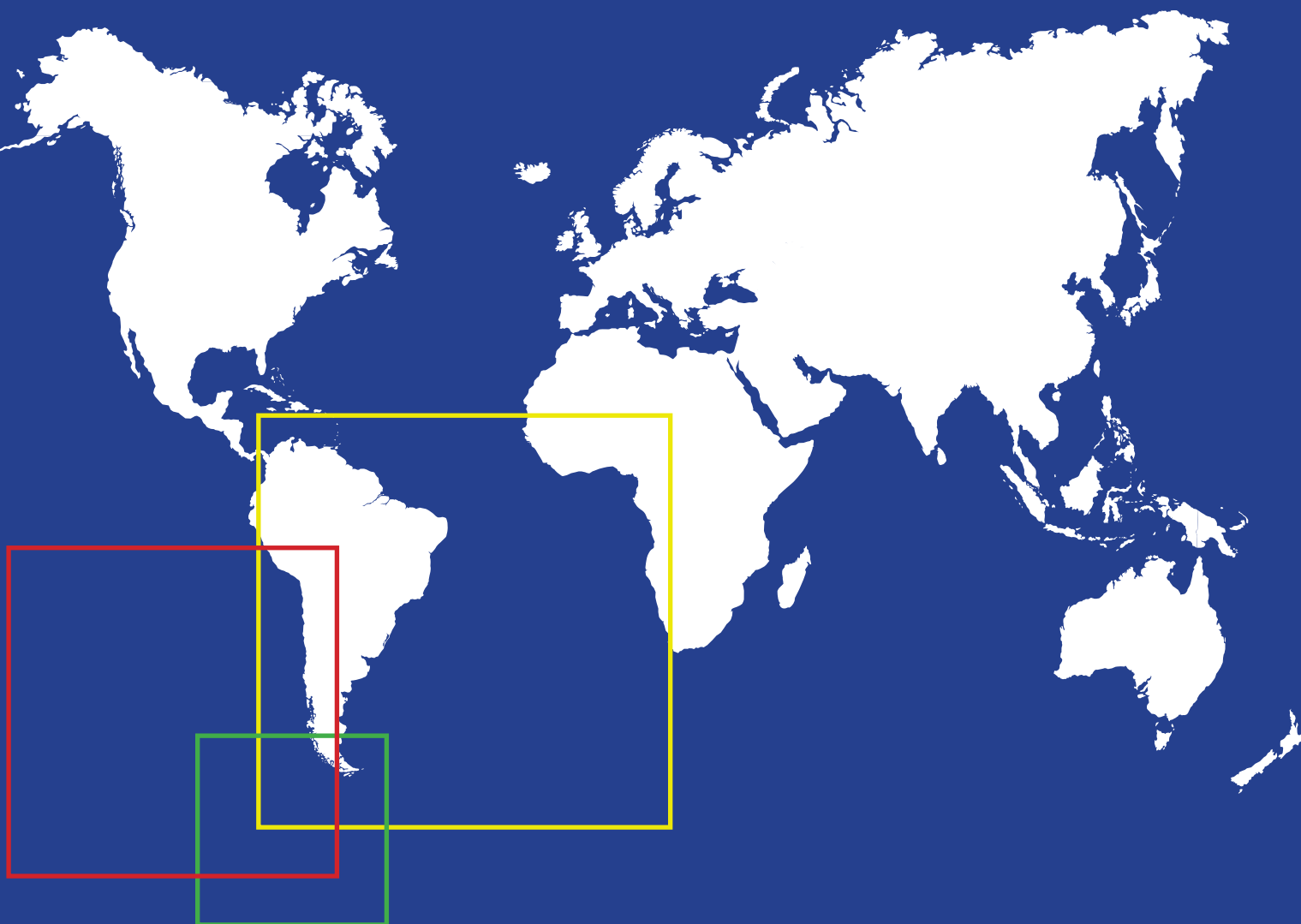




International
Labour
Office

Decent Work Profile EAST JAVA (Jawa Timur)



**Decent Work Profile
EAST JAVA
(Jawa Timur)**

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Preface

Decent work is central to efforts to reduce poverty and as a means of 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 provides 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 on the Measurement of Decent Work; it subsequently adopted a framework of Decent Work Indicators that was presented to the 18th International Conference of Labour Statisticians in December 2008.

The project on Monitoring and Assessing Progress on Decent Work (MAP) (2009–13), with funding from the European Union, works with government agencies, employers’ and workers’ organizations and research institutions to strengthen the capacity to self-monitor and self-assess progress towards decent work. The MAP project covers nine 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 to decent work programmes at the country and provincial level.

The Profiles cover ten substantive components 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. The ten components are: employment opportunities; adequate earnings and productive work; decent working time; 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 and employers’ and workers’ representation.

The Profiles compile in one document all available data and statistical and legal indicators on decent work and analyze observed gaps and trends. They facilitate the evaluation of progress towards decent work at the national and provincial level and inform national and provincial planning and policy-making.

The Profiles provide key information for designing and monitoring programmes on decent work and are an advocacy tool for mainstreaming decent work in national and provincial development policies. The decent work indicators they contain can serve as a reliable baseline when defining decent work targets and as a powerful instrument for monitoring and evaluating programmes focused on decent work.

The Decent Work Profile for East Java is a critical assessment of progress towards the achievement of decent work in the Maluku Islands and at further informing social dialogue at the provincial level in Indonesia.



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The Decent Work Profile for East Java 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 technical assistance of the ILO.

National partners identified a list of decent work indicators relevant for Indonesia during a 2010 consultation workshop in Jakarta. From this, a national Decent Work Country Profile was developed comprising both statistical data and legal and policy information in an integrated assessment of recent progress toward decent work. The Profile was prepared by academics from the University of Jakarta, with the cooperation and involvement of trade unions and employers' representatives, the Ministry of Manpower and Transmigration, Ministry of Finance, BAPPENAS, and BPS, and its content was reviewed through an extensive consultation process before being launched in May 2012.

During the post-launch discussions, constituents expressed a desire to develop a number of provincial profiles to capture divergent decent work trends at the subnational level. In East Java, consultations on a proposed profile were held in May 2012 between ILO, government officials, BPS, unions and employers, and recommendations were made regarding themes for special consideration in the East Javan context. This document is one of three pilot provincial profiles recently developed in Indonesia with the support of the ILO/EC Project, Monitoring and Assessing Progress on Decent Work (MAP).

The International Labour Organization would like to thank provincial and national representatives of the country's employers' organisations (APINDO and ABADI) and trade unions (KSBSI, KSPI, and KSPSI), as well as the Ministry of Labour and Transmigration and BPS for their cooperation and support in the development of this document. In addition, the ILO is grateful to the European Union for its generous financial support to the ILO/EC Project *Monitoring and Assessing Progress on Decent Work* (MAP), which led the development of this Profile. Finally, thanks are due also to ILO staff in Bangkok, Jakarta, and Geneva, who provided technical support and constructive comments throughout the development of this document.

It must be noted that some statements made in the Decent Work Profile for East Java may not reflect the positions of the above named institutions and individuals. Any errors or omissions remain the sole responsibility of the International Labour Office.

Executive summary

Over the last fifteen years, East Java has undergone tremendous economic, social, and political changes that have shaped its landscape for decent work (Chapter 1, **economic and social context for decent work**). Although it is Indonesia's second most populous province, consecutive waves of outward migration (typically economic and cyclical in nature) since the 1970s has meant that population growth has been low (averaging 0.7 per cent per annum in the decade to 2010), and employment rates (among working age people) have been comparable higher than Indonesia as a whole.

East Java is also one of the most developed provinces in the country, with a GDP second only to Jakarta, and comparatively high levels of labour productivity (compared with provinces outside Jakarta). Further gains in labour productivity may be constrained by the continued dominance of agriculture, which despite accounting for around four in every ten jobs in the province (the same as in 1996), makes a relatively smaller contribution to the province's GDP (15 per cent in 2010) (ILO, 2011: 7). Recent growth in labour productivity has been volatile and inconsistent, even despite a decline in agricultural employment and growth in the service sector since 2002. Rising and higher than average inequality – as measured by consumption – remains a concern for policymakers.

Owing to favourable recent economic growth (6 per cent per annum between 2006 and 2011) as well as low population growth, high employment and low unemployment, East Java has an ostensibly solid foundation for the expansion of productive **employment opportunities** (Chapter 2). Conditions for young people have also improved; the share of 15 to 24 year olds not in employment, education or training (NEET), for example, fell from 15.3 per cent to 6.5 per cent in the six years to 2011, thus outperforming the national rate by some distance. However, informality remains widespread (despite declining somewhat), and this

raises questions both regarding quality of employment and the protections afforded to workers who lie outside the scope of the Manpower Act.

With regard to **adequate earnings and productive work**, important progress has been made to reduce absolute poverty among working people, while progress in reducing the share at the bottom of the earnings distribution has been sluggish (Chapter 3). Working poverty, the reduction of which is an indicator under Millennium Development Goal 1, fell by almost half between 1996 and 2011, bringing the rate closer to the national average (from a rate that was significantly above it). The introduction of a statutory minimum wage may have been an important factor in this trend. However, in terms of relative earnings, the share of workers in “low pay” (i.e. earning less than two-thirds of the median pay) has remained stubbornly high at around 40 per cent since 1996 (with recent years showing an increase), even though those on the minimum wage are now closer to median earnings than they were in 1996. Unlike many parts of Indonesia, the minimum wage in East Java is now at parity with the level deemed necessary for a basic standard of living.

Progress on **decent working time** has been positive but limited (Chapter 4). Coinciding perhaps with recent (modest) gains in industrial and service sector employment, the time-related underemployment that tends to prevail in agriculture has fallen in recent years, albeit to a level still higher than the national figure. Meanwhile, the proportion of workers with excessive hours has been increasing in the last half-decade, which itself may also be linked to the growth in non-agricultural employment where working hours are often longer.

With regard to **work that should be abolished** (Chapter 5), recent educational gains in the province have helped bring about important reductions in child labour. Since 2003 the child labour rate

has been consistently lower in East Java (3.5 per cent on average) than nationally (4.2 per cent on average). The provincial government's strong commitment to broadening access to secondary education, part of its support for the country's new 12-year compulsory education policy, is likely a key factor in this achievement.

In the area of **stability and security of work**, concerns remain widespread amid high rates of informal employment and higher than average shares of precarious work – particularly among women (Chapter 6). Although informal employment in the province is now close to the national level and has fallen slightly since 2001, its persistence continues to undermine the prospects for decent work, particularly in terms of the stability of enterprises, employment and incomes. Precarious work, meanwhile, remains a prominent and greater concern in East Java than at the national level, its rates having risen four percentage points since 2001, to 13 per cent in 2011 (although this actually represents a decline since 2006). The extent to which changes in the province's employment structure, which started to return to its pre-crisis trajectory in the early 2000s, has influenced these developments remains difficult to determine without further analysis. On the basis of these limited indicators, it appears that women in particular are most exposed to conditions of instability and insecurity in work in East Java.

Some modest progress has been achieved in **equal opportunity and treatment in employment** (Chapter 7). Despite the province's status as an Equal Employment Opportunity (EEO) pilot location, occupational segregation still appears widespread, although women in east Java are comparably well represented (when measured against national averages) among certain high status occupations (legislators and senior officials and professionals, for example). Compared with Indonesia as a whole, female employment shares among clerks, technicians, machine operators, and armed forces personnel are also higher, whilst they are lower among elementary occupations and craft workers in particular. The gender wage gap, although still significant at 25 per cent in 2011, has been narrowing in recent years, and has broadly followed the national trend. The extent to which

this can be attributed to the EEO project remains unclear, however, without further research.

Data pertaining to the chapter **safe work environment** (Chapter 8) remains insufficient to offer a comprehensive picture of recent progress in the province, although key gains are particularly clear with regard to labour inspection. Between 2008 and 2010, reported occupational injuries fell by more than half, although within this category the number of fatal injuries and those causing permanent disability rose. All totals, however, remain low, thus likely reflecting under-reporting. Although the ratio of inspectors to employed workers in the province remains low, it is significantly better than Indonesia as a whole, and the provincial government can be credited with having doubled the total number of inspectors between 2007 and 2009.

In terms of **social security**, the province has made a substantial effort to expand social protection coverage (Chapter 9), however data scarcity continues to undermine attempts to assess the full picture. Participation by both workers and companies in the nationwide *Jamsostek* scheme (social security fund) has increased over the last four years (2008 to 2011), although as a share of the employed, workers who are party to the scheme are still in a minority (15 per cent in 2011). Meanwhile, data charting the rise in the number of healthcare facilities and in the share of households receiving subsidised (free) healthcare due to poverty require further contextualisation before judging whether or not they constitute "progress" toward better social security in the province.¹

Data on **social dialogue and employers' and workers' representation** remains limited and hence only a tentative assessment is possible (Chapter 10). Union density in East Java is broadly similar to the national level (in 2009 it was 3.4 per cent of total employees, compared with 3.3 per cent in Indonesia), and from the evidence

¹ The percentage of households receiving free healthcare, for example, needs to be examined in conjunction with the share of those who actually meet the requirements for receiving such. Similarly, the number of health facilities needs to be judged against the demand for such facilities, including the geographical distribution of that demand.

of the 2009 to 2011 period, appears to be declining – also in line with national trends. In East Java as at the national level, the decline in union membership has been attributed by some – particularly on the union side – to the growth in short term contractual employment, which by weakening the employment relationship may also have weakened the prospects and opportunities for union membership. Over the period in question (2009 to 2011), membership of the national employers’ association (APINDO), remained static but low at 1,181 – representing just 5 per cent of registered

companies in 2011. Data on collective bargaining is limited but shows significant progress between 2009 and 2010, although the quality or sustainability of agreements is not captured. Strike data is unavailable across a time-series, and cannot be compared with current national level data.

No analysis of progress in **combining work, family and personal life** is possible because data is only collected at the national level. Further data and information on the legal framework at the national level is available in the Annex.

Abbreviations

APINDO	<i>Asosiasi Pengusaha Indonesia</i> – Employers’ Association of Indonesia
ASABRI	<i>Asuransi untuk ABRI</i> – Insurance for the military
ASKESDA	<i>Asuransi Kesehatan Daerah</i> – Health insurance provided by local government
BPJS	<i>Badan Penyelenggara Jaminan Sosial</i> – Administering body responsible for implementing social insurance
BPS	<i>Badan Pusat Statistics</i> – Central Bureau of Statistics
CEACR	Committee of Experts on the Application of Conventions and Recommendations
DISNAKERTRANS	<i>Dinas Tenaga Kerja dan Transmigrasi</i> – Local government manpower and transmigration agency (province and regency)
EPR	Employment-to-population ratio
GDP	Gross domestic product
ILO	International Labour Organization
IMF	International Monetary Fund
IRDSA	Industrial Relations Disputes Settlements Act No. 2 of 2004
ISCO	International Standard Classification of Occupations
JABODETABEK	Abbreviation for Jakarta, Bogor, Depok, Tangerang, and Bekasi.
JAMKESDA	<i>Jaminan Kesehatan Daerah</i> – Social health insurance provided by local government
JAMSOSTEK	<i>Jaminan Sosial Tenaga Kerja</i> – Social insurance for workers
KHL	<i>Kebutuhan Hidup Layak</i> – reasonable cost-of-living index
MAP	ILO/EC Project “Monitoring and Assessing Progress on Decent Work”
MA	Manpower Act No. 13 of 2003
MoMT	Ministry of Manpower and Transmigration
MoSA	Ministry of Social Affairs
NEET	People not in employment and not in education or training
NOSHC	National Occupational Safety and Health Council
IDR	Indonesian Rupiah (IDR 10,000 = approx. USD 1)
SAKERNAS	National labour force survey
SUSENAS	National social and economic survey
TASPEN	<i>Tabungan Pensiun</i> – Pension funds
TU	Trade Unions Act No. 21 of 2000
WHO	World Health Organization
UNAIDS	Joint United Nations Programme on HIV and AIDS

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1 Economic and social context for decent work

During the last fifteen years Maluku has undergone tremendous economic, social and political change, both from national and more localised forces. At the national level, the 1997-98 financial crisis and the subsequent transition to a new democratic system (known as the *Reformasi* era) was coupled with a new and ambitious programme of decentralization, to both the provincial and the district government level. Significantly for the provinces and other local (i.e. sub-provincial) administrations, this also meant the introduction of directly elected governors, mayors and regents (*bupati*), elected by local constituents in a given area. Since its introduction, this system has been credited with having engendered a greater sense of democratization and self-determination in local politics in Indonesia, as well as enhancing civic participation in regional development and related decision-making.

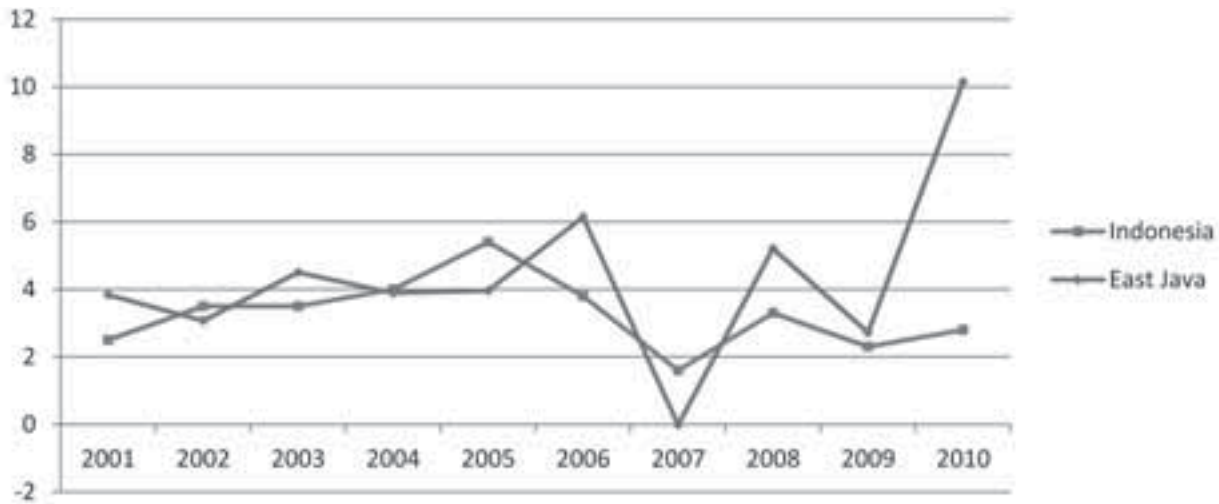
Political decentralization was also accompanied by the redistribution of administrative power to the local level, a process that began in 1999 with the enactment of two new laws: (i) the local government law (*UU Pemerintah Daerah*) and (ii) the central-local budget sharing law (*UU Perimbangan Keuangan Pusat dan Daerah*). Under these laws, the authority to direct local social and economic policy shifted from central to local governments across the country.

Decentralisation has had a major impact on government and wider civic efforts to promote decent work across Indonesia. Since 1998 the responsibility for employment creation, minimum wage setting and enforcement, promoting safer workplaces, developing social safety nets, and implementing labour laws has increasingly been assumed by local government units, and the success of decent work policies and programmes has

therefore depended very much on local governments' capacity to implement them. Perhaps more so than before, significant disparities now exist in decent work contexts between provinces and between provinces and the national level.

East Java is the second most populous province in Indonesia (its population in 2010 was 38 million) and the largest on Java island, with an area of 47,963 km² spanning the mainland and Madura Island. Despite its large population, consecutive waves of outward migration since the 1970s (mostly economic in nature) have meant that population growth has been typically low, at around 0.7 per cent per year in the decade to 2010 (BPS, 2010). Administratively, the province is divided into 38 district governments, under which there are 29 regencies and 9 municipalities. The provincial capital, Surabaya, is the province's largest city.

Economically, East Java is one of the most developed provinces in Indonesia, with a GDP level that is second only to that of Jakarta. However, despite being comparably rich, indicators of labour productivity in the province still lag considerably behind the national level. Using regional GDP per person employed as a proxy indicator, labour productivity in East Java was some IDR 3 million lower than the national figure in 2010 (IDR 18 million compared with IDR 21 million), even though its growth rate has in several recent years been higher (see Figure 1). A major factor influencing this is the continued dominance of agriculture in the province, and the mismatch that exists between its employment share (relative to other sectors) and its actual contribution to the economy. Although agriculture accounted for 42.5 per cent of the province's total employment in 2010, its contribution to GDP was just 15 per cent (ILO, 2011: 7).

Figure 1. Labour productivity growth, East Java and Indonesia, %, 2001-10

Source: BPS, *Sakernas*.

Recent high employment shares in agriculture are at least partly attributable to the 1997-98 financial crisis, which led to the contraction of the industrial and service sectors and a large-scale movement of labour (back) into the agricultural sector. As shown in Table 1, the share of agricultural employment increased by 5 per cent in 1998, while both industrial and service sector employment decreased by 3 per cent and 2 per cent respectively. To some extent the movement of labour into agriculture during this time reflected the widespread absence of social protection in the country, and the related need for many to work to survive (rather than rely on state welfare). The absence of unemployment benefits, for example (see Legal framework indicator 2), is likely to have been a pull factor into agriculture for many of the poorest workers, regardless of the low wages on offer. The fallout from the financial crisis left a lasting legacy on the labour market in East Java, and after a period of prolonged stagnation it was not until 2011 that employment shares in both industry and services managed to surpass their pre-crisis levels.

Despite the global economic crisis that began in 2008, the employment structure in East Java continued to follow a pre-existing trend (dating back to 2005) away from agriculture and towards services and industry. Employment in East Java's agricultural sector fell from 45 per cent of total employment in 2007 to 40 per cent in 2011, while

the concomitant shares for services and industry rose from 36 per cent to 39 per cent and from 19 per cent to 21 per cent, respectively – attributed in part to gains in labour productivity (see Table 1). This progress points to a recent economic resurgence in East Java following more than a decade of relative stagnation. Compared with the national picture, such changes are not unusual, since Indonesia has experienced continued decline in agricultural employment and concomitant rises in industry and service sector employment since 2003 (ILO, 2011)

Following the national trend, consumption (i.e. expenditure) based inequality in East Java has been worsening in recent years. In the absence of national or provincial *income* inequality measures, consumption based inequality offers some indication of disparities in the actual standard of living in East Java (as opposed to actual economic power), by examining the ratio of average consumption among the top percentile of the population to that of the bottom percentile (i.e. P90/P10) in the consumption expenditure distribution. Between 1996 and 2011, this ratio rose from 7.2 to 8.8 – in other words, consumption among the richest 10 per cent of the population is now almost 9 times larger than that of the poorest 10 per cent, up from 7 times larger in 1996 (see Table 1). Nationally, the figure has remained lower than this for much of the last decade. The relative size and

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	2011
Children not in school, ages 5-17, %¹	25.91	25.53	25.02	24.89	24.42	25.21	24.2	22.78	21.75	22.13	19.24	18.55	17.32	17.81	16.54	...
Male	25.63	25.14	24.47	24.53	24.88	25.55	24.35	22.43	22.28	22.81	18.86	18.83	17.12	17.85	...	...
Female	26.19	25.93	25.61	25.28	23.93	24.85	24.04	23.16	21.18	21.39	19.64	18.25	17.53	17.77	...	...
Estimated % of working-age population who are HIV positive²	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Male	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Female	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Labour productivity³																
GDP per person employed	...	...	...	...	11,998	12,458	12,841	13,419	13,941	14,492	15,382	15,380	16,181	16,620	18,305	...
Growth rate, %	...	...	...	...	...	3.84	3.07	4.5	3.89	3.96	6.14	-0.01	5.21	2.72	10.14	...
Expenditure-based inequality (percentile ratio P90/P10)⁴	7.22	7.33	7.5	7.5	8.11	8.51	7.5	8.11	7.61	7.34	8.13	8.75	8.88	8.9	8.5	8.81
Male	5.83	5.71	6.32	5.71	5.97	6.69	6.67	6.43	6.67	6.67	6.67	7.5	7.05	7.47	7.01	6.96
Female	8.09	8.12	8.54	8	8.33	8.11	9.38	10	8.5	8.48	9.58	9.17	9.92	11	10	8.42
Inflation rate, %⁵	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Employment by branch of economic activity, %⁶																
Agriculture	42.3	40.9	46.2	44	46.1	45.5	45	45.1	44.1	46	44.8	44.8	43.7	42.9	42.5	39.7
Industry	18.6	20.1	17	19.7	19.1	18.7	20	18.8	19.5	18.8	19.5	19	18.8	18.3	18.9	21
Services	39.1	39	36.8	36.3	34.7	35.8	35.1	36	36.4	35.2	35.6	36.3	37.6	38.8	38.6	39.3
Adult literacy rate⁷	...	...	...	...	...	80.9	83.19	83.37	84.54	85.84	87.1	87.42	87.31	87.8	88.34	...
Male	...	...	...	...	...	87.9	89.48	89.37	90.5	91.47	92.06	92.76	92.35	92.96	92.77	...
Female	...	...	...	...	...	74.32	77.27	77.64	78.89	80.51	82.41	82.47	82.64	83.09	84.16	...
Labour share (% of GDP)⁸	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...

¹ Represents the percentage of children ages 5-17 not attending school.

² Represents the estimated number of people living with HIV (ages 15+) as a percentage share of 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 Based on 2009 harmonized prices from the Survey of 46 cities; frequency of source data is monthly and 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, restaurants and hotels; (b) transportation, storage and communications; (c) financing, insurance, real estate and business services; and (d) community, social and personal services.

⁷ Includes adults ages 15+.

⁸ Represents total wage share of total GDP.

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 (Oct. 2010); employment: BPS, *Sakernas*.

⁴ BPS: *Susenas*.

⁵ IMF World Economic Outlook Database (Oct. 2010).

⁶ BPS: *Sakernas*.

⁷ BPS: *Susenas*.

⁸ BPS: Input-Output Economic Tables.

Relevant legislation.

- Manpower Act No. 13 of 2003 (MA)
- Trade Unions Act No. 21 of 2000 (TU)
- Industrial Relations Disputes Settlements Act No. 2 of 2004 (IRDSA)
- Employees' Social Security Act No. 3 of 1992.

Reform. Labour law reform started in 1998. The first labour law passed was the Trade Unions Act No. 21 of 2000.

Scope of the law. *Manpower Act:* A worker/labourer is defined 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 wages or compensation in some other forms. An entrepreneur is defined as an individual, 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 national territory. The *TU Act* has the same definition of worker and employer. Civil servants are covered by specific legislation.

Note. The employment relationship is defined as a relationship between an entrepreneur and a worker based on a work agreement that specifies work requirements, rights and obligations on both sides (MA, Articles 1 and 50).

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 protection that includes protection for their employees’ welfare, safety and mental and physical health (MA, Art 35). Individuals employing domestic workers are considered work-givers.

Work contracts under the MA.

Unlimited terms work agreement: May be done in writing or orally (MA, Article 51(1)). Maximum probation: 3 months (MA, Article 60).

Fixed-term work agreements: Have to be in writing, in the Indonesian language; are otherwise regarded as work for an unspecified period of time (MA, Article 57). Cannot be made for work that is permanent by nature, but only for work which is to be finished within a specified period of time, which is temporary by nature, whose completion is estimated to take less than three years, which is seasonal, which is related to a new product or new activity still at the experimental stage). A fixed-term contract may be made for no more than two years and can only be extended once for a maximum of one year (MA, Article 59(4)). No probation period is possible (MA, Article 58(1)). Employers must notify workers of their intention to extend a fixed-term agreement more than seven days before its expiration. A fixed-term work agreement may be renewed only after 30 days have elapsed since the end of the agreement; a renewal may only be made once for no more than two years. A work agreement which violates these provisions is deemed to be an unlimited term work agreement (MA, Article 59).

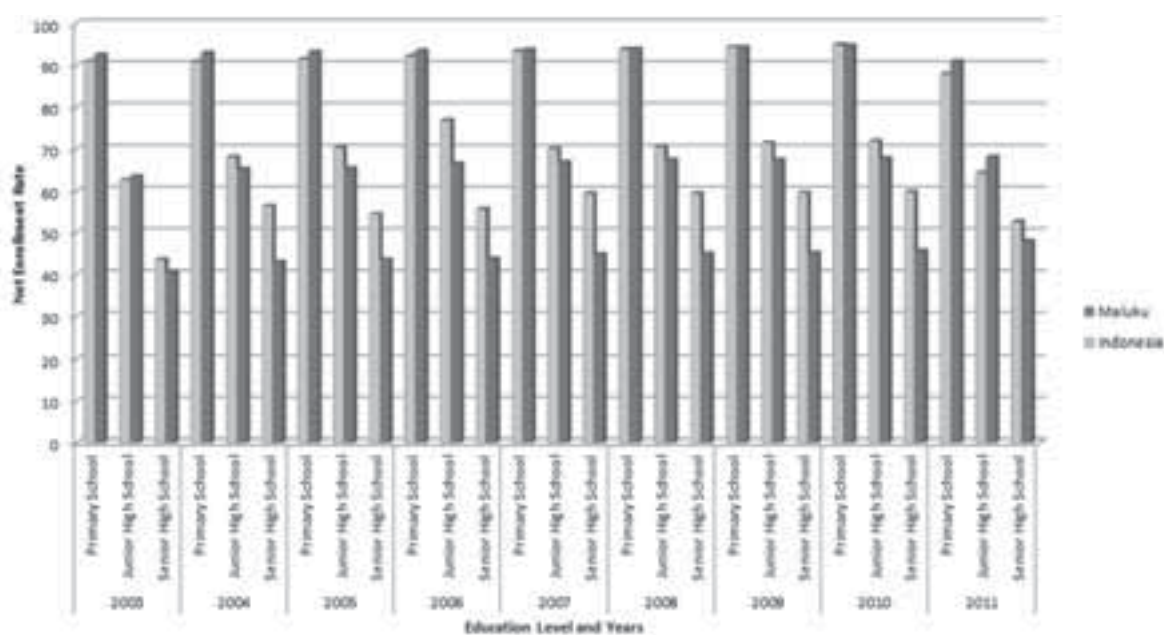
Outsourcing: An enterprise may turn over part of its work to another enterprise, under certain conditions (Article 65); if these conditions are not met, the enterprise that contracts out the work to the contractor is held legally responsible as the employer. Workers must enjoy the same protection and working conditions provided at the enterprise that commissions the contract.

Part-time work is covered under the MA.

economic dominance of Surabaya – the principal city and economic hub – compared with the rest of the province may be a factor influencing these trends, as well as the presence of a number of other particularly rich districts.

Since the new decentralization law went into effect in 2001, the central government in Jakarta has devolved many key public services, such as education, health and welfare, to local governments. In East Java the provincial government

has presided over important gains in basic education which have strengthened the foundations and socio-economic context for decent work. Adult literacy rates, for example, have risen from 81 per cent in 2001 to 88 per cent in 2010 with particular gains among women (the rates for which increased by 10 percentage points in the same period, compared with less than 5 percentage points for men). Moreover, the share of children (aged 5 to 17 years) not in school decreased rapidly after decentralization, from 25.2 per cent

Figure 2. Net enrolment rate, East Java and Indonesia, 2003-11

- Since 2007 the net enrolment ratio includes non-formal education (Package A equal SD/MI/Primary School, Package B equal SMP/MTs/Junior High School and Package C equal SM/SMK/MA/Senior High School).
- The reduction in the comparison of education indicators in 2010 and 2011 is due to differences in the calculation methodology and to frequency of data collection.

Source: BPS, http://bps.go.id/tab_sub/view.php?kat=1&tabel=1&daftar=1&id_subyek=28¬ab=4

in 2001 to 16.5 per cent in 2010 (see Table 1). This reflects in large part the provincial government's commitment to improving access to education, particularly at the secondary level (junior and senior high school) (see Figure 2). Having more children in school not only reduces their vulnerability to social exclusion and child labour, it also enhances their future prospects in the labour market, and thus, their potential economic wellbeing.

Summary assessment

East Java is also one of the most developed provinces in Indonesia, with a GDP second only to Jakarta. Outward migration has kept population

growth low in recent decades, while despite a number of setbacks, the labour market has undergone a gradual shift away from agriculture into higher productivity sectors like manufacturing and services. At the same time, (labour) productivity gains remain constrained by an agricultural sector which dominates employment (accounting for four in every ten jobs in the province – the same as in 1996), but contributes comparably less to GDP (15 per cent in 2010) (ILO, 2011: 7). Rising and higher than average inequality – as measured by consumption – remains a concern for policymakers, posing a potential threat to social harmony and undermining the goals of inclusive and balanced growth.

References

BPS: *Population Census (Jakarta); Statistics East Java 2011; East Java in figures 2011* (East Java).

ILO: *Decent Work Country Profile – Indonesia* (Geneva, 2011).

ILO: Report of the Workshop on Economic and Employment Diagnostic Analysis in East Java (Surabaya, 4th – 5th April).

2 Employment opportunities

Since the concept of decent work implies the existence of employment opportunities for anyone who is eligible and seeking work, an important component is how extensively a country's population is employed, and the *quality* of that employment. Basic indicators of employment opportunities can be measured as employment and labour force activity relative to the population, or in terms of unemployment and underemployment. The ILO's Employment Policy Convention, 1964 (No. 122) stipulates that a national employment policy should be based on analytical studies of the present and future size and distribution of the labour force, employment, unemployment and underemployment (see Anker et al, 2002).

With recent economic growth at around 6 per cent (on average in the last five years) and low population growth, East Java has – in principal – a strong basis for creating productive employment opportunities. This conclusion is supported by the consistently higher employment-to-population ratio (EPR) East Java has exhibited when compared to the country as a whole – an average of around 66.6 per cent, versus 63.1 per cent nationally between 2001 and 2011 (see Figure 3). The EPR provides an insight into an economy's ability to create jobs, and it can determine the extent to which economic growth is pro-employment and, by implication, pro-poor.¹ Hence, from the outset the province's EPR appears to suggest that recent growth in East Java has been more employment – or job-rich than in Indonesia as a whole.² Indicators of quality of employment, discussed in more detail in later chapters of this Profile, should however be considered in conjunction with this to provide a more comprehensive pic-

ture of whether “job rich” necessarily equates to the presence of “decent work”.

East Java also has a lower than average unemployment rate. In 2010 national unemployment stood at 7.1 per cent, down from a high of 11.2 per cent in 2005 but still higher than in the late 1990s and early 2000s. By contrast, though they followed a similar upward trend prior to 2005 before declining, unemployment rates in East Java have remained lower by an average of around 2 percentage points since 1996. What is more, this gap has widened in recent years (see Figure 4). It thus seems that higher economic growth combined with better employment creation in the last decade are the main factors behind the widening unemployment gap between East Java and the national average.

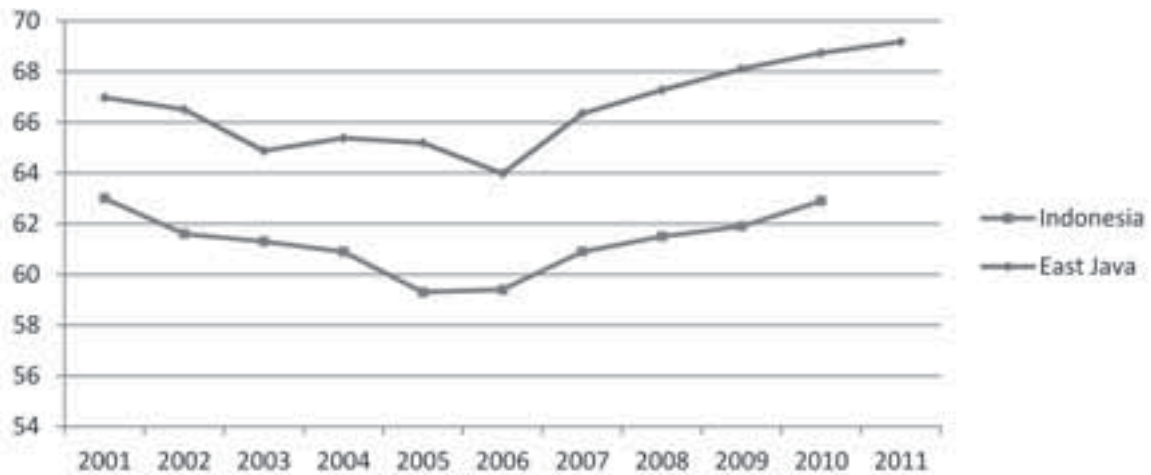
A similarly positive picture is evident in terms of employment opportunities for young people. Prior to 2006 the proportion of young people aged 15-24 years who were neither in employment nor in education or training (NEET) in East Java was not significantly different from the national rate. Since then, however, the NEET rates in the province have dropped significantly from 15 per cent to 6.5 per cent, while the national rate has remained above 10 per cent. This is an important development, since a large or growing NEET population can be symptomatic of growing discouragement and detachment from the labour market, as well as being a significant waste of human resources and productive potential. In this regard, the declining NEET rate among youth in East Java is indicative of the local government's success in keeping growing numbers of young people in productive activity, both in education and employment.

Though a comparatively developed province, informal employment remains widespread in East Java. Between 2001 and 2010 informal employment made up more than 60 per cent of total employment,

¹ ILO: “Guide to the new Millennium Development Goal employment indicators” (Geneva, June 2009).

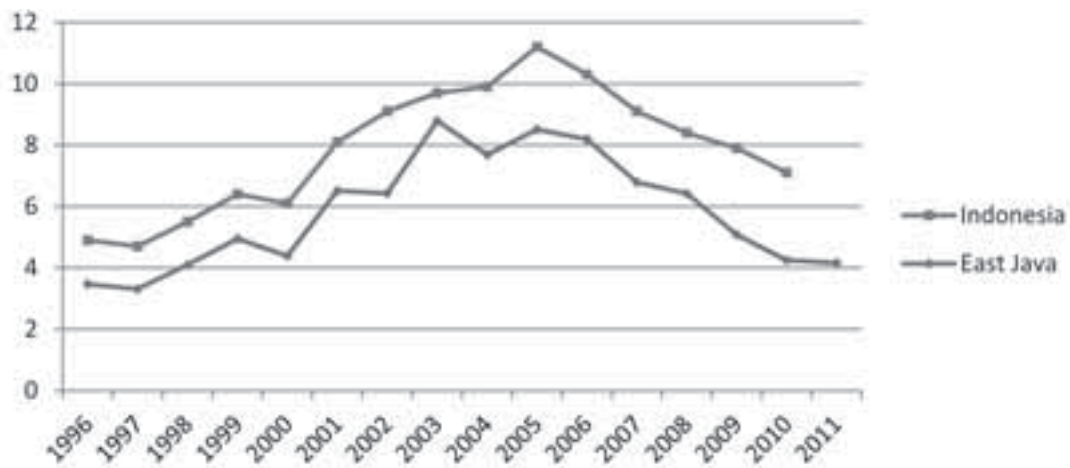
² At the national level, the EPR is also one of four employment indicators used to measure progress toward Millennium Development Goal Target 1b (full and productive employment and decent work for all).

Figure 3. Employment-to-population ratio ages 16-64, East Java and Indonesia, 2001-11



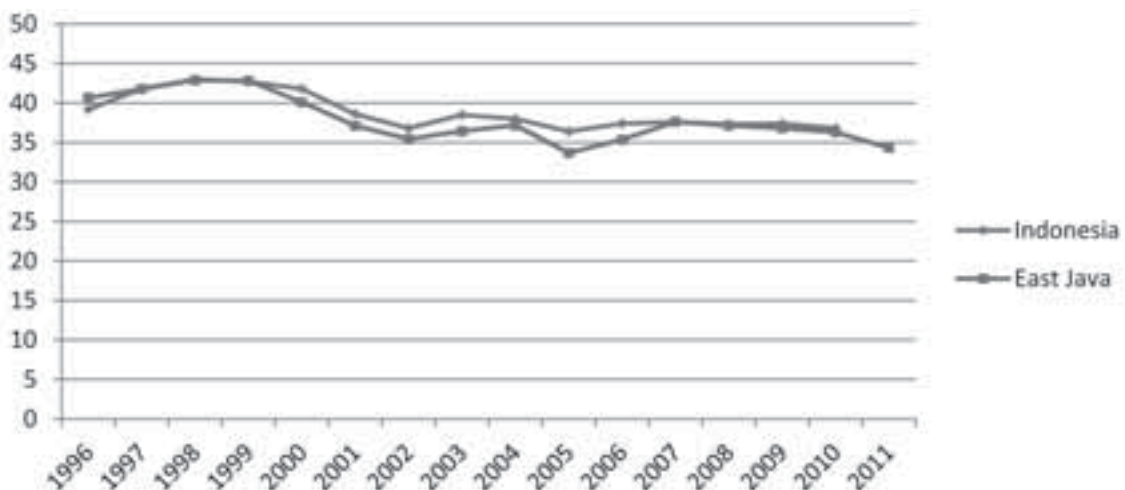
Source: BPS, Sakernas.

Figure 4. Unemployment rate, East Java and Indonesia, %, 2001-11



Source: BPS, Sakernas.

Figure 5. Vulnerable employment rate, East Java and Indonesia, %, 2001-11



Source: BPS, Sakernas

Table 2. Employment opportunities

Decent work indicator	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Employment-to-population ratio, ages 15-64, %	67.9	67.92	68.86	68.26	67.75	66.98	66.51	64.88	65.38	65.19	63.98	66.35	67.28	68.11	68.74	69.18
Male	83.88	84.03	83.58	83.34	83.35	83.45	83.2	82.23	83.28	81.71	81.49	80.76	81.47	82.2	83.33	83.8
Female	53.03	52.81	54.87	53.84	53.06	51.32	50.32	48.03	47.99	48.78	46.24	51.77	53.29	54.22	54.57	54.9
Unemployment rate, ages 15+, %	3.47	3.31	4.1	4.95	4.39	6.51	6.43	8.79	7.69	8.51	8.19	6.79	6.42	5.08	4.25	4.16
Male	3.1	3.1	3.8	4.58	4.3	5.29	5.57	7.02	6.39	7.23	6.7	6.43	6.01	5.34	4.26	3.37
Female	4.02	3.63	4.55	5.49	4.54	8.35	7.79	11.58	9.82	10.59	10.74	7.35	7.04	4.7	4.22	5.31
Share of youth not in education and not in employment, ages 15-24, %	...	6.28	7.08	8.95	8.51	11.01	11.86	14.2	13.68	15.31	15.14	11.73	10.92	8.57	8.02	6.51
Male	...	7.18	7.64	10.18	10.55	12.04	13.1	15.68	15.71	16.53	16.08	13.81	12.4	10.79	9.91	6.57
Female	...	5.43	6.53	7.72	6.6	10.06	10.63	12.75	11.7	14.11	14.12	9.49	9.39	6.26	6.16	6.46
Informal employment, ages 15+, %¹	...	...	...	...	...	62.5	63.8	64.6	64.7	64.9	65.5	65.9	64.3	64.5	62.7	59.3
Male	...	...	...	...	...	59.1	61.4	61.5	62.2	64.2	63.9	64.1	62.5	63.1	60.9	57.6
Female	...	...	...	...	...	67.7	67.7	69.7	68.9	66.1	68.4	68.7	66.9	66.5	65.3	61.8
Proportion of own-account and contributing family workers in total employment, ages 15+, %	40.67	41.78	42.88	42.82	40.11	37.13	35.44	36.44	37.19	33.68	35.36	37.62	37.14	36.81	36.3	34.33
Male	30.81	31.69	33.09	32.68	29.25	26.04	24.76	25.72	26.56	24.26	25.51	27.23	27.21	27.32	25.53	23.44
Female	55.21	56.93	57.21	57.87	56.37	54.38	52.78	54.28	55.23	49.43	53	54.04	52.21	51.03	52.24	50.59

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 are formal in all occupations; (ii) employers assisted by temporary and unpaid workers are formal in major occupations but informal in agriculture; (iii) own-account workers are formal if they are professional, technical, administrative, managerial or clerical workers, but informal in the other occupations, (iv) regular employees are considered to be in the formal sector, (v) casual employees are informal but formal if they are professional, technical, administrative, managerial or 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*.

and it only dropped slightly below this level in 2011 (see Chapter 6). The dynamics of formal and informal employment can also be analysed in terms of the employment status of “own-account workers” and “contributing family workers” (i.e., vulnerable employment), which make up a subcomponent of “informal employment”.³ There is no significant difference in the share of vulnerable employment

between East Java and the national average, and both show the same downward trend from 40 per cent to 34 per cent in 1996-2011 (see Figure 5).

There are wide disparities between men and women, and women workers are more likely to be employed in vulnerable jobs than men. In 2011, for example, 50.6 per cent of female workers were in this category while the figure was only 23.4 per cent among men. Although it is impossible to confirm without further analysis, this may indicate that, as in formal employment, women face barriers to paid employment in the informal sector too (see Chapter 6).

As is the case for Indonesia as a whole, gains in formal employment in East Java – and hence the possibilities of reducing informal employment – are very much dependent on the availability and growth

³ There may be an overlap between the definition of informal employment and of vulnerable employment as both use the same employment status categories of “own-account worker” and “unpaid worker”. Nevertheless, the informal employment definition includes occupational classification (ISCO) in selecting types of employment that can be categorized as informal. For example, an own-account-worker who works as a computer programmer may be considered a formal worker, so it is feasible to consider a vulnerable worker as holding a formal – rather than informal – job. On the other hand, vulnerable employment does not make any distinction regarding the vulnerability of different occupations from the standpoint of an employee; all “own-account workers” are considered to be more vulnerable than “employees”, regardless of their specific occupation.

Legal framework indicator 1. Government commitment to full employment

Law, policy or institutions. The Manpower Act states that the Government needs to develop a manpower policy and planning (MA, Article 7). Indonesia has adopted a strategic plan for 2010-14 with the aim of increasing employment opportunities (Regulation PER No. 03/MEN/I/2010 concerning the Strategic Plan 2010-14). The priorities for the next five years are welfare, strengthening democracy and the enforcement of justice.

Other laws and policies include Decree No. 4/U/SKB/2000 on cooperatives and entrepreneurship, which provides for the organization of vocational training for cooperatives (and their members), the National Education System Law No. 20 (2003), which sets out the modalities of decentralization of the education and training system to local authorities, and the ILO-backed Indonesia Youth Employment Action Plan, which outlines policy recommendations and programmes to prepare youth for work, create jobs, foster entrepreneurship and promote equal opportunities.

Evidence of implementation effectiveness. No information has been made available to the ILO's supervisory bodies.

Ratification of ILO Conventions. Indonesia has not ratified the Employment Policy Convention, 1964 (No. 122).

Sources. ILO: *General Survey 2010*, International Labour Conference, 99th Session, 2010; MoMT website at <http://www.nakertrans.go.id/>.

Legal framework indicator 2. 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. Indonesia has not ratified the Social Security (Minimum Standards) Convention, 1952 (No. 102), or the Employment Promotion and Protection against Unemployment Convention, 1988 (No. 168).

Sources. ILO: NATLEX database; ISSA database.

of employment in the industrial and service sectors, where “formal” employment opportunities are more common than in agriculture. Between 2001 and 2007, when these sectors stagnated, informal employment grew from 62.5 per cent to 66 per cent. After employment in industry and service sectors recovered in 2008, informal employment decreased rapidly, reaching an all-time low of 59 per cent in 2011.

Summary assessment

Owing to favourable recent economic growth (6 per cent per annum between 2006 and 2011) as well as low population growth, East Java has ostensibly good foundations for productive job growth – some-

thing that is at least partially confirmed by its low unemployment and comparably high employment rate. Conditions for young people have also improved in recent years; the share of 15 to 24 year olds not in employment, education or training (NEET) – a key measure of youth detachment from schooling and the labour market – fell from 15.3 per cent to 6.5 per cent in the six years to 2011, thus outperforming the national rate by some distance. At the same time, informality and vulnerable employment both remain widespread (despite declining) in the province, and this raises concerns over both the quality of employment on offer in East Java and the protections afforded to workers who lie outside the scope of the country's Manpower Act.

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3 Adequate earnings and productive work

The principle of an adequate living wage is mentioned in the preamble of the ILO Constitution. A key factor influencing the achievement of decent work is thus whether workers are able to earn sufficient income for a decent standard of living, as well as whether they have opportunities to enhance their own economic potential through training and skills development.

Since the enactment of new minimum wage regulations (Decision of the President No. 107 of 2004), provincial governors now have the authority to set the provincial minimum wage, based on recommendations from the local wage council (see Legal framework indicator 3). Governors set minimum wages in part according to the province's cost-of-living index (*Kebutuhan Hidup Layak, or KHL*), which considers 46 components of living costs, including food, clothing, education and health.

Unlike most provinces in Indonesia, East Java has not established a provincial level minimum wage, and instead sets wages at the district and regency level. Taking the lowest district level (minimum) wage as a proxy for the province as a whole (from Magetan Regency), it is clear that although East Java is one of Indonesia's most developed provinces, its minimum wage levels are very low, and in 2012 were actually the lowest of any provincial minimum wage in the country (see Figure 6). At just IDR 745,000 per month (approximately USD 66)¹, this wage was also just 69 per cent of the national average (IDR 1,086,781 in 2012), although it must also be noted that living costs in the province are significantly lower than elsewhere, too. Also data on basic living costs (i.e. the KHL) show that level of the East Java province

was set below the national average (see Table 4 in Annex for provincial KHL rates).

Over the last decade, the minimum wage in East Java was lower than the KHL-determined cost of living in the province, suggesting that workers on this wage did not earn enough to meet their basic needs. However, recently, the gap between the minimum wage and the KHL has disappeared (see Figure 7) – a trend which may at least partially explain the concomitant progress made in reducing working poverty.² Since 1999, when the calculation of the minimum wage was first decentralized, East Java's working poverty rate has fallen by 16 percentage points to just under 15 per cent.

Another key indicator of adequate earnings is the low-pay rate – the proportion of employees earning less than two-thirds of median monthly wage – which provides an assessment of the distribution of earnings in the labour market, particularly in terms of what low-income workers earn compared to others in society. In East Java the share of low-paid workers remains high and largely unchanged from the pre-*reformasi* period (see Figure 8). For women employees (regular and non-regular), more than half of whom are in low-paid jobs (see Table 3), the picture is particularly alarming.

At the same time, certain discrepancies in the data for the low-pay rate must be highlighted. The unusually wide fluctuation in the rates between 2000 and 2001 may have to do with the introduction in 2001 of a “casual employees” category in the calculation of the low-pay rate for “all employees”

¹ Based on September 2013 exchange rates.

² At the same time, it must also be acknowledged that the cited minimum wage here is for one regency only, and hence more data is required on all wage rates in the province before a more authoritative conclusion can be reached.

Legal framework indicator 3. Statutory minimum wage

Law, policy or institutions. Relevant legislation includes the MA, the Decision of the President No. 107 of 2004 concerning the Wage Council, Regulation No. Per-01/MEN/99 as amended by Decree No. Kep. 226/Men/2000; provincial regulations; and collective agreements. The right to decent earnings and a decent living is specified in Article 88(1) of the MA. The Government must establish a wage policy (MA, Article 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 valid only in the first year of workers' employment, after which a review of wage rates must be conducted between the workers or workers' associations and the company (Regulation No. Per-01/MEN/99); the new wage rate cannot be lower than the statutory minimum wage (MA, Article 91). Entrepreneurs who cannot afford to pay the minimum wage may be allowed to postpone doing so in accordance with Ministerial Decision (MA, Article 90). [*For scope of legislation, see Chapter 1*].

Employees are entitled to an annual allowance that is normally equal to one month's salary on the occasion of Eid al-Fitr (breaking the fast) for Islamic workers, Christmas for Catholics and Protestants, Caka Newy (day of quiet) for Hindus and Waisak Day (Buddha's anniversary) for Buddhists. Maternity leave must be granted for three months at full salary. It is common practice to provide other allowances or benefits, such as meal allowances and transportation allowances, welfare facilities, family planning services, day care centres, places of worship, sport facilities, health facilities, recreational facilities, housing and transportation. All allowances are deemed to be part of the salary for tax purposes and to form part of the basic wage for calculating termination payments.

Minimum wage levels. According to central government regulation, minimum wages are by each governor at the provincial or district/city level (Article 89) through the National Wage Council, Provincial Wage Councils and District/City Wage Councils (Article 98); there may be large variations in minimum wages owing to different needs in terms of decent living (KHL) in each province. (In 2012 the minimum wage ranged from IDR 675,000 per month in East Java to IDR 1,529,150 per month in West Papua, owing to their different needs in terms of decent living (KHL).

Evidence of implementation effectiveness. No information has been made available to the ILO's supervisory bodies.

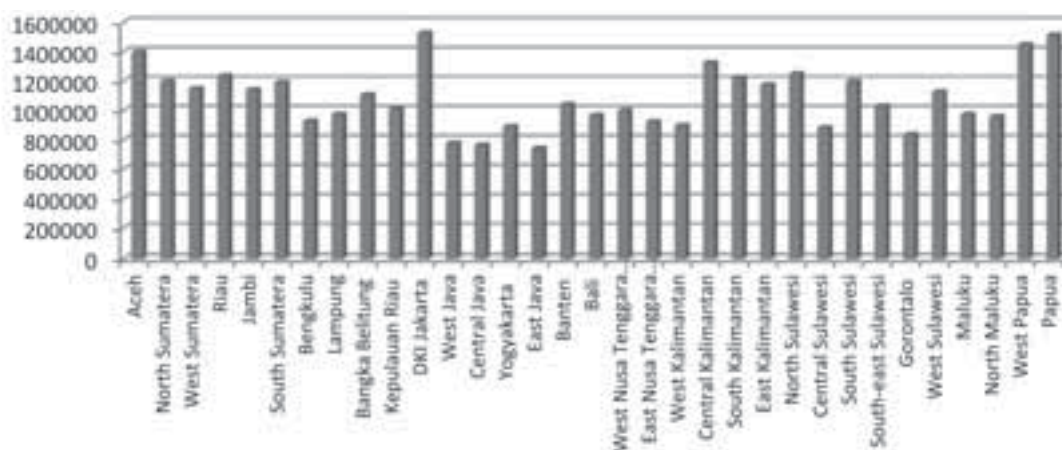
Coverage of workers in law. N/A.

Coverage of workers in practice. N/A.

Ratification of ILO Conventions. Indonesia has not ratified the Minimum Wage Fixing Convention, 1970 (No. 131).

Sources. ILO: NATLEX database; TRAVAIL legal databases.

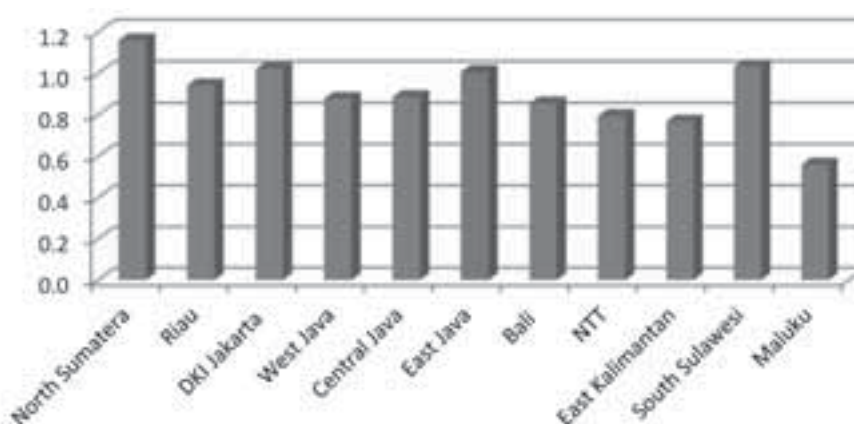
Figure 6. Minimum wage in 2012 (IDR), all provinces



Source: Direktorat Jendral Pembinaan Hubungan Industrial dan Jaminan Sosial Tenaga Kerja; <http://www.wageindicator.org/main/minimum-wages/indonesia>.

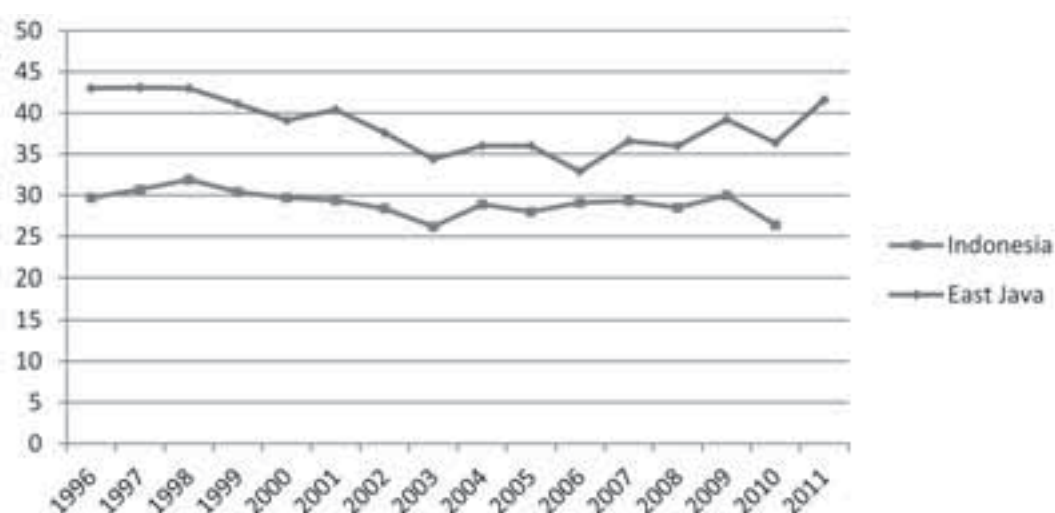
Figure 7. Ratio of minimum wage to cost-of-living index (KHL) in 2012, selected provinces³

(where 1.0 = the minimum wage and KHL are equal; values below 1.0 = the minimum wage is lower than the KHL; values above 1.0 = the minimum wage is above the KHL)



Source: Author's calculations, based on Provincial Minimum Wage data, available at: <http://www.wageindicator.org/main/minimum-wages/indonesia>.

Figure 8. Proportion of regular employees earning low pay, East Java and Indonesia, 1996-2011



Source: BPS, *Sakernas*.

category (see Table 3). Because casual workers are very often not covered by labour regulations, including minimum wage regulations, it is possible that their lower wage rate compared to regular workers has distorted the data.⁴ Given these res-

ervations, the examination of regular employees alone may be more consistent and reliable in any analysis of this aspect of earnings in East Java.

Following the enactment of the Minimum Wage Act in 2000, the low-pay rate for regular employees saw a slight year-on-year decline, falling to a low of 32.9 per cent in 2006. This was followed by a prolonged period of increasing rates, and in 2011 the province's low-pay rate stood at 41.6 per cent – 12.1 per cent higher than the national average. The high incidence of low pay in East Java

³ Figures for Central, East, and West Java were absent for 2012, and are calculated here from the mean of 2011 and 2013 figures.

⁴ 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 does not work permanently for other people/employers/institutions for remuneration in kind or in cash on the basis of a daily or contract payment system. In 2001, BPS' classification of status in employment changed from 5 status classification to 7 classifications.

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	2011
Working poverty rate, %¹	22.93	...	...	31	23.82	23.15	23.41	22.95	21.75	21.79	22.85	21.59	19.74	17.72	16.05	14.85
Male	22.84	...	...	30.88	23.79	22.85	23.2	22.51	21.45	21.47	22.59	21.48	19.74	17.75	16.07	14.86
Female	23.06	...	...	31.18	23.85	23.61	23.76	23.67	22.27	22.31	23.3	21.77	19.74	17.68	16.02	14.83
Low pay rate, %²																
Regular employees	43	43.1	43	41.1	39.1	40.4	37.6	34.4	36	36	32.9	36.6	36	39.2	36.4	41.6
Male	38.1	35.7	36.7	34.9	34.5	35.6	34.7	32.2	33.1	34.1	26.5	30.7	34.4	37.1	32.9	38.8
Female	38.9	46.8	42.5	44.4	41.4	40.1	41.3	37.3	39.3	38.6	37.1	39.2	40.5	42	41.4	45.9
All employees	43	43.1	43	41.1	39.1	23.8	19.2	18.7	20.4	18.7	14.5	17.2	19.5	19.1	46.4	43
Male	38.1	35.7	36.7	34.9	34.5	24.1	15	17.2	14.5	13.1	12.1	15.3	17.5	16.3	40.8	40.2
Female	38.9	46.8	42.5	44.4	41.4	36.6	29	28.7	33.8	29.8	24.8	27.1	28.1	29.7	47.6	51.1
Minimum wage as a percentage of median wage, %³																
Regular employees	...	...	...	...	...	...	...	...	...	56.7	55.7	64.1	71.4	75.5	74.1	...
All employees	...	...	...	...	...	...	...	...	...	75.6	78	89.7	90.9	95	91.3	...
Share of Workers not covered in practice (Statutory minimum wages), %⁴																
	...	...	...	...	...	...	...	...	...	20.4	19.2	34.1	37.1	32.9	31.2	...
Male	...	...	...	...	...	...	...	...	...	12.6	12.3	20.3	26.1	27.3	26.4	...
Female	...	...	...	...	...	...	...	...	...	33.9	32.4	39.6	42.2	48	47.4	...

¹ Based on the national poverty line, i.e., 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 2006-10 (March). Labour force and employment based on *Sakernas*; reference period is August (1996-2004) and February (2005-10).

² Employees with monthly earnings of less than 2/3 of the median.

³ Based on weighted average of provincial statutory minimum wages. "All employees" include regular and casual employees.

⁴ Share of regular employees who earned less than the statutory provincial minimum wage, based on the weighted average of the province's statutory minimum wage.

Source: BPS, *Susenas* and *Sakernas*.

is largely the result of poor enforcement of the law. Although the minimum wage is effective in promoting workers' welfare in general, employers' compliance with the Government's policy has decreased significantly, as shown by the increasing share of workers not covered in practice from 20.4 per cent to 31.2 per cent between 2005 and 2010.

This statistical evidence contrasts with the closing gap between the minimum wage and the KHL in recent years. A sudden reversal during the revival of the industry and services sectors in East Java indicates that the local minimum wage policy needs to be reassessed, especially from the standpoint of enforcement, so that East Java's local government can synchronize its minimum

wages with current developments in the labour market.

Summary assessment

With regard to adequate earnings and productive work, important progress has been made to reduce absolute poverty among working people, although this has been tempered by slow progress in reducing the share at the bottom of the earnings distribution. Working poverty, the reduction of which is an indicator under Millennium Development Goal 1, fell by almost half between 1996 and 2011, bringing the rate closer to the national average (from a rate that was significantly above it). The introduction of a statutory minimum wage may have been an important factor in this trend.

However, in terms of relative earnings, the share of workers in “low pay” (i.e. earning less than two-thirds of the median pay) has remained stubbornly high at around 40 per cent since 1996 (with recent years showing an increase), even though

those on the minimum wage are now closer to median earnings than they were in 1996. Unlike many parts of Indonesia, the minimum wage in East Java is now at parity with the level deemed necessary for a basic standard of living.

References

BPS-Statistics East Java. 2011. *Labour forces situation in East Java August 2011* (East Java).

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4 Decent working time

Hours of work are an aspect of decent work that is addressed in the preamble to the ILO Constitution and in the Hours of Work (Industry) Convention, 1919 (No. 1). Excessive and atypical hours can be detrimental to workers' physical and mental health and may also impact on work and family life. Excessive hours are frequently associated with inadequate hourly pay, while shorter than optimal hours can reflect time related underemployment – a form of labour underutilisation that runs counter to the goals of full and productive employment.

Although Indonesia has not ratified key ILO Conventions on working time, it remains one of the most regulated areas in the country's labour policy (see Legal framework indicator 4). Unlike the minimum wage policy, which is decentralized to local governments, policies, legislation and laws on working time remain the jurisdiction of the central government (though local governments are still responsible for enforcing them). Acceptable working hours are set nationally and vary by sector, but the maximum legal limit embodied in the Manpower Act is 54 hours per week (including overtime).¹ This differs from the accepted international norm, as stated in ILO Conventions No.1 and No.30 which limit working time to 48 hours per week (including overtime). This difference must be taken into consideration to avoid confusion as to the performance of local governments in Indonesia in enforcing its working time regulations.

A key indicator of decent working time is that of “excessive hours”, defined as the share of employed workers working in excess of 48 hours a week (irrespective of variations within the county in the legally accepted working time). In East Java the proportion of workers in this category has fluctuated within a narrow range of 25 to 30 per cent since 1996 (much like the national average during the same period), though since 2007 they have been at the higher end of this range (see Figure 9). Recent increases – particularly between 2005 and 2011 – may be correlated with the concomitant growth in employment in the industrial and services sectors (see Chapter 1, Table 1), both of which tend to have longer working hours than agriculture.

As a measure of labour underutilization, time-related underemployment provides a valuable insight into the quality of employment, and thus, the key question of how good people's employment really is. The indicator is defined as the share of employed workers who are working less than a threshold of 35 hours per week and would like to work more hours if available. Underemployment of this kind between 1996 and 2000 averaged 14.2 per cent, 15.7 per cent between 2001 and 2005 and 16.3 per cent between 2006 and 2010. In 2011, however, it dropped to a level not seen since 1998 (13.6 per cent) that was comparable to the national rate (see Figure 10), possibly as a result of the similar gains in employment growth in both industry and services (see Chapter 1).

¹ According to the Manpower Act, the legal limit for maximum working hours comprises the normal 40 hours per week and 14 additional hours overtime. However, there is an exemption for some business sectors, such as the utilities and mining sectors.

Legal framework indicator 4. Maximum hours of work

Law, policy or institutions. Relevant legislation includes the MA; Ministry of Manpower and Transmigration Decree No. 102/MEN/IV/2004 concerning overtime work hours and overtime pay; Decree No. 233/MEN/2003 of the Minister of Manpower and Transportation concerning the type and characteristics of work done continuously; Decree No. 234/MEN/2003 concerning working hours and rest hours and 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 (MA, Article 77(3) and (4)).

Number of hours allowed. MA, Article 77(2): 40 hours a week (7 hours a day for 6 days a week, or 8 hours a day for 5 days a week). An entrepreneur who requires a worker to work longer hours needs the approval of the worker; the maximum overtime work is 3 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, Decree No. 102/MEN/VI/2004). Working hours and overtime for “certain business sectors or certain types of work” may be regulated by ministerial decision. Certain workers in jobs with high-level responsibilities (involving planning responsibilities, for example) are not entitled to overtime pay, provided they receive higher wages (Article 4, Decree No. 102/MEN/VI/2004). Mining, quarrying and the 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 that are longer than the standard working hours (Article 2, Decree No. 234/MEN/2003)). No contracting out of these provisions is possible.

Evidence of implementation effectiveness. No information has been made available to the ILO’s supervisory bodies.

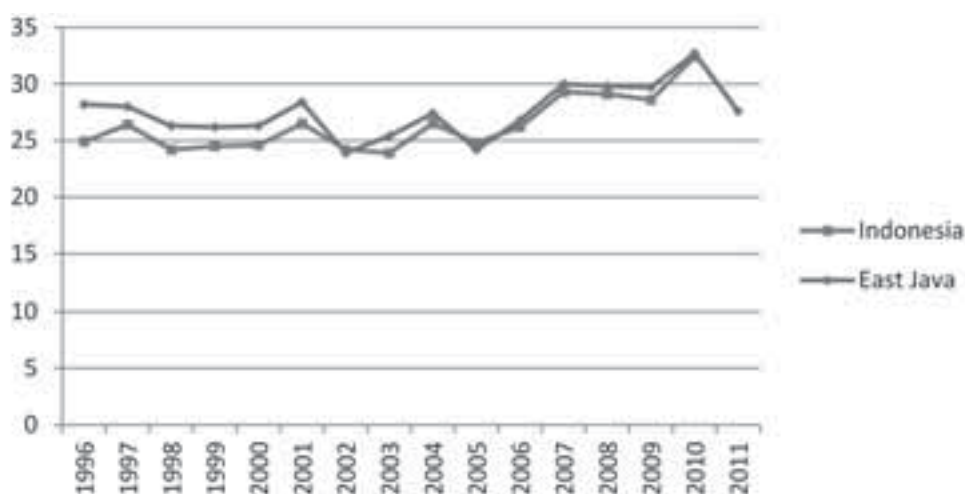
Coverage of workers in law. N/A.

Coverage of workers in practice. N/A.

Ratification of ILO Conventions. Indonesia has not ratified the Hours of Work (Industry) Convention, 1919 (No. 1), or the Hours of Work (Commerce and Offices) Convention, 1930 (No. 30).

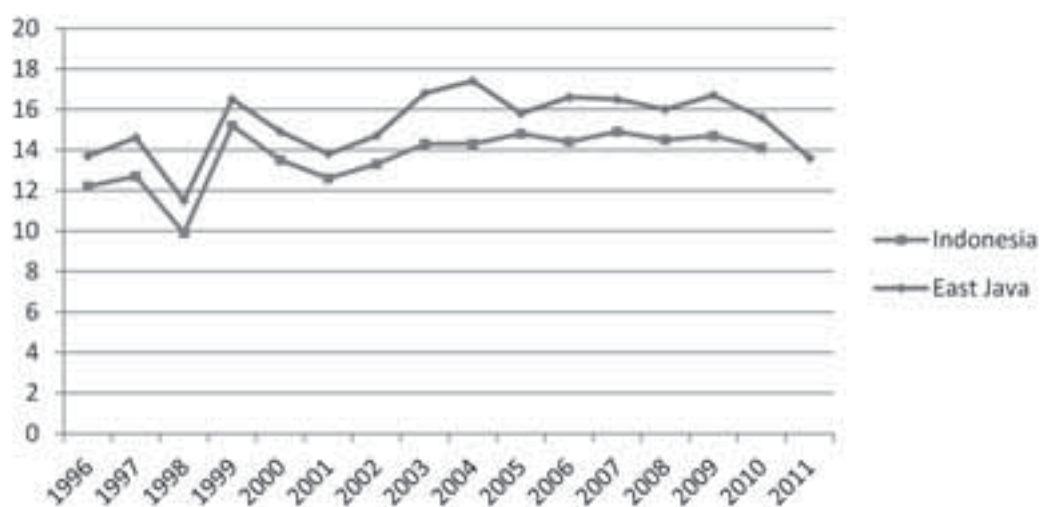
Source. ILO: NATLEX database; TRAVAIL legal databases; *General Survey*, International Labour Conference, 93rd Session 2005.

Figure 9. Proportion of regular employees working excessive hours (48hrs +), East Java and Indonesia, %, 1996-2011



Source: BPS, *Sakernas*.

Figure 10. Time-related underemployment rate, East Java and Indonesia, %, 1996-2011



Source: BPS, Sakernas.

Table 4. Decent working time

Decent work indicator	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Excessive hours (more than 48 hours per week), %¹	28.2	28	26.3	26.2	26.3	28.4	23.9	25.4	27.4	24.2	26.8	30	29.8	29.7	32.7	27.6
Male	32.3	33.2	31.1	30.3	30.9	32.5	27.1	28.5	30.6	27.1	29.4	33	32.6	33.4	37.3	30.8
Female	22.2	20.1	19.4	20.1	19.4	22	18.6	20.1	22	19.2	22.1	25.2	25.5	24.3	25.9	22.9
Time-related underemployment rate, %²	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	16.7	15.6	13.6
Male	13.2	12.4	9	15	13.3	11.9	14.4	15.1	15.5	14.4	15.5	14.8	14.8	15.1	13.9	12
Female	14.3	17.9	15.1	18.7	17.2	16.6	15.1	19.7	20.7	18.1	18.5	19.1	17.7	19.1	18.2	16

¹ Employed persons working more than 48 hours per week in all jobs as a percentage of total employed persons.² Employed persons working less than 35 hours per week who are looking for a job or available for more work as a percentage of total employed persons.

Source: BPS, Sakernas.

Legal framework indicator 5. Paid annual leave

Law, policy or institutions. MA; Decision of the Minister of Manpower and Transmigration No. 51/MEN/IV/2004 concerning Long Periods of Rest in Certain Enterprises.

Qualifying conditions. 12 month of continuous service.

Levels of leave. MA, 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 (1 month for 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 Decision).

Evidence of implementation effectiveness. No information has been made available to the ILO's supervisory bodies.

Coverage of workers in law. N/A.

Coverage of workers in practice. N/A.

Ratification of ILO Conventions. Indonesia has not ratified the Holidays with Pay Convention, 1936 (No. 52), the Holidays with Pay (Agriculture) Convention, 1952 (No. 101), or the Holidays with Pay Convention (Revised), 1970 (No. 132).

Source. ILO: NATLEX database; TRAVAIL legal databases.

Summary assessment

Recent progress in the area of decent working time has been positive but limited. Coinciding perhaps with recent (modest) gains in industrial and service sector employment, the time-related underemployment that tends to prevail in agri-

culture has fallen in recent years, albeit to a level still higher than the national figure. Meanwhile, the proportion of workers with excessive hours has been increasing in the last half-decade, which itself may also be linked to the growth in non-agricultural employment where working hours are often longer.

References

BPS-Statistics East Java. 2011. *Labour forces situation in East Java August 2011* (East Java).

ILO. 2011. *Decent Work Country Profile – Indonesia* (Geneva).

5 Work that should be abolished

Various international guidelines provide the basis for defining work that should be abolished. These 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 of which Indonesia has ratified. In addition, the 1998 ILO Declaration on Fundamental Principles and Rights at Work endorses national and global efforts to abolish forced labour and the worst forms of child labour, especially that involving hazardous work.

After ratifying the Worst Forms of Child Labour Convention (No. 105) in 1999, the Indonesian Government introduced a number of legislative measures at the national level aimed at eliminating child labour, human trafficking and related practices (see Legal framework indicator 6 and 7). Education policy is an area that has been identified as a key conduit through that goal can be met, for example through the Government's new 12-year compulsory education policy. If implemented effectively, this policy should notably reduce the proportion of child labourers aged 15 to 17, the largest age cohort of working children (BPS and ILO, 2009).¹ In addition, under a National Plan of Action launched in 2007, the Government set a national target for the elimination of the worst forms of child labour by 2016.

Educational gains in East Java since the late 1990s have helped to translate into practice the

government's national commitment to eliminate child labour. As already noted in Chapter 1, the province made considerable progress in broadening education coverage during the decentralization era, particularly at the secondary level (BPS, 2011). Between 2003 and 2011 the enrolment rate in both junior high and senior high schools increased markedly, from 64.5 per cent to 71.8 per cent for the former and from 40.8 per cent to 49.3 per cent for the later. Compared to the national average, enrolment rates are higher in East Java, by 3 per cent for junior high and 1 per cent for senior high. The higher enrolment rates, together with other improvements in education during the 2000s, allude to the success of the provincial and district administrations in implementing the new 12-year compulsory education policy.

Educational gains in the province have also helped to reduce the incidence of child labour, a crucial factor in the promotion of decent work and broader human development. Between 1999 and 2011 the proportion of 10 to 17-year-olds in the province who were engaged in child labour fell by more than half, from 7 per cent to 3 per cent. The downward trend in child labour during this period was broadly similar to that of Indonesia as a whole (see Figure 11), though East Java has maintained consistently lower levels since 2002 (by an average of 0.6 percentage points, and as much as 1.3 per cent in 2010). That said, the true figures for children in child labour are likely to be higher both nationally and in East Java, since for purposes of comparability child labourers under 10 years of age are omitted from the available data.

¹ In this age group, those children engaged in "hazardous work" and in the "worst forms of child labour" are considered to be in activities that should be abolished.

Legal framework indicator 6. Child Labour

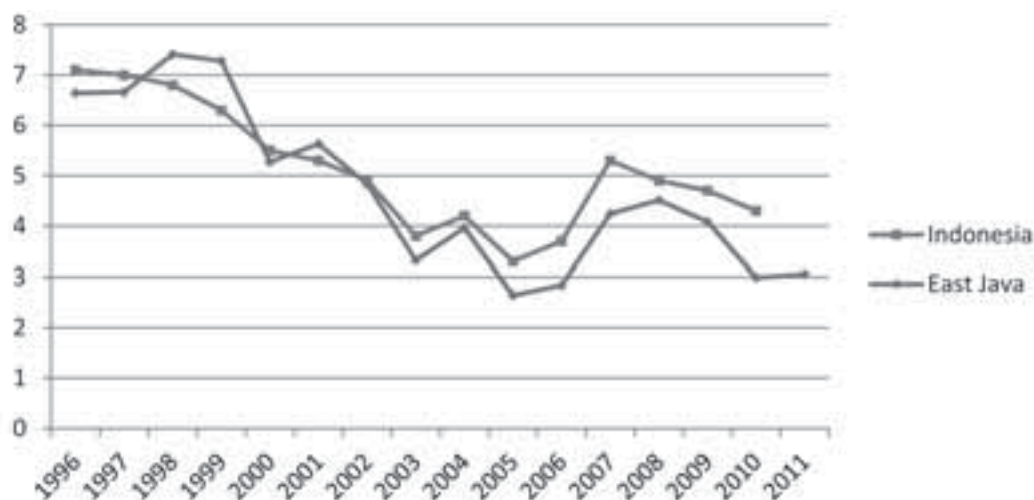
Law, policy or institutions. Applicable laws and regulations include: MA; Ministerial Decree No. 115/MEN/VII/2004 on protection of children performing work for developing talents and interests; Ministerial Decree No. 235/MEN/2003 on jobs that jeopardize the health, safety and morals of children; and Presidential Decree No. 59 of 2002 on the worst forms of child labour. An Anti-Trafficking Act was adopted in 2007 (No 21). Several action plans have been introduced by Presidential Decrees: National Plan of Action of 2002 to Combat the Worst Forms of Child Labour (three-phase programme over 20 years), National Plan of Action to Combat the Commercial Sexual Exploitation of Children, National Plan of Action to Combat Trafficking of Women and Children. The right to education is embodied in the Constitution of 1945. *General age for admission to employment:* 15 years old (Article 3 Ministerial Decree No. 235/MEN/2003). MA, Article 68: prohibition for entrepreneurs to employ children. Children under 15 may engage in activities developing talents and interests (Article 5 of Ministerial Decree No. 235/MEN/2003); the ILO Committee of Experts on the Application of Conventions and Recommendations (CEACR) has requested that the Government define the minimum age for such activities. *Admission to hazardous work:* general prohibition (MA, Article 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. The Government has an obligation to make efforts to overcome problems concerning children who work outside an employment relationship (MA, Article 75). *Exception for light work:* MA, Article 69: permitted for children aged 13 to 15 with, inter alia, written permission from parents/guardians; not more than three hours a day; no disruption of schooling; conducted during the day; wages in accordance with the law; 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).

Evidence of implementation effectiveness. In a 2008 observation the CEACR noted that, according to the technical proposal for the second phase of the National Plan of Action of 2002, law enforcement against traffickers increased in 2006, with arrests up from the previous year by 29 per cent, prosecutions up by 87 per cent and convictions up by 112 per cent. The CEACR noted the Government's information that 123 trafficking cases were filed in 2007 involving 71 children, 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.

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

Sources. ILO: NATLEX database; CEACR 2008 comments on the application of Convention No. 138; 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.

Figure 11. Child labour aged 10-17, East Java and Indonesia, %, 1996-2011



Source: BPS, Sakernas.

Legal framework indicator 7. Forced labour

Law, policy or institution. MA; Law No. 21 of 2007 on the elimination of human trafficking; Law No. 39 of 2004 on the placement and protection of Indonesian workers abroad. All provide for sanctions. Decree No. 10 of July 2007 of the Chief of the Indonesian National Police, issued under Law No. 21 of 2007 and Regulation No. 9 of 2008 made thereunder relate 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; a multi-stakeholder initiative aims at disseminating information to and sensitizing prosecutors regarding Law No. 21 of 2007.

Several action programmes have been introduced by Presidential Decrees: National Plan of Action of 2002 to Combat the Worst Forms of Child Labour (three-phase programme over 20 years); National Plan of Action of 2002 to Combat the Commercial Sexual Exploitation of Children; National Plan of Action of 2002 to Combat Trafficking of Women and Children. Indonesia has also ratified the Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children, supplementing the United Nations Convention against Transnational Organized Crime in September 2009.

The ILO Committee of Experts on the Application of Conventions and Recommendations (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 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 the Memorandum.

Evidence of implementation effectiveness. In order to tackle trafficking in persons the Government has implemented prevention and protection measures and 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 than on worker protections.

The CEACR has pointed out that several sections of the Criminal Code and of the Law No. 27 of 2007 are 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 has noted that several persons have been sentenced to heavy terms of imprisonment, involving compulsory labour, for the peaceful expression of their political opinions, their peaceful support of an independence movement or for the simple fact of having raised a separatist flag. The CEACR and the Conference Committee on the Application of Standards have expressed their deep concern and their hope that the sections will be amended. The Conference Committee and the CEACR have asked the Government to amend sections 139 and 185 of the Manpower Act 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. Indonesia ratified the Forced Labour Convention, 1930 (No. 29), on 12 June 1950 and the Abolition of Forced Labour Convention, 1957 (No. 105), on 7 June 1999.

Sources. ILO: NATLEX database; CEACR 2008 observations on the application of Conventions Nos. 29 and 105; Conference Committee 2008 comments; 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.

Table 5. Work that should be abolished

Decent work indicator	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Child labour, %¹	6.64	6.66	7.41	7.28	5.27	5.63	4.83	3.32	3.96	2.64	2.84	4.24	4.51	4.08	2.99	3.06
Male	6.98	7.87	7.68	7.71	5.91	6.66	5.41	4.18	4.3	3.23	2.52	4.6	4.94	4.38	3.15	3.62
Female	6.29	5.38	7.11	6.79	4.56	4.51	4.23	2.56	3.58	2	3.19	3.84	4.05	3.75	2.83	2.47

¹ The term 'child labour' used in the BPS survey was based on the resolution concerning statistics of child labour adopted at the 18th International Conference of Labour Statisticians in 2008. It included all working children aged 5–12 years regardless of their working hours, working children aged 13–14 years who had worked more than 15 hours per week and working children aged 15–17 years who had worked more than 40 hours per week

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

Summary assessment

With regard to work that should be abolished, recent educational gains in the province have helped bring about important reductions in child labour in East Java. Since 2003 the child labour rate has been consistently lower in the

province (3.5 per cent on average) than nationally (4.2 per cent on average). The provincial government's strong commitment to broadening access to secondary education, part of its support for the country's new 12-year compulsory education policy, is likely a key factor in this achievement.

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BPS-Statistics East Java. 2011. *Executive Report on Education, East Java Province 2011* (East Java).

ILO. 2011. *Decent Work Country Profile – Indonesia* (Geneva).

6 Stability and security of work

Job stability and security are important indicators of labour market stability and an integral part of the Decent Work Agenda. Statistically, they are best measured through indicators of ‘precarious work,’ which in Indonesia is defined as work that by contractual status is of a casual nature (in both agriculture and non-agriculture).¹ Because these jobs provide no expectations of a long lasting employment relationship, they represent a key source of vulnerability and risk for affected workers, and have an adverse influence on skills accumulation, productivity and human capital development. Informal employment and vulnerable employment also share many characteristics of precarious work and can thus serve as complementary indicators of stability and security at work.

The extent to which workers enjoy stability and security of employment depends on a number of factors, including the economic, social and demographic context and the legal and policy framework governing the labour market. For paid employees job security and stability is typically defined by the length of their contract or relationship with their employer. For the self-employed it is more a question of the stability of their enterprises and the expectation of their finding work over a period of time.² In Indonesia, the primary legislative framework governing stability and security at work is

the Manpower Act, although owing to widespread informality in the labour market, large sections of the working population remain outside its scope (and thus remain effectively unprotected).

Indonesia has some of the strictest employment termination laws in Asia. The Manpower Act (MA) places extensive safeguards on employment, including a requirement that all dismissals be negotiated with the worker and/or union representative beforehand and, if negotiations fail, that a judicial ruling be handed down to confirm the termination of employment (see Legal framework indicator 8). Indonesia is yet to ratify the ILO’s Termination of Employment Convention, 1982 (No. 158).

The Manpower Act also regulates short-term contracting and outsourcing practices, the aim being to promote fairness and economic security for temporary workers. According to the MA, a work agreement can be defined as short-term contracting (fixed-term work agreement) only if (i) the work requires less than three years for completion, or (ii) it involves a new activity that is still at the experimental stage, or (iii) it is seasonal work. The Manpower Act limits short-term contracts to a maximum of two years, including one year’s extension. If a contract breaches one of the legal requirements, it is deemed to be a permanent employment contract (unlimited-term work agreement).

According to the Manpower Act definition, outsourcing is the delegation of work from a principal enterprise to another enterprise and is restricted to “auxiliary production activities”. However, ambiguity surrounding the term “auxiliary production activities” has led to cases in which enterprises have been deemed to have outsourced work that was actually part of their main production. The resulting tension between unions

¹ For ILO guidance on the standard concepts and definitions used for the measurement of precarious employment, and other decent work indicators, see: ILO (2012) “Decent Work Indicators: concepts and definitions.” First Edition, Geneva, May 2012. (Available at: http://www.ilo.org/wcmsp5/groups/public/---dgreports/---stat/documents/publication/wcms_183859.pdf). See also the resolution concerning the international classification of status in employment adopted at the Fifteenth International Conference of Labour Statisticians (Geneva, 1993).

² Anker, R., et al.: *Measuring decent work with statistical indicators*, Working Paper No. 2, ILO Policy Integration Department (Geneva, October 2002).

Legal framework indicator 8. Termination of employment

Law, policy or institutions. Manpower Act, Industrial Relations Disputes Settlements Act No. 2 (2004), collective agreements.

Substantive requirements for dismissals. *Valid grounds:* MA, Article 163: change of status of the enterprise, merger, fusion or change of ownership; MA, Article 164-165: closure of the enterprise due to continual loss for two years, *force majeure* or bankruptcy; MA, Article 158: serious misconduct (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, Article 160(3): inability to perform work because of detention (termination possible after six months). MA, Article 161: violation of work agreement, company regulations, collective agreement (termination possible after the issuance of three warning letters within six months). MA, Article 167: worker reaching retirement age. Article 168: unexplained absence for five days. *Prohibited grounds:* religion, ethnic origin, race, colour, sex, political opinion, marital status or physical condition, 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 a year (MA, Article 153; TU Act, Article 28).

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

Collective dismissals for economic reasons. There is no definition of collective dismissal and no special requirements are provided for.

Severance pay. Depending on its cause, termination may give rise to severance pay, service/reward pay, other forms of compensation and/or separation pay. Severance pay – MA, Article 156(2): one month's wages for each year of service up to a maximum of nine months. *Compensation pay* – MA, Article 156(4): rights or entitlements not used by the worker, such as annual leave, housing allowance, etc. (unless termination is motivated by serious misconduct or an absence of more than five days without explanation – MA, Article 160). *Service/Reward pay* – Article 156(3): two months' pay for 3-6 years of employment; three months' pay for up to 6-9 years of employment, etc., up to ten months' pay for 24 years of employment or more. *Separation pay:* In some circumstances (MA, Article 168 – absence of more than five days without explanation, for example) separation pay is due to the worker as provided for in the work agreement, company regulations or collective agreement. In case of termination by simple decision of the employer, the worker is entitled to twice the amount of *severance pay*, plus the amount of reward pay and compensation pay for entitlements not used (MA, Article 163(2)).

Evidence of implementation effectiveness. No information has been made available to the ILO's supervisory bodies.

Coverage of workers in law. All workers. Civil servants (covered by specific legislation) are excluded. Domestic workers are excluded (MA, Article 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. Indonesia has not ratified the Termination of Employment Convention, 1982 (No. 158).

Sources. ILO: EPLex database; NATLEX database.

and employers has led to calls for an outright ban on outsourcing, as well as legal changes to better balance the legitimate needs and interests of both parties (Jakarta Globe, 2012; Antara News, 2012).

The proportion of workers in precarious employment, i.e., those employed as casual workers in

all sectors, is an important indicator of stability and security of work – and thus a key determinant of the quality of employment and decent work. Because such jobs offer no expectation of a lasting employment relationship, they are a major source of vulnerability and risk for the workers concerned. Under Indonesia's labour legislation, casual worker is a legal employment status. The

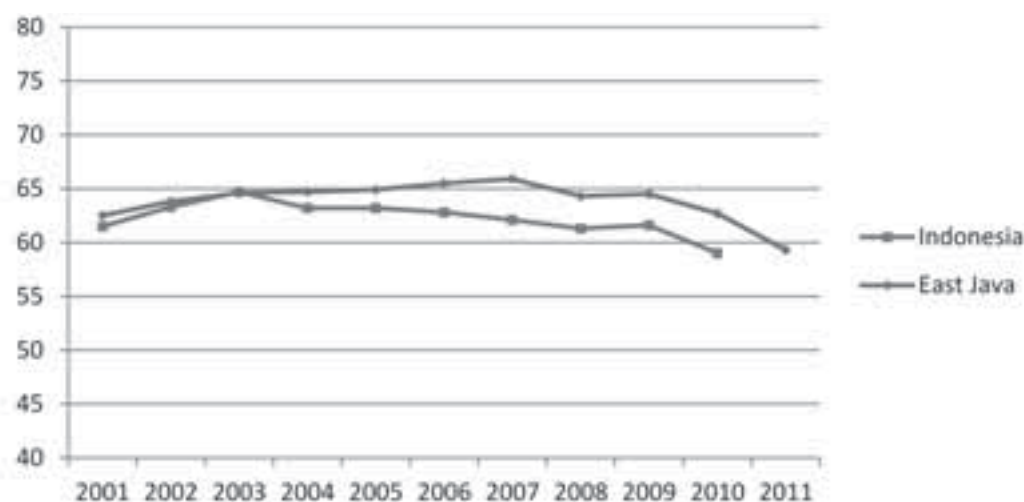
Table 6. Stability and security of work

Decent work indicator	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Precarious work, ages 15+, %¹	9.1	13.1	12.2	11.3	14.4	15.3	13.1	13.2	13.2	12.7	13.1
Male	10.1	14.5	13.5	13.1	16.1	17.3	15.3	15.5	15.7	15.5	16.5
Female	7.6	10.8	10.1	8.3	11.7	11.9	9.7	9.7	9.5	8.6	8.1
Informal employment, ages 15+, %²	62.5	63.8	64.6	64.7	64.9	65.5	65.9	64.3	64.5	62.7	59.3
Male	59.1	61.4	61.5	62.2	64.2	63.9	64.1	62.5	63.1	60.9	57.6
Female	67.7	67.7	69.7	68.9	66.1	68.4	68.7	66.9	66.5	65.3	61.8

¹ Precarious work represents all casual employees in agriculture and non-agriculture as a percentage share of total employed persons.

² Informal employment is based on the cross-tabulation of employment status and occupation, as defined in the *Sakernas* reports.

Source: BPS, *Sakernas*.

Figure 12. Informal employment, East Java and Indonesia, %, 2001-11

Source: BPS, *Sakernas*.

Government regulates the contracting of casual workers through the MoMT Decree on Fixed-Term Work Agreements (No. KEP.100/MEN/IV/2004), according to which a casual worker is an employee who works less than 21 days per month. If the employee works more than 21 days in three consecutive months, the contract is automatically converted into an “unlimited-term work agreement”.

Since 2001 the share of employed persons in precarious work rose from 9.1 per cent to a high of 15.3 per cent in 2006, before stabilizing at around 13 per cent since 2007. Compared to the national average, precarious work is more prevalent in East Java. In 2010, for instance, the share of precari-

ous worker in the province was 2.6 per cent higher than nationally. Additional BPS data indicate that agriculture has a significant impact on the prevalence of precarious work in East Java.³ In 2011, for instance, casual employees in agriculture made up more than half of total precarious workers (7.6 per cent of the total employed), while their share in non-agriculture was only 5.5 per cent (BPS, 2011). This suggests that precarious work is concentrated in agriculture, where casual and seasonal work is most widespread. It also implies that the further reduction of precarious work in the province is contingent on changes in the nature of

³ Precarious employment can be divided into two categories: casual employment in agriculture and in non-agriculture.

employment in agriculture, or on the continuing decline in total agricultural employment relative to industry and services (i.e., a structural change in employment patterns).

Disaggregation by gender shows that in 2011 male workers were more than twice as likely to be found in precarious employment as their female counterparts (16.5 per cent, compared with 8.1 per cent). While this figure constitutes an increase for both men and women compared with 2001, it also reflects a significant widening of the gap between men and women in this type of work, with the proportion of men rising faster than that of women. Additional data on the sectoral breakdown of these shares show that the 6% of female casual workers were in agriculture.

Compared to the figures for the country as a whole, East Java has a higher rate of informal employment – 60 per cent on average (see Chapter 2). In the last five years informal employment has shown a downward trend, decreasing sharply by 7 per cent between 2007 and 2011 to reach an all-time low of 59 per cent. This development gives reason to be optimistic about the development of stable and secure employment in the future.

Summary assessment

In the area of stability and security of work, concerns remain widespread amid high rates of informal employment and higher than average shares of precarious work – particularly among women. Although informal employment in the province is now close to the national level and has fallen slightly since 2001, its persistence continues to undermine the prospects for decent work, particularly in terms of the stability of enterprises, employment and incomes. Precarious work, meanwhile, remains a prominent and greater concern in East Java than at the national level, its rates having risen four percentage points since 2001, to 13 per cent in 2011 (although this actually represents a decline since 2006). The extent to which changes in the province's employment structure, which started to return to its pre-crisis trajectory in the early 2000s, has influenced these developments remains difficult to determine without further analysis. On the basis of these limited indicators, it appears that women in particular are most exposed to conditions of instability and insecurity in work in East Java (linked to the occupations they are concentrated in?).

References

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7 Equal opportunity and treatment in employment

Since it ratified the Discrimination (Employment and Occupation) Convention, 1958 (No. 111), in 1999, the Indonesian Government has enacted new laws and regulations against discrimination at the workplace, including discrimination based on sex, race, ethnic origin, religion and political orientation (see Legal framework indicator 9). In addition, to strengthen the enforcement of equal remuneration laws, the Government has mandated all provincial governors and district heads to implement Equal Employment Opportunity Guidelines (see Legal framework indicator 10). These guidelines promote non-discrimination and fair treatment for all workers and jobseekers, in recruitment, placement, career advancement, remuneration, eligibility for social security, and the like, so that workers can develop their full potential in their chosen career.

Despite this, there remain major shortcomings in the legal framework and enforcement of the Guidelines in practice. Sexual harassment at the workplace, though known to be widespread in Indonesia, is largely ignored by the country's legislation. However, to prevent the problem from escalating, the Ministry of Manpower and Transmigration in 2011 issued a circular (No. SE.03/MEN/IV/2011) on how to combat harassment. The circular defines sexual harassment as unwanted conduct or offensive behaviour which is sexual in nature, which may be physical, verbal, gestural, written, graphic or psychological and which may take place inside or outside working-hours wherever employment-related activities are conducted, including the communications and electronic media. The circular is not legally binding, however, and is merely a tool to help employers and workers identify sexual harassment. Moreover, it still refers to the Criminal Code in matters involving violence or the threat of violence for purposes of sexual inter-

course (article 285), or unwanted attention that violates so-called "standards of decency," (where the definition of decency remains unclear).

Occupational segregation by gender is determined by a variety of factors, including employers' and worker's preference, traditional stereotyping and societal pressures regarding the role of men and women in the labour market. Women in Indonesia make up around two-fifths of the employed population but they are disproportionately represented in certain occupations. However, while labour market segregation by gender is also evident in Maluku, the occupations in which this segregation is most pronounced differ quite widely from the national picture.

Because East Java has been designated a pilot project area for the Equal Employment Opportunity Guidelines since 2006, gender equality in employment has become an issue of particular concern. Even so, the recent trend in "occupational segregation" shows that progress at the aggregate level is limited, although women have made some gains in certain skill – and knowledge-intensive occupations. Generally speaking, however, it is clear that women in East Java are still at a disadvantage in the labour market, more so even than in Indonesia as whole. Women's share of employment across all occupational categories in the province ranged from 17 to 23 per cent in the 2007 to 2011 period, much lower than the 36 to 38 per cent seen nationally.

Nonetheless, there are indications that, overall, the equal opportunity and treatment situation in employment is improving. Among "legislators, senior official and managers", for instance, women's share of employment in the province rose from 50 per cent in 2007 to nearly 59 per cent in 2011, thereby placing them in a rarely

Legal framework indicator 9. 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 discriminatory treatment based upon any grounds whatsoever and the right to protection from such discriminatory treatment are guaranteed by Section 28I of the Constitution. According to the MA, every worker has equal rights and equal opportunity to get a job, choose a job or move to another job and the right to receive equal treatment without discrimination based on sex, ethnic origin, race, religion, skin colour or political orientation. Men and women have the same opportunity to obtain training (Article 32), and equal treatment is included for the disabled (Articles 5, 6 and 31). Entrepreneurs are required to provide workers with an adequate opportunity to perform their religious obligations (Article 80). Article 28 of the Trade Unions 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 for 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 was issued by the Minister of Manpower and Transmigration (No. SE/60/MEN/SJ-HK/2006) on 10 February 2006 on Guidance to Equal Employment of Opportunity and Treatment in Occupations in Indonesia. The circular contained a clear definition of direct and indirect discrimination. The ILO Committee of Experts on the Application of Conventions and Recommendations (CEACR) has noted that the circular has so far been promoted in three Indonesian provinces, namely the Riau Islands, West Java and East Java. In 2007 the Government extended these provisions to other provinces with a view to covering all regions.

With respect to Ministerial Regulation No. PER/03/MEN/1989 on the termination of employment, which prohibits the dismissal of a “married couple” for reasons of pregnancy or childbirth, the CEACR has pointed out that protection against discrimination based on sex, including pregnancy, applies to all women regardless of whether they are married and has urged the Government to amend the Regulation.

The CEACR has noted several shortcomings in the legislation concerning sexual harassment and discrimination on the grounds of religion.

Coverage of workers in law. All workers.

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

Sources. ILO: NATLEX database; CEACR 2007 observations on the application of Conventions Nos. 100 and 111.

seen majority in these jobs. Similarly, women also played a bigger role among “professionals”, where their share increased from 30.7 to 40 per cent in the same period. These gains reflect a broader national trend in which women have seen their share of employment in more prestigious (and sometimes better paying) occupations rise since the mid-2000s. Looking at all occupations, however, women remain comparably worse off in terms of their representation in key occupations.

The gender wage gap in East Java has also shown some significant progress recently. Before the 1997-98 economic crisis, the gap between men’s and women’s wages – expressed as a percentage of men’s average real monthly wage – was around 35 per cent. Since then, the gap has narrowed to 25 per cent in 2011, which reflects broadly the same trajectory as at the national level since 1996.

Legal framework indicator 10. Equal remuneration of men and women for work of equal value

Law, policy or institutions. Equal treatment before the law is guaranteed by Sections 27 and 28D of the Constitution; the right to be free from discriminatory treatment on any grounds whatsoever and the right to protection from such discriminatory treatment is guaranteed by Section 28I of the Constitution. According to the Manpower Act, every worker has the right to equal treatment (Article 6). The ILO Committee of Experts on the Application of Conventions and Recommendations (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 the principles of non-discrimination. 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 labour inspections. The Minister of Manpower and Transmigration has issued a circular letter (SE/60/MEN/SJ-HK/2006) requesting the governors of provinces and heads of districts throughout the country to implement the Equal Employment Opportunity Guidelines.

Evidence of implementation effectiveness. The CEACR has not been provided with any details of the implementation of the Equal Employment Opportunity Guidelines, of its impact on the gender wage gap, or of the findings of the inspections carried out.

Coverage of workers in law. All workers.

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

Sources. ILO: NATLEX database; CEACR 2007 observations on the application of Conventions Nos. 100 and 111.

Table 7. Equal opportunity and treatment in employment

Decent work indicator	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Occupational segregation by sex, ages 15+, %¹	22.64	20.42	17.2	20.74	23.29
1. Legislators, senior officials and managers	50.17	52.78	54.65	56.49	58.76
2. Professionals	30.68	32.06	30.72	33.35	40.25
3. Technicians and associate professionals	39.77	42.25	48.27	40.82	42.42
4. Clerks	53.56	55.84	55.87	55.75	57.2
5. Service workers and shop and market sales workers	38.04	39.3	38.47	39.37	39.2
6. Skilled agricultural and fishery workers	37.7	37.83	38.81	38.18	35.74
7. Craft and related trade workers	9.81	10.05	10.31	11.8	8.56
8. Plant and machine operators and assemblers	34.42	33.32	35.38	32.56	33.95
9. Elementary occupations	4.83	2.79	4.92	6.4	2.95
10. Armed forces	38.76	39.72	40.03	40.33	40.09
Female share of employment, ages 15+, %²
ISCO-88 (groups 11 and 12)	13	16.3	14.5	18.5	18.5
Gender wage gap³
Regular employees	34	38	22	37	38	27	27	26	30	24	26	24	21	25	24	25
All employees	34	38	22	37	38	30	29	29	31	32	26	24	24	24	23	23

¹ Based on ISCO-88: female employment as a percentage of total employment.

² ISCO-88 includes legislators and senior officials (group 11) and corporate managers (group 12); ISCO-1968 includes legislative officials and government administrators (group 20) and managers (group 21).

³ Represents the percentage gap between the male and female average real monthly wage.

Source: BPS, *Sakernas*.

Summary assessment

Some modest progress has been achieved in equal opportunity and treatment in employment. Despite the province's status as an Equal Employment Opportunity (EEO) pilot location, occupational segregation still appears widespread, although women in east Java are comparably well represented (when measured against national averages) among certain high status occupations (legislators and senior officials and profession-

als, for example). Compared with Indonesia as a whole, female employment shares among clerks, technicians, machine operators, and armed forces personnel are also higher, whilst they are lower among elementary occupations and craft workers in particular. The gender wage gap, although still significant at 25 per cent in 2011, has been narrowing in recent years, and has broadly followed the national trend. The extent to which this can be attributed to the EEO project remains unclear, however, without further research.

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8

Safe work environment

The right to a safe and healthy working environment is at the heart of efforts to ensure decent work for all, since it is critical to ensuring that work is not only productive in an economic sense but also conducive to wider human development and the wellbeing of society. Attention is drawn to this right in the ILO Constitution, and it is further reaffirmed in the 1944 Declaration of Philadelphia and the 1998 Declaration on Social Justice for a Fair Globalization.

Regulations on occupational safety have existed in Indonesia since 1970. After the 1998–99 economic crisis and subsequent political reforms, the Government delegated the responsibility for enforcing occupational safety regulations to local governments. In 2007 the central Government revised its approach to occupational safety in favour of safety audits and a national competition encouraging firms to aim for “zero accidents.” It also established a tripartite National Occupational Safety and Health Council (NOSHC), comprising representatives of local government, businesses and trade unions, and charged it with formulating a national occupational safety policy. To increase the effectiveness of this campaign, the Government stipulated that businesses must report occupational accidents and diseases within 48 hours.

To enforce occupational safety regulations and policies the Indonesia has a Labour Inspection Act (see Legal framework indicator 12) whose implementation at the sub-national level is the responsibility of the local government agency for manpower and transmigration (*Disnakertrans*) — an autonomous institution of the Ministry of Manpower and Transmigration that is under the authority of the governor at the provincial level and the regent or major at

the district level. In this way, a complex system of hierarchical control has emerged between *Disnakertrans* and the MoMT which has complicated and fragmented the enforcement of labour legislation. An attempt was made in 2010 to rectify this by means of a presidential decree aimed at synchronizing the national and local labour inspection enforcement system. Owing to the lack of data, however, it is not possible to evaluate the implementation of this new policy in East Java.

It is difficult to determine from available data whether enterprises and government agencies in East Java are making sustained progress in reducing occupational injuries, although on the face of it the statistics are encouraging. Between 2008 and 2010 total reported occupational injuries fell by more than 50 per cent, from 1598 cases to 716. The majority of injuries appear to be relatively minor, falling into the category of “injuries not affecting time worked”. Moreover, the bulk of the overall decline appears to be driven by the fall in these injuries, too. On the other hand, reported fatal injuries increased from 7 to 11 over the same period.

Sustained progress toward a safer work environment (and towards the maintenance of robust statistics on workplace safety) depend very much heavily on the availability of well-trained labour inspectors with a clear mandate and with clear authority to enforce national and local legislation. In 2009 the local government in East Java had only 318 labour inspectors to supervise the safety of 4.6 million employees – just 3 for every 10,000 registered workers. Although this is a marked improvement over 2007, when the ratio was 1.8 inspectors per 10,000 workers, it is still altogether inadequate.

Legal framework indicator 11. Employment injury benefits

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 coverage (Article 34(2)). Under the Workers' Social Security Act No. 3 of 1992, an employer with 10 or more employees or a monthly payroll of more than IDR 1 million has to insure his employees through 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 programme, No. PER-24/MEN/VI/2006) to extending social security to self-employed workers. The National Social Security System Law No. 40 of 2004 provides a framework for a social security system but needs follow-up action to be implemented.

Qualifying conditions. Work injuries must be assessed by *Jamsostek*, based on a medical examination. There is no minimum qualifying period.

Level and duration of benefits. *Temporary disability:* The monthly benefit is 100 per cent of the insured's wage in the month before the disability began and is paid for the first four months, 75 per cent for the next four months, and 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 IDR 200,000 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 the 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 has been made available to the ILO's supervisory bodies.

Coverage of workers in law. N/A.,

Coverage of workers in practice. N/A.

Ratification of ILO Conventions. Indonesia has not ratified the Social Security (Minimum Standards) Convention, 1952 (No. 102) or the Employment Injury Benefits Convention, 1964 (No. 121).

Sources. Employees Social Security System (*Jamsostek*); ILO: NATLEX database; ISSA database.

Table 8. Safe work environment

Decent work indicator	2005	2006	2007	2008	2009	2010	2011
Occupational injuries¹	1598	1655	716	...
Total Injuries, non-fatal	1233	737	676	...
Total Injuries leading to permanent disabilities	2	23	12	...
Total Injuries leading to temporary inability to work	155	76	206	...
Total Injuries not affecting time worked	1076	638	458	...
Total Injuries, fatal	7	13	11	...
Time loss due to occupational injuries, working days
Labour Inspection							
Labour inspectors, total	178	237	318	...	...
Labour inspectors per 10,000 registered workers	1.8	2.4	3.2	...	...

¹ Includes all reported cases of injury, including fatalities and injuries resulting in permanent disability and temporary absence from work.

Source: East Java Manpower and Transmigration Division and Ministry of Manpower and Transmigration administrative records.

Legal framework indicator 12. Labour inspection (Occupational safety and health)

Law, policy or institutions. Manpower Act, Occupational and Safety Act No. 1 of 1970; Act No. 3 of 1951 on Labour Inspection. Decentralization, through the enactment of Act No. 22 of 1999 as amended by Act No. 32 of 2004 on local government and Government Regulation No. 25 of 2000, has challenged the application of Act No. 1 of 1970 and national oversight of labour inspection. In accordance with Presidential Decree No. 21 of 2010, the implementation of labour inspection is an integrated and coordinated system. (N.B. Labour inspection is not *limited* to occupational safety and health (OSH)). The labour inspectorate maintains a registry of workplaces and inspectors use standard checklists and report forms. Recruitment of labour inspectors is by competition; training lasts four months. Labour inspectors are civil servants and are independent in performing their duties as defined by the Manpower Act. They have the authority to enter any workplace without prior notice, may carry out any examination, test or enquiry, can provide education on OHS, can issue warnings and apply sanctions if necessary. The Manpower Act provides for the right of all workers to OSH protection (Article 86). Act 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, an improvement in protection, institutional development and functional coordination, the development of networks inside and outside the country, and the improvement of the MoMT's management communications.

Every occupational accident or disease must be reported within 48 hours after the accident or its diagnosis.

The National Occupational Safety and Health Council (NOSHC) is a tripartite body responsible for OHS policy formulation and for drafting acts and government, presidential and ministerial regulations. The Council comprises representatives of employers, trade unions and government ministries, as well as experts from universities and research institutions. The main function of the NOSHC is to advise the Minister of Manpower and Transmigration in the field of occupational safety and health. The NOSHC also facilitates safety audits and conducts a safety campaign through a zero-accident competition. The MOMT assumes overall responsibility for coordination and cooperation between institutions and relevant sectors vis-à-vis the design and implementation of OSH plans and policies.

Evidence of implementation effectiveness. The ILO Committee of Experts on the Application of Conventions and Recommendations (CEACR) has noted the lack of resources faced by labour inspection units and has recalled the importance of labour inspection operating under a central authority. Presidential Decree No. 21 of 2010 has since been adopted. According to information received, there were 9,444,799 workers in the enterprises visited in 2007 and 14,047,272 in the course of 2970 visits in 2009.

Coverage of workers in law. N/A.

Coverage of workers in practice. N/A.

Ratification of ILO Convention. Indonesia ratified the Labour Inspection Convention, 1947 (No. 81), on 29 January 2004 but has not ratified its 1995 Protocol or the Labour Inspection (Agriculture) Convention, 1969 (No. 129).

Sources. ILO: *Labour administration in Indonesia*, 2006; NATLEX database; INTEGRATION and LAB/ADMIN communications with MOMT; report submitted to the CEACR under Article 19; National Occupational Safety and Health Council: *Vision, mission, policy, strategy and programme of national occupational safety and health, 2007-2010*.

Understaffing in the labour inspection system affects not only the number of inspections conducted but also the quality of each inspection, but these shortcomings are unfortunately not reflected in current statistics (see ILO, 2011 for further information).

Whilst the vast majority of occupational injuries are avoidable, a protection mechanism is still required to provide settlements – both monetary and non-monetary – to victims of workplace accidents. Although Indonesia has not ratified ILO Convention No. 121, workers' rights to injury benefits are guaranteed under some national legislation (see

Legal framework indicator 11). Under Workers' Social Security Act No. 3/1992, for example, all formal sector employers with ten or more employees are required to insure their employees against on-the-job injuries through the state-run Jamsostek insurance programme. In 2006 a further attempt was made to broaden the scope of this insurance to self-employed and informal sector workers, through a voluntary employment injury benefit programme known as TK-LHK run by *Jamsostek*.¹

¹ See <http://www.jamsostek.co.id/content/i.php?mid=3&id=58> for information about this programme.

Summary assessment

Data pertaining to the chapter safe work environment remains insufficient to offer a comprehensive picture of recent progress in the province, although key gains are particularly clear with regard to labour inspection. Between 2008 and 2010, reported occupational injuries fell by more than half, although within this category

the number of fatal injuries and those causing permanent disability rose. All totals, however, remain low, thus likely reflecting under-reporting. Although the ratio of inspectors to employed workers in the province remains low, it is significantly better than Indonesia as a whole, and the provincial government can be credited with having doubled the total number of inspectors between 2007 and 2009.

References

ILO. 2011. *Decent Work Country Profile – Indonesia* (Geneva).

9 Social security

Indonesia is still struggling to provide comprehensive social protection to all members of society. Although the country has not yet ratified the ILO's Social Security (Minimum Standards) Convention, 1952 (No. 102), in 2004 the Government adopted Act No. 40 on the National Social Security System, which accommodated both the ILO convention and the 1948 United Nations Declaration of Human Rights. This law sets out the conditions for universal social security coverage with compulsory contributions and provides for subsidies for those who cannot afford to pay premiums.

In general the law follows the basic principles of social security administration by covering all citizens and foreign nationals who have worked for at least six months in Indonesia and have contributed directly to the system through their employer or a government scheme. It provides for five social security programmes: health insurance, work accident insurance, old age pension, pension insurance (provident fund), and life insurance.¹

Several problems remain, however, not least the fact that the law is yet to be fully enforced nationwide. Moreover, services are provided by four separate administrative bodies, and recent efforts to merge these carriers under a single social security body (the *Badan Penyelenggara Jaminan Sosial* (BPJS)) have encountered considerable opposition from both employers' and workers' organizations (see Legal framework indicators 13,

14, and 15).² The opposition is in reaction to the payment scheme. Under the BPJS Act, all workers are required to pay 7.5 per cent of their wage or earnings into the benefit scheme. Trade unions see the scheme as a threat to workers' take-home pay, while employers see it as an additional labour cost that decreases their competitiveness.³ In its current form, moreover, the law still excludes informal workers, who account for around 60 per cent of all employed workers in Indonesia, and more in some provinces.

In the decentralization era, central government institutions are no longer the sole providers of social security. After a judicial review of the National Social Security System Act in 2005, it was announced that local governments could provide health benefits locally in addition to those provided nationally. There are therefore two local health benefit programmes that are financed out of the local government budget: *Askesda*, which is a healthcare benefit that targets the poor, and *Jamkesda*, which is based on local citizenship (i.e., persons registered in a given regency or city).

¹ Owing to a number of factors including the large size of the population, the Government has not been able to include unemployment benefits.

² There are six major social security programmes: *Asabri*, which manages pension benefits for military and police personnel; *Taspen*, which manages pension benefits for the public service; *Jamsostek*, which provides pension and employment injury benefits for private sector employees; *Askes*, which handles healthcare and maternity benefits for all military and non-military government personnel; *Jamkesmas*, which specializes in healthcare benefit for the poor; and *Jamsosda*, the social security programme that is provided by each local government. Additional information on Indonesia's social security system is available at <http://www.jamsosindonesia.com/english/cetak/3>.

³ According to the Indonesia Social Security Institute, opposition also comes from existing social security institutions, which reject the central Government's idea of merging *Jamsostek*, *Asabri*, *Taspen*, and *Askes* into BPJS. Instead, they demand that the Government reform each institution according to the National Social Security System Law and provide the necessary assistance during the transitional period.

Legal framework indicator 13. 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 IDR 1 million has to insure his employees through the social security programme (*Jaminan Sosial Tenaga Kerja*, known as Jamsostek). In 2006 the MOMT issued a Ministerial Regulation (Guidelines on the implementation of the manpower social security programme for workers undertaking jobs outside the framework of industrial relations, No. PER-24/MEN/VI/2006) which extended social security to self-employed workers. *Taspen* is the fund for civil servants and provides a retirement lump-sum and a pension programme; *Asabri* is the fund for the armed forces and police. The National Social Security System Act No. 40 of 2004 provides a framework for a social security system, but follow-up action is needed for its implementation.

Qualifying conditions. 55 years old.

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

Level and duration of benefits. At the age of 55, a lump sum is payable that is equal to total employee-employer contributions plus accrued interest; optionally, a periodic pension may be paid to members with more than IDR 50 million in their provident fund account. The lump sum may be claimed after lay-off if the employee has contributed for at least five years.

Evidence of implementation effectiveness. No information has been made available to the ILO's supervisory bodies.

Coverage of workers in law. N/A

Coverage of workers in practice. 11 per cent of the employed population in the formal economy are members of *Jamsostek*.

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

Sources. Employees Social Security System (*Jamsostek*); LO: NATLEX database; ISSA database.

Legal framework indicator 14. Incapacity to work due to sickness/sick leave

Law, policy or institutions. Manpower Act, 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.

Level and duration of benefits. Manpower Act, Article 93(3): First 4 months = 100 per cent of wages; second 4 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 as determined in the medical statement issued by the obstetrician or midwife (Manpower Act, Article 82(2)).

Financing. N/A.

Evidence of implementation effectiveness. No information has been made available to the ILO's supervisory bodies.

Coverage of workers in law. N/A.

Coverage of workers in practice. N/A.

Ratification of ILO Conventions. Indonesia has not ratified the Social Security (Minimum Standards) Convention, 1952 (No. 102), or the Medical Care and Sickness Benefits Convention, 1969 (No. 130).

Source. ILO: NATLEX database.

Legal framework indicator 15. 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 Manpower Act, 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 10 or more employees or a monthly payroll of more than IDR 1 million must insure all employees in the social security programme (*Jaminan Sosial Tenaga Kerja, known as Jamsostek*). The National Social Security System Act No.40 of 2004 provides a framework for a social security system but follow-up action is needed for its implementation. In 2006 the Department of Manpower and Transmigration issued a Ministerial Regulation (Guidelines on the implementation of the manpower social security programme for workers undertaking jobs outside the framework of industrial relations, No. PER-24/MEN/VI/2006) extending social security to informal workers.

Qualifying conditions. A medical doctor must certify the incapacity.

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

Level and duration of benefits. Workers under the age of 55 with total permanent incapacity for work as a result of a work injury are entitled to a lump-sum payment equal to total employee-employer provident fund contributions plus accrued interest; optionally, a periodic pension may be paid to members with more than IDR 50 million in their provident fund account.

Evidence of implementation effectiveness. No information has been made available to the ILO's supervisory bodies.

Coverage of workers in law. N/A.

Coverage of workers in practice. N/A.

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

Sources. Employees Social Security System (*Jamsostek*); ILO: NATLEX database; ISSA database.

In East Java data gaps prevent a comprehensive assessment of progress in social security and social protection.⁴ Data on pensions, for example, are confined to the single year 2005, when coverage was just 7.8 per cent of eligible persons,⁵ while data on the participation of workers in the state-run *Jamsostek* social security fund is available for 2008 onwards and for formal workers only.

As already noted, health care is available through a number of state subsidy schemes, including the Health Card, Poverty Card and Health Service Warranty for poor families. Between 2002 and 2008 the proportion of households receiving free (subsidized) healthcare coverage in the province

increased from 13.7 per cent to 16.1 per cent. Given that access to such provisions is contingent on household poverty, that the criteria for assessing poverty has not been relaxed and that overall poverty rates in the province have been declining, this trend suggest either that the delivery of these subsidies has improved and thus reaching a greater share of the poor or that the official record of the number of beneficiaries has improved, or else a combination of the two.⁶

The *availability* of healthcare facilities is equally important for ensuring a healthy and productive workforce, though current data are insufficient to determine the actual quality of care provided. As Table 9 shows, the number of healthcare facilities in East Java has increased substantially since

⁴ Data gaps in this area of decent work are attributable to weaknesses in the records maintained by government administrations. It is an area that calls for closer attention if Indonesia is to self-monitor and self-assess the decent work situation in the country accurately.

⁵ Pension coverage cannot accurately be compared with the national level, since the age threshold used for calculating the indicator is different (60 years old and above in East Java as opposed to 65 years and above in the country as a whole).

⁶ World Bank calculations using BPS data show that the poverty rate fell from 23 per cent in 2000 to 17 per cent in 2009. See World Bank (2011): "East Java growth diagnostic: Identifying the constraints to inclusive growth in Indonesia's second largest province." Available at http://www.academia.edu/1860535/East_Java_Growth_Diagnostic_Identifying_the_Constraints_to_Inclusive_Growth_in_Indonesias_Second-Largest_Province

Table 9. Social security

Decent work indicator	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Share of population aged 60 and above benefiting from old-age pension,%¹	...	...	...	...	...	...	...	...	...	7.8	...	...	...	...	...	...
Number of health facilities²																
Hospitals	122	124	131	133	144	151	161	...	164	166	166	166	171	179	184	...
Public health centres (Puskesmas)	925	954	921	924	927	921	922	918	907	919	930	929	940	944	946	...
Percentage of households that received free health services³	...	...	...	...	...	...	13.7	11.8	13.4	12.3	11.6	12.3	10.5	15.8	16.1	...
Participation in workers' social security fund⁴																
All workers	...	...	...	...	...	...	...	...	...	...	...	...	2,307,091	2,466,017	2,649,402	2,825,317
As share of the employed	...	...	...	...	...	...	...	...	...	...	...	...	12.2	12.8	14.2	14.9
Informal workers	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Companies	...	...	...	...	...	...	...	...	...	...	...	...	18,453	20,268	22,704	25,437

¹ BPS: SUPAS.

² Ministry of Health, *Health profile of Indonesia*, and Pusdatinkes.

³ BPS: *Susenas* reports.

2002-04: Percentage of households having health cards.

2005: Percentage of households using a poverty warrant in the three-month reference period. (A poverty warrant can be a Health Service Warranty for poor communities, a Health Card, a Health Service Warranty for poor families, a Poverty Card or a Poverty Letter).

2006-09: Percentage of households that received health service free of charge in the six-month reference period, (Free health service can come in the form of insurance for poor people, an oil subsidy reduction compensation card or a health card, inter alia).

⁴ East Java Manpower and Transmigration Division (*Disnakertransduk*) administrative records.

1996: in 2011 there were 184 hospitals and 946 public healthcare centres managed by the local government, an increase from 122 and 925, respectively.

Unlike healthcare benefits, pension benefits are provided by the central government through the Jamsostek social security fund. In absolute numbers membership of the fund in East Java has been rising since 2008, with an increase in the number of both employees and companies. The share of total workers receiving a pension was also up 2.7 per cent between 2008 and 2011, a significant increase. According to available data, however, pension coverage in East Java in 2005 was less than a third of that seen nationally in 2003

(the only year for which national data is available) – 7.8 per cent of total workers compared with 22.9 per cent.

Summary assessment

In terms of social security, East Java has made a substantial effort to expand social protection coverage, however data scarcity continues to undermine attempts to assess the full picture. Participation by both workers and companies in the nationwide Jamsostek scheme (social security fund) has increased over the last four years (2008 to 2011), although as a share of the employed, workers who are party to the scheme are still in a minority (15 per cent in 2011). Meanwhile, data charting

the rise in the number of healthcare facilities and in the share of households receiving subsidised (free) healthcare due to poverty require further

contextualisation before judging whether or not they constitute “progress” toward better social security in the province.⁷

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⁷ The percentage of households receiving free healthcare, for example, needs to be examined in conjunction with the share of those who actually meet the requirements for receiving such. Similarly, the number of health facilities needs to be judged against the demand for such facilities, including the geographical distribution of that demand.

10 Social dialogue, workers' and employers' representation

During the “New Order” period of the mid-1960s, industrial relations were tightly controlled by the central government. The Government recognized only one trade union – a policy intended to ensure political stability for the country’s state-led industrialization strategy. However, in the *Reformasi* era and following the 1997 financial crisis, industrial relations underwent considerable transformation and liberalization. In 1998 Indonesia ratified the Freedom of Association and Protection of the Right to Organize Convention, 1948 (No. 87), and in 2000 it enacted a Trade Unions Act that gave workers freedom to establish unions and conduct collective bargaining with the management (see Legal framework indicators 16 and 17). More than a decade after these important reforms, labour policy in Indonesia today is rarely discussed on any substantive level without the tripartite involvement of unions, employers and the Government.¹

Under the decentralized structure of governance, local governments play an important role in maintaining dialogue between employees and employers and promoting industrial harmony and productivity. Early in the decentralization period, the central government used bipartite mechanisms to build consensus between trade unions and employers’ associations in local industrial relations. However, following the difficulty of resolving some minimum wage and lay-off compensation issues, the Government issued new regulations in 2010 providing for local government

involvement through a fully tripartite mechanism. Under this system, the local government became the mediator between trade unions and employers’ associations, bridging conflicts of interest in crucial cases at the provincial and sub-provincial (regency and city) level.

The trade union landscape in East Java is characterized by a large number of unions but a low and declining union density rate, which is indicative of declining union membership. As shown in Table 10, the number of registered unions, though declining slightly, was still over 2000 in the 2009-11 period. Important to note here, however, is the fact that this data does not provide information on how many of these unions are actually “active” (the number is likely to be smaller than those registered). Over the same period membership declined by 10 percentage points to just under 592,000, meaning that in terms of union density union members accounted for just 3.1 per cent of total employment and 10.8 per cent of total employees in 2011. This is lower than their 2009 levels (which were 14.1 and 3.4 per cent respectively) and slightly below the national average as a share both of total employees and of total employment).²

Despite the declining union membership, collective bargaining appears to be on the rise, which suggests that unions remain important in terms of overseeing the practical use of social dialogue.

¹ For the history of Indonesia industrial relations, see Ahmat (2010) and Rahayu and Sumarto (2003).

² In 2010 (the most recent year for which national data are available), union density rates in Indonesia were 3.3 per cent as a share of total employment and 11.7 per cent as a share of total employees. See ILO, 2012: *Decent Work Country Profile – Indonesia*.

Legal framework indicator 16. Freedom of association and the right to organize

Law, policy or institutions. According to Section 28E(3) of the 1945 Constitution, every citizen has 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 and the Trade Unions Act. A trade union is formed by at least 10 workers. Trade unions have to be registered (Trade Unions Act, Article 20); they are required to respect the Pancasila (national ideology) and the 1945 Constitution (Trade Unions Act, Articles 2 and 3). The formation of federations and confederations is provided for by law (Trade Unions Act, Articles 6 and 7). Anti-union activities are prohibited by Article 28 of the Trade Unions Act and penalized by Article 43. Act No. 21 imposes penal sanctions on any person who engages in certain anti-union activities. Strikes are legal if they are the result of failed negotiations and are conducted legally and peacefully (Manpower Act, Article 137). Written notification of a strike must be given to the employer and the local government seven days prior to the strike. The employer cannot replace striking workers or punish them (Manpower Act, Article 144).

The CEACR has noted that several aspects of the legislation are not in line with Conventions No. 87 and 98 and has asked the Government to repeal or amend a number of sections of the law or to take action in several domains.

Concerning enterprise level relations, Article 106 of the Manpower Act requires that a "Bipartite Cooperative Agency" has to be established in every enterprise employing 50 or more workers to communicate, consult and deliberate on labour issues in the enterprise.

Workers covered by the law: The Manpower Act and the Trade Unions Act do not apply to civil servants, the police and the military, or to private security guards trained by the police or military. The right to organize has been granted but there are no specific regulations on the subject for civil servants.

Additional Information. The ILO Committee of Experts on the Application of Conventions and Recommendations (CEACR) has made a number of recommendations to the Government of Indonesia regarding freedom of association and the right to organize at the national level, including a request to amend the Criminal Code and Manpower Act. For more information on these recommendations, please see <http://www.ilo.org/dyn/normlex/en/f?p=1000:20010:0::NO::>

Evidence of implementation effectiveness. There are three active cases before the Committee on Freedom of Association. The CEACR has noted a suggested failure to provide protection against anti-union discrimination and interference in practice.

Coverage of workers in law. N/A.

Coverage of workers in practice. See Table 10 (above), union density rate.

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

Sources. ILO: NATLEX database; CEACR 2009 comments on the application of Conventions Nos. 87 and 98.

At the company level, where bipartite agreements between workers and employers are most easily reached, the number of collective bargaining agreements increased significantly, from 4,125 in 2009 to 5,184 in 2010. The trend was similar for sector level agreements, whose number more than doubled from 837 to 1976 during the same period. However, the quality of these agreements cannot be determined from current data nor can any further assessment be made of the longevity or sustainability of the gains made.

Data on industrial action is limited to a single year and shows that in 2011 there were 26 strikes

involving more than 24,000 workers. This resulted in more than 1.5 million work hours lost. Whether this is good or bad for industrial relations in the provinces is impossible to determine from these data alone.

Data on industrial relations and worker representation between 2009 and 2011 suggest that, despite their low and declining membership, unions continue to play an important role in facilitating processes of social dialogue and, with this, the shaping of labour policy in East Java. However, given the observed growth in outsourcing and casual employment in recent years (which, as shown in

Legal framework indicator 17. Collective bargaining

Law, policy or institutions. The Manpower Act and the Trade Unions Act regulate collective bargaining. A registered trade union has the right to negotiate a binding collective agreement with an enterprise if more than 50 per cent of the workers of the enterprise are members of the trade union or if more than 50 per cent of the workforce support the trade union in its endeavour to conclude an agreement (Manpower Act, Article 119). If the trade union does not have this support, it must wait six months before another vote can be held. A collective agreement must be concluded within 30 days of the start of negotiations. It is valid for two years and may be extended for a maximum of one more year. The ILO Committee of Experts on the Application of Conventions and Recommendations (CEACR) has noted that several provisions of the law are not in line with Conventions Nos. 87 and 98 (including the six-month waiting period and the compulsory presence of the employer during the vote).

Evidence of implementation effectiveness. See Legal framework indicator 18: Freedom of association.

Coverage of workers in law. N/A.

Coverage of workers in practice. See Table 10 (above), collective bargaining coverage rate.

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

Sources. ILO: NATLEX database; CEACR 2009 comments on the application of Conventions Nos. 87 and 98.

Table 10. Social dialogue, workers' and employers' representation

Decent work indicator	2005	2006	2007	2008	2009	2010	2011
Union density							
Unadjusted net density rate, % of total employment	3.4	2.9	3.1
Unadjusted net density rate, % of total employees	14.1	11.1	10.8
Trade union membership, total	655,766	543,033	591,849
Registered trade unions, total	2,483	2,484	2,288
Total registered companies in <i>Disnakertransduk</i>¹	30,074	30,400	31,831	22,631
Total membership of the Employers' Association of Indonesia (APINDO)	1,181	1,181	1,181	1,181
Collective bargaining²							
Company regulations, total	4,125	5,184	...
Collective labour agreements, total	837	1,976	...
Strikes and lockouts, total incidences	26
Workers involved	24,256
Working hours lost	1,503,872
Working days lost

¹ *Disnakertransduk* is the provincial government's manpower and transmigration agency

² Company regulations reflect enterprise agreements; collective labour agreements reflect sectoral agreements.

Source: East Java Manpower and Transmigration Division and Ministry of Manpower and Transmigration administrative records.

Legal framework indicator 18. Tripartite consultations

Law, policy or institutions. A Tripartite Cooperation Institution, comprising an equal number of representatives of the Government and 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, Article 107; Government Regulation No. 46/2008). Presidential Decree No. 37 of 2009 concerning representatives of institutionalized tripartite forums at the national, provincial and district level requires the appointment of 15 representatives (five representatives of the workers, of the employers and of the Government) as members of the forums. Currently, there is one institution at the national level, 29 at the provincial level and 195 at the district level. Not all of these institutions are functional.

Evidence of implementation effectiveness. The ILO Committee of Experts on the Application of Conventions and Recommendations (CEACR) has noted that in 2008 and 2009, the Tripartite Cooperation Institution's 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 and the Parliament. No information was made available to the CEACR about tripartite consultations on international labour standards; technical assistance was offered.

Ratification of ILO Conventions. Indonesia ratified the Tripartite Consultation (International Labour Standards) Convention, 1976 (No. 144), on 17 October 1990.

Sources. ILO: NATLEX database; CEACR 2009 observation on the application of Convention No. 144.

Table 10, now accounts for 13 per cent of total employed persons in East Java), the dynamics may worsen in the coming years. Specifically, as a growing proportion of workers is recruited on a short-term contractual basis, the pool of potential union members is not only shrinking but also posing a mounting challenge for policymakers to safeguard the right of all workers to freedom of association, as provided for in the Constitution, national legislation and ILO Convention 87 which Indonesia has ratified. While this situ-

ation may evolve as current outsourcing regulations come under further scrutiny, the question of whether recent developments point to improving or deteriorating industrial relations remains open to debate and in any case cannot be clarified without improvements in the quality and availability of data.³

³ See <http://www.hukumonline.com/berita/baca/1t4f4b372fe9227/legalitas-ioutsourcing-i-pasca-putusan-mkbr-oleh--juanda-pangaribuan> for the legal consequence of the Constitutional Court amendment of outsourcing regulation.

Legal framework indicator 19. Labour administration

Law, policy and institutions. *Act No. 2 of 2004 on local government:* In accordance with Ministerial Regulation No. 14/MEN/VII/2005 the MoMT promotes the continuing improvement and strengthening of 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 in charge of training and productivity, manpower placement, industrial relations and workers' social security, labour inspection, transmigration, and community development. Each directorate has a system of reporting the implementation of activities and data from regional to central government, though according to the Government the system is not running well. Each Directorate General is supported by a secretariat and a 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 an employment database (Ministerial Decision MoMT No. 250 of 2008 concerning the classification and characteristics of employment data and information) which it is still refining. The database will be linked with the institution responsible for employment in the province of district/city. Each Directorate General and regional government has an online reporting system (job fair, foreign labour, labour inspection, industrial relations, training).

To support administrative functions at the province and district/city level, the MoMT allocates funding to each province, which is then distributed to specific districts/cities that report employment data and information on implementation on a continuous basis. The budget allocation is still partial, but one of the Directorates 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 labour administration is an area to be improved.

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

Sources. ILO: Labour administration in Indonesia, ILO Office in Indonesia, 2006; CEACR direct request regarding Convention No. 81; MoMT.

Summary assessment

Data on social dialogue and employers' and workers' representation remains limited and hence only a tentative assessment is possible. Union density in East Java is broadly similar to the national level (in 2009 it was 3.4 per cent of total employees, compared with 3.3 per cent in Indonesia), and from the evidence of the 2009 to 2011 period, appears to be declining – also in line with national trends. In East Java as at the national level, the decline in union membership has been attributed by some – particularly on the union side – to the growth in short term

contractual employment, which by weakening the employment relationship may also have reduced the prospects and opportunities for union membership. Over the period in question (2009 to 2011), membership of the national employers' association (APINDO), remained static but low at 1,181 – representing just 5 per cent of registered companies in 2011. Data on collective bargaining is limited but shows significant progress between 2009 and 2010, although the quality or sustainability of agreements is not captured. Strike data is unavailable across a time-series, and cannot be compared with current national level data.

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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						
Regular employees						
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
All employees						
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						
Nanggroe Aceh Darussalam	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
North Sumatera	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
DKI Jakarta	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
West Java	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
Central Java	28.6	34.0	43.6	45.2	43.3	39.5
Male	19.8	22.0	34.1	37.1	32.9	31.2

Decent work indicator	2005	2006	2007	2008	2009	2010
Female	42.9	54.4	59.5	56.7	57.4	51.7
East Java	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
Banten	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
East Nusa Tenggara	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
Maluku	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
Papua	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

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.

Table 2. Decent working time 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

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 who 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.

Table 3. 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

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

Source: Sahara, 2010.

Box 1. Maternity leave

Legal framework indicator 7. Maternity leave

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

Qualifying conditions. None stated in the MA.

Level and duration of benefits. 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 has been made available to the ILO's supervisory bodies.

Coverage of workers in law. N/A.

Coverage of workers in practice. N/A.

Ratification of ILO Conventions. Indonesia has not ratified the Maternity Protection (revised), 1952 (No. 103), the Maternity Protection Convention, 2000 (No. 183), or the Social Security (Minimum Standards) Convention, 1952 (No. 102).

Sources. ILO: TRAVAIL legal databases; NATLEX database.

Box 2. Parental leave**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 on 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. Indonesia has not ratified the Workers with Family Responsibilities Convention, 1981 (No. 156).

Source. ILO: NATLEX database.

Table 4. Provincial KHL rates (cost of living indicator), Indonesian Rupiah, 2005-2013

NO	PROVINSI	KHL (Rp)								
		2005	2006	2007	2008	2009	2010	2011	2012	2013
1	Aceh	619.876	775.000	920.000	1.200.000	1.400.000	1.400.000	1.476.145	1.531.459	1.514.383,00
2	Sumatera Utara	547.255	737.794	714.337	783.000	855.124	916.124	966.000	1.035.028	1.295.000,00
3	Sumatera Barat	501.315	668.678	760.000	871.000	896.920	979.000	1.099.227	1.153.456	1.384.233,00
4	Riau	551.498	870.625	774.122	815.665	1.022.689	1.053.000	1.230.491	1.312.888	1.499.378,00
5	Jambi	495.242	571.142	693.000	734.169	918.121	970.662	1.027.791	1.143.576	1.321.572,00
6	Sumatera Selatan	495.242	853.000	753.000	1.100.000	929.642	1.031.902	1.060.921	1.311.000	1.757.000,00
7	Bengkulu	480.000	586.000	644.000	714.750	742.499	788.956	808.031	884.289	1.216.089,00
8	Lampung	396.456	589.540	554.521	650.000	805.308	861.340	897.600	1.008.109	1.060.082,00
9	Bangka Belitung	690.000	714.000	830.000	978.720	1.237.000	1.150.500	1.562.000	1.540.330	1.555.206,00
10	Kepulauan Riau	552.045	991.237	943.254	923.000	1.022.000	1.073.264	1.139.903	1.080.332	1.395.442,00
11	DKI Jakarta	759.953	831.336	991.988	1.055.276	1.334.059	1.317.710	1.404.829	1.497.838	1.978.789,00
12	Jawa Barat	408.259	542.621	607.425	614.275	731.680	743.141	874.693	-	946.689,15
13	Jawa Tengah	405.282	582.128	586.220	612.223	793.693	803.985	833.465	-	857.727,70
14	D.I. Yogyakarta	399.964	673.518	656.976	687.132	820.484	750.490	802.335	862.391	924.284,27
15	Jawa Timur	339.227	580.054	458.755	544.157	706.698	856.888	731.635	-	825.000,00
16	Banten	585.000	735.126	764.234	851.500	917.638	955.708	1.019.875	1.108.000	1.170.000,00
17	Bali	447.500	742.054	704.000	711.099	956.339	959.232	1.107.766	1.130.779	2.117.000,00
18	Nusa Tenggara Barat	526.040	570.000	643.557	727.682	860.000	1.460.099	1.007.000	1.222.088	1.403.700,00
19	Nusa Tenggara Timur	402.989	670.560	735.000	782.466	909.000	943.404	973.000	1.164.204	1.336.000,00
20	Kalimantan Barat	482.250	605.017	721.564	776.928	803.914	866.250	931.146	1.327.014	1.402.927,47
21	Kalimantan Tengah	553.376	850.000	753.098	825.000	910.670	947.100	1.095.000	1.720.414	1.919.413,00
22	Kalimantan Selatan	503.775	684.319	768.000	790.000	947.000	997.000	1.053.379	1.227.000	1.227.546,67
23	Kalimantan Timur	597.878	764.756	882.797	935.440	1.209.870	1.327.803	1.435.374	1.531.458	1.752.073,00
24	Sulawesi Utara	522.233	691.224	705.000	802.035	863.731	966.372	935.000	1.077.899	1.291.804,00
25	Sulawesi Tengah	588.000	615.000	635.000	733.000	915.000	890.000	900.000	900.000	1.036.000,00
26	Sulawesi Selatan	505.000	672.650	677.333	754.884	1.154.080	1.049.321	1.083.000	1.161.395	1.380.500,00
27	Sulawesi Tenggara	498.600	573.400	653.250	640.000	823.638	895.188	1.013.769	1.232.820	1.207.648,00
28	Gorontalo	531.500	677.162	599.080	798.852	889.000	921.647	996.367	1.099.222	1.539.539,00
29	Sulawesi Barat	-	672.650	886.493	850.000	1.126.000	1.258.973	1.381.470	1.381.470	1.403.666,00
30	Maluku	602.938	1.076.699	1.091.195	1.182.556	1.280.599	1.400.990	1.570.980	1.739.000	1.738.676,00
31	Maluku Utara	674.800	926.286	1.475.035	1.090.127	1.520.000	1.500.092	1.090.000	1.903.311	1.712.000,00
32	Papua Barat	-	941.099	-	1.638.746	1.325.843	1.421.814	1.800.000	1.800.000	2.117.000,00
33	Papua	769.050	941.099	941.099	1.638.746	1.734.054	1.799.228	1.781.356	1.904.000	2.069.318,00
	Rata - Rata :	530.082,00	748.305,63	766.360,00	849.179,00	1.010.371,93	1.068.399,49	1.123.743,88	1.299.692	1.435.014,74

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