

‘Decent work’ in Indonesia: What do the indicators say?

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Indonesia has come a long way since the economic and political turmoil of the late 1990s. Economic shocks aside, recent GDP growth has been robust, while macroeconomic stability has improved and both poverty and unemployment have fallen.

As incomes have risen, so too has inequality. In 2011, Indonesia’s rank on the UN’s Human Development Index remained low, ranking above only Vietnam, Cambodia, Lao PDR and Myanmar among ASEAN countries. Clearly, although economic growth is an important requisite for development, growth alone is unlikely to meet the aspirations of society for a full and productive life.

For most, having a job is essential to these aims, since it is the primary means of generating income to support themselves and their families. But, not all jobs are the same. Since the late 1990s, the concept of “decent work” has come to embrace the universal need for employment that is productive, delivers a fair income, protects rights, and gives a degree of security against unforeseen shocks. In 2008, the goal of decent work for all became an explicit target of the Millennium Development Goals.

Achieving decent work is also one of the main goals of Indonesia’s National Midterm Development Plan (2010-2014). By embracing this concept, the government has recognized that job growth, together with guaranteed rights at work, social protection, and channels for dialogue between workers, employers and the government, not only help advance a fairer society, but one that can unlock the true potential of its human capital.

Defining the concept is only part of the story. To translate normative goals into practical thinking and well-informed policies, decent work also needs to be measured. Being able to identify the direction and speed of change across the decent work landscape is vital to ensure policymakers are on the right track with their economic and social policies. Accurate data is needed, together with a continued commitment to self-monitor and self-assess progress made.

This is why Indonesia, with the help of an EU-funded project by the International Labor Organization (ILO), has established its own “decent work indicators,” which provide a statistical yardstick against which progress toward decent work can be measured. Its first baseline assessment was published in a “Decent Work Country Profile,” launched in Jakarta on May 23.

These indicators capture a range of recent developments in Indonesia’s labor market, from the labor force participation rates of men and women, to the hours people work and the wages they receive. It also charts progress made in reducing child labor, enhancing social protection,

and extending the right to unionize and bargain collectively. The analysis combines statistical indicators with legal and policy information to present an integrated assessment.

In addition to improvements, the profile also highlights areas where progress lags and where more or better data is needed. To improve data availability on the various aspects of decent work, the ILO-Monitoring and Assessing Progress project is working with the government to improve the scope and quality of its labor force survey, strengthen administrative records and boost the capacity of civil servants to store and analyze labor market information for more informed policymaking.

How far exactly has Indonesia come in realizing decent work? In some areas, the picture is clearly a positive one. Since 1996, average real wages have risen and working poverty rates have fallen. On the other hand, further work is still required, not just to assist the remaining 13 percent of the population who still live below the poverty line, but to address the growing gap between the rich and the poor.

The profile also tracks the changing position of Indonesian women in the labor market. Although their rates of labor force participation remain far lower than men's (around 52 percent, as opposed to over 80 percent for men), women are today more likely to be in prestigious occupations than they were in 1996, and the gap between their wages and those of men is shrinking. That said, the fact that there is still a gap, and that women are far more likely to be unemployed, remind us that we cannot be complacent.

Data also points to sluggish progress in raising employment quality. The informal economy remains large and is characterized by jobs that lack the core tenets of decent work: reasonable working conditions, basic social security and a "voice" through formal representation in the workplace, for example. Similarly, a growing number of workers are in casual or "precarious" work that lacks a more regular employment relationship. Such jobs pay up to 40 percent less than regular employment, and often leave workers in a state of constant insecurity.

Since 1996, initiatives to protect vulnerable children and enhance educational participation have brought measurable successes. More children are now in school at both primary and secondary levels, and the share of 10 to 17 year-olds in child labor has fallen from 7.1 percent in 1996 to 4.3 percent in 2010.

Young persons aged 15 to 24 also face difficulties. Aside from being more likely to be unemployed than adults, the share of youth not in employment, education or training, has remained high for more than a decade. Without education young people can easily fall behind and in some cases become unemployable.

So what's next? Despite the challenges, we can be optimistic that decent work can be further realized in Indonesia with well targeted, evidence-based policies and implementation. Being better informed to design such policies is a key rationale behind the development of decent work indicators and the government is already examining ways to ensure consistent collection and monitoring of this data over time.

Among the foremost policy concerns for the government today is how to improve employment quality. With recent history in Asia showing that economic development does not necessarily lead to a shrinking of the informal economy, greater efforts will be required to

extend the key aspects of decent work to all non-formal work settings. Safeguarding universal access to basic social security is one such example of this. Similarly, ensuring stronger oversight of outsourcing and other practices that can harm employment stability and security need to be pursued.

Indonesia also needs to improve labor administration — i.e. the performance of the bodies charged with designing and overseeing national labor and employment policies. Enforcement problems have limited the effectiveness of minimum wage policy, for example, in protecting the incomes of poor and vulnerable workers.

It is now internationally accepted that decent work is an essential conduit through which national development goals can be achieved. A continued commitment to its core values in Indonesia will help the Government to provide access for all citizens to productive employment at a fair income, uphold basic rights and access to social security, and provide freedom to participate in the decisions that affect people's working lives. The Indonesia work indicators help us to see where we are and navigate us towards a better future.

The writer is the Country Director of the ILO in Indonesia and Timor Leste.