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**GENPROM Working Paper No. 14**

*Series on Gender in the Life Cycle*

**REPORT OF SURVEY ON THE SCHOOL-TO-WORK  
TRANSITION IN INDONESIA**

By

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## Preface

To address the major challenge of youth employment and underemployment, the ILO is taking the lead in the UN Secretary-General's Youth Employment Network (YEN), created within the framework of the Millennium Declaration where Heads of State and Government resolved to "develop and implement strategies that give young people everywhere a real chance to find decent and productive work". The Network is a partnership between the UN, the World Bank and the ILO to bring together leaders in industry, youth and civil society representatives, and policy makers to explore imaginative approaches to the challenge of youth unemployment.

Indonesia was the first nation that volunteered to be a "lead" country in the UN Secretary General's initiative. In May 2003, the Coordinating Minister of Economic Affairs established an Indonesian Youth Employment Network (I-YEN), which involves senior policy-makers as well as prominent representatives of the private sector and civil society. The main task of the I-YEN is to develop a National Youth Employment Action Plan by the end of 2003 and to support its implementation in the coming years.

The ILO Office in Jakarta, the Gender Promotion Programme (GENPROM) and the Employment Strategy Department (EMP/STRAT) collaborated to contribute to this effort, importantly through initiating a school-to-work transition survey in Indonesia. The survey was based on a generic set of questionnaires developed by GENPROM and adapted to the Indonesian situation and concerns. The aim of the survey was to provide vital inputs into the preparation of the National Youth Employment Action Plan as well as into pilot schemes to facilitate school-to-work transition in selected provinces. This work is an integral part of the ILO's programme on promoting decent work in Indonesia. The survey is also closely linked to the project on "Addressing the Challenges of Youth Employment in Indonesia", which is funded by the Government of the Netherlands. The survey findings helped provide information useful for other research activities within the project.

The survey was implemented by the Ministry of Manpower and Transmigration of Indonesia. Special acknowledgements go to Mr. Maruli Hasoloan who was principally responsible for organizing and supervising the fieldwork and data collection, and to Mr. Budi Hartawan and Ms. Poppy Novita Pasaribu for data entry. Their excellent work was essential to the success of the survey.

This report was made possible through the hard work and dedication of Gyorgy Sziraczki and Annemarie Reerink. Ridwan Yunus and Habib Millwala provided assistance in data processing, Lynda Pond and Janet Mutlow helped in editing, while Tiina Eskola formatted the report.

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## 1. Introduction

In Indonesia, approximately 6 million young women and men between the ages of 15 and 24 are unemployed.<sup>1</sup> The youth unemployment rate is about 23 per cent in rural and 33 per cent in urban areas. Among those young people who have a job, a large proportion is underemployed: 47 per cent in rural areas, as compared to 18 per cent in urban settings.<sup>2</sup> The vast majority of working youth are in the informal economy where they lack adequate incomes, social protection, security and representation.

There have been several reasons for the high level of youth unemployment. The Indonesian economy saw demand slump during the crisis period and demand in many sectors has remained weak. Demographic factors also play a role. Between 1971 and 2000, the numbers in the 15-25 age groups increased from 19 million to 38 million. This massive growth of the youth labour force leaves a large number of young people who cannot be absorbed by the formal sector, with many struggling to earn a precarious living in the informal economy.

Beyond insufficient economic growth to create jobs for all the young labour market entrants, there are other problems as well. Pathways from school to work are not well established, leaving many young women and men searching for a job longer than it would have been necessary otherwise. The failure to find decent employment after leaving school tends to have lasting effects on occupational patterns and incomes over the life course of an individual. Facilitating an improved school-to-work transition may overcome the common difficulties that youth, and particularly young women face, in terms of limited access to reliable labour market information, advice or support and vulnerability to labour and sexual exploitation.

This report focuses on the school-to-work transition of Indonesian youth, with the aim of identifying critical issues and suggesting policy actions. The report is based on a large-scale survey that collected information on youth – their personal identification data, education and training, their perceptions and aspirations in terms of employment and their life goals and values, the job search process, the family's influence in the choice of occupation, barriers to and supports for entry into the labour market, the preference for wage employment or self employment, attitudes of employers towards hiring young workers, their current employment/working conditions, control over resources, work, marriage and family responsibilities, and gender differentials - especially why it is harder for young women than for young men to enter the labour market. Information on recruitment practices, in-house training and other issues were also gathered for a number of enterprises.

School-to-work transition is not simply leaving school and finding a job. It is much broader: it starts in education and ends much later when young people are already in

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<sup>1</sup> Data used from BPS publication, 'Labour Force Situation in Indonesia, 2002'; according to the BPS classification, the unemployed youth includes those who are: (1) Looking for work, (2) Establishing a new business/firm, (3) Hopeless of finding a job, and (4) Have a job that starts in the future.

<sup>2</sup> Data used from BPS publication, 'Labour Force Situation in Indonesia, 2002', refer to those who work less than 35 hours a week.

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employment – it is a process that takes many years. From this broader perspective, the first chapter of the report will provide information of the data source, followed by the highlights of the characteristics of the sample. The next chapters will present the survey findings on education, labour market entry, working youth, and the perceptions of gender roles and their impact on employment.

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## 2. The data: School-to-work transition survey

The main data source is the Indonesian school-to-work transition survey (ISTWS), which involved a sample of 2,180 young people and 90 enterprises. The survey was jointly organized by the ILO and the Ministry of Manpower and Transmigration (MOMT). Officials of the MOMT from three provinces were trained as interviewers and conducted the field work in spring 2003.

The ISTWS consisted of five questionnaires designed for in-school youth, job-seekers, employees, self-employed and own account workers, and employers and managers (who are hiring young workers).<sup>3</sup> To ensure comparability across groups, each questionnaire contained some common blocks of question, such as personal identification data, educational and technical/vocational training background, attitudes and expectations regarding work, and the life goals and values of young people. In addition, each questionnaire included some specific questions relevant to the target group. For example, questions on job search were asked in the case of out-of-school youth, and on employment, working conditions, and incomes and expenditures in the case of employees and the self-employed.

The survey was carried out in three regions: Jakarta (including the districts of Pusat, Timur, Selatan, Barat and Utara) Central Java (covering Semarang, Demak and Kendal) and Nusa Tenggara Timur (NTT) (focusing on Kupang). (For background information on the locations of the survey, see Annex 1.) In each region, 750 interviews were conducted with youth (180 with each of the four sample groups) and 30 with managers and employers. Interviews with in-school youth included young people in high schools, in vocational and technical education institutes, and in universities. The sample of job-seekers covered both first-time job seekers and recurrent unemployed. Young employees were selected from both public and private sector companies, whilst the sample of self-employed youth included street vendors, those working in traditional markets and other informal economy operators. Interviews with employers and managers were conducted in both public and private firms, representing small, medium and large companies.

The survey did not aim for a sample of young women and men representative of the entire country or each entire province or region. Instead, the intention was to gather detailed information about the selected target groups (including about gender issues), leading to clear policy recommendations. It must be acknowledged that the survey sample and results are biased towards urban youth with higher levels of education than the national average.

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<sup>3</sup> See “School-to-work transition survey questionnaire modules”, Series on Gender in the Life Cycle, Gender Promotion Programme, ILO, Geneva 2003. The generic questionnaires were adapted to the situation in Indonesia.

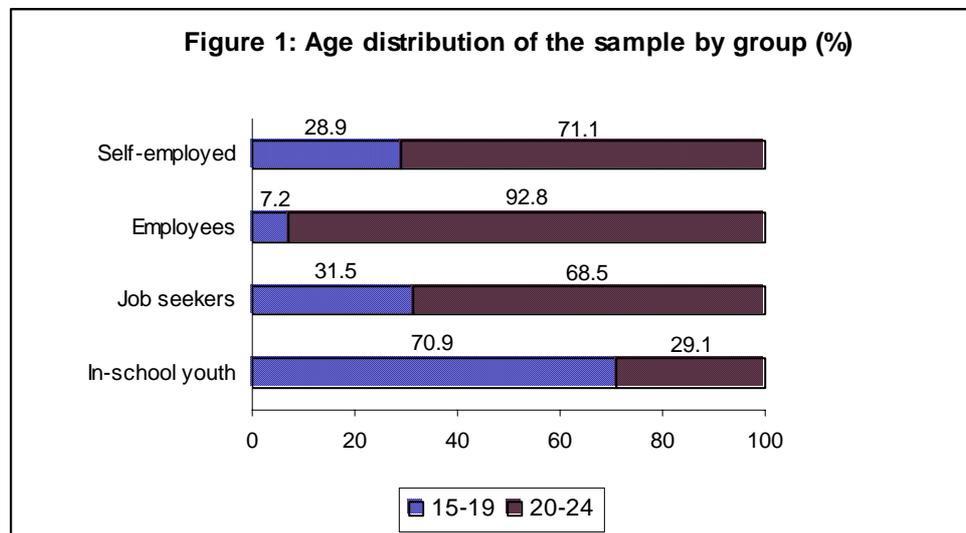


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### 3. The characteristics of the sample

This chapter will present some characteristics of the sample to provide background information about the youth population. Included here are sex, age, marital status, household income, parents' occupation and geographic mobility.

The number of young women and young men are close to equal in most sample groups in all the three regions. The notable exception is the sample of the self-employed, in which men are over-represented, especially in Jakarta. (See Table A1 in the Annex 2.) Concerning the age distribution, there are marked differences among the four groups (Figure 1). While the vast majority of in-school youth are teenagers (between 15 and 19 years of age), both job-seekers and the self-employed are mainly young adults (between 20 and 24 years of age). The “oldest” population is the sample of employees, with over 90 per cent between 20 and 24 years of age.



A clear majority of respondents are still single, which is not surprising given that the average age of first marriage in Indonesia has been rising during recent years and is now well above 20, especially in urban areas. However, among self-employed youth the percentage of married respondents is much higher. A possible explanation for this finding is the relatively younger age at which self-employed youth start earning money for themselves, which enables them to set up an independent household, although family background and parents' expectations may also play an important role. The percentage of married respondents is higher in Central Java than in Jakarta or NTT, which may be explained by stronger adherence to Javanese traditions in the more remote regencies in Central Java where the survey was conducted. Getting married early is likely to influence the labour market attachment of the self-employed, partly because of their household responsibilities and partly because of the perceptions of gender roles and their effects on employment – issues to which we return in chapter 7.

To consider the impact of family on the education and employment of youth, we asked young people about the income of their households and the occupation of their parents. The survey findings suggest that inequalities in the previous generation are

often passed on to the next generation. For example, when comparing monthly family income across sample groups, the data show that self-employed youth are more often than others represented in the lower income brackets (Table A2 in Annex 2). For example, while 27 per cent of self-employed households in Jakarta earn less than Rp500.000 per month, this is only 14 per cent among in-school youth and employed youth in Jakarta. In NTT, 31 per cent of the self-employed reported family incomes below Rp250.000, whereas only 15 per cent of in-school and 16 per cent of employed youth did so. Due to better job employment opportunities, respondents in Jakarta reported higher family income levels than did their counterparts in Central Java and NTT.

With regard to the occupation of their parents, compared with Central Java and NTT, a much larger percentage of young people in Jakarta reported that their mothers were active, in running the household or working at home (Tables A3 and A4 in Annex 2). This is likely to be related to relatively high levels of income in the capital region. Parents were often themselves active in sales and farming, especially among the self-employed in the other two regions. In contrast, among in-school youth between 10 and 20 per cent of mothers were civil servants. In Jakarta, 27 per cent of young employees reported that their father was a civil servant/public sector worker, while in Central Java and NTT this percentage increased to 35 and 42 per cent, respectively. This suggests that a linkage exists between the parents' occupation and the respondent's employment status. As we will see later, both household income and the occupation of parents often influence the educational attainments of their children and through this their employment status at an early stage of their working life. In other words, inequalities in one generation are often passed on to the next.

**Table 1: Percentage of young migrants, by group, sex and region (%)**

	In-school	Job seekers	Employees	Self-employed	Total
Jakarta					
Women	35.5	40.2	47.3	71.2	47.9
Men	52.9	39.7	55.1	53.9	53.9
Central Java					
Women	51.1	30.8	46.7	31.0	43.2
Men	42.2	21.3	35.6	46.9	41.7
NTT					
Women	47.1	58.4	48.9	57.1	51.0
Men	59.1	60.4	67.8	69.8	65.6
Total					
Women	44.4	42.9	47.6	50.5	47.3
Men	51.5	40.7	52.8	56.6	53.8

Migration is another important factor affecting the youth population. On average, around half of the respondents were migrants, although there were important differences (Table 1). More than two-thirds of self-employed women in Jakarta were migrants, whereas only one-third of in-school girls in Jakarta had migrated. Similarly, migration levels were higher among men in NTT than among women, especially among employees and the self-employed, possibly caused by cultural resistance towards women's migration in this part of Indonesia. Migration levels were lowest among young men in Central Java and highest among men in NTT. Overall, at least 20 per cent in each group, but up to 71 per cent were migrants.

Among Jakarta's in-school youth, around 75 per cent of all migrants came from other large cities. Among self-employed youth in Jakarta, however, more than 50 per cent came from villages. Similar differences can be observed in Central Java, while in NTT most migrants hail from villages and small cities. Most in-school youth, job-seekers and young employees migrated to follow their families or for educational reasons, but half of the self-employed migrants were motivated by their job search.

While the main reason for migration varies from group to group and from region to region, the combination of the three factors (following their families in search of opportunities in different places, moving to schools located outside their home area, and looking for their own job in another place) tends to make young people more mobile than other age groups. Indeed, national statistics confirm this trend, showing a sharp increase in the share of young people living in urban areas and a sharp decline in the share of those living in rural settings. In 1971, youth living in urban and rural areas constituted around 20 and 80 per cent respectively, whilst in 2002 the figures were close to 50 per cent.<sup>4</sup> Our survey findings clearly reflect this trend, even though the sample is biased to urban youth, with more the 80 per cent living in urban areas.

Out-of-school youth were asked whether they would consider moving to another place within the country or overseas to find a job. Not surprisingly, compared with employees and the self-employed, job-seekers were more likely to consider such options (Tables 2 and 3). Overall, a quarter of all job seekers in the survey would consider moving to another place in Indonesia to find a job, and 21 per cent expressed interest in seeking employment abroad. This willingness was particularly strong among female job-seekers in Central Java, where 40 per cent of the respondents would like to move overseas for work, compared to only 16 per cent of female job-seekers in Jakarta and 11 per cent in NTT.

**Table 2: Percent of young people who consider moving to another place within the country to find a job, by sex, group and region (%)**

	Job seekers	Employees	Self-employed	Total
Jakarta				
Women	20.6	23.1	26.9	22.9
Men	26.9	19.1	18.8	21.0
Total	23.3	21.1	21.1	21.9
Central Java				
Women	40.7	13.3	14.3	23.0
Men	25.8	17.8	18.8	20.7
Total	33.3	15.6	16.7	21.9
NTT				
Women	14.6	12.2	3.6	10.3
Men	24.2	14.4	13.5	17.3
Total	19.4	13.3	8.9	13.9
Total				
Women	25.2	16.2	13.2	18.6
Men	25.6	17.1	17.2	19.7
Total	25.4	16.7	15.6	19.2

<sup>4</sup> Youth Employment in Indonesia, ILO, Jakarta, 2002, pp. 9-12.

**Table 3: Percent of young people who consider moving to work in another country, by sex, group and region (%)**

	Job seekers	Employees	Self-employed	Total
Jakarta				
Women	15.7	9.9	5.8	11.4
Men	20.5	9.0	6.3	10.8
Total	17.8	9.4	6.1	11.1
Central Java				
Women	41.8	11.1	4.8	19.6
Men	20.2	5.6	7.3	10.9
Total	31.1	8.3	6.1	15.2
NTT				
Women	11.2	7.8	1.2	6.8
Men	19.8	10.0	6.3	11.9
Total	15.6	8.9	3.9	9.4
Total				
Women	22.7	9.6	3.6	12.7
Men	20.2	8.2	6.6	11.2
Total	21.5	8.9	5.4	11.9

Such high levels of migration among young women and men have important consequences for their school-to-work transition. While migration frequently opens up new opportunities for job seekers, in particular for those from areas with poor human and natural resources, they are often disadvantaged because of their limited knowledge of employment opportunities and institutional support networks in their new surroundings. It is thus imperative that local authorities provide information and job search assistance to migrant youth. This is particularly important in the case of young female migrants who often face the risk of trafficking. Furthermore, awareness-raising of available support networks for migrants should be carried out at an early stage of the education cycle in order to reach those most likely to move and become self-employed. As will be shown in the next chapter, these youth tend to stop their schooling earlier than those aiming for wage employment, and therefore may be relatively unaware of existing support networks to aid in the school-to-work transition.

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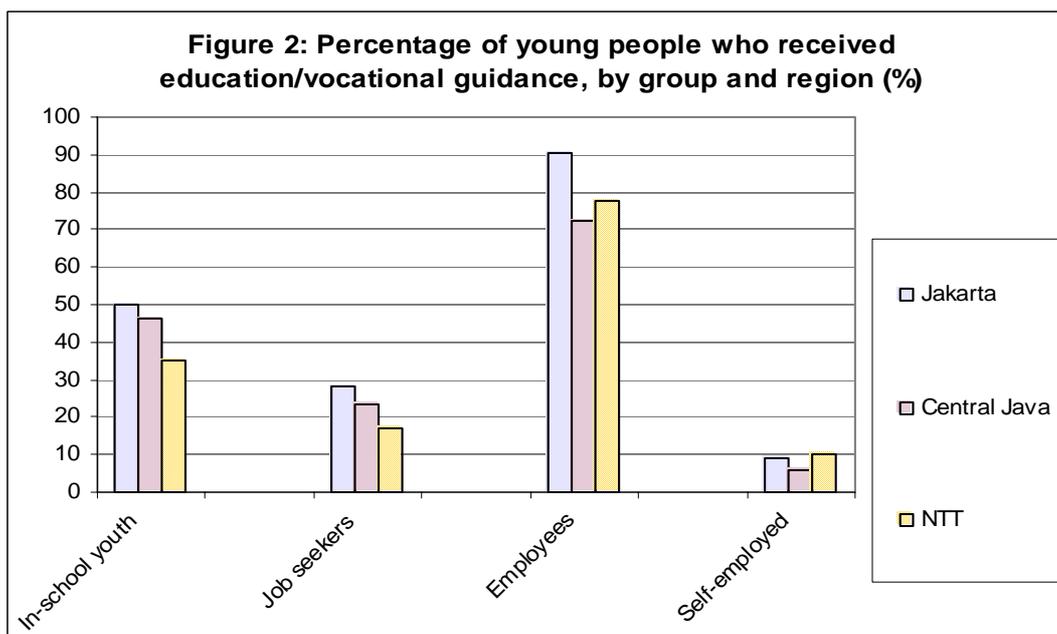
## 4. Education and training

Education is the starting point for the school-to-work transition. Education can influence the age when young people enter the labour force, the extent to which they are prepared for work, the job they obtain and their future career, although much depends on whether young people come from poor or better-off families, whether their residence is rural or urban, and whether they enter during times of economic prosperity or economic crisis. Notwithstanding the many determinants involved in the school-to-work transition, it is particularly important to examine education and training. The first section will look into the role of educational and vocational guidance, followed by a review of educational attainments. The third section will present the perception of youth on the minimum level of education needed to find a decent work. The next section will discuss gender issues in education and training. The chapter will end with a brief analysis of the linkages between education and business. It is important to keep in mind when considering the survey findings about education and training, the generally low quality of the Indonesian education system has to be kept in mind.

### 4.1 Most youth do not get educational and vocational guidance

To make informed decisions on the type and level of schooling in an increasingly complex and rapidly changing educational system, young women and men need information, counselling and vocational guidance. Yet, only 39 per cent of the surveyed youth received such guidance – an overall figure that masks significant differences by region and groups.

Youth in Jakarta benefited from the relatively greater availability of educational and vocational guidance compared to Central Java and NTT (Figure 2). This regional difference was especially visible among in-school youth, of whom 50 per cent in Jakarta had received guidance compared to only 35 per cent in NTT. A large majority of employees in all three regions also responded positively. Their guidance and advice generally came from parents and teachers, with very few reporting having received advice from a counsellor or advisor. However, few job-seekers and self-employed in any of the three regions had received educational guidance. In the case of self-employed, further research is required to answer the question whether this influenced their career choice or whether guidance was absent due to their relatively limited educational achievement.



The unmet demand is clearly visible from the fact that 76 per cent of those who did not receive any guidance would like to make use of it if it were offered to them. This provides a useful entry point for efforts to help young people make informed educational choices and eventually improve their transition from school to work.

#### **4.2 Educational attainments are rising, but many still leave school early**

Over the past three decades, Indonesia has achieved considerable improvements in the education of youth. This achievement is reflected in the sample, though it is biased in favour of more highly educated youth than the national average would suggest (see table A5 in Annex 2). Nevertheless, the data indicate some important trends that deserve the attention of educators and policy-makers.

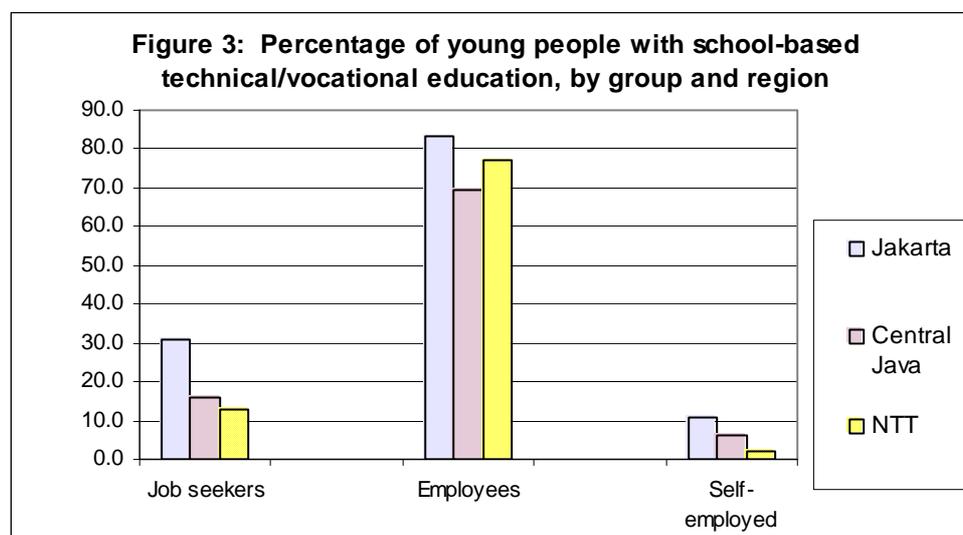
Comparing the sample groups, employees have the highest level of education – many of them having diploma certificates or university degrees, especially in Jakarta (Table 4). The bulk of the job-seekers have completed senior high school or vocational education. In contrast, the self-employed have the lowest level of education, with between 50 and 70 per cent having only junior high school or less. This suggests that self-employed youth start their job search at a disadvantage compared with those who go on to find wage employment. This finding is further substantiated by the linkage between the occupation of father and the level of education of their children that was found through the survey. For example in Jakarta, self-employed youth whose fathers were engaged in sales or farming were more likely to have only primary or junior high school education than those with fathers in the civil service or administrative, technical and professional jobs. Clearly, as we will see again with respect to career options, the link between low educational levels and self-employment requires policy attention. Education is crucial to break the pattern of following the footsteps of parents!

**Table 4: Distribution of out-of-school youth by the highest level of education, by group (%)**

	Job seekers	Employees	Self-employed
Primary or less	8.0	5.7	27.6
Junior high school	16.5	9.4	32.8
Senior high school	32.6	39.1	21.9
Technical/vocational school	30.6	26.5	14.4
Diploma programme	8.5	12.0	1.7
Undergraduate degree	3.9	6.7	1.7
Others	0	0.6	0
Total	100	100	100

While these data show that education is an important factor in determining the employment status of out-of-school youth there are noticeable variations by region. In Jakarta, the majority of female job seekers consist of senior high school graduates whilst the majority of male job seekers have vocational or diploma certificates. This indicates the difficulties that youth with such education have in finding jobs in the capital city (Table A6 in Annex 2). In Central Java, the educational composition of job-seekers differs by sex dramatically. While over 55 per cent of the women have only junior high school or lower educational attainments, their male counterparts typically hold vocational and technical school certificates. In NTT, fewer women and men have education lower than junior high school but also fewer have diploma certificates or university degree.

With regard to technical and vocational education, in all three regions more than three-quarters of employed youth had obtained such school-based education (mostly through private schools), compared to less than 10 per cent of the self-employed and around one-fifth of job-seekers (Figure 3). This points to the need for improvements and greater assistance for self-employed youth, but whether the main problem is location, cost, educational prerequisites, or the type of courses and skills offered requires further investigation. The survey has also found differences by region. Percentages of those with technical or vocational education were generally similar for women and men, but higher in the greater Jakarta area than in Central Java or NTT.



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### 4.3 High school education is a minimum floor, but many want a university degree

When asked about the minimum level of education needed to get a decent job, completion of junior or general senior high school appears to be a broadly accepted floor among out-of-school youth. At the same time, a surprisingly large number of respondents (slightly more women than men) mentioned some forms of higher education, such as diploma courses and undergraduate studies as the minimum requirement (Table 5). Whether this is justified in the light of the high level of unemployment among university graduates and in the light of the demand of the economy is questionable.

**Table 5: The lowest level of education needed for a decent job, by sex (%)**

	Women	Men	Total
Primary school	1.6	1.3	1.5
Junior/senior high school	35.6	41.9	38.9
Diploma programme	14.4	11.9	13.1
Undergraduate degree	24.4	20.7	22.5
Postgraduate degree	3.5	1.9	2.7
Professional education	1.8	3.4	2.6
Technical/vocational education	17.9	17.5	17.7
Others	0.8	1.4	1.1
Total	100	100	100

In NTT, 42 per cent of job-seekers believe that the minimum level of education needed to obtain a decent job is junior or senior high school and 22 per cent thinks that they require an undergraduate degree (Tables A7 in Annex 2). Among in-school youth, 46 per cent believe that an undergraduate or postgraduate degree is necessary. This suggests that in-school youth in NTT do not necessarily continue their higher education at university level in order to find a good job in the immediate vicinity. Rather, they may be waiting until better employment opportunities open up or plan to move to other areas in Indonesia. In the Jakarta area, on the other hand, in-school youth attach a much greater importance to obtaining a junior or general high school certificate or a professional diploma, while only 19 per cent believe a university degree is required. Around a quarter of all young job-seekers in all three regions put more faith in technical and vocational education, a preference that is shared to some extent by self-employed youth in Central Java and NTT. This is likely to reflect their greater experience in searching for a job and therefore their greater knowledge of the job market. Among self-employed youth, technical and vocational education may be the only avenue available for furthering their education.

It is remarkable that more than three-quarters of the in-school youth (more women than men) expect to complete at least an undergraduate degree (Table 6). This percentage is especially high among women in NTT at 85 per cent. Whether this preference in NTT for high levels of formal education is caused by the low availability of jobs or by a traditionally high value placed on education is unclear from the survey. It is likely that the greater variety of jobs in the Jakarta area steers more in-school youth towards completing a professional diploma rather than a university degree.

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**Table 6: Distribution of in-school youth by the highest level of education they expect to attain, by sex (%)**

	Women	Men	Total
Junior/Senior high school	1.5	1.9	1.7
Vocational/technical education	6.3	12.6	9.5
Diploma programme	12.6	10.4	11.5
Undergraduate degree	63.9	59.5	61.7
Postgraduate degree	15.6	15.6	15.6
Total	100	100	100

In sum, while these survey findings reveal interesting regional differences, clearly there is a need for further research to assess whether the composition and the quality of education meet the demand of the economy and the aspirations of youth.

#### **4.4 The gender gap in education is decreasing**

An ILO study has shown a gradual decrease in the gender gap in educational achievement in Indonesia over the past decades<sup>5</sup>, which is confirmed in the population census and the labour force survey of 2002 (BPS 2002)<sup>6</sup>. This is reflected in the survey findings to some extent, in particular among youth in Jakarta and NTT where figures are similar for men and women or even favour young women. Especially at the higher levels, young women are well represented. Among many sample groups, nevertheless, the percentage of youth who have at most finished primary school is still slightly higher among women than among men (e.g. job-seekers and the self-employed in Jakarta and Central Java).

Young people were asked a set of questions on how they see the opportunities of women and men for having access to education and training. Interestingly, more than 80 per cent of respondents believed that men and women have the same opportunities for general education, except employees, where more than a quarter in each region said they were uncertain. The percentage among women employees was slightly higher than among their male counterparts. This may reflect the sample group's greater awareness of the workings of the labour market, compared with the other groups, due to their higher educational attainment. However, in general, these findings are an indication of the positive experiences of young women and men in having access to an education (although they may in some cases rather refer to the lack of decent education available to either women or men).

In relation to equal opportunities for technical or vocational training, more than 90 per cent of employed youth thought that opportunities were equal, compared with 78 and 76 per cent of job-seekers in Jakarta and Central Java respectively, and 68 per cent of the self-employed in NTT. Male-female differences here were confined to be no more than 5 per cent. Although these findings generally paint a positive picture of gender equality in education, we should not ignore the small group of around 10 per cent who believed that opportunities were not yet equal.

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<sup>5</sup> Youth Employment in Indonesia, op. cit.

<sup>6</sup> Labor Force Situation in Indonesia, BPS, Jakarta, 2003

Few Indonesian youth expressed strong opinions on the appropriateness of certain courses for either men or women. Overall, 68 per cent believed that there were no differences in the degree of appropriateness of courses or fields of study for men or women, while an additional 12 per cent stated that they did not know and an equal percentage said they were uncertain. Among those who believed there were differences in what was considered appropriate, no clear pattern could be established but percentages were as high as 17 per cent of self-employed women in Jakarta and employed men in Central Java.

In conclusion, while opinions about equal opportunities are generally positive, this should not be interpreted to mean that opportunities are indeed equal for women and men in practice, due to the survey sample's particular characteristics and the existence of a relatively small group who believe that opportunities are not yet equal. Moreover, there is a need for more in-depth research on gender segregation in education by type of course and on their impact on employment pattern.

#### **4.5 The linkages between education and business are weak**

Exposure to the world of work is an essential part of young people's preparation for entering the workforce, not only in order to shape their educational career at an early point but also to facilitate the transition from the education system to the workplace environment where new skills and different attitudes are required. Yet, only just one half of all in-school youth (in Jakarta and NTT more women than men) participated in work experience programmes as part of their education or training, usually as an integral part of their schooling (but not or not only during school hours). This percentage was even lower for employed youth (Table 7). And among self-employed youth, fewer than a quarter had participated in a work experience programme, which may be due to their relatively lower educational achievements but may also be caused by factors such as lack of career counselling, parental stimulation or low financial resources for education. Compared with Jakarta and Central Java, NTT had lower youth participation in work experience programmes.

**Table 7: Percent of young people with work experience as part of their education/training, by group and region (%)**

	Jakarta	Central Java	NTT	Total
In-school youth	43.3	50.0	39.4	44.3
Job seekers	60.0	56.1	34.4	50.2
Employees	40.0	38.9	42.2	40.4
Self-employed	23.9	16.1	14.4	18.1
Total	41.8	40.3	32.6	38.2

Sixty per cent of employers and managers in Central Java and 50 per cent in NTT reported the existence of a work experience or internship programme, though only 27 per cent of surveyed employers and managers in Jakarta did so. In NTT and Central Java, the surveyed enterprises participated in work experience and internship programmes mainly with vocational and technical education institutes, while in Jakarta high schools were also involved (accounting for 38 per cent of participating educational institutions). Interestingly, only a very small number of companies had such programmes with universities and training centres. Participants in work experience programmes generally worked in private companies, except for self-employed youth who probably worked mostly as local apprentices with other self-

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employed. Such contacts should be encouraged by the relevant government agencies, as they can lead to an increase in job experience programmes, improvements in placement of young workers, and clear goals and expectations concerning such co-operation.

At the same time, it must be acknowledged that 62 to 74 per cent of in-school youth and even more than 90 per cent of young employees who had participated in such a programme during their education or training did so without pay. Percentages were higher among men than among women, with the gap being especially large among in-school youth in Central Java (49 per cent of women compared to 80 per cent of men). Although the Indonesian labour law of 2003 prohibits unpaid apprenticeships when the resulting production is marketed and sold for profit, this finding must be considered in the light of common practices in many manufacturing companies in the country. For example, in the textile and garment and electronics sectors as well as in parts of the service sector, unpaid apprenticeships of one to six months are a regular aspect of the school-to-work transition. As such, job-seekers are unlikely to resist this practice and many would prefer to make this a part of their education and training in the hopes of a guarantee of a stable job.

The survey findings raise serious concerns about the effectiveness of the existing work experience and internship programmes. When employers and managers were asked about the type of education/training they prefer when they recruit workers only 8 per cent mentioned job applicants with internship experience and only 3 per cent young people with a certificate from training institutions. This suggests that most of the current programmes do not provide the participant with such work experience and learning opportunities that would give them an advantage in the recruitment process. Moreover, the lack of preference for applicants with certificate from training institutions questions the relevance of such education to the needs of industry. This is not surprising, since apart from offering work experience and internship programmes, the surveyed enterprises rarely had any other collaboration with the education sector. Only 10 per cent of the enterprises in Jakarta and NTT and 30 per cent in Central Java reported having regular contacts with schools or training institutions.

The poor quality of training is also reflected by the views of young people. When asked about whether it is easier to find a job with technical/vocational training than with general education 39 per cent believed that there was no difference and another 39 per cent were unsure or did not know. Thus the vast majority of the interviewed youth doubt the advantage of technical/vocational training in the labour market. Similarly, less than 10 per cent of the interviewed employers and managers regarded past training as a very important selection criterion in recruitment.

Unprepared school-leavers are a cost to employers and an obstacle to increasing productivity or to upgrading to more sophisticated and modern technology or production. As we will show later, many employers have to provide entry-level training to newly-recruited young workers, even for university graduates, to make them functional as employees. By working closely with schools, business can ensure that future members of the workforce are well prepared and they excel. Effective work experience programmes help students to see the connection between learning and work, to understand how specific knowledge and skills are applied in a real-world context, and develop new attitudes and gain confidence. Beyond internship, there are

many other forms of exposing students to the real world of work such as career talks and apprenticeship programmes. Employers can also support the work of teachers through advisements in a variety of areas, such as technology and industry standards, and curriculum development efforts. Close co-operation between education and business is vital for a successful school-to-work transition. Employers' organizations have a key role to play as intermediaries between education and business.

#### 4.6 Reasons for leaving school and plans for further education

Paradoxically, while most in-school youth in NTT had high aims, 47 per cent of young employees gave as their main reason for abandoning their education the fact that they did not like school (Table 8). Although many students may not enjoy their school experience and although the school curriculum is a common source of dissatisfaction among youth, this finding likely refers also to students who do not see the purpose of continuing their education in the face of the low quality and inappropriateness of the skills learned and the high rate of unemployment among educated youth. Slightly lower percentages (32-48 per cent) were found in the other two regions in this respect, indicating that the poor quality of education and the mismatch between education and job opportunities are not confined to NTT.

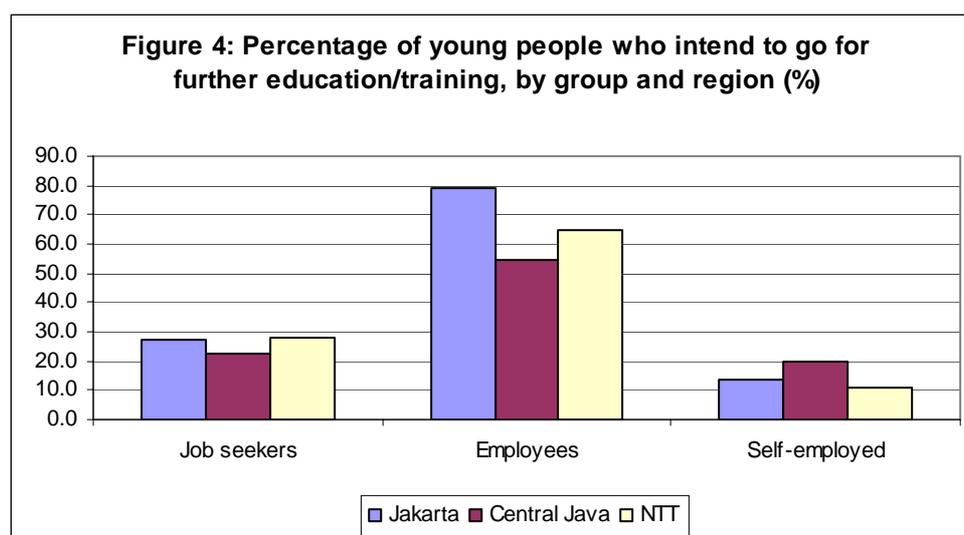
**Table 8: The main reason for stopping education, by group and region (%)**

	Job seekers	Employees	Self-employed
<b>Jakarta</b>			
Could not afford/needed money to support family	39.4	11.1	58.3
Failed examination	3.3	2.8	0.6
To get married	0.0	2.8	5.0
To start working	8.3	5.0	7.2
Parents did not want you to continue education	1.1	1.1	3.3
Finished course	41.2	44.4	13.9
Did not enjoy school	0.0	32.2	2.8
Other	6.7	0.6	8.9
Total	100	100	100
<b>Central Java</b>			
Could not afford/needed money to support family	59.4	15.0	67.9
Failed examination	3.9	5.0	1.1
To get married	1.1	2.2	1.1
To start working	6.1	8.3	8.9
Parents did not want you to continue education	3.9	1.1	9.4
Finished course	17.8	23.9	6.1
Did not enjoy school	–	43.4	2.2
Other	7.8	1.1	3.3
Total	100	100	100
<b>NTT</b>			
Could not afford/needed money to support family	42.2	12.2	57.8
Failed examination	1.7	0.6	1.1
To get married	–	1.7	1.1
To start working	3.3	13.9	7.8
Parents did not want you to continue education	–	3.3	6.1
Finished course	41.1	17.2	13.3
Did not enjoy school	3.9	46.7	8.9
Other	7.8	4.4	3.9
Total	100	100	100

However, 40 per cent of job-seekers in Jakarta and NTT, 58 per cent of the self-employed in Jakarta and NTT and 68 per cent of the self-employed in Central Java were forced to end their education due to financial reasons. This was either because their families could no longer pay for their education or because they were asked to assist in earning income for the household. The rest generally had discontinued their education because they finished a level or degree. Reasons given by men and women were generally similar, though men more often than women said they left school for financial reasons, while more women than men left because they had finished their schooling. When considered as a whole and in the light of the high educational expectations of in-school youth, these findings indicate that many young women and men start looking for a job earlier than they originally intended.

The high share of the job-seekers and self-employed who left education for financial constraints calls for further research on the real cost of education to families. Is education really free up to junior high school? And how much does it cost after that? To find answers to these questions is essential to consider appropriate incentives for poor families in order to encourage them to keep their children in education until they complete junior high school.

Finally, when out-of-school youth were asked about their plans for further education, a high percentage of employees (close to 80 per cent in Jakarta, 65 per cent in NTT and 55 per cent in Central Java) indicated with certainty that they intended to continue their studies (Figure 4). That only about 13 per cent of self-employed women and men plan to do so is less surprising given their financial situation (their bleak financial outlook when starting to look for a job, given both the high likelihood that their parents are working in the informal economy and that they have relatively low family income). Around a quarter of job-seekers intend to pursue further education, which suggests that they are aware of the need to look for appropriate skills and knowledge given the high youth unemployment rate.





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## 5. Between education and work

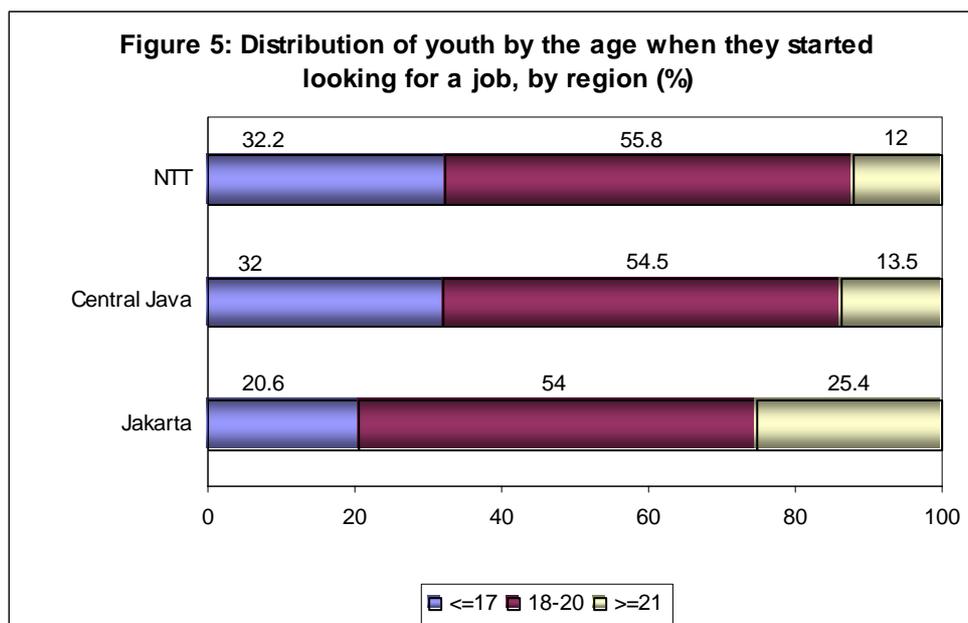
After leaving education, most young women and men enter the labour market and find themselves “between two worlds”: the known behind them and the unknown ahead. They have both concerns and expectations when they start looking for their first job, which for some takes only days or a few weeks and for others months or years. This is a period of learning about the labour market, reconciling aspirations with reality, and making choices about work. This is a period when many young people would need information and assistance, so that they can make the transition smoothly. From this perspective, the chapter will first look at the entry of youth into the workforce, in terms of their age and of their knowledge of job and career opportunities. The next section will focus on expectations: What kind of jobs do young people look for before finding their first job and what do employers and managers think about the most important aspect that young people look for when applying for employment? The third section will examine the job search (its methods and duration), followed by a review of perceived difficulties in finding a job and the assistance young people seek in the school-to-work transition.

### 5.1 Many youth enter the labour market at an early age and unprepared

This section focuses on the following questions: at what age do young people start looking for a job, and to what extent are they prepared for entry into the labour market in terms of knowledge and information on the job market?

Overall, 28 per cent of the surveyed youth started looking for a job before the age of 18, 55 per cent between the age of 18 and 21, and 17 per cent later. These figures, however, mask noticeable differences by region, group and sex.

Compared with Central Java and NTT, young men and women in Jakarta tended to start their job search at a later age (Figure 5) due to better educational opportunities and higher living standards in the national capital. Concerning the sample groups, the self-employed started their job search at an earlier age than employees and job-seekers did (Table 9). Forty-five per cent of the self-employed started looking for a job before the age of 18, which increases to 51 per cent in NTT. There are also gender differences in some groups and regions. Among job seekers (especially in Central Java) women started looking for a job earlier than men did. In contrast, male employees in Jakarta and NTT and male self-employed in all the three regions started their job-hunting at an earlier age than their female counterparts.



**Table 9: Percentage of young people who started looking for a job before the age of 18, by sex, group and region (%)**

	Jakarta	Central Java	NTT	Total
<b>Job seekers</b>				
Women	13.7	44.0	28.1	28.0
Men	9.0	19.1	27.5	19.0
Total	11.7	31.7	27.8	23.7
<b>Employees</b>				
Women	5.5	22.2	12.2	13.3
Men	18.0	15.6	23.3	19.0
Total	11.7	18.9	17.8	16.1
<b>Self-employed</b>				
Women	36.5	39.3	46.4	41.4
Men	39.1	51.0	55.2	47.5
Total	38.3	45.6	51.1	45.0

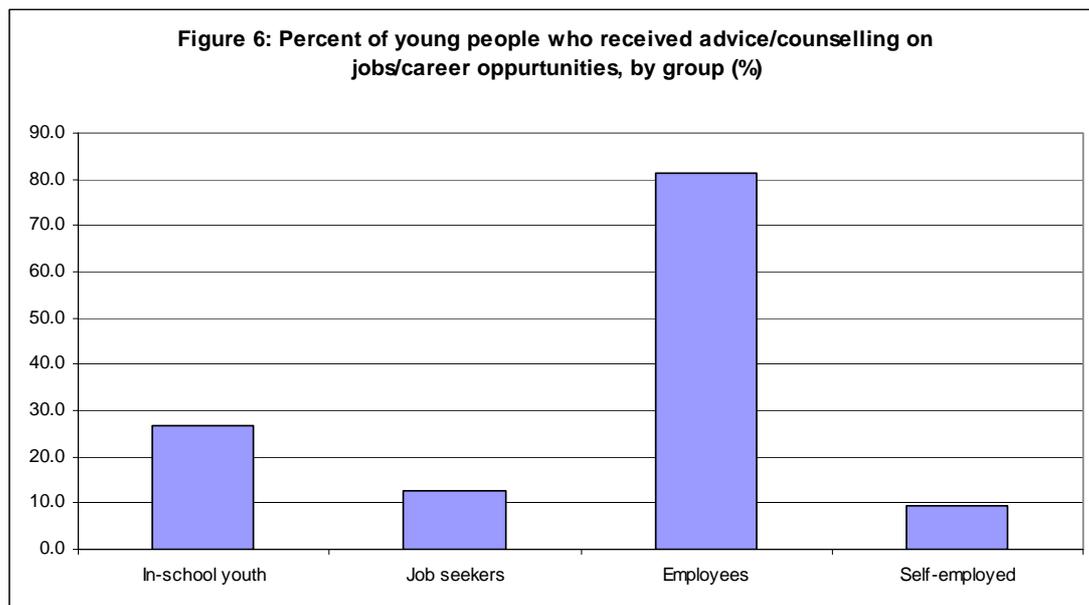
Entering the labour force at an early age rarely pays off because of the low educational attainments of these youth. Many of them end up in the informal economy or face the problem of recurrent unemployment. Nothing shows this better than the case of female recurrent unemployed in Central Java. Fifty-five per cent of them entered the labour market before the age of 18, with a low educational level, and after typically one low quality job in the informal economy they joined the queue of the job seekers again. Therefore, reducing the number of those youth who enter the labour market early requires policy actions in two areas. First, the education system should give particular attention to youth at risk of dropping out to ensure that they stay in school until they complete at least junior high school. Second, policy-makers should consider incentives and support measures to needy families with school age children and youth.

For young people, entering the labour market for the first time is a big challenge because their exposure to the world of work is limited. They often lack knowledge about labour market opportunities – the nature and location of jobs, wages and working conditions, and job security and career prospects. Therefore, guidance and

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labour market information are critical for young people to help them integrate into employment.

Young people were asked whether they had ever received any kind of counseling or advice on jobs and career opportunities. Overall, 67 per cent of the youth surveyed did not receive any guidance. While gender differences were negligible and regional differences modest, differences between young employees and the other sample groups were striking (Figure 6). The vast majority of employees benefited from counseling and career advice, but only a small fraction of the in-school youth, job-seekers and self-employed did so. Compared with Jakarta, the picture was especially disappointing in Central Java and NTT.



The very few who reported on counseling or advice frequently mentioned their parents and teachers. Hardly anyone referred to public employment services. The overwhelming majority of those who did not receive guidance would like to use it if it were made available to them. The demand was especially visible in Central Java and NTT, where 75 per cent of those who did not receive advice would like to receive it. These findings clearly call for a better preparation of school-leavers for entry into the labour market. Offering labour market information and career guidance to in-school youth through the education and training system and to young job seekers through public employment services would facilitate their transition from school to work.

Since many young women and men enter the labour market at an early age and the majority is not well prepared for the world of work, it is not surprising that their aspirations are often beyond reality – an issue to which we turn in the next section.

## 5.2 High aspirations

Examining the expectations of future (in-school youth) and first-time job seekers on the one hand and managers and employers who recruit young people on the other can provide interesting insights into the process of matching vacancies with young labour

market entrants. What aspects do young people find most important when they search for their first job? Do employers have a correct understanding of what young people look for in a job? What level of wages do young people expect to earn, and what type and size of business do they prefer to work for? These are the questions this section will focus on.

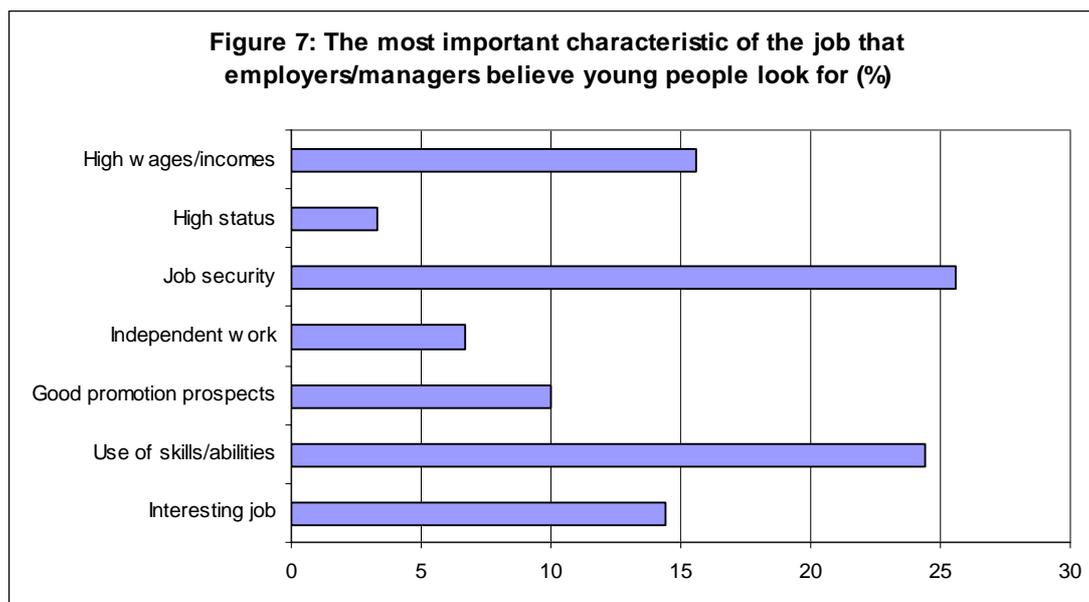
When we asked young people about the most important job characteristic that they looked for, marked differences emerged between the sample groups (Table 10). In general, the most common responses among in-school youth and young job seekers were job security and high wages. Also considered important was obtaining interesting work. Among young employees, on the other hand, interesting work was by far the most important characteristic they looked for before finding their first job. The self-employed focused on high incomes.

**Table 10: The most important characteristic of the job that young people look for, by group** (% of young people agreeing that a characteristic is very important)

	In-school youth	Job seekers	Employees	Self-employed
Interesting job	46.9	47.6	81.5	40.6
High status	39.1	26.1	49.1	24.3
High wages/incomes	53.5	44.4	36.7	54.1
Good promotion prospects	50.6	29.3	46.1	20.4
Use of skills/abilities	32.6	26.9	36.7	27.0
Job security	64.4	51.3	42.8	33.0
Role in decision making	19.4	11.3	44.6	8.3
Lots of vacation time	10.0	6.3	13.9	7.4
Easy pace of work	8.5	7.2	10.0	12.0
Independent work	15.4	10.9	11.5	23.7
Family friendly	14.8	8.5	15.0	13.5
Opportunities for travel	13.5	7.4	13.3	3.0

In contrast, when we asked managers and employers about what aspects of the job they believed were the most important for young people when they apply for work, their answers were significantly different (Figure 7). They perceived young people as primarily seeking job security and jobs that use their knowledge and skills<sup>7</sup>. At the same time, employers and managers underestimated the importance of wage level and the importance of interesting work. Employers clearly see the aspirations of youth differently from the way young women and men do. While this is not necessarily a problem, it may mean that employers and managers attract the wrong job seekers to their vacancies and may select the wrong candidates if they base their decision on their perceptions of young people's expectations.

<sup>7</sup> For example, while in-school youth, job-seekers and employees in Jakarta and NTT most frequently mentioned job security, high wages and interesting work, managers and employers in these regions perceived youth to focus primarily on jobs that used their skills and abilities. In contrast, few of the three youth sample groups in NTT mentioned using their skills as the most important factor in their job search. Similarly, in Central Java, of these three sample groups on average only 15 per cent focused on job security in their job search, as opposed to the expectations of 40 per cent of the employers.



Given the importance of the level of wages for many young people, they were asked about the minimum level of monthly income below which they would not accept a job. The responses indicate that the expectations are very high. Table 11 compares the reservation wages of the in-school youth and the job-seekers with the actual incomes of the employees and the self-employed. Job-seekers in Jakarta have high reservation wages compared with the actual incomes of the employees and the self-employed, though they appear to be more realistic in Central Java and NTT. However, many in-school youth in all the three regions tend to have unrealistic expectations. In Central Java, for example, the 2002 minimum wage was about Rp. 380,000, whereas 58 per cent of the surveyed in-school youth had a reservation wage of Rp. 900,000 or higher. In reality, only 12 per cent of the employees and merely 9 per cent of the self-employed enjoyed such a high income.

**Table 11: Reservation wages and actual incomes, by group and region (%).**

Region	Rp	Reservation wages		Actual incomes	
		In-school youth	Job seekers	Employed	Self-Employed
Jakarta	<=299999	2.2	1.1	2.8	11.1
	300000 - 599999	4.4	2.2	16.1	37.2
	600000 - 899999	20	31.7	40	19.4
	900000 - 1199999	37.2	24.4	25.6	12.8
	>=1200000	36.1	40.6	15.6	19.4
	Total		100	100	100
Central Java	<=299999	0.6	3.3	6.1	23.9
	300000 - 599999	22.2	51.7	55.6	43.3
	600000 - 899999	19.4	26.1	26.7	23.3
	900000 - 1199999	27.8	15.6	3.9	4.4
	>=1200000	30	3.3	7.8	5
	Total		100	100	100

**Table 11 (contd): Reservation wages and actual incomes, by group and region (%).**

Region	Rp	Reservation wages		Actual incomes	
		In-school youth	Job seekers	Employed	Self-Employed
NTT	<=299999	11.7	14.4	25.6	32.8
	300000 - 599999	37.2	60	37.8	43.3
	600000 - 899999	20	16.7	22.8	15
	900000 - 1199999	24.4	7.2	8.9	5
	>=1200000	6.7	1.7	5	3.9
Total		100	100	100	100

We also found high aspirations when we asked young people about the type of business they would prefer to work for (Table 12). Overall, in-school youth preferred public sector employers, followed by multinational companies and large domestic private firms. Job seekers preferred public sector firms and to a lesser extent large domestic companies. Before finding their first job, employees had strong aspirations for jobs in large domestic companies (especially men), while the self-employed (women more than men) had a clear preference for starting their own business. As to gender differences, women were more likely to prefer public sector employment, while men large domestic firms. Preferences also varied by region, but they do not show any clear pattern and are likely to depend mostly on the presence and reputation of certain types of enterprises in each area where the survey was implemented or on the experiences of family members and friends.

**Table 12: Preferred type of business, by group (%)**

	In-school youth	Job seekers	Employees	Self-employed	Total
Start your own business	9.1	12.4	9.1	60.4	22.7
Government/public sector	31.5	29.8	20.4	9.3	22.7
Multinational corporation	22.2	12.2	23.1	0.9	14.6
Large domestic private firm	22.6	18.1	43.0	10.6	23.6
Small private domestic firm	1.5	4.8	2.0	3.1	2.9
Others	3.0	7.6	0.9	4.1	3.8
Don't know	10.1	15.0	1.5	11.6	9.6
Total	100	100	100	100	100

With the exception of the self-employed, the survey findings show a gap between the expectations of youth and the reality of the job market. Many in-school youth, job seekers and young employees have a strong preference for public sector employers, MNEs and large domestic companies, while the bulk of job opportunities are located in the informal economy. According to national statistics, about 60 per cent of the youth work in the informal economy.<sup>8</sup>

In addition, when young people were asked about the preferred size of workplace their responses contradicted their preferred type of business described above (Table 13). Sixty per cent of job seekers preferred to work in the public sector or large private sector companies, whereas only 32 per cent wanted to have a job in a workplace with more than 10 employees. Similarly, 66 per cent of employees preferred to work in large private companies, but only 16 per cent wanted to work with more than 10 co-workers. This suggests a lack of understanding of the labour

<sup>8</sup> Youth Employment in Indonesia, op. cit. p. 17.

market and a lack of serious career planning among young women and men in Indonesia.

**Table 13: Preferred size of business, by group (%).**

	Job seekers	Employees	Self- employed	Total
To be self-employed/own-account worker	15.0	47.0	54.6	38.9
To work only with family members	4.6	7.2	1.5	4.4
Less than 10 co-workers	27.8	11.0	16.7	18.5
10 - 50 co-workers	6.7	3.7	3.1	4.5
50-100 co-workers	16.7	5.2	8.0	9.9
More than 100 co-workers	8.2	15.5	3.5	9.1
No preference	21.1	10.4	12.6	14.7
Total	100	100	100	100

However, the survey data on the preferred size of business fit well with the reality described by employees, a clear majority of whom work in workplaces with fewer than 10 people (see section 6.3 on working conditions of employees). The survey has also found a surprisingly common preference for either self-employment or working as the only employee, when young workers were asked about the preferred size of their workplace. Especially among employed youth, almost half the sample preferred to be self-employed, while among job-seekers almost one-fifth wanted to work as the only employee.<sup>9</sup>

These findings as a whole suggest that many young people have high, sometimes unrealistic and contradictory, aspirations. On the other hand, employers see the aspirations of youth differently from the way young women and men do. Clearly, there is a need to be better aware of the reality of the labour market on the part of youth and of the aspirations of youth on the part of the employers. This requires more information and better communication. While labour market and educational guidance could improve the level of knowledge and awareness about the job market on the part of young women and men, employers should be encouraged to have more frequent contact with educational institutions. This would improve their understanding of the young workforce.

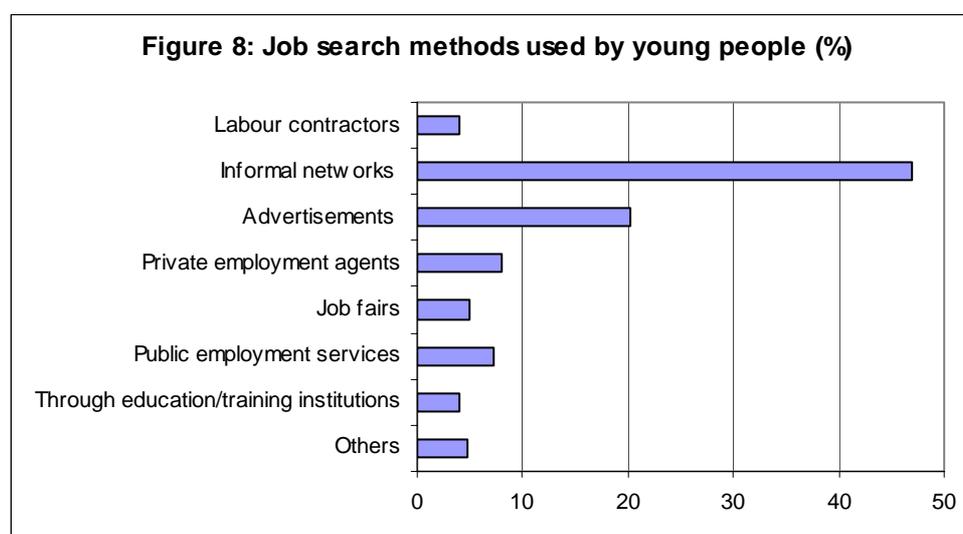
### 5.3 Job search

This section concentrates on the job search of young people, the methods used and the time needed for finding a job.

Young people were asked how they had looked for jobs before finding their first employment. The most frequently mentioned method was the use of informal networks (friends and relatives: 47 per cent), followed by advertisements (20 per cent) (Figure 8). The extensive reliance on informal channels is not surprising, given the dominant role of small enterprises, the spread of the informal economy, and the underdevelopment of labour market intermediaries. Indeed, informal networks were used more frequently in the less developed NTT (53 per cent) than the more

<sup>9</sup> Due probably to the absence of large enterprises in NTT, very few young workers preferred to work in enterprises with more than 50 employees. Only in Jakarta and Central Java, did almost 20 per cent of job seekers want to work in enterprises with 50 to 100 employees.

industrialized Central Java (44 per cent) and Jakarta (43 per cent) (Table A8 in Annex 2).



The survey found significant differences among the sample groups (Table 14). Over two-thirds of the self-employed found their first job through friends and relatives, a figure that increases to 75 per cent in NTT. In contrast, only a third of the job-seekers and the employees used informal channels. Job-seekers often relied on advertisements, whilst employees resorted to a wider range of job-search techniques including the use of advertisements, private agencies and job fairs. Gender differences were modest, though men used informal networks more frequently, whereas women tended to resort to private employment agents and job fairs slightly more often (Table 15).

**Table 14: Job search methods used by young people, by group (%)**

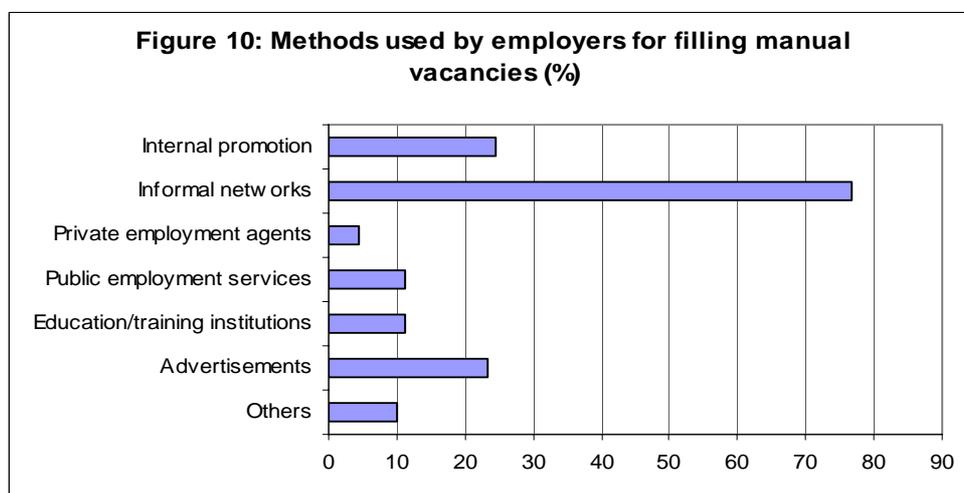
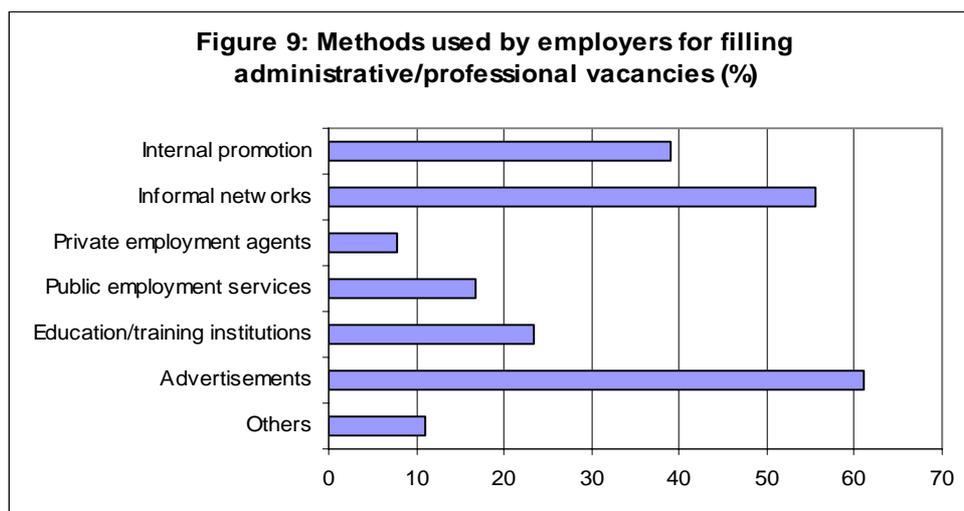
	Job seekers	Employees	Self-employed
Through education/training institutions	3.1	7.6	1.3
Public employment services	9.8	7.6	4.3
Job fairs	0.9	13.5	0.4
Private employment agents	6.5	15.7	1.7
Advertisements	30.0	16.5	14.1
Informal networks	38.5	33.9	68.4
Labour contractors	9.4	2.6	0.2
Others	1.7	2.6	9.8
Total	100	100	100

**Table 15: Job search methods used by young people, by sex (%)**

	Women	Men
Through education/training institutions	4.8	3.3
Public employment services	7.4	7.1
Job fairs	6.6	3.4
Private employment agents	9.3	6.7
Advertisements	19.3	21.0
Informal networks	43.9	49.7
Labour contractors	4.4	3.8
Others	4.4	5.0
Total	100	100

Out-of-school youth hardly ever used educational institutions and public employment services as sources of information on jobs. At the same time, in-school youth had high expectations from these institutions. When asked how they would go about finding a job after completing their education, 22 per cent mentioned the use of public employment services, and 19 per cent referred to education and training institutions. In reality, neither schools nor employment services are well prepared to provide any meaningful job search and placement support for young people.

In the survey, we asked not only young women and men about their job-search methods but also managers or employers about their actual recruitment practices. In the case of administrative and professional jobs, 61 per cent of the firms used advertisements, 56 per cent informal methods (relatives or friends of owners and managers and relatives or friends of employees), and 39 per cent the promotion of employees who are already in the enterprise (Figure 9). In the case of manual and production worker jobs, 77 per cent resorted to informal methods, followed by internal promotion (24 per cent) and advertisement (23 per cent) (Figure 10). For both groups, only a small minority of managers and employers mentioned public employment services. The use of informal methods was much stronger in NTT and Central Java than in Jakarta (Table A9 in Annex2).

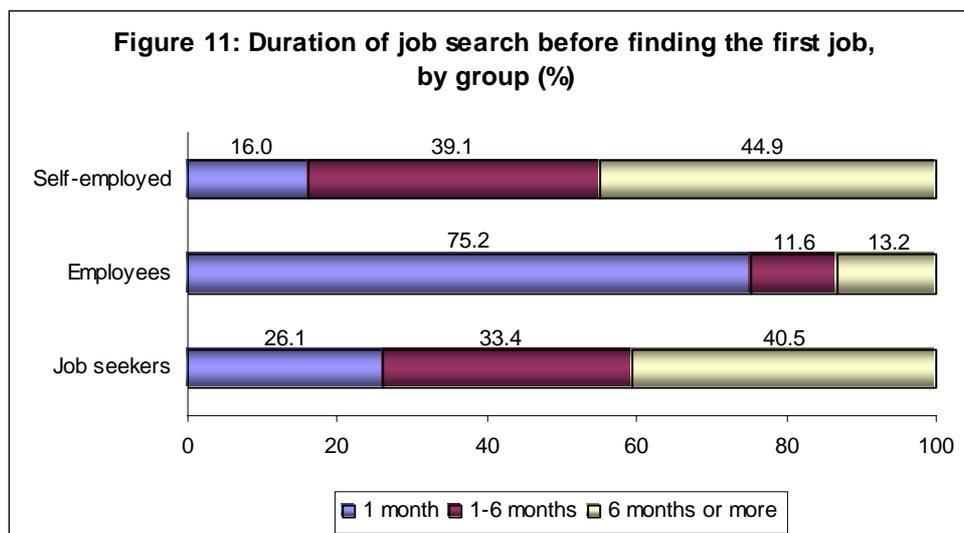


These findings correspond to the experience of youth in three important respects. First, they show the primary role that informal networks play in finding employment. Second, they reveal that advertisement is also important, especially in the recruitment of the more educated employees. Third, they demonstrate how weak the public employment services are in the job-matching process.

From the perspective of first-time job-seekers, one lesson to be drawn is that labour market intermediaries (education and training institutions, and public and private employment agencies) are unable to offer any meaningful assistance. Job-seekers have to rely on their own devices to find a job. The obvious choice is the use of informal networks (family, relatives and friends), though finding employment in the formal sector would need more diversified job-search efforts.

From the perspective of policy-makers, clearly there is a need to help young people learn about job search-methods (perhaps even before they leave education), to provide them with better labour market information, to strengthen the capacity of the employment services, and to encourage employers to use more transparent recruitment methods.

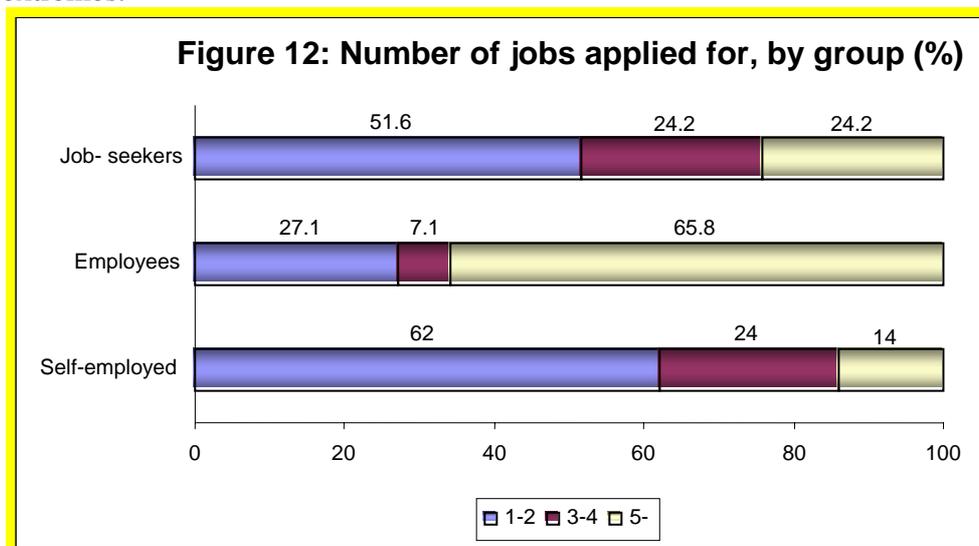
The survey has found substantial variations in the duration of job search among the sample groups (Figure 11). Overall, 75 per cent of the employees found a job within a month, most of them within one week. In contrast, 39 per cent of the job seekers<sup>10</sup> and 45 per cent of the self-employed remained unemployed for more than 6 months, with about 20 per cent longer than one year. Employees tended to find jobs easier in Jakarta than in other regions (Table A10 in Annex 2). This is presumably because of the relatively larger formal sector in the capital city. At the same time, job-seekers had longer spells of unemployment in Jakarta than in other regions, with men having a somewhat longer period (50 per cent of men job-seekers found work only after 6 months, compared with 43 per cent of women). For the self-employed, Central Java is the most difficult labour market: 57 per cent of women and 46 per cent of men spent more than 6 months before finding their first job. In general, women spent a slightly longer period to find a job than men did, though the difference is modest.



<sup>10</sup> Data on the duration of search of job-seekers refer to those who had a job before.

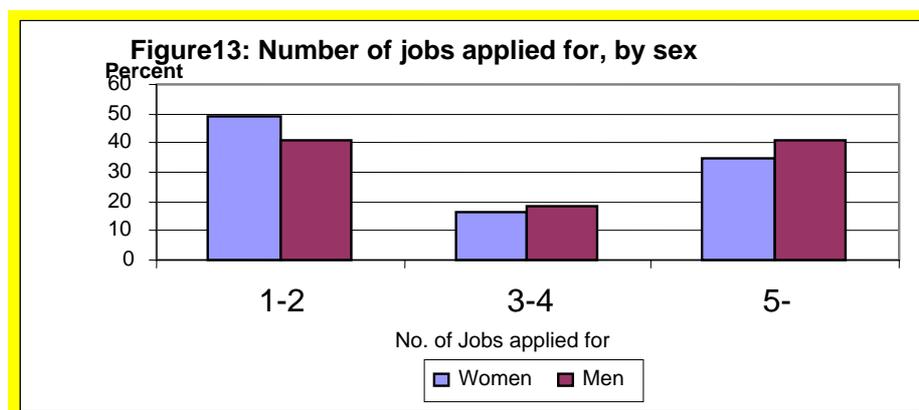
The relationship between education and unemployment in Indonesia is widely known: with the level of education the rate of unemployment increases. The most frequently mentioned reasons are the following: (a) the rapid increase in the level of education of youth; (b) the poor quality of higher education and the consequent mismatch between supply and demand, and (c) the social background of educated youth (they often come from better-off families, enabling them to search for a job for longer). The survey findings have revealed a similar relationship between the level of education and the duration of job search, with those with technical and vocational education and university studies having the longest spell (Table A11 in Annex 2). This relationship was especially strong in the case of job seekers.

Young people were also asked about the number of jobs they had applied for before finding their first employment. The number of job applications, combined with a spell of unemployment, provides a proxy for the intensity of job search. Overall, employees had the most intensive job search with 66 per cent filing five or more applications before finding their first job. In contrast, only 21 per cent of the job-seekers and a mere 5 per cent of the self-employed did so (Figure 12). To put it another way, most employees had an intensive job search, presumably starting their “job hunting” before they left education and found work within a short period. On the other hand, the majority of the self-employed applied for a small number of vacancies and remained unemployed for a much longer time. Job-seekers were between these two extremes.



The link between the intensity of job search and the length of unemployment suggests that an intensive job search pays off. Nevertheless, the intensity of job search also reflects the state of the labour market as well as other factors. Where more opportunities are available, like in Jakarta, each group had a more intensive job search. Where jobs for women are relatively scarce because of cultural reasons or managerial recruitment preferences, like in NTT, women became discouraged and found work only after a longer period. Discouragement and long spells of unemployment go hand in hand. As Figure 13 shows, women tended to apply for fewer jobs than men did. Moreover, this gender difference seems to be slightly increasing over time – a sign of discouragement (Table 16). In order to close this gender gap, it is essential to fight against gender discrimination in recruitment and to

provide young women with gender-sensitive guidance and preparation for their school-to-work transition.



**Table 16: Duration of job search and number of jobs applied for, by sex (%)**

No of jobs applied for		Duration of Job-search	
		Less than 6 months	6 months or more
Women	1-2	66.7	50
	3-4	17.7	30.3
	5-	15.7	19.6
	Total	100	100
Men	1-2	48.1	26.9
	3-4	18.2	32.7
	5-	33.8	40.4
	Total	100	100

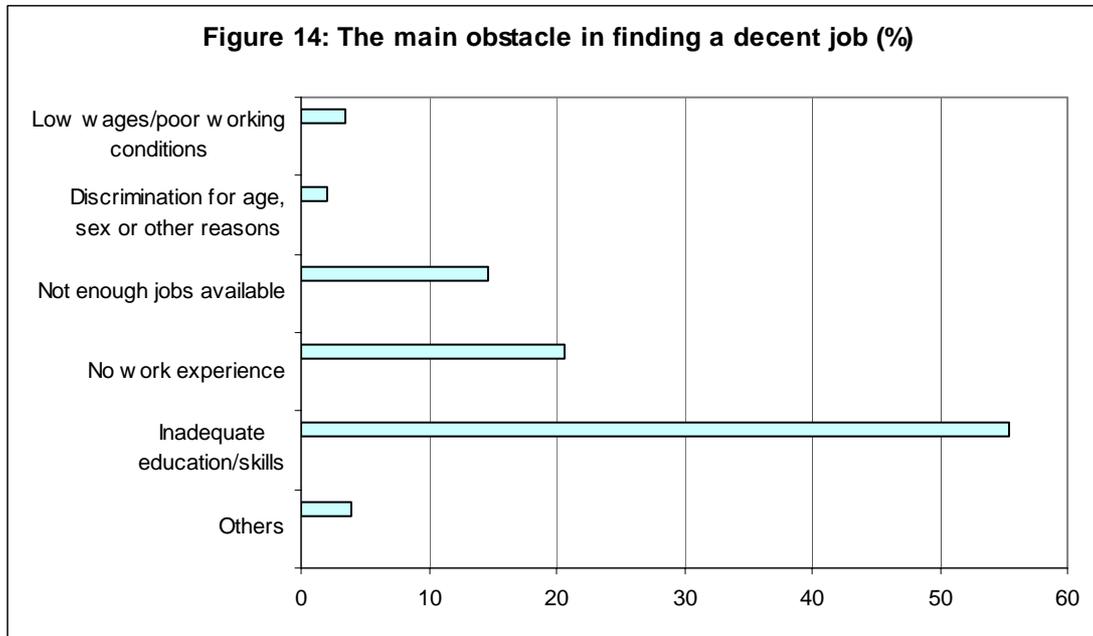
Nevertheless, the survey did not find robust evidence for a large number of discouraged women. Rather, it has shown that, first, a larger share of women entered the labour market before the age of 18 than men did, especially among job seekers (38 per cent versus 16 per cent). Secondly, these young women are more vulnerable to recurrent unemployment than their male counterparts. In other words, entering the labour market early involves a greater risk for young women than for young men.

#### 5.4 Finding work: the perception of youth and the recruitment preferences of employers

This section will examine the perception of young people of the main difficulties in finding work on the one hand and the recruitment preferences of managers and employers on the other. To what extent does the perception of youth reflect the recruitment preferences of enterprises? And is there any evidence of discrimination in recruitment?

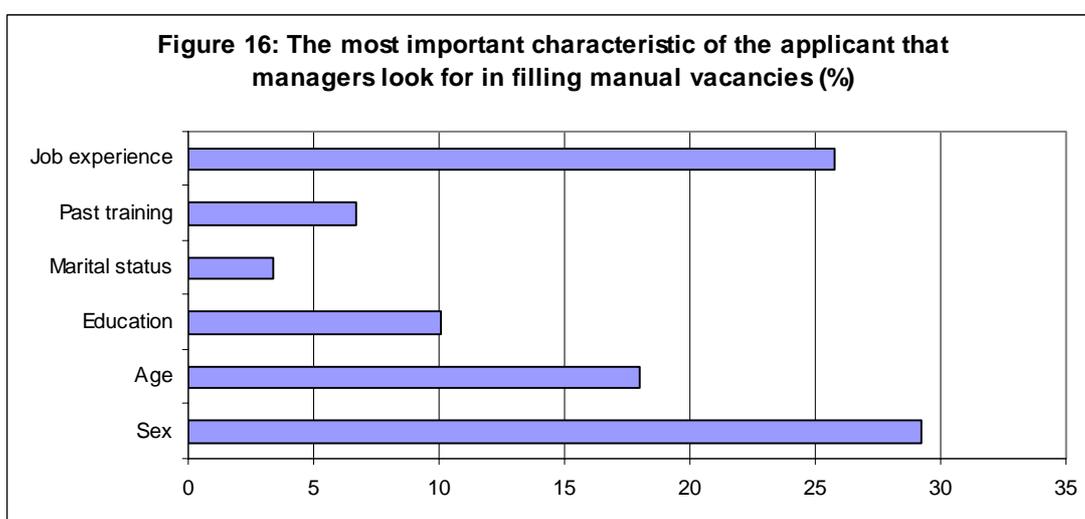
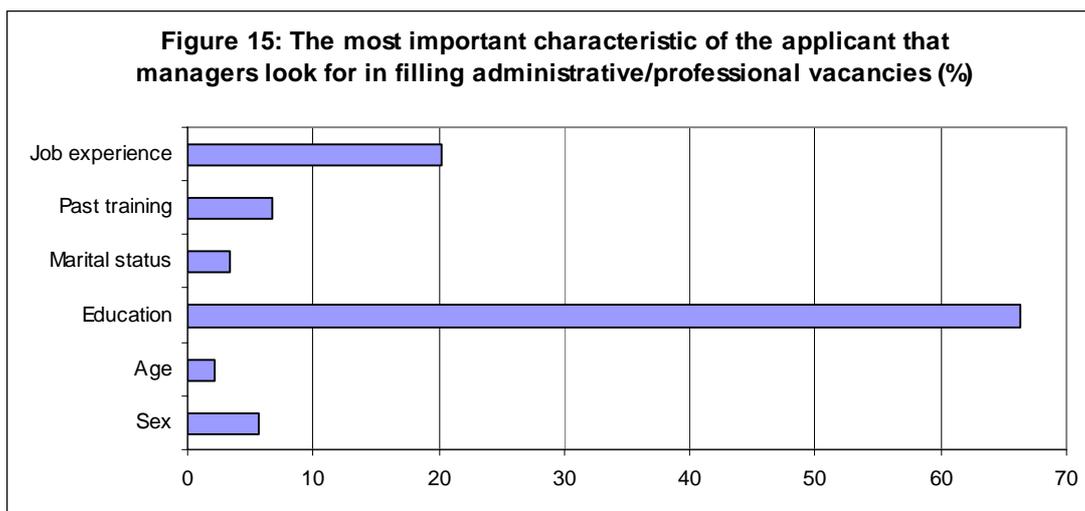
When young men and women were asked about the main obstacle they faced in finding their first job by far the most frequent response was inadequate education/skills (Figure 14). The self-employed frequently referred to “no education or unsuitable general education”, while job seekers and employees often mentioned that “the job requirements were higher than the education/training they had received”.

Apart from this, there was no difference between job-seekers, employees and self-employed (Table A12 in Annex 2). Yet, the fact that in the three regions between 42 and 68 per cent of the different male and female sample groups mentioned inadequate education/skills clearly shows the importance of education/training in the school-to-work transition.



Only about a quarter of the respondents referred to the lack of work experience and even fewer to the lack of job opportunities. Hardly any young women and men mentioned discrimination by age, sex and other reasons. And, only a negligible minority referred to low wages and poor working conditions – an indication of the flexibility of the labour market in Indonesia when we think about the high expectations of youth regarding reservation wages.

The importance of education is confirmed by the views of the surveyed employers and managers. When asked about the main problems they face in recruiting the kind of workers they needed, 61 per cent referred to the inadequate education and training of the applicants. Moreover, when we asked employers and managers to rate (along the lines of very important, important, not important) the characteristic they look for in the applicants, education was by far the most important one for the recruitment of administrative/professional workers, though much less for manual/production workers (Figures 15 and 16).



The survey found little evidence of young people perceiving a distinct preference by employers for workers of certain age groups. Only a small minority of respondents believed that a young person below 25 years of age who had just left school or finished training had a better chance of finding a job than an older person above 25 years of age. Overall, 47 per cent thought that there was no difference and 24 per cent were unsure. But a significant minority of certain groups in Central Java had some doubts: 39 per cent of the job-seekers were unsure, and 14 per cent believed that employment opportunities were unequal. Moreover, over 50 per cent of self-employed women were unsure or did not know. Among employers and managers, age was rated low as a very important factor in recruiting both manual/production workers and professional/technical workers. The only exception is Central Java where 47 per cent of the respondents regarded age as a very important factor in the recruitment of administrative/professional staff, reflecting the doubts of youth in that region (Tables A13 in Annex 2).

Age-related personal characteristics appear to be both the main advantage and the disadvantage of young people for their employers. Employers and managers most commonly said that the high motivation of young workers was the main advantage of this age group (when listing their perceived advantages). On the other hand, the lack

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of work experience of young people was not seen as a main disadvantage, rather their attitudes were.

Concerning the aspect of gender in recruitment, few young workers perceived a gender preference among employers. When asked about whether it is easier or harder for young women compared to young men to find a job the vast majority responded that there was no difference (76 per cent of women, 66 per cent of men). Interestingly, however, among the small number who perceived a preference, men in Jakarta and NTT believed that employers preferred men, while women in these two regions perceived exactly the opposite. In other countries, this could be explained through the prevalence of predominantly male or female workplaces such as in the manufacturing sector. In the case of Indonesia, however, most respondents who were production workers in fact worked in Central Java where the lowest percentage of employees perceived gender preference. Thus, there is no clear explanation for this phenomenon. This finding requires further research.

However, although few young workers perceived gender preferences, some employers certainly did, in particular in NTT where 52 per cent of the employers and managers surveyed said that it was a very important factor in the recruitment of manual workers. In Jakarta and Central Java, in comparison, very few employers and managers had a definite preference by sex. The importance of gender preference came out more strongly when, instead of asking employers and managers to rate the different characteristics of the applicants, we asked them directly “if they could choose, would they prefer to hire a young woman or a young man?”. Overall, 59 per cent preferred young men, a figure that rose to 70 per cent in NTT.

In the light of both national legislation and International Labour Standards pledging equality of opportunity in employment, these findings are alarming and point to the need for increased and improved awareness-raising about legal obligations among employers and managers. The strong gender preference in recruitment that was observed among many employers also requires strong action on the part of the Government as well as employers’ organizations. Preference in hiring on the basis of sex is clearly against existing national labour legislation and Indonesia’s commitment to the ILO International Labour Convention on Equality in Employment and Occupation, as well as against the Indonesian constitutional guarantee of equality between men and women. Both improved and serious labour inspections and the active use of legal jurisprudence are essential to end these practices.

Preference based on marital status was found less frequently, although in NTT, some employees voiced a suspicion that employers preferred single workers. These perceptions were confirmed by survey findings that more than 40 per cent of employers in NTT believed marital status was either very important or important in the recruitment of administrative/professional staff. While employers and managers require greater awareness of their legal obligations concerning equality of opportunity, such findings also suggest that marital status is linked to real advantages or disadvantages in the job market, which require further research. Where marital status becomes an obstacle to women’s job opportunities because of increased household responsibilities, this requires greater attention by policy-makers to strategies to encourage greater sharing of family responsibilities as well as to creating family-friendly workplaces.

## 5.5 Assistance sought

Young people were asked what kind of assistance they would need to find a job, and what kind of extra courses/training they thought would be most helpful. Overall, 80 per cent of the respondents mentioned training, capital, and labour market information (Table 17). Employees most frequently mentioned better labour market information, followed by training. Women employees placed especially strong emphasis on labour market information and guidance, with 61 per cent referring to them in Central Java. The fact that about 13 per cent of employees mentioned capital suggests that they would like to start their own business – a desire that was expressed by as many as 27 per cent of the employees in NTT.

**Table 17: Type of assistance sought by young people to find job, by sex and group (%)**

	Job seekers	Employees	Self-employed	Total
<b>Women</b>				
Training	31.9	26.3	26.8	29.2
Capital	9.9	10.5	38.6	20.9
LMI/Guidance	37.2	51.3	18.2	31.8
Recommendation	1.1	2.6		0.9
Others	19.9	9.2	16.3	17.1
Total	100	100	100	100
<b>Men</b>				
Training	30.2	27.5	27.5	28.6
Capital	8.9	15.0	42.2	25.8
LMI/Guidance	36.8	38.8	20.3	29.0
Recommendation	3.1	3.8		1.7
Others	20.9	15.0	10.0	14.9
Total	100	100	100	100
<b>Total</b>				
Training	31.1	26.9	27.2	28.9
Capital	9.4	12.8	40.7	23.5
LMI/Guidance	37.1	44.9	19.4	30.4
Recommendation	2.0	3.2		1.3
Others	20.4	12.2	12.6	16.0
Total	100	100	100	100

Job-seekers put emphasis on training and labour market information, although there were variations by region and sex. For example, in Central Java where many women have low educational attainment, 49 per cent mentioned training as a route to jobs. In NTT, however, more women required labour market information. And in Jakarta, male job-seekers with typically vocational education sought better labour market information on job opportunities. Not surprisingly, both male and female self-employed mentioned access to capital as the most important assistance they needed.

With regard to extra courses/training needs, men employees and job-seekers most often referred to professional training needs, while women to computer training (Table A14 in Annex 2). Interestingly, over 20 per cent of women job-seekers in Jakarta and in Central Java mentioned training needs in foreign languages, which perhaps reflects the presence of multinational companies and the importance of service and tourism sectors in these regions. On the other hand, the vast majority of the self-employed would like to receive entrepreneurial training, though such training

was also mentioned by about a quarter of other groups – an indication of widespread interest in entrepreneurship, especially in Central Java.

Since many young people responding to different questions expressed their preference for entrepreneurship and starting their own business we have pulled together this information in Table 18. The table shows a distinction between preference and intention. While preference for entrepreneurship may be very common, the data also show that very few people in reality intended to start a business. For example, while 57 per cent of the employees chose self-employment as the preferred size of business before finding their first job only 9 per cent intend to leave their current job to start their own business. In starting a business much depends on access to capital, training and other business support – areas where policy makers and the business community itself have much to do.

**Table 18: Percentage of young people with preference for starting their own business (%)**

<b>Question</b>	<b>In-school</b>	<b>Job seekers</b>	<b>Employees</b>	<b>Self-employed</b>
Preferred type of business: start your own business	9.1	12.4	9.1	60.4
Preferred size of business: self-employment	NA	15	47	54.6
Assistance sought: Capital	NA	9.4	12.8	40.7
Training need: entrepreneurship training	NA	21.3	21.1	66.1
Intention for changing job to start his/her own business	NA	NA	9.3	NA

In conclusion, the assistance sought by young people clearly underlines the need for the provision of better labour market information and targeted training programmes. The vast majority of the self-employed would like to receive entrepreneurial training and capital to turn their business into viable ventures, which grow and create value and jobs. Action is needed to meet these demands. Greater social and economic encouragement to build a culture of entrepreneurship and prompt assistance for young people who show a strong intention to become entrepreneurs are also required in order to create financially viable small enterprises that can potentially employ thousands of additional young workers.



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## 6. Working youth

This chapter will examine the types of employment into which young women and men enter and the qualitative aspects of that employment, in order to gauge the effects of the difficulties encountered before and during the transition. First, the chapter will look into the characteristics of employed and self-employed youth, focusing on sectoral distribution, level of job security and size of the workplace. This is followed by the survey findings on job training, detailing the frequency, type and duration of training offered by employers and government institutions. Lastly, the chapter will consider job mobility among employed and self-employed youth.

### 6.1 Characteristics

Fully a quarter of all employed respondents worked in home industries, most often a home with a separate working area (Table A15 in Annex 2). In Central Java, 24 per cent of employed youth who participated in the survey worked in factories, with 13 per cent working as production workers. Around 20 per cent worked as administrative, technical or professional staff, and an additional 14 per cent worked in managerial jobs. This helps explain why more than two-thirds of all women and men in each sample group of employees were permanent workers and only around a quarter or less were contract workers. These figures are in line with national statistics indicating that 75 per cent of male and 78 per cent of female employees and labourers are regular employees, with the rest working as casual employees<sup>11</sup>.

Self-employed youth, in contrast, worked mostly in shops or kiosks in market places or on streets, in shifting locations, and in workplaces inside or attached to homes, where work contracts could be expected to be less common. Contract-work among women was more prevalent in NTT than in either Central Java or the greater Jakarta area, though for men such differences were not observed. Piece-rate (commissioned-based) work and apprenticeship status were rare among the survey respondents while unpaid family work was almost non-existent (Table A16 in Annex 2).

However, even permanent workers often held seasonal or time-bound contracts (Table 19). In the Jakarta area, 52 per cent of women and 42 per cent of men held seasonal contracts of less than 12 months, while some 20 per cent did not hold any work agreement at all. This latter group would therefore be at considerable risk in terms of job security and working conditions. Only 6 per cent of employees in Jakarta had contracts for unlimited periods of time. Findings were similar in NTT. Contracts of 12-36 months were more common in Central Java, though fewer worked without contracts and women employees fared better in terms of permanent contracts (32 per cent) due to the predominance of factory work. In all three regions but especially among NTT female employees, verbal work agreements were common among both women and men.

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<sup>11</sup> Labor Force Situation in Indonesia, BPS, Jakarta, 2003, p.12

**Table 19: Distribution of employees by type of contract, by sex and region (%)**

		Jakarta	Central Java	NTT	Total
Women	Unlimited duration	4.4	32.2	17.8	18.1
	Limited duration (12-36 months)	23.1	18.9	12.2	18.1
	Seasonal (under 12 months)	51.6	41.1	52.2	48.3
	No contract	20.9	7.8	17.8	15.5
	Total	100	100	100	100
Men	Unlimited duration	6.7	7.8	8.9	7.8
	Limited duration (12-36 months)	31.5	50	22.2	34.6
	Seasonal (under 12 months)	41.6	33.3	41.1	38.7
	No contract	20.2	8.9	27.8	19
	Total	100	100	100	100
Total	Unlimited duration	5.6	20.0	13.3	13.0
	Limited duration (12-36 months)	27.2	34.4	17.2	26.3
	Seasonal (under 12 months)	46.7	37.2	46.7	43.5
	No contract	20.6	8.3	22.8	17.2
	Total	100.0	100.0	100.0	100.0

Employees who participated in the survey most commonly worked in government-owned enterprises or local private enterprises. Interestingly, while 42 per cent of women in Jakarta worked in state-owned enterprises<sup>12</sup>, only 21 per cent of women in NTT did so (and only 26 per cent of men in Jakarta). This reflects the greater access by women to this type of relatively stable employment as well as its greater prevalence in the capital area compared to small provincial cities or rural areas. Cooperatives and multi-national enterprises accounted for 14 and 9 per cent respectively of employees in Central Java but far fewer elsewhere. Employment in family-owned enterprises was only found in significant numbers among men in Jakarta and NTT (14 and 16 per cent respectively), which is surprising given the predominance of women in this form of employment in other countries in Asia.

The majority of employees worked in micro (1-5 workers) or small enterprises (5-10 workers). This percentage ranged from 56 per cent of women in Central Java to 79 per cent of women in NTT who were employed in workplaces with fewer than 10 people. Men generally worked in slightly larger enterprises: 23 to 32 per cent of men but only 17 to 20 per cent of women were employed in enterprises with 51 to 100 workers. Employment in multinational enterprises probably explains the fact that 13 per cent of employees in Central Java were found in enterprises with more than 200 employees whereas hardly any employees in the other two regions did so.

Considering that over 90 per cent of employees are aged 20 to 24 years, job mobility among this group is very high in all three regions: 42 per cent of employed youth have held three or four jobs prior to their current job, while an additional 31 per cent are currently in their second or third job. These findings are very similar among men and women. Among the self-employed, job mobility is much lower, with a large

<sup>12</sup> State-owned enterprises range from banks and insurance companies to airlines, railways, and gas and electricity companies.

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majority having held only one or two previous jobs, if any at all. This reflects the need among many young school-leavers to take up any available job in their effort to earn an income, since unemployment is a luxury that few can afford for long. It is important to note that job mobility does not necessarily mean moving from one job to another. Such mobility frequently involves a spell of unemployment between two jobs, especially in the case of those who entered the labour market at an early age with low educational attainment. About 30 per cent of the job seekers surveyed belong to this category.

In conclusion, the employed and self-employed youth in the survey sample work in a variety of sectors, but staff and managerial positions are over-represented in the sample while production workers are under-represented. Employees work in government or local private enterprises, while among self-employed, the majority are found in home industries or in market places. Their workplaces are small to very small, while their job mobility is high.

## **6.2 Job training**

Whether or not young workers have received job training for their current employment can potentially tell us about the quality and career prospects of their employment. The survey found that more than 60 per cent of all female and male employees had never received training for their current job. This may indicate that employees usually gain their work experience through their first job (since many respondents had already held at least one previous job). The survey finding that more than 30 per cent of young employees in the survey worked as staff members or at the managerial level makes this a likely explanation. On the other hand, it may also mean that many of the jobs held by young employees hold few career prospects as they require few if any skills. Among the self-employed, the percentage who had never received training was even higher, strongly suggesting that self-employed youth use basic skills that are learned as part of their general upbringing or that they learn their skills through unpaid apprenticeships.

Although these findings show that formal training for employees is not frequently given, more than half of the employers and managers surveyed reported that their enterprises provided training to newly recruited workers (from 57 per cent in Jakarta and NTT to 63 per cent in Central Java) and further training for employees (from 50 per cent in Jakarta to 57 per cent in Central Java and NTT). Most often these companies offered their own internal training programme rather than apprenticeship or hiring trainers externally from training institutions. Further training was usually offered to improve productivity or to introduce multitask skills. The high percentage of enterprises providing training in NTT cannot easily be explained, since more than half of all enterprises in the sample in this region are small enterprises (when measured in terms of the workforce) which are often assumed to face difficulties in providing training.

Among the employees who had received training, the source of this training was usually the enterprise, but the types of training were very diverse. The survey found that while in Central Java almost half of those employees with training had obtained this training through a special factory programme, only 22 per cent of women

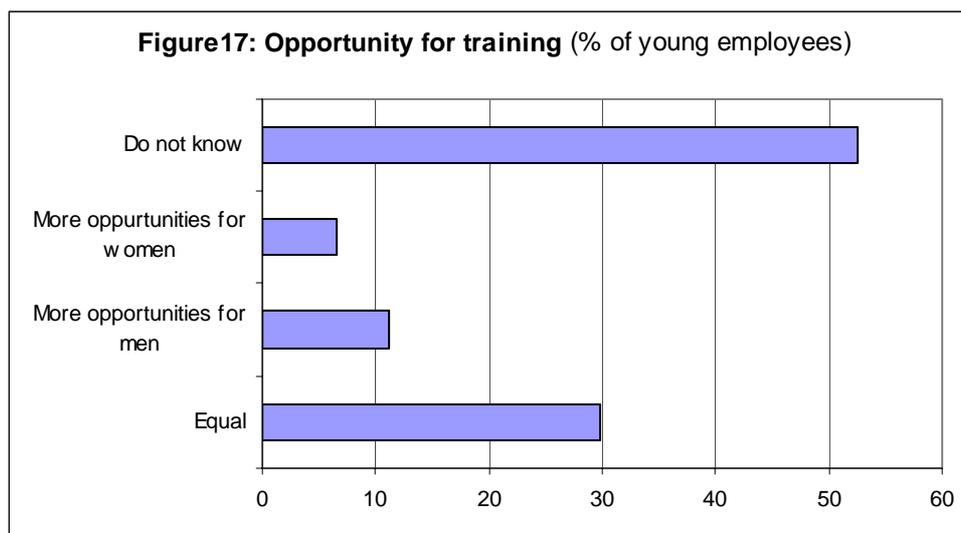
employees in Jakarta had done so. Because of this widespread occurrence of factory training, apprenticeships were not often found in Central Java. Clearly, Table 20 shows that policy makers should take into account these diverse sources of job training when considering how to increase the skill levels of the youth workforce. In addition, there appears to be much scope for expansion of training through private and state institutes.

**Table 20: Type of training received by young employees, by sex and region (%)**  
(As % of all employees)

Type of training		Jakarta	Central Java	NTT	Total
Women	On-the-job	19.4	18.3	17.2	18.6
	Classroom training within firm	22.2	48.5	30.5	33.6
	Apprenticeship	27.8	9.0	26.2	20.6
	Off-site	16.7	21.3	21.9	19.5
	Other	13.9	3.0	4.3	7.7
	Total	100	100	100	100
Men	On-the-job	15.6	22.3	27.0	21.1
	Classroom training within firm	34.4	48.0	19.4	34.1
	Apprenticeship	34.4	18.7	38.4	30.6
	Off-site	15.6	11.0	15.2	14.2
	Total	100	100	100	100
	Total	On-the-job	17.7	20.1	22.4
Classroom training within firm		28.0	48.3	24.6	33.8
Apprenticeship		30.9	13.2	32.7	25.3
Off-site		16.1	16.8	18.4	17.1
Other		7.4	1.8	2.2	4.0
Total		100	100	100	100

Much improvement is also possible in the length of the training provided. In Central Java, training was most commonly limited to less than one week, although in Jakarta and NTT it was often two-to-four weeks. However, training of more than one month was infrequent especially for women. Although training offered to employees was often short and limited, less than half of all enterprises surveyed had sought assistance from the government for this purpose. In part, this can be explained by the weak implementation of the coordinating and technical role of relevant government agencies, while the generally low budget for training is without doubt another important reason. Employers' organizations also have a role to play, though many firms surveyed are not members (39 per cent in Jakarta, 43 per cent in NTT and 50 per cent in Central Java).

Around half of all employees are uncertain when asked whether women and men have equal opportunities for training (Figure 17). This means a significant percentage of employees were not convinced of the existence of equal opportunities. Among those who believed that opportunities for training are not equal, the majority believed that men are better off compared to women. This finding shows that legislation to provide equal opportunities is insufficient to promote gender equality in the field of training opportunities.



### 6.3 Working conditions of employees

The survey findings also show that a significant percentage of young employees and the self-employed earn less than the minimum wage (Table 21). On the one hand, it must be admitted that a significant majority of employers in these three regions adhere to minimum wage regulations. On the other hand, not only does the minimum wage barely guarantee a living wage for the average Indonesian household, but up to 25 per cent of certain sample groups did not even receive this minimum. Although in Jakarta, the minimum wage per month in 2002 amounted to Rp. 591,000, in comparison, these figures were as low as Rp.280,000 and Rp.360,000 respectively in the surrounding provinces of West Java and Banten (where major industrial estates are located). Finally, the low wages of young people are apparent from national statistics that show 68 per cent of male youth and 70 per cent of female youth earning Rp. 500,000 per month or less<sup>13</sup>.

**Table 21: Earnings and minimum wages, by region**

	Jakarta	Central Java	NTT
Percentage of survey respondents (employees) earning below minimum wage (2002)	19	11	31
Minimum wage (2002) (Rupiah)	591,266	384,731	330,000
Average net manufacturing salary/wage (Rupiah)	866,452	408,274	494,274

It is alarming that with the exception of men in NTT, a clear majority in all sample groups of employees believe that men and women do not receive the same wages for the same job (Table 22). This was especially the case among respondents in state-owned enterprises and cooperatives, while impressions of equal wages in government institutions, multi-national companies and local private enterprises were more positive. It is unlikely that the high percentage of those who believe wages are not equal can be explained solely by sex-segregated workplaces, because there is no reason to believe that the workplaces of the survey respondents are particularly dominated by either sex. Instead, it is more likely the result of actual differences in wages due to a combination of sex differences in educational achievement and direct discrimination. In particular, many respondents may have stated that wages were

<sup>13</sup> Labor Force Situation in Indonesia, BPS, Jakarta, 2003, pp.26-27

unequal because it is widely known in Indonesia that married men receive a family allowance regardless of the employment status of their spouses. Married women, in contrast, can only receive this allowance if they can prove that their spouse does not work. Nevertheless, more research is needed to clarify the particular causes of wage disparities between women and men in various sectors in Indonesia.

**Table 22: Percentage of young employees who believe that women and men doing the same job do not receive the same salary, by sex and region (%)**

	Jakarta	Central Java	NTT	Total
Women	65.9	62.2	57.8	62.0
Men	56.2	63.3	43.3	54.3

Another indication of the difficult working conditions faced by young employees is the number of hours they work per week (Table A17 in Annex 2). The survey found that a substantial proportion of both male and female employees work more than 45 hours per day. This is confirmed by national statistics showing that 40.4 per cent of youth (15 to 24 years old) work more than 45 hours per week<sup>14</sup>. On the other hand, a significant percentage of employees appear to be underemployed: 31 per cent in Central Java and 27 per cent in NTT work fewer than 24 hours per week. This is in line with – though still lower than – ILO findings that 46 per cent of youth work less than 35 hours per week (for 15-19 year old youth). This is likely to be due to the relatively highly educated sample used in the survey, since the higher the education, the lower the youth underemployment<sup>15</sup>. The survey findings therefore suggest the presence of both exploitative working hours and underemployment in the three regions.

In terms of benefits, a majority of the young employees surveyed received food or a food allowance, annual and sick leave, bonus, national holidays, a uniform or clothing, health allowance, and protective equipment. Interestingly, only 48 per cent of the employees mentioned that they were included in the national social security scheme and 44 per cent were employed in enterprises that paid an old age or retirement allowance. It is likely that many employees are unaware of these benefits, as they may not have been informed by their employer or have not yet felt the need to enquire about social security provisions. Furthermore, only 4.8 per cent of female employees but 11.5 of male employees receive child care benefits. Although this may be related to the fact that the majority of employees in the sample are not yet married, this finding suggests that many employees are expected to make their own private arrangements for child care, which often are difficult to monitor in terms of quality. In conclusion, while the benefits enjoyed by young employees are without doubt better than those enjoyed by self-employed youth, significant improvements are both possible and necessary in order to improve the quality of employment in Indonesia.

Concerning opportunities for promotion, they were reported to be relatively equal for both women and men, although around 11 per cent of employees, especially those in NTT, said they did not know. The survey findings thus appear to suggest that opportunities in NTT are more often than elsewhere perceived to depend on employers' preferences, whether by age, sex or marital status. Although the survey

<sup>14</sup> Labor Force Situation in Indonesia, BPS, Jakarta, 2003, pp.64-65

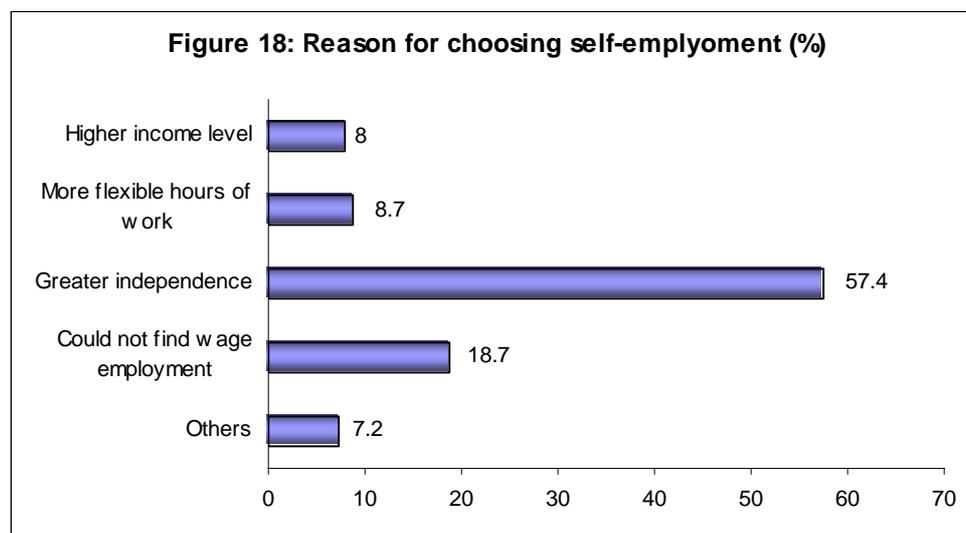
<sup>15</sup> Youth Employment in Indonesia, ILO, Jakarta, 2002, p. 24.

points to relatively small numbers who perceive such preferences, this is nonetheless an issue that should be looked into seriously.

#### 6.4 Working conditions of self-employed youth

A large majority of young self-employed and own-account workers who participated in the survey were active in trading, with the remainder mostly working in the service sector. More than 60 per cent were active in trading services, while professional services were observed in Jakarta and 15 per cent of men in NTT were involved in transport services. One fifth of youth in Central Java, however, were active in industry, which was not observed in the other two regions. This may be related to the high concentration of manufacturing enterprises in parts of this province, which provides opportunities for self-employment through the outsourcing of production or the sourcing of raw materials as inputs.

It is often assumed that self-employment in developing countries is a last resort for those unable to secure stable wage employment but are in need of income. The survey in Indonesia found that self-employed youth most commonly chose self-employment because of the greater independence this afforded (Figure 18). However, among women in Jakarta and Central Java, flexible working hours and higher income were also mentioned as important reasons, suggesting that women's available job opportunities in wage employment are less rewarding financially and difficult to combine with household responsibilities (Table A18 in Annex 2). Furthermore, when asked about their preferred type of job, only one-half to two-thirds mention self-employment. In Jakarta and Central Java, 11 to 15 per cent of women would like to enter the government/public sector, while 16 to 20 per cent of men preferred to work in a large private company. Inability to find wage employment was given by a quarter of women in NTT as their motivation for becoming self-employed (compared to 16 per cent among men). Collectively, these findings suggest that limited job opportunities have clearly left many young women and men, in particular women and those in the NTT, with few options for decent work in the formal economy, though many would clearly have preferred such work.



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Most self-employed youth run tiny enterprises, with around half reporting that they are the only worker and another 34 to 45 per cent employing a family member. Their very small size is also evident from the fact that at least 65 per cent rely on their own savings or that of a family member, while only one-fifth had outstanding loans. Only a fraction of the respondents had obtained financial assistance from official institutions such as banks, government institutes, NGOs or cooperatives. Around 85 per cent of the businesses had no trading license or certificate of registration. Licensing or registration was much more common in Central Java (27 per cent) than in NTT (7 per cent), which may indicate the difficulties involved in registration in NTT but also the lack of necessity of registration given the observed reliance on informal sources of finance. Services or goods were predominantly sold to individuals or households, with the exception of Central Java where buyers were also small enterprises, traders and farmers. This difference probably reflects the higher incidence of self-employment in the industrial sector in this region. In short, however, the survey shows that most self-employed youth are ill-prepared to transform their businesses into mature enterprises that can create further jobs.

The relatively high incidence of seasonal or other variations in business activity is yet another indication of the nature of business operations. In Central Java, where floods and drought are very common, nearly half of the respondents experienced seasonal or other variations, while this percentage reached only 26 per cent among men in Jakarta and 33 per cent of women in both Jakarta and NTT. Still, during busy periods a clear majority of the self-employed did not employ additional labour (ranging from 53 per cent among women in Jakarta to 74 per cent among women in NTT). Variations in demand and in conditions were the most common reasons for the variation experienced in business operations, yet this implicitly reflects the need for assistance in coming up with a good business plan. Notwithstanding these problems, on average more than 90 per cent of both male and female self-employed youth were making a profit.

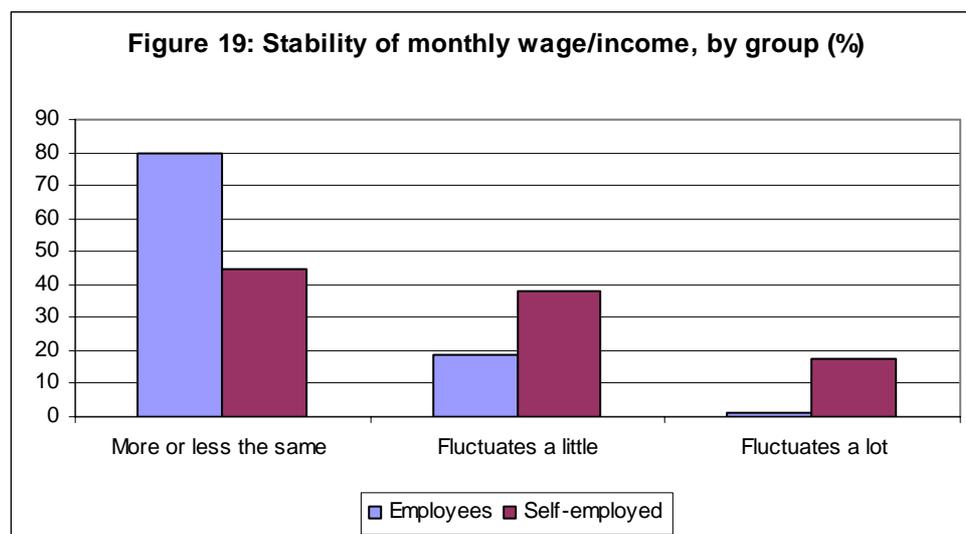
Given the generally small size of their business, it is not surprising that the main problem experienced by self-employed youth is one of capital (37 per cent among men compared to 42 per cent among women). Contract work is rare among the self-employed in all three regions. In general competition was the main concern of around 15 per cent in all three areas (but surprisingly not among women in NTT), while in Jakarta, security was also mentioned by 12 per cent. Interestingly, skills were hardly ever mentioned as the main problem. Given a high percentage of self-employed youth who plan to change jobs, this probably does not mean that skills acquisition is not important but only that it is less acute than the other problems listed. Although several assistance programmes for small entrepreneurs exist, it is not surprising that some 80 per cent of the self-employed have never received assistance from government agencies, keeping in mind the low percentage whose businesses are registered or licensed. Those who had sought assistance were mostly located in Central Java and to a lesser extent Jakarta. In line with the main problem reported (in section 5.5), their focus was mostly on obtaining capital.

Among those self-employed who had received training, skills training and entrepreneurship training were the most common types of training. In Jakarta, training from a private training institute was most common, while in the other two regions, there was more or less a balance between private and government training

institutes and private consultants. Almost all agreed that the training had been useful or very useful. Contrary to young employees, most self-employed sample groups believed that training opportunities were equal for women and men.

Similar to young employees, the self-employed surveyed either give a part of their income to their parents or use it all for themselves. Only a small percentage of self-employed in the three regions gave a part of their income to their spouses, which is mainly because the majority of the respondents are still single. Although their total percentage is relatively low (around 20 per cent), it is interesting to note that more men than women financially support the education of another person (except in NTT). Similar to the situation among employees, the gap between men and women in this respect is largest in Jakarta. Whether this reflects cultural expectations of men or the generally larger income enjoyed by men is not known.

Although around half of the self-employed sample had chosen self-employment because of its positive characteristics and opportunities, a comparison of survey findings between employees and the self-employed clearly shows that the self-employed face greater variation in their income (Figure 19). Variation in income is not necessarily a negative factor, as it may refer to seasonal increases in income. However, in the context of generally low household incomes, large variations suggest that it will be more difficult to make investments and to set aside money for unexpected situations.



## 6.5 Job mobility

Notwithstanding high job mobility and even though working conditions may be less than ideal or less than initially expected, the survey found that close to two-thirds of employed young women and men did not have plans to change jobs. This finding shows how much job security is valued by young Indonesians in times of lagging economic recovery, decreasing foreign investment, and persistently rising levels of unemployment and underemployment. Among those with plan to change jobs, the percentage among employees was greater in Jakarta than in Central Java and NTT, which probably reflects greater job opportunities and a more highly developed job

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market, as well as lower dependency on seasonal agriculture among employees' families.

Among self-employed youth, plans to change jobs were observed twice as often among men than among women in Jakarta, and more than five times as often among men than among women in NTT. The reasons for this large difference are likely to be related in part to the high level of unemployment which forces young people to take any job that becomes available. However, cultural reasons may also play an important role. Men's greater desire to change jobs could be related to the culturally ascribed role of men as the main breadwinners for the household which puts pressure on them to earn ever higher levels of income. Indeed, young self-employed men more frequently mentioned higher income as their motivation than women, although the difference was not large (81 versus 67 per cent in Jakarta, 52 versus 45 per cent in Central Java).

However, when employees were asked why they planned to change jobs, the most commonly mentioned reason among men was to find better working conditions (35 to 45 per cent in the three regions), whereas women more frequently mentioned higher wages as their motivation (33 to 50 per cent). This indicates that rather than their current role as household breadwinner, men's career aspirations and their future role as head of household are more likely the reason why more men than women hope to change jobs. If this explanation is correct, it means that women may need to be encouraged to formulate career plans early on during their school-to-work transition in order to search for appropriate jobs that will generate a decent income and decent working conditions. This is especially so given the increasing likelihood in Indonesia that women will have to earn their own income rather than depend on a male head of household as the only breadwinner.

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## 7. Perceptions of gender roles and their effects on employment

Gender roles and responsibilities play an important role in the labour market at all stages of the life cycle. Perceptions of appropriate roles and responsibilities are usually formed at an early age through the influence of family and friends, educational institutions and materials, media, and other sources of information and role models. In Indonesia, this usually means that men are expected to become the breadwinner for their family while women stay at home to take care of the household and child rearing, although significant exceptions can be found among some ethnic groups.

During the school-to-work transition, strong adherence to such traditional gender roles can seriously hinder young women especially by preventing them from preparing for a working career and limiting their search for employment. As we will see, not only young men but also many young women themselves strongly support traditional gender roles, often so because they find comfort and valuation in these roles. Others, however, experience traditional gender roles and responsibilities as oppressive and limiting them in their choices. It is therefore appropriate to examine existing attitudes towards gender roles among young women and men and among employers and managers of young workers in Indonesia.

### 7.1 Women and work

Responses by young workers about the appropriateness or lack thereof of women's work at different stages in the life cycle provide interesting insights into women's opportunities for work. Support for women working immediately after finishing school, after marriage, and when their child is not yet in school was generally higher among women than among men. Differences of ten percentage points or more were common especially in Jakarta and Central Java, which suggests that differences of opinion within households over women's work can easily emerge.

Around 90 per cent of all women surveyed agreed that women should work after finishing their schooling. In Jakarta and Central Java, however, only 70 to 80 per cent of men agreed, with percentages lowest among men who were still in school. In NTT, in contrast, 80 to 90 per cent of men in NTT agreed which is likely to be related to the generally more difficult economic situation in this region.

However, when asked if women should work after marriage, the percentage of men who agreed plummeted to as low as 33 per cent of in-school youth in Jakarta and 39 per cent of in-school youth in Central Java. Percentages among men were generally higher in NTT and among job-seekers. Women were generally more receptive to the idea of women working after marriage, especially among in-school youth in Jakarta and Central Java and employed youth. In these categories the male-female gap was often particularly large. This can be explained by the fact that young women in school in those two regions were more likely than others to have received career counselling and therefore could be expected to have more defined plans for their professional

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future. In addition, employed women would be particularly aware of what they would stand to lose if they had to give up their jobs after marriage.

Support from men dropped even further when they were asked if a woman should work when she has one or more children who were not yet going to school. This was particularly evident among in-school males in Jakarta of whom only 15 per cent agreed, but was equally visible among other sample groups in all three regions. The conservative attitude of in-school youth is surprising given that the percentage of housekeeping mothers in this sample group was well below the average recorded in Jakarta by the survey and the younger cohorts could be assumed to be more westernized in their outlook on social issues than older age groups.

However, in a similar trend fewer women themselves support employment of women with children under 5. Among in-school youth and job-seekers, the percentage that supports women's work at this stage is highest in Jakarta compared to the two other regions, which probably reflects their more westernized outlook. Women in Jakarta, in contrast, score the lowest among employed women in their support, most likely due to the stresses of urban living and the absence of a wide network of family support which would otherwise help out with household responsibilities such as child care. The very high support (62 per cent) among women employed in Central Java can be explained not only by the closer proximity of family networks but also by relatively high wages (91 per cent earned more than the minimum wage) and the relatively high proportion who hold a permanent contract (almost one-third) or a written contract (48 per cent of those with contract). This is most likely due to the sectoral composition in this region (and in this sample) which counts many large and medium-sized industrial enterprises. Clearly, these women have most to lose and are therefore most eager to support employment of young mothers.

The survey findings clearly show that most young women and men (around 90 per cent or more) believe that women should start working between the ages of 18 and 24. The preferred age for women to start working is lower among self-employed youth and young job-seekers (between 18 and 20) but higher among in-school youth in Central Java and NTT (between 21 and 24). In terms of age of first marriage, the preferred age is higher among younger cohorts (in-school and job-seekers), especially when compared with the self-employed. The same holds true for the preferred age for women to have their first child, which for the majority of in-school, job-seekers and employed women is over 25 years but for self-employed youth is between 21 and 24. This clearly is related to the finding that self-employed youth on average had obtained less education than the other sample groups and had started their job search at an earlier age as well as the high hopes for further education expressed by in-school youth and job-seekers.

What these findings show most clearly is the narrow window of opportunity to build up work experience and pursue career plans. If women are expected to have their first child at age 23 to 25 and if a majority of men and women disapprove of women who continue working after giving birth to a child, then women are as a consequence only able to work for a few years. This time span will depend at least in part on the length of their education, but coupled with the fact that some 25 to 38 per cent of the respondents in the three regions want to have three children or more, it means women will be out of the workforce for significant periods of time. Given the weak economic

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recovery of the past five years and continuously high open unemployment rate, it can be expected that women are generally negatively affected by these socio-cultural expectations of appropriate behaviour.

## **7.2 Household responsibilities**

Dominant attitudes towards household responsibilities do not help women in their school-to-work transition. A considerable percentage of youth believe that women and men should have equal responsibility for household chores, but among those who disagree, it is usually women who are said to have a larger role in this respect. This was true among male as well as female respondents. Significantly, the proportion of women who believed in women's larger role in household chores was at times larger than the proportion of men who believed so. This clearly shows that many women themselves are not yet able or willing to shed their traditional gender roles. This may be because they gain recognition and satisfaction from these gender roles, but perhaps also because of their continuing dependence on the male breadwinner and a fear of abandonment.

Desire for equal sharing of household chores is to some extent related to support for employment of women with small children. This can be observed among employed women in Central Java where 54 per cent support equal sharing of household chores and where we find the highest percentage of support for employment of women with small children (62 per cent). The reverse situation was found among male in-school youth in Jakarta who had the second lowest percentage of support for young working mothers (15 per cent), while relatively many (46 per cent) believed that women should have more responsibility for household chores. The same was true among self-employed men in Central Java (13 and 45 per cent respectively) and male job-seekers in Central Java (with 20 per cent in favour, the lowest support for young working mothers among job-seekers in the three regions, and with 51 per cent in favour of women's larger responsibilities, the least interested in equality among the sample group and among the self-employed in the three regions).

These findings show that support for women's work exists but depends on the lifecycle. Clearly, the ideal of the male breadwinner is still widespread in Indonesia, which is also evident from the finding that in almost all categories a majority of respondents believe that men have a larger responsibility than women for contributing to the household income. This proportion is lowest among women employees in NTT (47 per cent) and highest among self-employed men in Jakarta (75 per cent).

## **7.3 Life goals**

Notwithstanding the hindrances created by these socio-cultural perceptions of gender roles, women generally showed a very high commitment to employment. Between 83 and 92 per cent of women in school ranked job success as very important life goals (compared to 70 to 83 per cent of men in this sample group). For women in school in Jakarta and NTT, job success was most commonly ranked as very important among nine other possible life goals. Having a good family life ranked first in being mentioned as a very important life goal among women in school in Central Java, first

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in Jakarta, and fifth in NTT. Yet, percentages in this case were mostly similar among women and men, thus showing that this is not a life goal pursued particularly or only by women in Indonesia. Among employed youth in Jakarta and NTT, job success was most frequently mentioned as a very important goal, while even among the self-employed in all three regions it ranked first or second as very important goal. This clearly shows the importance attached by young Indonesians to work experience and work performance throughout their expected lifecycle.

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## 8. Conclusions

The social background of the survey respondents reveals several important features. Since the majority of youth who participated in the survey are still single and since it is expected that young unmarried people live with their parents or other relatives, their financial situation is highly dependent on that of their household. The survey findings show that a disproportional percentage of the households of self-employed youth are found in the lower income brackets. In addition, there is a clear link between parents' occupation and self-employment, with self-employed youth more frequently reporting that their father or mother is involved in agriculture and services, compared to occupations such as a civil servant or employment in administrative, technical, professional or managerial jobs. All these suggest that young people from poor families are more likely to end up in the informal economy than others. To break the pattern of following the footsteps of the parents, education is crucial.

The survey has shown that young people are very mobile, with a half of them migrants and that about a quarter of job seekers are willing to move to find a job in another place. Since the large-scale migration of youth is expected to continue in the years to come, they need information, job search assistance and other support networks that can facilitate their double transition: from a rural to an urban area and from school to work.

Although the survey respondents have a disproportionately high level of education in comparison with national census figures, the data presented in the report offer some important suggestions as to how to improve the school-to-work transition for young Indonesians. First of all, the survey findings confirm the national statistical finding that the gender gap in education is decreasing. However, this should not be interpreted to mean that the gender gap no longer exists in Indonesia. Although many respondents perceived educational opportunities to be equal for women and men and did not believe that 'gender streaming' (gender segregation in educational courses) existed, it is likely that gender still plays an important role in the Indonesian education system. Existing commitments by the Indonesian Government to equality of opportunity in education require serious attention as well as funding at all levels, while gradual changes in perceptions of gender roles should be strongly encouraged, for example, through widespread dissemination of best practices in educational institutions.

Secondly, the survey findings suggest that many young Indonesians leave school and start their job search well before they would like to enter the workforce. Many would prefer to continue their education, in many cases up to university level. Although the survey has not found evidence that young woman tend to leave education earlier than men the data has shown that among those who leave education at an early age women are more vulnerable to recurrent unemployment than men. This requires special attention on the part of the schools. Where financial reasons are to blame – and this is most often the case among the self-employed – targeted scholarships and a general lowering of additional costs such as extra fees, uniforms and books in secondary education would help to decrease the number of drop-outs among teenagers. Equally important is that a high percentage of youth leave school early because they do not like it or believe that furthering their education will be of little use in their job search.

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This finding points to weaknesses in quality and curriculum which require urgent attention from policy-makers and educators alike.

Thirdly, the reasons for the low percentage of youth who enrol in technical and vocational education require further research. It is not clear whether costs, the type of courses, the location of institutions, or educational prerequisites are the main obstacles. However, the survey findings suggest that employers and managers of enterprises that employ young people should be encouraged to develop closer linkages with vocational and technical education institutes, in order to improve the quality and usefulness of the courses and skills offered and to increase the likelihood of a successful transition from vocational or technical education to the labour market. Appropriate government policies and direct assistance are also required to improve access to educational and career guidance for young people which will help them to examine career options and formulate appropriate plans for their entry into the workforce and beyond.

Although many enterprises already offer internship or job experience programmes, these programmes need to be expanded in terms of access and improved in terms of pay. Employers' organizations can play a significant role in encouraging these and other changes among their members which would facilitate the entry of young people into the labour market. The survey also found clear differences between employed and self-employed youth, with the latter predominantly learning skills in places other than formal workplaces. Widening access to job experience programmes for self-employed youth or those at risk of dropping out should be considered a priority where resources allow schools to take extra action. In general, there is a clear need for building a strong partnership between education and business.

The survey has shown that many young people enter the labour market at an early age and that they are unprepared for the school-to-work transition. Reducing the number of school dropouts in primary and junior high school deserves priority attention from both educators and policy makers. Counselling and guidance for school leavers and first-time job seekers are also important. Indeed, many young job seekers can manage their own job search if they are equipped with the necessary techniques and relevant information – a task for educational institutions and the public employment services. The strong gender preference in recruitment that was observed among many employers, especially in NTT, also requires strong action on the part of the government as well as employers' organizations.

Furthermore, since many young women and men had a preference for entrepreneurship, greater social and economic encouragement to build a culture of entrepreneurship and provide support services for young people could contribute to the creation of millions of financially viable small enterprises that can potentially employ many more additional young workers.

Since a majority of employed youth did not receive training for their current job but many hold relatively high or stable, permanent positions, this suggests that for a significant percentage of employees, job training occurs at an earlier stage in the school-to-work transition. On the other hand, a large proportion may not receive any training because their jobs require very few specialized skills. Since much of the training provided was offered at the enterprise level, there is ample scope for

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increasing and improving the services of private and state training institutions. However, these institutions would need to work closely with relevant authorities and employers' organizations in order to target their services appropriately. Furthermore, equal access for men and women must be closely monitored by relevant authorities as well as by the educational institutions themselves.

In terms of working conditions, several aspects require improvement. Many employees are not aware of their entitlements under the government's social security programme, and basic benefits such as annual and sick leave, national holidays, bonus and a health allowance do not yet apply to all employees in Indonesia. In addition, a substantial percentage of employees are paid below the minimum wage. This requires urgent legal action by trade unions as part of their collective bargaining process and by the legal divisions of the Ministry of Manpower and Transmigration.

Although many self-employed youth reported having chosen their occupations because of the greater independence afforded by self-employment, this does not mean that all respondents considered self-employment to be ideal. Instead, many are unable to find wage employment. Both government agencies and the private sector should be ready to assist those self-employed youth who have clear business plans, for example with easy access to credit and entrepreneurship training. Such assistance will increase the likelihood that young entrepreneurs will be able to expand their businesses and thereby employ additional workers. However, even self-employed youth who operate very small businesses require greater assistance from relevant government agencies, community organizations and NGOs to strengthen their income-earning potential.

Employment services agencies should improve their linkages with enterprises in order to improve their knowledge on training requirements. Although these agencies would do well to consider the regional variety in the types of training offered by enterprises, there is a considerable market for training run by private and government institutions. Their courses and skills, however, must closely match those required by employers and managers.

The survey findings clearly show that perceptions of appropriate gender roles and of the division of responsibilities between men and women continue to influence women's position and opportunities in the workforce. Even among young people, such perceptions appear to be strong. In practice, young women's opportunities to plan a career are severely limited when they are expected to quit their work after marriage or after the birth of their first child. Although many Indonesian families are able to arrange for child care in their communities or through relatives, this finding suggests that in many cases traditional attitudes and perceptions will cut short women's opportunities to gain their own income. Thus, young women face serious disadvantages already from the start of the transition to the workforce. These disadvantages can be overcome not only through a general change towards gender equality in all aspects of society and the economy but also through activities such as the promotion of career counselling for girls, adjustment of educational materials to promote gender equality, the search for and endorsement by government agencies and schools of positive role-models, to name but a few possible approaches. Perhaps most importantly, the survey showed that when women have entered relatively highly paid employment, they are least prepared to give up their jobs after marriage and childbirth. In times of economic down-turn, many others cannot afford to stay at

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home. Thus, we can expect that with rising educational attainment among young women and generally increasing labour force participation, young women will want to remain in the labour force and will thereby slowly start to change traditional perceptions of appropriate gender roles in Indonesia.

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## **Annex 1: Background information on the locations of the survey**

### **Jakarta:**

Indonesia's capital city, forms the special area. It counts between 9 and 11 million inhabitants, with numbers varying depending on whether illegal and migrant inhabitants are included. Its economic activities are diverse, ranging from finance and business services, community services, and construction, to small and medium-scale manufacturing and small amounts of agriculture. Jakarta's population is relatively well-educated, reflecting the concentration of educational institutions and the city's 'pull factors' for migrants from both urban and rural areas in search of better job opportunities. Jakarta counts some 2.29 million employees and labourers, 29 per cent of whom are engaged in community and personal services, while 26 per cent are in manufacturing employment.

### **Central Java (Jawa Tengah):**

Demak regency has close to one million inhabitants (950,914) according to the 2000 population census. It borders the Java Sea to the north and Semarang City to the west, and due to the presence of many river mouths the regency is prone to flooding. Almost half of Demak regency's economic activities concern farming (mostly rice and bean), but regional trading in a wide variety of agricultural products provides around 46 per cent of jobs in the regency. In addition, industrial production accounts for some 10 per cent of economic activity in the regency, mainly in the fields of furniture, molding, steel chain and garments. Much of this production is for export around the world (all data from statistical agency of Demak regency, 2002).

The regency of Kendal, also located in Central Java, borders Semarang to the East and the Java Sea to the North. Kendal counts nearly 850,000 inhabitants. The main economic focus of the regency is the industrial area close to Semarang, where a multitude of warehouses are located and medium and large-scale manufacturing of wood products, yarn and weaving takes place. Since the onset of the economic crisis in Indonesia in 1997, many of these industries have sharply reduced their production due to decreasing demand. However, many small and home-based industries have survived as a result of their lower capital needs. These industries are often focused on food production and handicrafts (embroidery) for the local market. Although industrial manufacturing accounted for 39 per cent of economic activities, according to the 2000 population census, these industries absorbed only 8 per cent of the labour force. In contrast, 54 per cent of the total labour force of 400,000 people in the regency was involved in agriculture. The low productivity of the agricultural sector is evident from the fact that this sector only accounted for 27 per cent of economic activities in the regency in 2001. This can largely be explained by the low entry requirements in the agricultural sector, since more than 40 per cent of the population aged 5 years and above had achieved less than elementary education or had not yet finished elementary education.

In neighbouring Semarang city, in contrast, the trade, hotel and restaurant sector dominates the economy, accounting for 42 per cent of economic activities, followed by manufacturing industry at 28 per cent and services at 12 per cent. The city and its surrounding areas have a population of 1.35 million people. The city is characterized by hilly areas in the southern interior, but an alluvial plain to the north that is frequently flooded. In this area, a large port is located which is the fourth largest port in Indonesia in terms of loading and unloading of containers. Mismanagement and flooding substantially limit the income-generating capacity of the port. Nevertheless, the regional gross domestic income of the city (excluding the mining and gas sector) is still more than twice as high as that of Central Java as a whole (4.55 million rupiah versus 1.75 million rupiah, based on a 1994-1998 baseline of prices).

### **East Nusa Tenggara (NTT):**

Kupang is the largest regency in the province, bordering the sea on the north, south and west, and bordering Central South Timor regency on the east. The regency has almost 420,000 inhabitants spread out over 19 sub-districts, according to 2000 census figures. Kupang is rich in natural resources, and agriculture is the most important economic sector, accounting for 47 per cent of economic activities and employing 85 per cent of the population of working age. Production focuses on rice, kapok, peanuts and livestock. The fishing industry is a large potential source of income for the regency. Aside from natural resources, the service sector accounts for 17 per cent of all economic activities, as does the trade, hotel and restaurant sector. The tourism sector also shows large potential for income-earning but awaits investment before it can be adequately developed.

According to national statistics, in Central Java as a whole, 20 per cent of all workers are in the age group 15 to 24. In Jakarta and NTT, this percentage is 25.

**Table: Labourers and employees by main industry, 2002 (%)**

Sector	DKI		Central Java		NTT	
	Male	Female	Male	Female	Male	Female
Agriculture, forestry	0	0	19	26	10	18
Manufacturing	25	26	25	34	7	1
Construction	7	1	20	1	16	--
Trade, restaurant, hotels	25	24	8	10	5	5
Transport, communication	10	3	6	1	13	1
Finance, real estate, business services	8	7	1	1	5	8
Community, social services	24	38	20	27	42	67
Mining, electricity, gas, water	1	1	1	0.0	3	--
Total	100	100	100	100	100	100

Source: Profile of labourers and employees, Biro Pusat Statistik (Central Bureau of Statistics), August 2002, pp.86-87.

## Annex 2: Statistical tables

**Table A1: Distribution of the sample, by group, sex and region (%)**

		In-school youth	Job-seekers	Employees	Self-employed	Total
Jakarta	Women	51.7	56.7	50.6	28.9	46.9
	Men	48.3	43.3	49.4	71.1	53.1
	Total	100	100	100	100	100
Central Java	Women	50	50.6	50	46.7	49.3
	Men	50	49.4	50	53.3	50.7
	Total	100	100	100	100	100
NTT	Women	48.3	49.4	50	46.7	48.6
	Men	51.7	50.6	50	53.3	51.4
	Total	100	100	100	100	100
Total	Women	50	52.2	50.2	40.7	48.3
	Men	50	47.8	49.8	59.3	51.7
	Total	100	100	100	100	100

**Table A2: Household income, by group and region (%)**

		Jakarta	Central Java	NTT
In-school youth	- Rp. 250.000	4.5	9.5	14.8
	Rp. 250.001 - Rp. 500.000	9.8	16.9	16.1
	Rp. 500.001 - Rp. 1.000.000	32.1	35.1	24.2
	Rp. 1.000.001 - Rp. 2.000.000	31.3	28.4	31.5
	Rp. 2.000.001-	22.3	10.1	13.4
	Total	100	100	100
Job-seekers	- Rp. 250.000	3.3	24.4	28.9
	Rp. 250.001 - Rp. 500.000	13.8	38.9	25.2
	Rp. 500.001 - Rp. 1.000.000	18.7	30	32
	Rp. 1.000.001 - Rp. 2.000.000	38.2	4.6	11.1
	Rp. 2.000.001-	26	2.3	3
	Total	100	100	100
Employees	- Rp. 250.000	4.2	10.4	16.4
	Rp. 250.001 - Rp. 500.000	9.3	24	24.7
	Rp. 500.001 - Rp. 1.000.000	22.9	28	30.1
	Rp. 1.000.001 - Rp. 2.000.000	42.4	33.6	19.9
	Rp. 2.000.001-	21.2	4	8.9
	Total	100	100	100
Self-employed	- Rp. 250.000	5.6	18	31.4
	Rp. 250.001 - Rp. 500.000	21.6	30.4	45.3
	Rp. 500.001 - Rp. 1.000.000	27.2	27.3	13.9
	Rp. 1.000.001 - Rp. 2.000.000	39.2	17.4	6.6
	Rp. 2.000.001-	6.4	6.8	2.9
	Total	100	100	100

**Table A3: Occupation of mother, by group and region (%)**

	In-school	Job-seekers	Employees	Self-employed	Total
<b>Jakarta</b>					
Admin/prof/managerial	3.4	2.2	0.6	0.6	1.6
Construction worker	1.7	1.7	0.0	0.6	1.0
Outside the labour force	0.6	0.6	0.6	2.8	1.1
Working in her home	57.2	59.5	61.7	56.1	58.6
Public sector worker	10.0	6.2	7.8	0.0	6.0
Unpaid family worker	0.0	0.0	1.1	2.2	0.8
Agricultural worker	1.1	6.7	7.2	10.6	6.4
Factory production worker	1.1	1.7	1.7	0.6	1.3
Working in someone else's home	5.0	5.0	6.1	3.9	5.0
Unemployed	0.0	0.0	0.0	0.6	0.1
Sales	13.3	13.9	11.7	15.0	13.5
Clerical	2.2	0.0	0.6	0.0	0.7
Other	4.4	2.8	1.1	7.2	3.9
<b>Central Java</b>					
Admin/prof/managerial	3.3	0.0	0.6	0.0	0.9
Construction worker	2.8	2.2	0.6	2.2	1.9
Outside the labour force	0.0	0.0	1.7	0.6	0.6
Working in her home	51.7	54.4	40.6	40.6	46.8
Public sector worker	11.1	1.1	5.0	0.0	4.3
Unpaid family worker	0.0	1.1	2.8	1.1	1.3
Agricultural worker	6.1	20.0	15.6	15.0	14.2
Factory production worker	2.2	0.0	1.1	0.0	0.8
Working in someone else's home	3.9	4.4	12.2	5.0	6.4
Unemployed	0.6	0.0	0.0	0.6	0.3
Sales	14.4	15.0	16.7	31.7	19.4
Clerical	0.6	0.0	0.0	0.6	0.3
Other	3.4	1.7	3.9	2.8	3.0
<b>NTT</b>					
Admin/prof/managerial	0.6	0.6	0.6	0.0	0.4
Outside the labour force	1.1	2.3	3.3	1.2	2.0
Working in her home	51.7	44.4	47.8	37.8	45.4
Public sector worker	20.0	8.3	7.8	1.1	9.3
Agricultural worker	12.8	24.4	20.6	38.9	24.2
Working in someone else's home	7.2	6.1	5.6	2.8	5.4
Sales	6.1	10.0	10.6	15.6	10.6
Clerical	0.0	0.0	0.6	0.0	0.1
Other	0.6	3.9	3.3	2.8	2.6

**Table A4: Occupation of father, by group and region (%)**

	In-school	Job-seekers	Employees	Self-employed	Total
<b>Jakarta</b>					
Admin/prof/managerial	15.0	10.0	8.3	1.1	8.6
Construction worker	8.3	10.0	5.0	7.2	7.6
Outside the labour force	5.0	5.0	9.5	6.1	6.4
Working in his home	3.4	4.4	2.2	5.0	3.8
Public sector worker	21.1	21.1	27.2	3.9	18.4
Unpaid family worker					
Agricultural worker	2.8	11.1	16.7	27.2	14.4
Factory production worker	5.0	8.9	6.1	5.0	6.3
Working in some else's home	0.0	0.6	0.0	0.0	0.1
Unemployed	0.6	0.0	1.1	2.2	1.0
Sales	18.3	18.3	12.8	26.7	19.0
Clerical	3.3	1.7	0.0	0.6	1.4
Other	17.2	8.9	11.1	15.0	13.1
<b>Central Java</b>					
Admin/prof/managerial	5.6	1.1	0.6	1.7	2.2
Construction worker	8.3	12.2	17.8	11.7	12.5
Outside the labour force	0.0	0.6	1.7	1.7	1.0
Working in his home	2.8	3.3	0.6	0.6	1.8
Public sector worker	35.0	9.5	18.9	4.5	17.0
Unpaid family worker					
Agricultural worker	11.7	39.4	22.2	36.1	27.4
Factory production worker	6.7	7.2	7.8	6.1	6.9
Working in some else's home					
Unemployed	1.1	0.6	0.0	0.6	0.6
Sales	11.1	13.3	9.4	23.9	14.4
Clerical	1.1	0.6	0.0	0.0	0.4
Other	12.7	10.5	9.5	10.5	10.8
<b>NTT</b>					
Admin/prof/managerial	5.0	2.2	5.0	0.0	3.1
Construction worker	2.8	7.8	1.7	5.6	4.4
Outside the labour force	7.2	11.7	10.0	3.9	8.2
Working in his home	3.9	2.2	1.2	8.9	4.1
Public sector worker	41.7	21.1	26.6	5.0	23.6
Unpaid family worker					
Agricultural worker	23.3	37.2	32.8	48.9	35.6
Factory production worker	1.1	1.7	0.6	0.0	0.8
Working in some else's home					
Unemployed	0.0	0.0	0.6	0.0	0.1
Sales	7.2	7.2	7.2	18.9	10.1
Clerical	0.0	0.6	0.6	0.0	0.3
Other	7.8	8.4	13.9	8.9	9.7

**Table A5: Distribution of youth population (15-24 years) by educational attainment (%)**

	National (2000)*		Survey
	Rural	Urban	sample (2003)
Less than primary	9.3	3.6	2.3
Primary	44.5	22.1	11.5
Junior high school	33.1	37.9	19.6
Senior high school	12.6	34.3	55.1
College and university	0.5	2.3	11.5
Total	100	100	100

\* Population Survey, and National Labour Force Survey (2000)

**Table A6: Distribution of out-of- school youth by the highest level of education, by group, sex and region (%)**

	Job-seekers		Employees		Self-employed	
	Women	Men	Women	Men	Women	Men
<b>Jakarta</b>						
Primary or less		1.3	3.3	6.7	30.7	24.2
Junior high school	14.7		4.4	9	26.9	25.8
Senior high school	30.4	2.6	31.9	33.7	19.2	23.4
Technical/vocational school	30.4	42.3	23.1	21.3	15.4	21.1
Diploma programme	14.7	38.5	24.2	11.2	1.9	3.1
Undergraduate degree	9.8	11.5	12.1	18	5.8	2.3
Others		3.8	1.1			
Total	100	100	100	100	100	100
<b>Central Java</b>						
Primary or less	16.5		4.4	4.4	21.4	30.3
Junior high school	39.6	5.6	11.1	17.8	39.3	39.6
Senior high school	15.4	34.8	41.1	34.4	16.7	16.7
Technical/vocational school	19.8	55.1	27.8	25.6	20.2	11.5
Diploma programme	7.7	4.5	12.2	15.6	2.4	2.1
Undergraduate degree	1.1		3.3	2.2		
Others						
Total	100	100	100	100	100	100
<b>NTT</b>						
Primary or less	15.7	14.3	2.2	13.3	28.6	20.2
Junior high school	12.4	22	3.3	11.1	35.7	21.3
Senior high school	36	38.5	50	43.3	25	36.5
Technical/vocational school	20.2	20.9	31.1	30	9.5	19.1
Diploma programme	11.2	1.1	6.7	2.2		1.1
Undergraduate degree	4.5	3.3	4.4		1.2	1.8
Others			2.2			
Total	100	100	100	100	100	100

**Table A7: The lowest level of education needed for a decent job, by group and region (%)**

	In-school youth	Job seekers	Employees	Self-employed
<b>Jakarta</b>				
Primary school	0.6	–	–	2.2
Junior/senior high school	43.9	24.4	25.0	52.8
Diploma programme	32.2	15.0	7.5	7.2
Undergraduate degree	13.9	26.7	37.5	15.6
Postgraduate degree	5.0	4.4	–	1.7
Professional education	1.7	3.9	2.5	2.2
Vocational/technical education	2.8	23.9	25.0	13.3
Others	–	1.7	2.5	5.0
Total	100	100	100	100
<b>Central Java</b>				
Primary school	–	3.9	–	2.8
Junior/senior high school	31.1	50.6	34.4	34.4
Diploma programme	33.3	8.3	29.7	10.0
Undergraduate degree	21.7	7.8	15.6	24.4
Postgraduate degree	3.3	–	3.1	–
Professional education	4.4	1.7	1.6	2.2
Vocational/technical education	6.1	26.1	14.1	25.0
Others	–	1.7	1.6	1.1
Total	100	100	100	100
<b>NTT</b>				
Primary school	1.1	1.1	–	2.8
Junior/senior high school	28.3	41.7	34.0	48.9
Diploma programme	6.7	1.1	5.7	1.1
Undergraduate degree	40.0	22.2	35.8	25.0
Postgraduate degree	5.6	2.2	7.5	1.1
Professional education	3.3	3.3	1.9	1.7
Vocational/technical education	15.0	28.3	15.1	18.9
Others	–	–	–	0.6
Total	100	100	100	100

**Table A8: Job search methods used by young people, by region (%)**

	Jakarta	Central Java	NTT
Through education/training institutions	3.1	4.6	5.7
Public employment services	8.0	3.9	8.7
Job fairs	6.3	3.0	5.2
Private employment agents	7.8	10.2	5.9
Advertisements	24.3	20.7	15.6
Internal networks	43.3	44.2	53.0
Labour contractors	3.3	7.6	1.3
Others	3.9	5.7	4.4

**Table A9: Methods used by employers for filling vacancies, by region (%)**

	Jakarta	Central Java	NTT
Administrative/professional	76.7	63.3	43.3
Education/training institutions	16.7	26.7	26.7
Public employment services	13.3	23.3	13.3
Private employment agents	6.7	10.0	6.7
Informal networks	40.0	70.0	53.0
Internal promotion	30.0	33.3	13.3
Others	13.3	10.0	13.3
Manual			
Advertisements	20.0	36.7	13.3
Education/training institutions	13.3	10.0	10.0
Public employment services	13.3	16.7	3.3
Private employment agents	3.3	6.7	3.3
Informal networks	56.7	80.0	93.3
Internal promotion	16.7	26.7	30.0
Others	–	23.4	6.7

**Table A10: Duration of job search, by group, sex and region (%)**

	Job-seekers		Employees		Self-employed	
	Women	Men	Women	Men	Women	Men
Jakarta						
1 month or less	20.4	14.3	80.7	79.5	8.8	7.2
1-6 months	36.0	34.7	9.1	9.1	46.8	44.5
6 months or more	43.6	51.0	10.2	11.4	44.4	48.3
Total	100	100	100	100	100	100
Central Java						
1 month or less	28.2	36.0	73.6	72.2	8.6	16.4
1-6 months	31.0	32.0	20.1	13.4	34.4	37.1
6 months or more	40.8	32.0	6.3	14.4	57.0	46.5
Total	100	100	100	100	100	100
NTT						
1 month or less	29.6	33.4	76.1	69.0	24.2	29.2
1-6 months	37.0	30.3	7.6	10.8	35.5	35.9
6 months or more	33.4	36.3	16.3	20.2	40.3	34.9
Total	100	100	100	100	100	100

**Table A11: Duration of job search before finding first job, by group and education level (%)**  
**(Distribution of young people by duration of job search)**

		Primary or less	Junior high school	Senior high school	Technical/vocational	University
Job-seekers	1 month or less	53.6	33.3	24.7	17.0	20.0
	1-6 months	21.4	33.4	34.6	34.0	37.5
	6 months or more	24.9	33.4	40.7	48.9	42.5
	Total	100	100	100	100	100
Employees	1 month or less	86.2	78.5	76.0	69.9	75.5
	1-6 months	3.4	7.8	10.7	15.0	13.3
	6 months or more	10.3	13.8	13.2	15.1	11.2
	Total	100	100	100	100	100
Self-employed	1 month or less	22.5	13.3	13.7	15.6	6.7
	1-6 months	34.2	43.4	38.9	37.6	46.7
	6 months or more	43.3	43.4	47.4	46.9	46.7
	Total	100	100	100	100	100

**Table A12: The main obstacle in finding a decent job, by group (%)**

	Job-seekers	Employees	Self-employed
Inadequate education/skills	52.6	51.8	61.6
No work experience	22.6	20.2	18.9
Not enough jobs available	15.7	16.5	11.9
Discrimination for age, sex or other reasons	2.0	2.6	1.6
Low wages/poor working conditions	2.7	4.8	2.6
Others	4.3	4.1	3.5
Total	100	100	100

**Table A13: Most important characteristic of the applicant that managers look for in filling administrative/professional and manual vacancies, by region (%)**

	Jakarta	Central Java	NTT
Administrative/professional			
Sex	6.7		10.3
Age	3.3	46.7	3.4
Education	76.7	46.7	75.9
Marital status	–	3.3	6.9
Past training	6.7	6.7	6.9
Job experience	16.7	36.7	6.9
Manual			
Sex	20	16.7	51.7
Age	16.7	23.3	13.8
Education	–	13.3	17.2
Marital status	–	6.7	3.4
Past training	6.7	6.7	6.9
Job experience	26.7	30	20.7

**Table A14: Type of training considered by young people as the most helpful in finding work, by group and sex (%)**

	Job-seekers	Employees	Self-employed	Total
<b>Women</b>				
Entrepreneurship	21.6	19.2	63.2	32.6
Apprenticeship with employer	6.7	6.6	5.0	6.2
Computer / IT	29.4	30.3	12.3	24.8
Foreign language	19.5	12.5	5.5	13.1
Professional	18.8	30.3	10.9	20.6
Others	3.9	1.1	3.2	2.7
Total	100	100	100	100
<b>Men</b>				
Entrepreneurship	20.9	23.0	68.1	39.4
Apprenticeship with employer	10.1	8.2	5.6	7.8
Computer / IT	24.4	22.3	11.3	18.8
Foreign language	10.5	8.2	4.4	7.4
Professional	30.6	34.6	6.6	22.8
Others	3.5	3.7	4.1	3.8
Total	100	100	100	100
<b>Total</b>				
Entrepreneurship	21.3	21.1	66.1	36.2
Apprenticeship with employer	8.3	7.4	5.4	7.0
Computer / IT	27.0	26.3	11.7	21.7
Foreign language	15.2	10.4	4.8	10.1
Professional	24.4	32.4	8.3	21.7
Others	3.7	2.4	3.7	3.3
Total	100	100	100	100

**Table A15: Location of work/business, by group and region (%)**

	Jakarta	Central Java	NTT	Total
<b>Employees</b>				
Office building	7.8	4.4	6.1	6.1
Factory	5	23.9	5	11.3
Construction site	10.6	2.2	6.7	6.5
Mining site	11.7	13.3	19.4	14.8
Farm/plantation	16.7	10	13.9	13.5
Own home	29.4	32.8	25.5	29.2
Customer's/employer's home	3.9	3.9	4.4	4.1
Other permanent structures (shops restaurants, etc)	10	5.6	8.9	8.1
Fixed/Temporary stall/kiosk in the market/street	4.5	3.3	9.4	5.8
No fixed location/mobile	0.6	0.6	0.6	0.6
Others				
Total	100	100	100	100
<b>Self-employed</b>				
Office building	7.2		0.6	2.6
Factory	3.9			1.3
Construction site	2.8			0.9
Own home	21.1	26.1	16.1	21.2
Other permanent structures (shops, restaurants, etc)	2.2	2.8		1.7
Fixed/Temporary stall/kiosk in the market/street	35	60	58.4	51.1
No fixed location/mobile	10	10	17.2	12.4
Others	17.8	1.1	7.8	8.9
Total	100	100	100	100

**Table A16: Distribution of employees by status, by sex and region (%)**

	Jakarta	Central Java	NTT	Total	
Women	Permanent waged workers	76.9	77.8	72.2	75.6
	Commission-based worker	3.3	2.2		1.8
	Contract worker	13.2	18.9	26.7	19.6
	Intern or apprentice	5.5	1.1		2.2
	Unpaid family helper/worker	1.1		1.1	0.7
	Total	100	100	100	100
Men	Permanent waged workers	73.0	67.8	73.3	71.4
	Commission-based worker	3.4	3.3		2.2
	Contract worker	20.2	27.8	20.0	22.7
	Intern or apprentice	2.2	1.1	3.3	2.2
	Unpaid family helper/worker	1.1		3.3	1.5
	Total	100	100	100	100
Total	Permanent waged workers	75.0	72.8	72.8	73.5
	Commission-based worker	3.3	2.8	0.0	2.0
	Contract worker	16.7	23.3	23.3	21.1
	Intern or apprentice	3.9	1.1	1.7	2.2
	Unpaid family helper/worker	1.1	0.0	2.2	1.1
	Total	100	100	100	100

**Table A17: Distribution of employers by weekly working hours, by sex and region (%)**

		Jakarta	Central Java	NTT	Total
Women	<=24	12.1	32.2	27.8	24.0
	25 - 34	1.1		1.1	0.7
	34 - 44	27.5	12.2	33.3	24.7
	45 - 59	48.3	50.0	22.2	39.9
	>=60	11.0	5.6	15.6	10.7
	Total	100	100	100	100
Men	<=24	21.3	30.0	25.6	25.7
	25 - 34	2.2	2.2	4.4	3.0
	34 - 44	27.0	18.9	27.8	24.5
	45 - 59	43.9	47.8	30.0	40.5
	>=60	5.6	1.1	12.2	6.3
	Total	100	100	100	100
Total	<=24	16.7	31.1	26.7	24.8
	25 - 34	1.7	1.1	2.8	1.9
	34 - 44	27.7	15.6	30.6	24.4
	45 - 59	45.6	48.9	26.1	40.4
	>=60	8.3	3.3	13.9	8.5
	Total	100	100	100	100

**Table A18: Reason for choosing self-employment by sex and region (%)**

		Jakarta	Central Java	NTT
Women	Could not find salary employment	19.2	15.5	26.2
	Greater independence	48.1	58.3	61.9
	More flexible hours of work	9.6	11.9	3.6
	Higher income level	13.5	8.3	3.6
	Others	9.6	6.0	4.8
	Total	100	100	100
Men	Could not find salary employment	18.0	18.8	15.6
	Greater independence	49.2	63.5	62.5
	More flexible hours of work	11.7	6.3	8.3
	Higher income level	9.4	5.2	9.4
	Others	11.7	6.3	4.2
	Total	100	100	100
Total	Could not find salary employment	18.3	17.2	20.6
	Greater independence	48.9	61.1	62.2
	More flexible hours of work	11.1	8.9	6.1
	Higher income level	10.6	6.7	6.7
	Others	11.1	6.1	4.4
	Total	100	100	100