

Indonesia Jobs Outlook 2017

Harnessing technology for growth and job creation

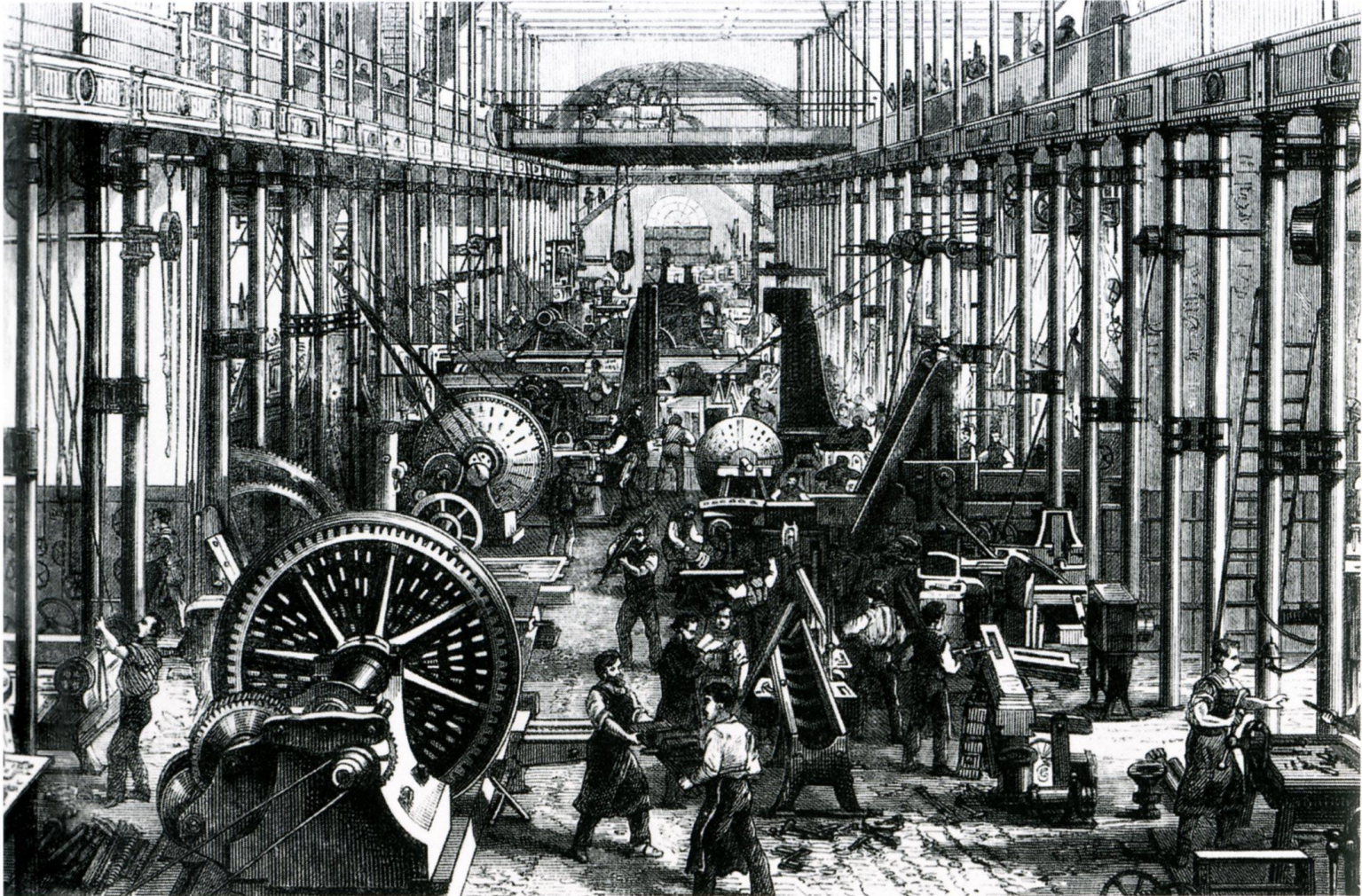
Pullman Hotel, Jakarta

December 14, 2017

Technology, growth & jobs



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Some stylized facts



Product fragmentation

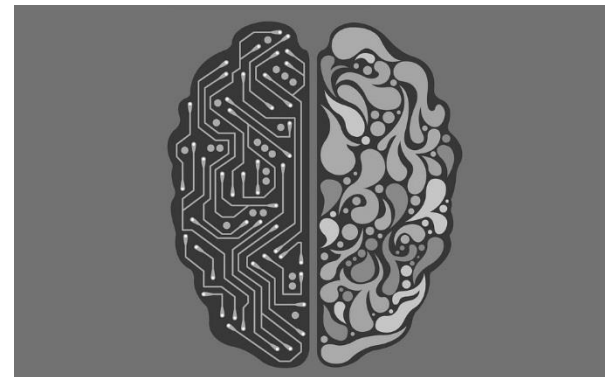
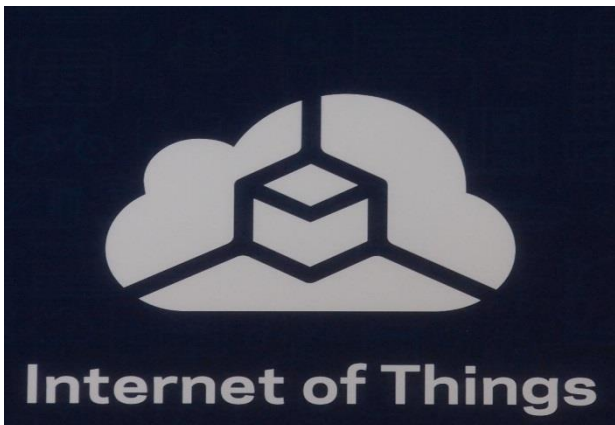
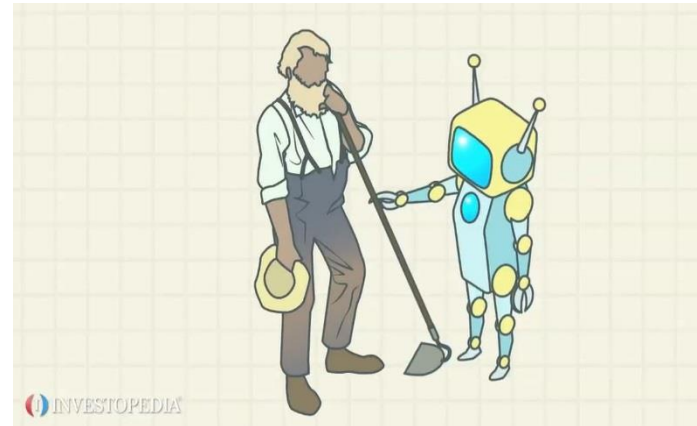


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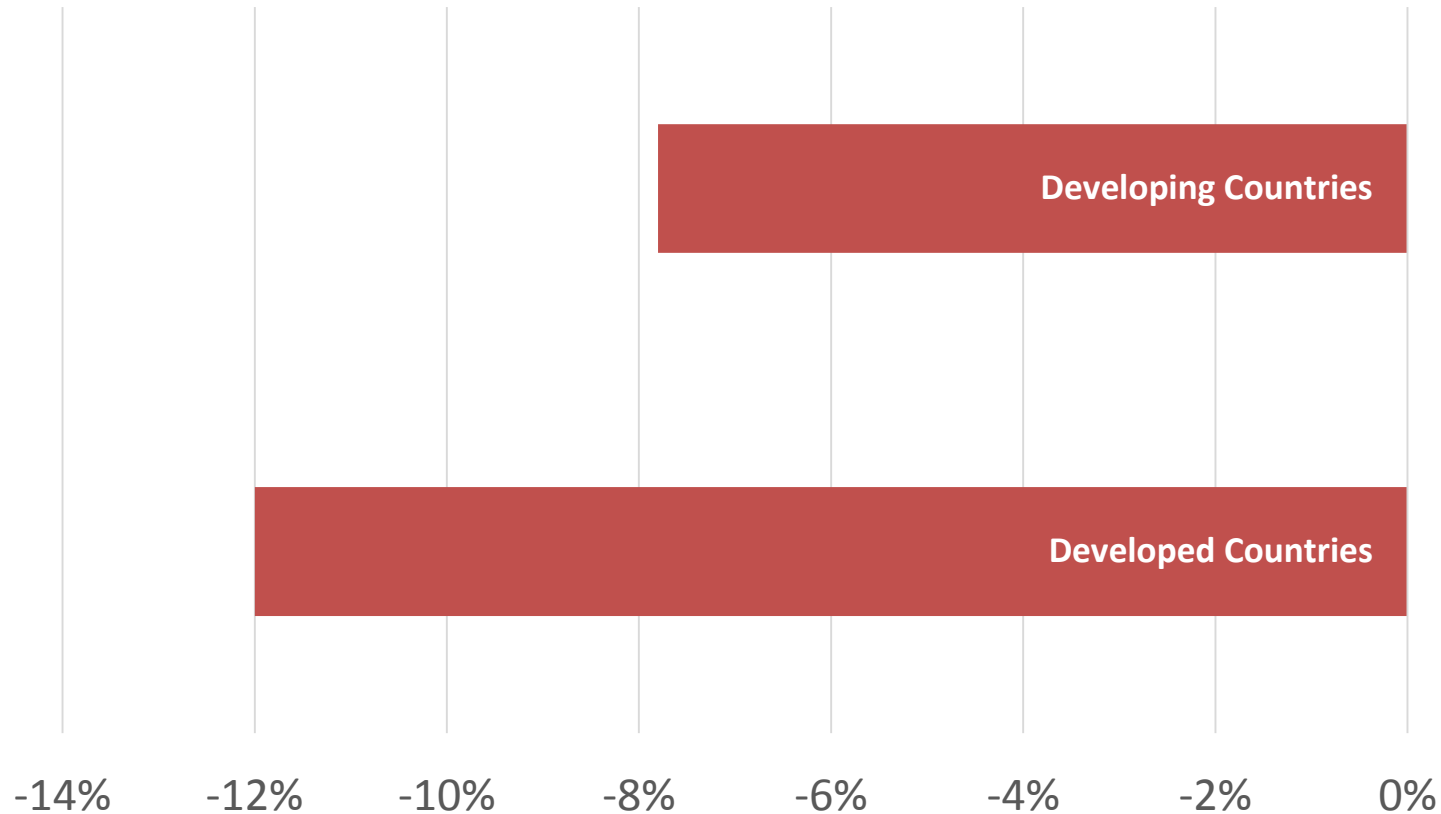
ARTIFICIAL INTELLIGENCE



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Polarization of the labour market



Why future of work?

- Convergence of technologies
- Pace of change
- All of this amidst slow growth “new normal”

Technology is creating opportunities

- New technologies can be transformative
- Creating new opportunities and reducing costs
- Made individuals more autonomous and access to learning

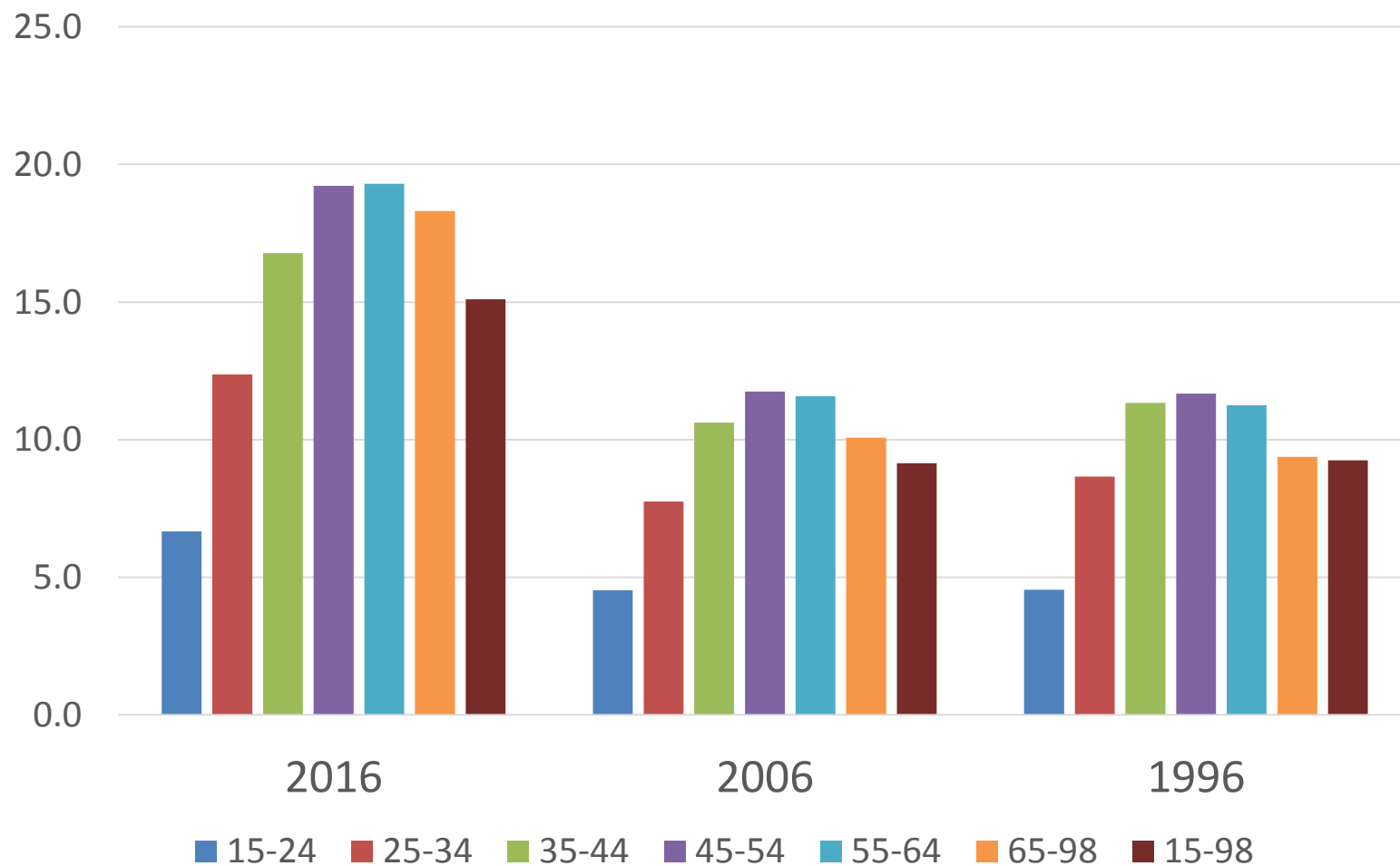
Indonesia's technology dividend

- Potential to add USD 150 billion to GDP (Mckinsey)
- E-commerce: USD 9.3 billion (2016) – expected to grow fast
- 51.8 percent internet users [APJIII, 2016]
- Industrial robots 314 (2005) to 6,265 (2015) [IFR, 2016]
- Indonesia is ranked 3rd in users of social media growth



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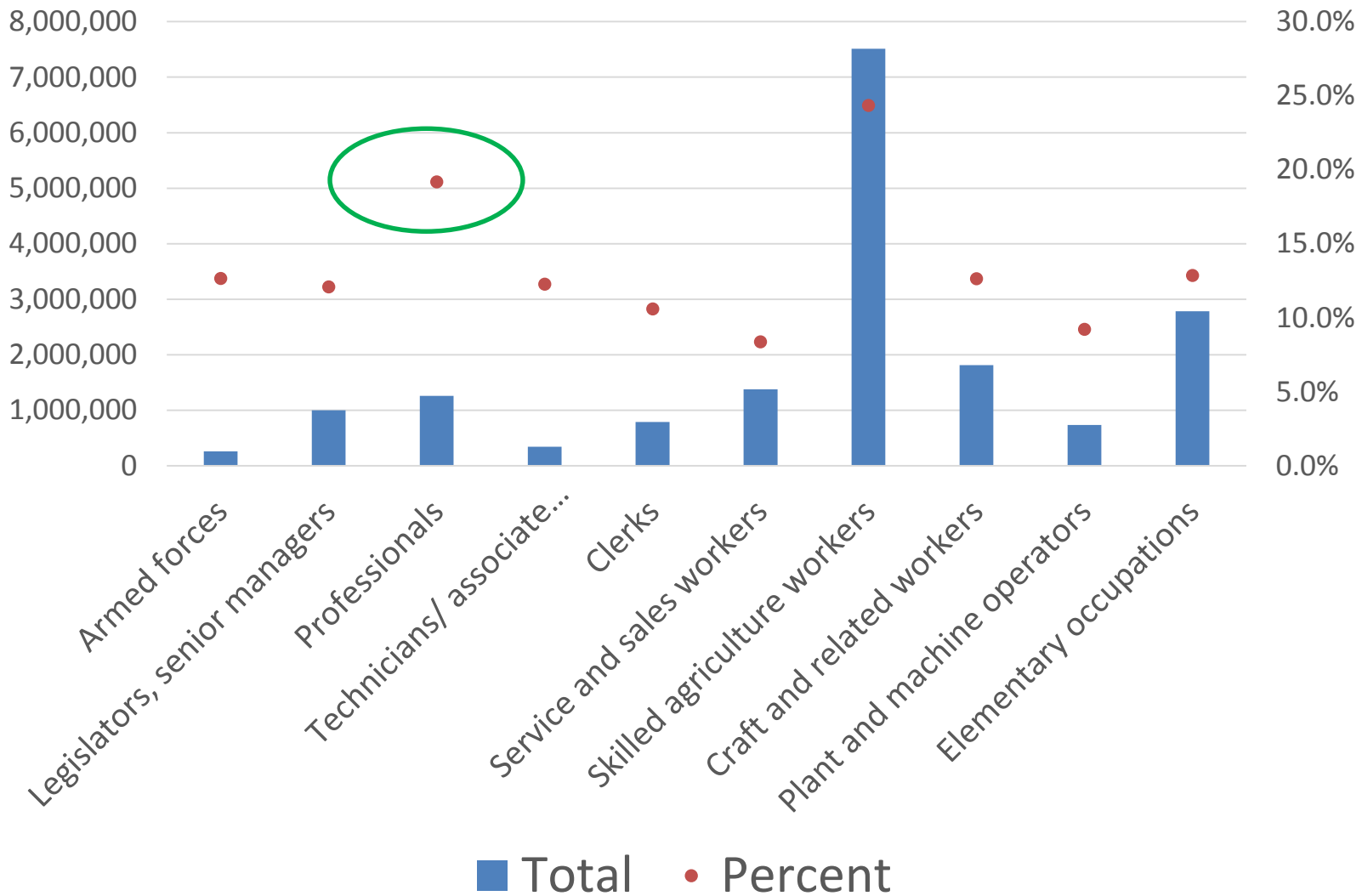
Employed with second jobs (%)



Occupations second job



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Addressing technological challenges

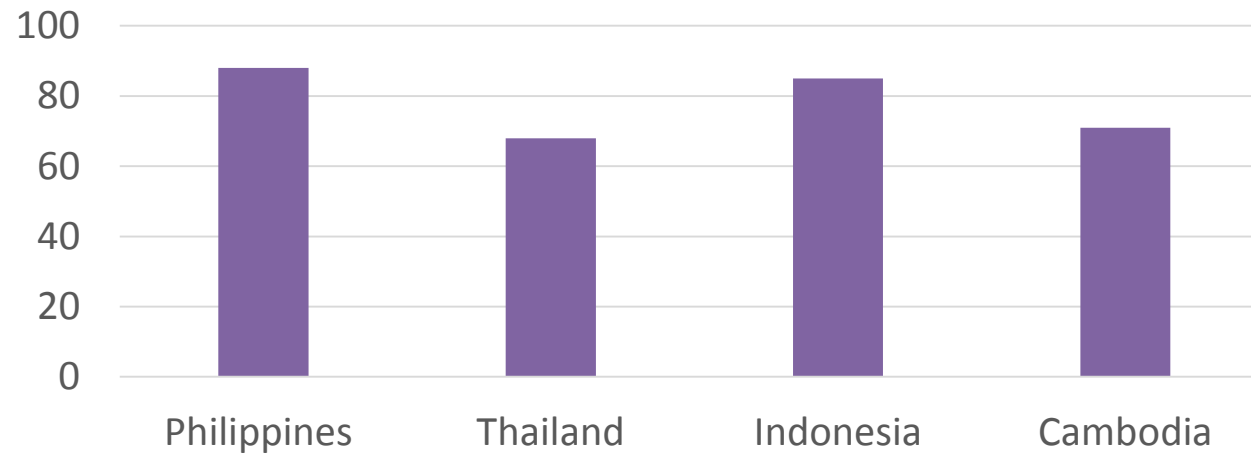
- Technological Readiness Ranking: 80
- 1 broadband connection per 100 people
- Poor infrastructure especially off Java & Bali
- Nature of economic growth

Disruptions?

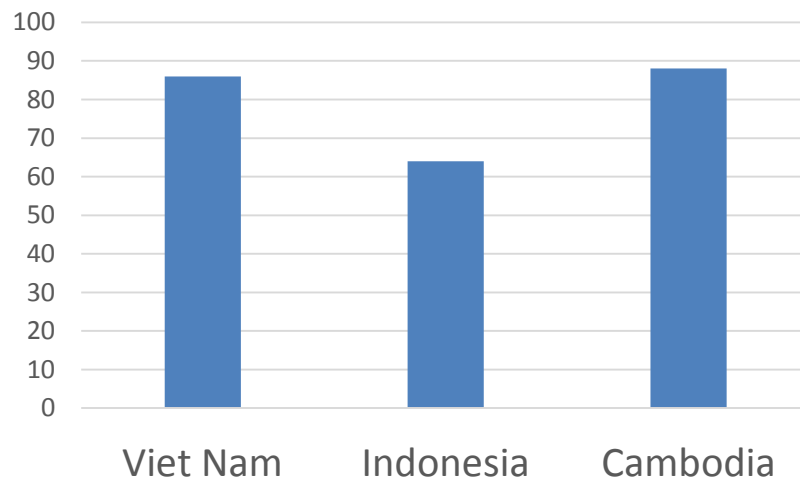
- In USA 47% jobs at risk (Frey and Osborne, 2013)
- Globally, 45% of tasks could be made obsolete through automation (McKinsey, 2017)
- 9% of jobs at risks in OECD (Arntz et al., 2016)

Jobs at potential risk (percent)

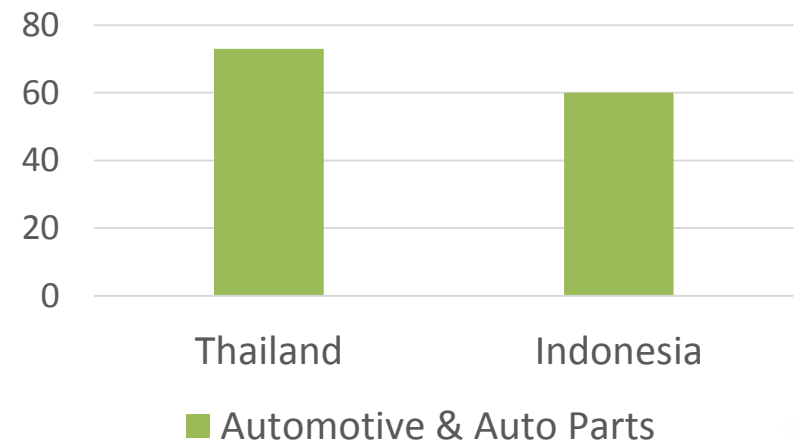
Retail



Textile, Clothing & Footwear



Automotive & Auto Parts





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Policy Considerations

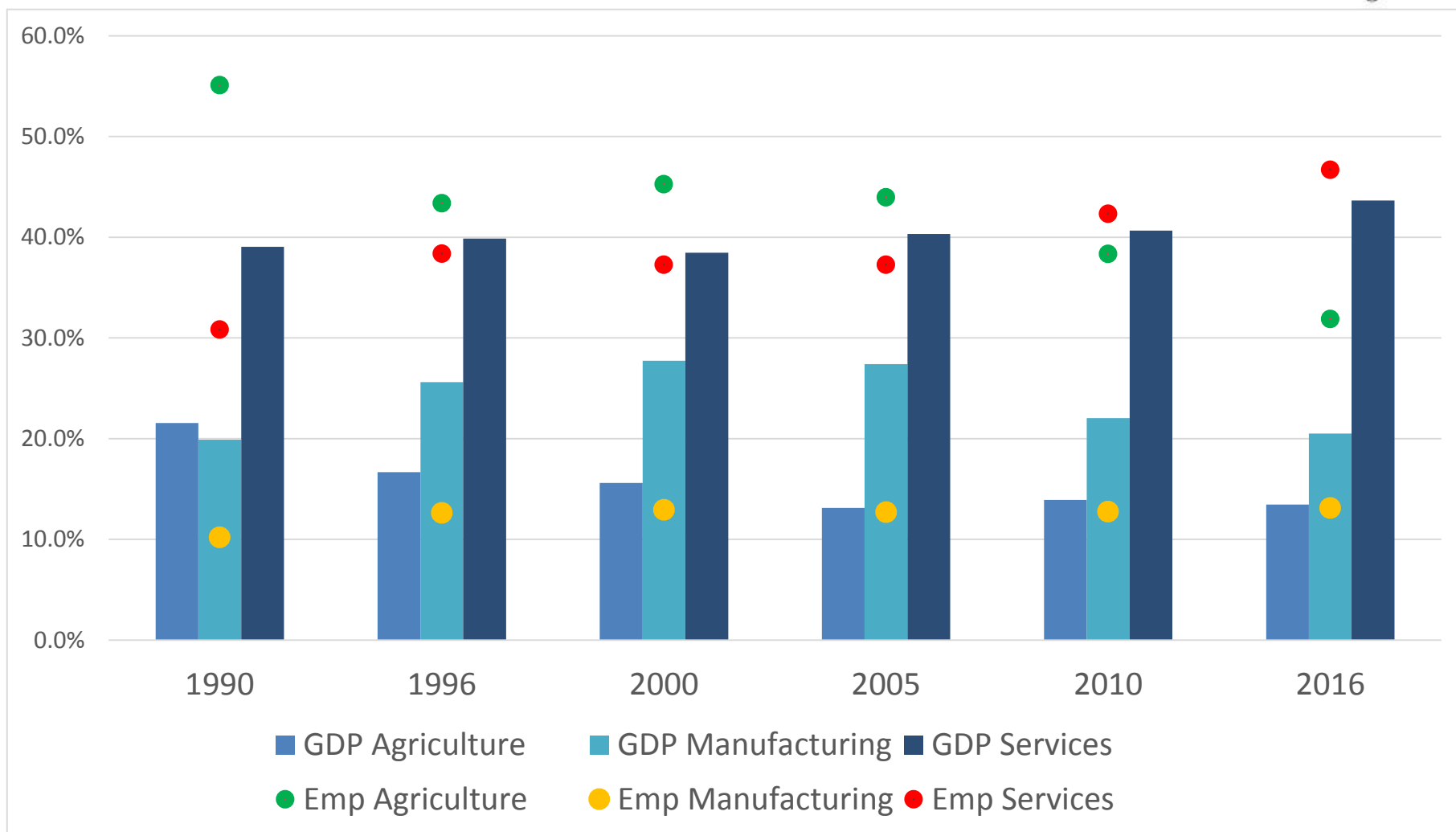
Second wave of structural transformation

- Resisting technology may not be the answer
- An evidence-based approach should guide policy-makers
- Try to look for new sources of growth and jobs; human and machines can collaborate



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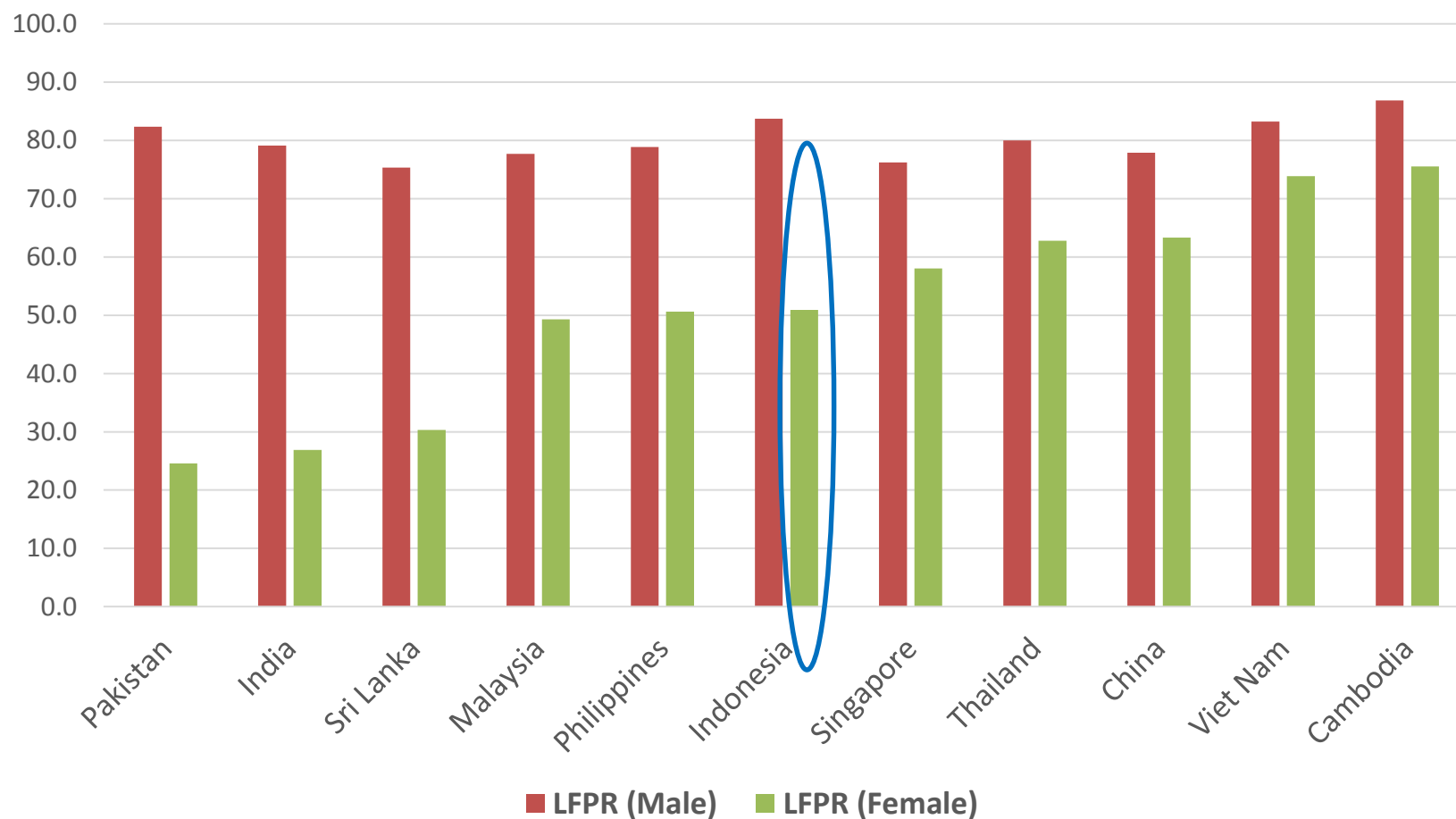
Share of GDP & Employment (%)



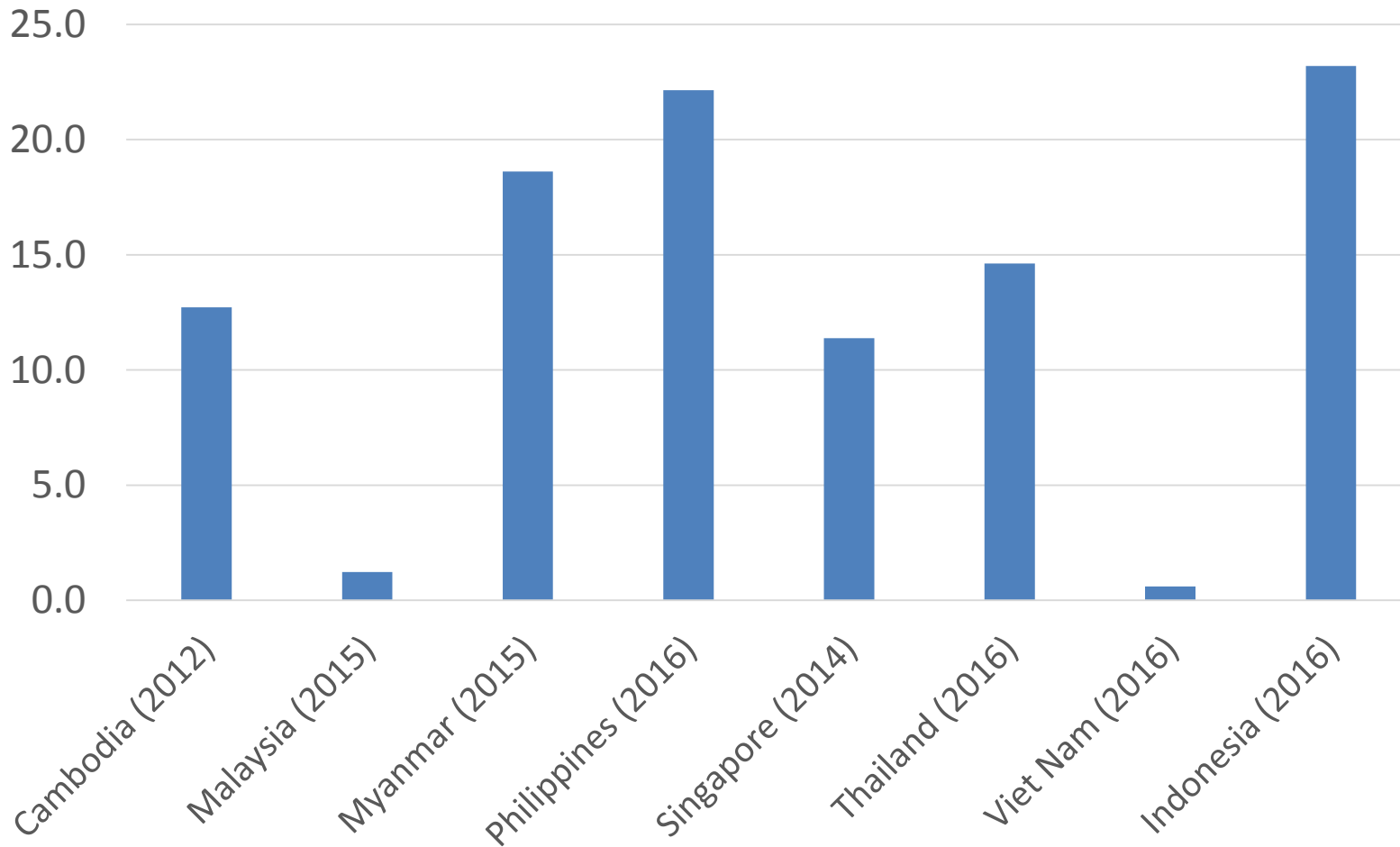


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Labour Force Participation Rate (%)



Not in employment, education or training (NEET)



Source: ILO staff calculations using data from ILOSTAT for global figures and Sakernas 2016 for Indonesia

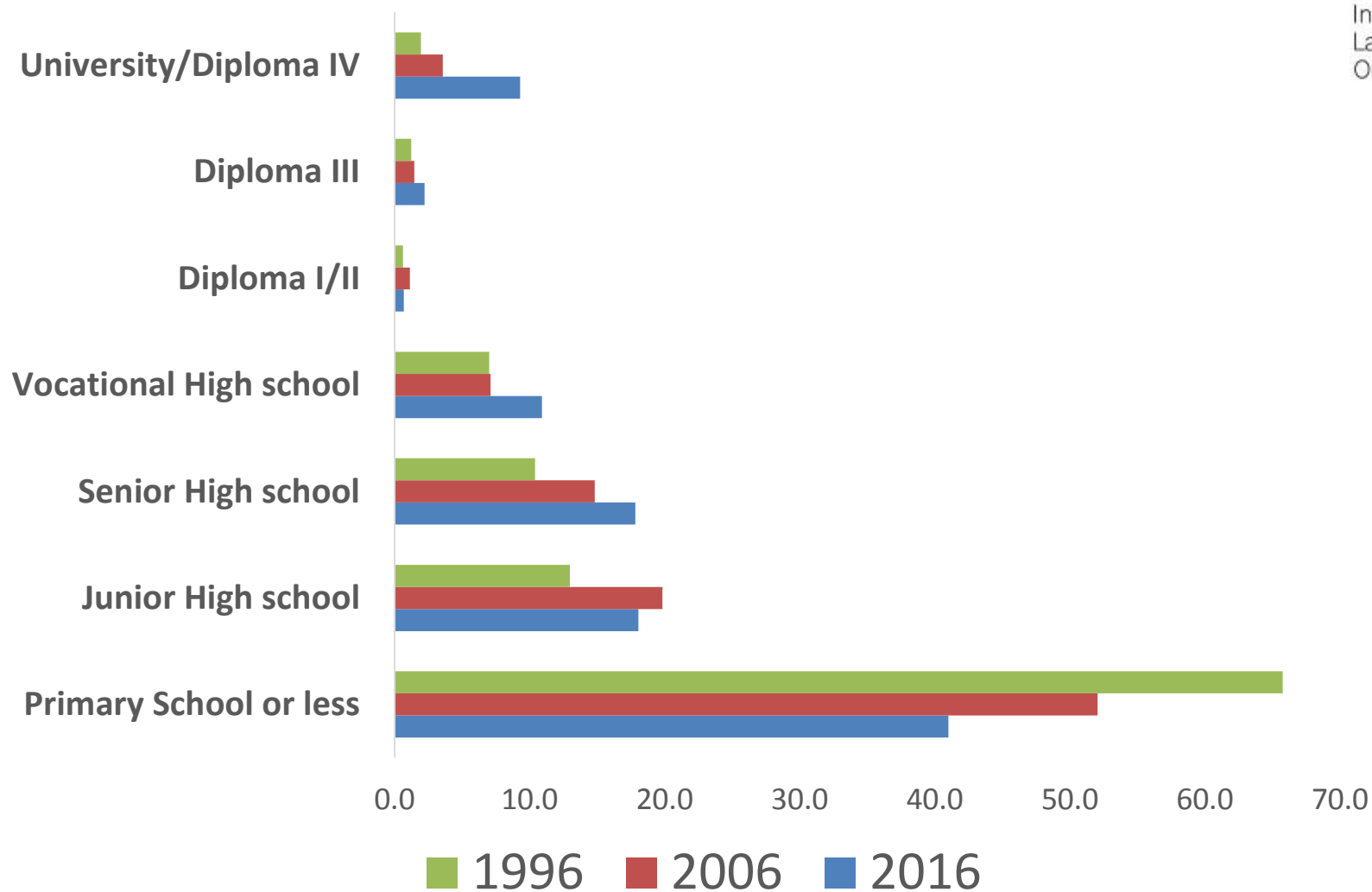
Investment and quality of education & training

- Positive externalities... and greater spillover effect
- Lifelong learning to keep up with the changes in the labour market
- Soft skills becoming quite important



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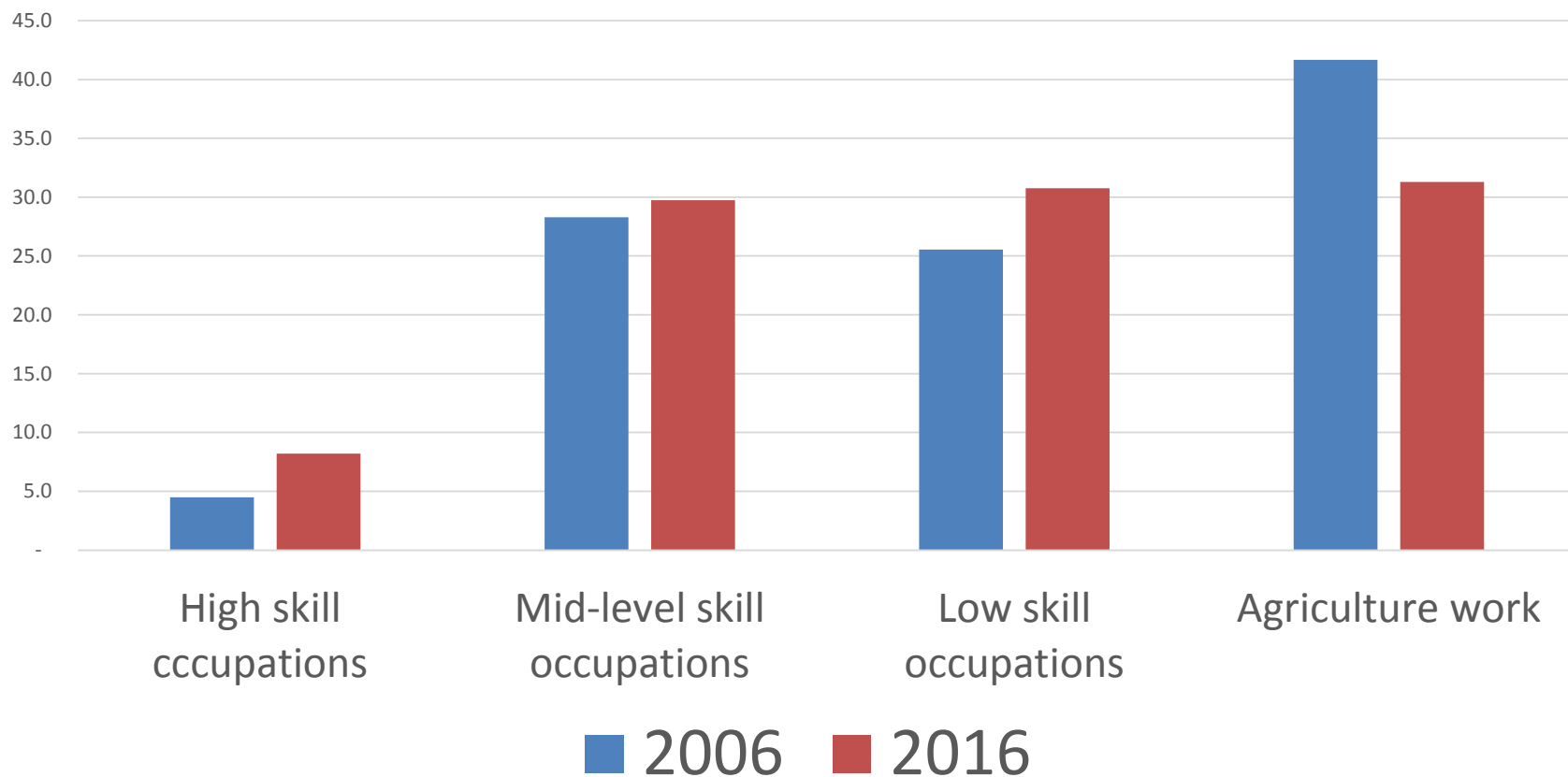
Employment by education (%)



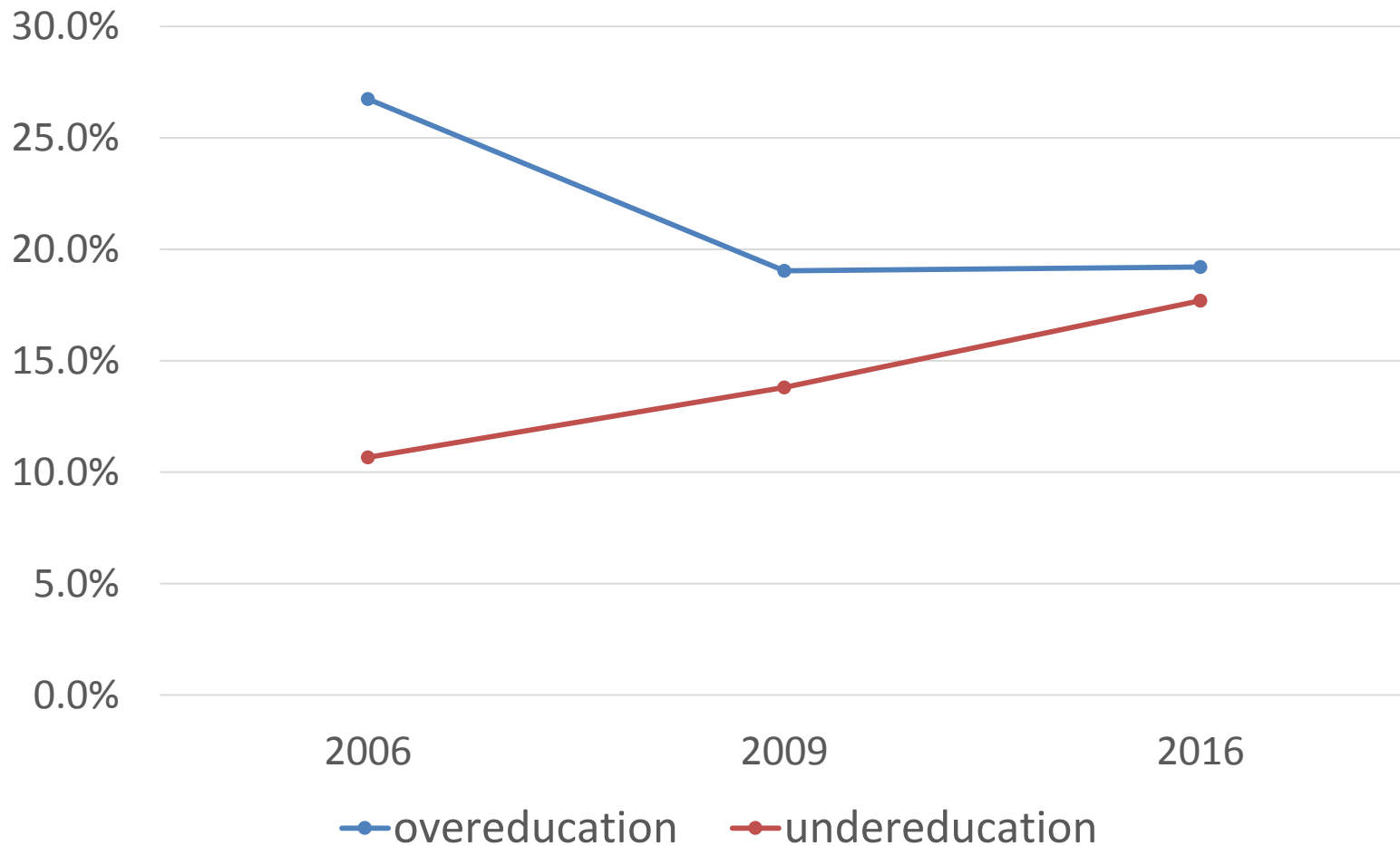
Occupation and skills



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Educationally over-qualified and under-qualified workers



Expanding social safety net

- Disruptions will invariably mean there are losers- rethink governance of work
- Revisit social protection to ensure that vulnerable are not left behind
- Universal basic income??



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DECENT WORK

A better world starts here.

Terima kasih



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