Protection of the Right to Organise Convention, 1949 (No. 87); the Right to Organise and Collective Bargaining Convention, 1949 (No. 98); and the Tripartite Consultation (International Labour Standards) Convention, 1976 (No. 144). Social dialogue is dealt with in three laws: (1) the Trade Union Act (No. 21 of 2000), (2) the Manpower Act (No. 13 of 2003) and (3) the Industrial Dispute Settlement Act (No. 2 of 2004).

Information on union membership serves as an essential background for understanding how the relationship between workers and management has developed over time. At one stage, Indonesia's Statistics Office (BPS) compiled data on union membership through its national labour survey, but this practice was unfortunately discontinued. As a result, data on the Indonesian trade union

membership is based on administrative records compiled by the Ministry of Manpower and Transmigration. However, as the data coverage of such administrative records has not been consistent, particularly since the implementation of regional autonomy, one should be very cautious in using and analysing such data.¹

Following the Asian financial crisis in 1997, a political movement brought down the New Order Government under the Soeharto regime in 1998. Indonesia had already ratified the Right to Organise and Collective Bargaining Convention, 1949 (No. 98) in 1957, and with the ratification of the Freedom of Association and Protection of the Right to Organise Convention, 1948 (No.87) in 1998, Indonesia began its reform which included the improvement of industrial relations prompting the number of trade unions to mushroom in an unexpected manner.

Prior to 1998, there was only one trade union that was acknowledged by the Government. By the end of 2005 and according to the verification of union membership by the MoMT, there were 32 eligible union federations and 58 eligible national non-federated unions, covering 11,467 company level unions in that many companies, including companies which are members of APINDO (ILO,

¹ This can be observed from the different figures reported by different authors. For instance, differences are shown in the number of plant level trade unions reported by the ILO-Multilateral Japan project in "Collective Bargaining in Indonesia"(2006) and by Youngmo Yoon in (2009) "*A comparative study on industrial relations and collective bargaining in East Asian countries*", November 2009 ILO Geneva.

2006).² This figure remained at 11,467 in 2007 (see Table 10), then increased slightly to 11,786 in 2008 and to 11,852 in 2009.

At the national level, three main trade union confederations were acknowledged, namely KSBSI, KSPI and KSPSI.³ However, the latter has split up into two separate confederations, maintaining the same name.

By 2005, 18,352 trade unions were recorded, although this number declined to 11,467 (see Table 11). The total has increased slightly since then to 11,852 unions in 2009, although it has not reached the same level as in 2005. This reflects the rather fragmented nature of Indonesia's trade unions.

In terms of membership, trade unions in Indonesia have attracted more than 3 million members with a slight increase during the period from 2005 to 2009. On average, in 2005 each Indonesian trade union had around 185 members, then by 2007 the average had increased to around 296 but subsequently declined to 288 members per union in 2008 and 2009.

The union density rate has been declining and is currently relatively low. The relative share of union members to total employees was around 11.7 per cent in 2009, decreasing from 13 per cent in 2005. As a percentage of the total number of employed persons, the rate has slowly declined from 3.6 per cent to 3.3 per cent from 2005 to 2009 (Table 11).

The declining rate of union density is most probably due to the current prevailing recruitment system which in recent years has shown a tendency towards short-term contractual work (see Chapter 7 for further discussion).⁴ Thus, a working relationship that establishes non-permanent contractual

relations could deter workers from joining a trade union. Another factor is that not many trade unions are likely to attempt to attract membership,⁵ even though the basic requirements for the establishment of a union are relatively simple.⁶ The low awareness of Indonesia's huge share of informal workers with regard to their legal rights at work (see Chapter 7), or the importance they attach to unionization may be additional factors preventing union membership.

In line with the Act on Freedom of Association, employers also have the right to organize. In recent years, although the number of companies that registered with the MoMT showed an increasing trend, the number of companies belonging to the employers' association APINDO showed no increase. As a result, in 2007, only 5.1 per cent of registered companies were members of the employers' organization, and this share even declined to 4.6 per cent in 2009. In order to understand the underlying causes of the relatively low participation rate of enterprises in the employers' organization further investigation will be required.

Data on collective labour agreements in Indonesia are collected from administrative records kept by the MoMT. However, interpretation of the data should be carried out cautiously due to the fact that the reliability of these statistics depends on the registration of collective agreements which is not compulsory. Moreover, the central offices have difficulties in consolidating and maintaining records from local offices which has been the case since the implementation of regional autonomy in Indonesia. In addition, since the duration of collective agreements may vary, care should be taken to capture also the coverage of agreements which have been registered in a previous year and are still in force.

² The Government does not have data that differentiates trade unions on the ground of either company size or status (public/private/foreign or state owned) or sector (ILO-Japan Multi-Lateral Project, 2006).

³ KSBSI stands for Konfederasi Serikat Buruh Sejahtera Indonesia (Indonesian Prosperity Trade Union Confederation); KSPI for Konfederasi Serikat Pekerja Indonesia (Confederation of Indonesian Trade Unions) and KSPSI for Konfederasi Serikat Pekerja Seluruh Indonesia (Confederation of All-Indonesian Trade Unions).

⁴ The Manpower Act No. 13/2003, Article 66 stipulates that firms may outsource certain parts of the job as long as they are not main activities.

⁵ See Akatiga, FSPMI and FES. 2010. "The Practice of contract and outsourcing workers in metal industry in Indonesia." August 2010.

⁶ A trade union is to be formed by at least ten workers/labourers, a trade union federation can be formed by at least five trade unions and a trade union confederation is established by at least three trade union federations (see Chapter III, Articles 5, 6 and 7 in the Indonesian Act No. 21 of 2000 on Trade Unions). The Act defines a worker/labourer as any person who works for a wage or other form of remunerative exchange; thus informal workers should by definition be covered by legislation. The Manpower Act No. 13/2003 and Trade Unions Act No. 21/2000 exclude civil servants, police and military, as well as private security guards trained by the police or the military from the application of the Manpower Act and the Trade Union Act. The right to organize has been granted to civil servants although it is not specifically regulated (see Legal Framework Indicator 19).

Table 11. Social dialogue, employers' and workers' representation

Decent Work Indicator	2005	2006	2007	2008	2009
Union density					
Unadjusted net density rate, % of total employment ¹	3.6	3.5	3.4	3.3	3.3
Unadjusted net density rate, % of total employees ²	13.0	12.6	12.1	12.1	11.7
Trade union membership, total	3,388,587	3,388,587	3,388,587	3,405,615	3,414,455
Registered trade unions, total ³	18,352	18,352	11,467	11,786	11,852
Membership of Indonesian Employers' Association (APINDO)	9,537	9,537	9,537	9,537	9,537
Number of companies registered with MoMT	...	...	186,910	207,518	208,737
Small (5-19 employees)	...	...	134,233	151,551	154,932
Medium (20-99 employees)	...	...	36,744	40,214	39,301
Large (100 and above)	...	...	15,933	15,753	14,504
Collective bargaining ^{3,4}					
Company regulations, total	36,543	37,228	38,654	41,252	42,265
Collective labour agreements, total	9,168	9,291	9,756	10,501	10,683
Strikes and lockouts, total incidences	96	282	147	146	207
Workers involved	56,082	586,830	135,297	211,504	37,581
Working hours lost	746,465	4,665,685	1,161,413	1,544,400	480,586
Working days lost	389	2,430	605	804	250
Number of bipartite cooperation councils	...	...	10,822	11,687	12,115

Notes:

¹ Trade union membership as a percentage share of total employment.

² Trade union membership as a percentage share of total employees.

³ The number after verification by the Ministry of Manpower and Transmigration (MoMT).

⁴ Company regulations reflect enterprise-level agreements; collective labour agreements reflect sector-level agreements.

Source: MoMT administrative records, referencing the Directorate General of Industrial Relations and Social Insurance by the Centre of Manpower Information; total employment and employee data from BPS, Sakernas.

The number of collective labour agreements (CLA) has increased from 9,168 in 2005 to 10,683 in 2009, with an annual average growth of 3.1 per cent, of which the fastest growth occurred in 2008. Unfortunately, official administrative records do not capture the number of workers covered under each CLA and as a result, the collective bargaining coverage rate cannot be properly assessed. However, given the low union density rate and the high share of informal employment in Indonesia, it is likely that the collective bargaining coverage rate is also low. Yoon (2009) points out that collected bargaining coverage is much lower than union density in such countries as Indonesia, the Philippines and Thailand, which is in contrast to the European countries. Another plausible explanation for the low collective bargaining rate is that requirements indicated by the Manpower Act No. 13/2003 Article 119 might not be fulfilled (see Legal Framework Indicator 20). In fact, most CLAs in Indonesia are found in enterprises where

older unions (those established before the labour law reforms) are operating. Apart from that, the influences of collective bargaining institutions continue to remain very limited (Yoon, 2009).

The consultation mechanism of social dialogue can take place as a tripartite process, with the Government as an official party to the dialogue. In line with the number of provinces in Indonesia, one national tripartite body, 31 tripartite bodies at the provincial level, and 200 at district level, are functioning as forums for dialogue between workers and employers (MoMT). The momentum for rejuvenated tripartite social dialogue seemed not to carry on after the immediate effect of the 1997 financial crisis, which was due to the fragmented trade union movement in Indonesia that had less political weight to sustain meaningful engagement with the government and employers on key policy concerns (Yoon, 2009). In addition, social dialogue in Indonesia may involve bipartite rela-

Legal Framework Indicator 19. Freedom of association and the right to organize

Law, policy or institutions: According to Section 28E (3) of the 1945 Constitution, “Every person shall have the right to the freedom to associate, to assemble and to express opinions”. The right to form and join a trade union or an entrepreneurs’ organization is guaranteed by the Manpower Act No. 13/2003 and the Trade Union Act No. 21/2000. A trade union is formed by at least ten workers, a trade union federation can be formed by at least five trade unions and a trade union confederation is established by at least three trade union federations. Trade unions have to be registered (Trade Union Act No. 21/2000, Art, 20). Formation of federations and confederations is provided by the law (TU, Arts. 6 and 7). Anti-union activities are prohibited by Article 28 of the TU Act and penalized by Article 43; Law No. 21 imposes criminal sanctions on anyone who engages in certain anti-union activities. Strikes are legal if they are the result of failed negotiations and are conducted legally and peacefully (MA, Art. 137). Written notification of a strike must be given to the employer and the local government seven days prior to the realization of a strike. The employer cannot replace the striking workers or apply sanctions to them (MA, Art. 144).

Workers covered by the law: Civil servants, the police and the military, as well as private security guards trained by the police or the military, are excluded from the application of the MA and the TU Act. The right to organize has been granted but is not specifically regulated for civil servants.

Evidence of implementation effectiveness: There are three active cases before the Committee on Freedom of Association (CFA). In case No 2585, the CFA trusted that the Government would: (i) issue appropriate instructions to prevent the danger of trade unionists being arrested by the police for normal trade union activities; (ii) repeal or amend sections 160 and 335 of the Criminal Code on “instigation” and “unpleasant acts” so as to ensure that these provisions cannot be used abusively as a pretext for the arbitrary arrest and detention of trade unionists; and (iii) continue to take all the necessary measures to educate the police in relation to its action in industrial relations contexts. The CEACR noted a “suggested failure to provide protection against anti-union discrimination and interference in practice”. Several aspects of the legislation are not in line with Conventions No. 87 and No. 98. The CEACR has asked the Government to repeal sections of the Criminal Code which prohibits vague and unspecified “unpleasant acts” against employers; to ensure that civil servants have the right to form and join organizations; to amend the legislation so that a finding as to whether negotiations have failed, which is a condition for the lawful staging of strikes, can be made either by an independent body or be left to the unilateral determination of the parties to the dispute; to amend the legislation to ensure that mediation/conciliation proceedings, that currently take more than 60 days, do not operate as a precondition for the lawful exercise of the right to strike; to ensure that federations and confederations can engage in industrial action linked to questions of general social and economic policy; to ensure that railway workers, with the exception of railway intersection workers, have the full right to strike; to ensure that sanctions for illegal strike action are not disproportionate to the offence; to amend the legislation to ensure that employers can only issue back-to-work orders to workers after an independent body has determined that the strike is illegal; to repeal sections of the TU Act and to provide for means other than loss or suspension of trade union rights for delays in notification of changes in the union’s constitution or by-laws, or failure to report overseas financial assistance; to ensure that organizations affected by measures of dissolution or suspension by the administrative authority have a right of appeal to an independent and impartial judicial body, and that such administrative decisions do not take effect until that body issues a final decision.

Coverage of workers in law: N/A.

Coverage of workers in practice: See DIAL-1.

Ratification of ILO conventions: The Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87) has been ratified by Indonesia on 9 June 1998 and the Right to Organise and Collective Bargaining Convention, 1949 (No. 98) has been ratified by Indonesia on 15 July 1957.

Sources:

1. National legislation; NATLEX Database;
2. CEACR’s 2009 comments on the application of Convention No. 87: <http://webfusion.ilo.org/public/db/standards/normes/appl/appl-displaycomment.cfm?hdroff=1&ctry=0740&year=2009&type=O&conv=C087&lang=EN>;
3. CEACR’s 2009 comments on the application of Convention No. 98: <http://webfusion.ilo.org/public/db/standards/normes/appl/appl-displaycomment.cfm?hdroff=1&ctry=0740&year=2009&type=O&conv=C098&lang=EN>.

tions between labour and management, with or without indirect government participation (Legal Framework Indicator 21). Indonesia also recognizes bilateral consultation, as legalized by the Manpower Act No. 13/2003.

The obligation for a company with at least 50 workers to establish a bipartite cooperation council seems to have had a positive impact in increasing the number of companies with bipartite

Legal Framework Indicator 20. Collective bargaining

Law, policy or institutions: The Manpower Act No. 13/2003 and the TU as well as the Minister of Manpower and Transmigration's Decree No. 48/MEN/2004 regulate collective bargaining. A registered trade union has the right to negotiate a binding collective agreement with the enterprise if more than 50 per cent of the workers of that enterprise are members of the trade union or if more than 50 per cent of the workforce supports the trade union in its endeavour to conclude an agreement (MA, Art. 119). In case the trade union does not get this support, it must wait six months before another vote can be held. A collective agreement must be concluded within 30 days after the start of negotiations. It is valid for two years and may be extended for a maximum of one more year.

Evidence of implementation effectiveness: The CEACR has noted that several provisions of the law are not in line with Conventions No. 87 and No. 98 (including the six month wait, several requirements for a strike to take place and compulsory presence of employer during vote).

See Legal Framework Indicator 19. Freedom of association.

Coverage of workers in law: N/A.

Coverage of workers in practice: See DIAL-3.

Ratification of ILO conventions: The Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87) has been ratified by Indonesia on 9 June 1998 and the Right to Organise and Collective Bargaining Convention, 1949 (No. 98) has been ratified by Indonesia on 15 July 1957.

Sources:

1. National legislation; NATLEX Database.
2. CEACR's 2009 comments on the application of Convention No. 87: <http://webfusion.ilo.org/public/db/standards/normes/appl/appl-displaycomment.cfm?hdroff=1&ctry=0740&year=2009&type=0&conv=C087&lang=EN>;
3. CEACR's 2009 comments on the application of Convention No. 98: <http://webfusion.ilo.org/public/db/standards/normes/appl/appl-displaycomment.cfm?hdroff=1&ctry=0740&year=2009&type=0&conv=C098&lang=EN>.

cooperation councils in Indonesia.⁷ In 2007 there were 10,822 bipartite cooperation councils (LKS-bipartite), this number rising to 12,115 in 2009. As a percentage of large companies with 100 or more employees, this represents a positive pattern, increasing from 67.9 per cent in 2007 to 83.5 per cent in 2009.⁸ However, this evidence still points to a sizeable number of enterprises that have not met their legal requirements to establish a bipartite cooperation council.

Labour disputes can be expressed by either employees withholding their labour (a strike), or employers preventing employees from work-

ing (a lock-out). A strike is sometimes seen as a measure of the failure of social dialogue, although Anker et al (2002) warn that in certain circumstances, the absence of strike may indicate the absence of the right to strike and weak social dialogue. In other words, there is ambiguity as to whether more strike activity indicates stronger or weaker collective bargaining rights and social dialogue. The measurement issue needs to be considered cautiously to interpret trends, as there are incidents of strike activity where certain sectors or certain workers are excluded.

Keeping in mind these caveats regarding the interpretation of data on labour disputes, official records indicate that strikes and lockouts in Indonesia have been on the increase between 2005 and 2009. In 2005, 96 strikes and lockouts were reported and by 2006 this number had increased to 282. Consequently, the number of workers involved, working hours and working days lost, also spiked substantially. The underlying cause of such an escalation of strikes and lockouts in 2006, according to the MoMT, was the increasing number of complaints from workers demanding

⁷ The Manpower Act No. 13/2003 Article 106 states (1) every company that employs fifty workers or more must form a bipartite cooperation institution; (2) bipartite cooperation institution referred to in paragraph (1) serves as a forum for communication, and consultation on labour issues at the company; and (3) membership of bipartite cooperation institution referred in clause (2) consists of representatives from employers and workers who are appointed by the union democratically to represent the interests of workers in the company concerned.

⁸ As data on the number of registered enterprises with 50 or more employees are not available, the number of large companies with 100 or more employees is used to assess the share of companies that have met legal obligations to establish bipartite cooperation councils.

Legal Framework Indicator 21. Tripartite consultations

Law, policy or institutions: A Tripartite Cooperation Institution (LKS-Tripartite), comprising equal number of members representing the Government, workers and employers, provides opinions and recommendations to the Government and other parties involved in policy making and problem solving concerning labour issues (Manpower Act No. 13/2003, Article 107; Government Regulation No. 46/2008). Presidential Decree No. 37 of 2009 concerning 'Representatives of Tripartite Cooperation Institutions', institutionalized tripartite forums at the national, provincial and district levels and requires the formal appointment of 15 representatives (five each of workers, employers and the Government) as members of the forum. Currently, there is one institution at the national level, 31 at the provincial and 200 at the district level. Not all of these institutions are functional.

Evidence of implementation effectiveness: The CEACR has noted that in 2008 and 2009, the LKS activities included social dialogue and consultation at the provincial level, discussions concerning the global economic crisis, and an audience with the President of the Republic of Indonesia and the Parliament. No information was given to the CEACR about tripartite consultations on international labour standards; technical assistance was offered.

Ratification of ILO Conventions: The Tripartite Consultation (International Labour Standards) Convention, 1976 (No. 144) has been ratified by Indonesia on 17 October 1990.

Sources:

1. National legislation; NATLEX Database.
2. CEACR 2009 observation on the application of Convention No. 144: <http://webfusion.ilo.org/public/db/standards/normes/appl/appl-displaycomment.cfm?hdroff=1&ctry=0740&year=2009&type=O&conv=C144&lang=EN>.

that employers respect their rights. Such circumstances might be related to the economic situation of the country at that period of time, particularly the rapid consumer price inflation (see Chapter 1) and consequent impact on real wages (see Chapter 3). From 2008 to 2009, however, there was a decline in the number of workers involved (-82.2 per cent), working hours lost (-68.9 per cent) and working days lost (-68.9 per cent), although the number of strikes and lockouts increased from 146 to 207, or by 41.8 per cent.

Summary assessment

In conclusion, over the last five years, there has been mixed progress in the area of social dialogue, including employers' and workers' representation. Not only did the number of trade unions in Indonesia demonstrate a declining trend, the rate of union density was also relatively low. At the same time, the share of registered companies belonging to the employers' association APINDO tended to

stagnate. On the contrary, the number of collective labour agreements tended to grow. The existence of bipartite cooperation councils, one of the means of social dialogue was still low, although showing an increasing trend, despite legal regulations. Likewise, strikes/lockouts were on the increase but this was not the case with the number of workers involved, which tended to decrease.

Based on these elements, efforts to promote social dialogue should be strengthened. Capacity building for tripartite constituents remains crucial. At the same time, data collection needs to be strengthened, in particular in terms of how to improve the flow of data from regional levels to central levels and vice versa.

In sum, the efforts of Indonesia in promoting social dialogue and tripartism have been on the right track and in line with some of the recommendations of the Global Jobs Pact,⁹ although further improvements are required.

⁹ Global Jobs Pact recommendations, among others, include: (1) strengthening respect for and use of, mechanisms of social dialogue, including collective bargaining; (2) building the commitment of employers and workers to a joint action with governments (ILO, 2009).

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Annex

Annex Table 1. Adequate earnings and productive work by region

Decent Work Indicator	2005	2006	2007	2008	2009	2010
Minimum wage as a percentage of median wage, %¹						
<i>Regular employees</i>						
Sumatera	72.3	83.0	88.2	88.8	86.6	96.2
DKI Jakarta	79.1	81.9	85.0	85.3	83.8	77.9
West Java	58.3	56.0	62.9	65.3	63.5	63.6
Central Java- Yogyakarta	76.0	76.5	90.9	92.0	91.2	86.1
East Java	56.7	55.7	64.1	71.4	75.5	74.1
Banten	71.7	73.5	82.9	104.6	72.6	79.6
Bali - Nusa Tenggara	75.8	76.1	79.4	78.9	79.5	83.8
Kalimantan	64.4	68.6	68.4	78.4	71.3	77.7
Sulawesi	74.5	82.0	92.8	95.7	103.0	93.0
Maluku	59.8	55.8	61.5	64.8	58.1	64.8
Papua	56.9	56.7	70.5	70.0	72.6	69.4
<i>All employees</i>						
Sumatera	83.4	92.2	97.9	99.5	101.6	96.2
DKI Jakarta	80.9	81.9	87.9	85.3	85.6	79.9
West Java	68.0	74.6	77.6	81.2	83.8	79.0
Central Java- Yogyakarta	86.9	90.3	100.0	104.2	107.8	97.9
East Java	75.6	78.0	89.7	90.9	95.0	91.3
Banten	74.1	82.7	87.8	113.1	80.8	83.1
Bali - Nusa Tenggara	91.0	96.8	102.2	99.5	102.8	104.8
Kalimantan	66.5	73.5	75.2	85.1	76.4	85.5
Sulawesi	86.9	87.8	102.7	109.9	118.7	103.4
Maluku	68.3	60.6	70.6	73.7	64.9	70.3
Papua	63.4	63.3	73.1	73.7	74.3	70.6
Share of workers not covered in practice (Statutory minimum wages), %²						
<i>Nanggroe Aceh Darussalam</i>	32.2	36.9	32.6	42.8	49.7	45.6
Male	32.1	34.0	27.1	40.2	48.6	43.1
Female	32.5	43.3	45.9	49.1	51.7	50.6
<i>North Sumatera</i>	35.2	43.7	45.1	47.0	37.6	42.6
Male	28.1	38.2	38.1	41.7	29.8	36.5
Female	52.8	56.6	61.7	59.1	54.3	55.8
<i>DKI Jakarta</i>	28.4	34.5	37.2	41.7	36.7	33.6
Male	22.6	26.6	34.2	35.1	28.9	26.5
Female	40.5	47.1	42.3	51.6	48.1	44.8
<i>West Java</i>	20.6	20.5	23.8	27.7	28.1	25.4
Male	16.4	17.4	20.6	24.1	23.3	20.5
Female	31.5	27.7	31.8	35.3	37.2	35.2
<i>Central Java</i>	28.6	34.0	43.6	45.2	43.3	39.5

Decent Work Indicator	2005	2006	2007	2008	2009	2010
Male	19.8	22.0	34.1	37.1	32.9	31.2
Female	42.9	54.4	59.5	56.7	57.4	51.7
<i>East Java</i>	20.4	19.2	27.1	31.8	35.2	34.3
Male	12.6	12.3	20.3	26.1	27.3	26.4
Female	33.9	32.4	39.6	42.2	48.0	47.4
<i>Banten</i>	16.2	25.9	30.7	52.1	25.7	28.3
Male	11.6	19.8	26.8	44.0	22.2	24.9
Female	26.3	39.2	38.6	68.2	32.4	35.0
<i>East Nusa Tenggara</i>	30.5	39.3	34.7	37.7	38.7	43.0
Male	30.6	40.4	38.5	39.7	40.3	41.2
Female	30.3	37.2	26.4	33.4	35.1	46.2
<i>Maluku</i>	22.3	23.4	27.9	33.9	32.4	30.5
Male	20.0	20.6	24.5	31.8	29.2	27.5
Female	26.9	29.5	35.6	39.0	39.1	35.4
<i>Papua</i>	13.8	25.4	30.2	30.9	34.4	32.2
Male	10.8	22.0	28.4	27.4	33.0	30.9
Female	25.3	37.1	36.0	41.5	38.2	35.9

Notes:

¹ Based on weighted average of provincial statutory minimum wages. All employees include regular and casual employees.

² Share of regular employees who earned less than the statutory provincial minimum wage. Based on weighted average of provincial statutory minimum wages.

Source: BPS, Sakernas.

Annex Table 2. Decent hours by region

Decent Work Indicator	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Excessive hours (more than 48 hours per week), %¹															
Sumatra	22.0	22.7	21.3	20.9	21.4	22.9	19.3	19.7	22.6	22.4	23.2	26.8	26.5	25.7	29.1
DKI Jakarta	34.2	33.9	35.0	34.1	34.6	35.0	36.5	35.2	36.5	39.2	38.0	37.1	38.5	36.8	48.4
West Java	26.9	29.5	26.3	26.0	25.2	27.9	28.0	27.4	30.9	29.8	29.2	32.6	32.9	32.0	37.2
Central Java – Yogyakarta	26.7	27.8	25.6	26.0	27.0	28.7	27.7	25.7	28.7	24.8	27.0	28.9	29.7	29.6	33.1
East Java	28.2	28.0	26.3	26.2	26.3	28.4	23.9	25.4	27.4	24.2	26.8	30.0	29.8	29.7	32.7
Banten	...	...	...	...	...	26.9	20.5	25.4	25.0	25.2	28.6	31.9	31.2	30.9	35.8
Bali-Nusa Tenggara	18.6	23.2	20.4	22.5	20.6	24.3	21.8	20.9	20.2	20.8	21.0	26.2	24.2	24.9	28.2
Kalimantan	22.8	27.3	24.3	26.6	26.4	27.8	24.8	24.6	29.3	25.1	25.6	29.3	28.1	27.6	30.3
Sulawesi	18.0	22.8	18.4	19.2	18.7	21.4	21.4	18.1	20.6	20.7	24.4	27.1	26.3	25.9	27.4
Maluku	15.4	15.5	15.6	18.7	...	26.2	18.8	19.3	20.7	16.7	20.6	22.8	21.5	23.0	25.9
Papua	9.8	11.0	11.5	10.4	13.6	11.3	10.8	11.1	13.4	9.6	13.1	17.0	15.1	14.5	15.3
Average weekly hours of work²															
Sumatra	37.7	38.3	37.9	37.9	38.5	39.3	38.5	38.3	39.5	39.5	39.6	40.0	39.9	39.1	39.8
DKI Jakarta	48.2	47.9	47.5	47.4	47.8	48.5	49.5	48.6	49.2	49.1	49.0	49.1	49.3	48.9	50.6
West Java	40.0	41.5	39.5	39.7	40.2	41.1	41.3	41.2	43.1	43.0	42.4	43.2	43.5	43.6	43.9
Central Java – Yogyakarta	38.2	38.7	37.6	38.5	39.5	40.1	39.9	39.2	40.3	39.9	40.0	40.6	41.1	40.7	41.1
East Java	38.1	38.4	37.0	37.7	38.4	39.2	38.2	38.4	39.5	38.6	39.6	40.5	40.6	40.2	40.6
Banten	...	...	...	...	...	42.4	40.1	42.4	41.9	41.7	43.0	43.6	43.5	43.9	44.8
Bali-Nusa Tenggara	34.2	36.0	35.3	36.2	36.0	37.7	35.9	35.4	36.1	35.9	36.4	38.2	37.3	37.9	38.5
Kalimantan	37.9	39.5	38.5	39.6	40.4	40.4	40.2	39.8	41.8	39.9	40.6	40.9	40.5	40.9	39.9
Sulawesi	34.3	37.3	35.2	35.3	35.9	36.7	36.4	36.0	36.7	36.4	37.6	38.9	38.3	38.3	37.7
Maluku	34.2	36.4	35.5	36.0	...	38.3	38.4	37.7	40.3	38.1	37.8	38.9	37.6	38.7	38.6
Papua	32.6	33.6	34.4	33.5	35.2	35.1	35.1	35.6	36.5	36.8	35.5	38.9	38.7	37.7	37.6
Time-related underemployment rate, %³															
Sumatra	11.5	13.3	8.7	14.8	13.6	13.0	14.3	14.1	14.2	15.1	14.6	15.3	15.0	16.4	14.9
DKI Jakarta	3.2	3.8	3.4	5.1	3.9	3.9	2.8	3.3	3.1	3.7	3.9	4.0	4.8	4.7	3.8
West Java	10.4	10.7	9.6	14.7	13.3	12.4	11.5	12.5	12.1	11.8	13.4	14.0	14.0	12.3	12.5
Central Java – Yogyakarta	12.1	12.4	10.4	14.0	12.4	11.2	11.7	12.3	12.7	13.9	12.8	15.4	14.0	14.3	13.1
East Java	13.7	14.6	11.5	16.5	14.9	13.8	14.7	16.8	17.4	15.8	16.6	16.5	16.0	16.7	15.6
Banten	...	...	...	...	...	9.2	10.0	8.7	12.4	13.5	10.1	12.5	12.3	10.2	11.0
Bali-Nusa Tenggara	15.4	14.9	13.6	20.2	16.6	14.4	16.1	19.4	21.2	20.5	18.1	16.9	18.3	18.5	18.3
Kalimantan	13.0	12.9	9.3	16.1	13.3	12.1	14.1	13.9	10.9	16.3	15.2	15.5	14.1	13.6	14.9
Sulawesi	16.5	14.8	9.8	17.8	15.1	16.5	18.5	19.7	19.5	20.8	18.4	16.5	17.2	16.5	17.5
Maluku	12.2	10.3	10.6	13.7	...	16.0	10.5	17.3	5.6	16.8	17.5	14.8	17.4	16.0	16.2
Papua	16.2	15.6	9.7	20.2	18.2	20.0	20.1	24.0	19.5	15.0	18.5	9.2	7.8	13.4	14.9

Notes:

¹ Percentage of employed persons working more than 48 hours per week in all jobs as a percentage share of total employed persons, based on actual hours worked.

² Average weekly hours of work of all employed persons in all jobs, based on actual hours worked.

³ Employed persons working less than 35 hours per week and are looking for a job or are available for more work as a percentage share of total employed persons, based on actual hours worked.

Source: BPS, Sakernas.

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