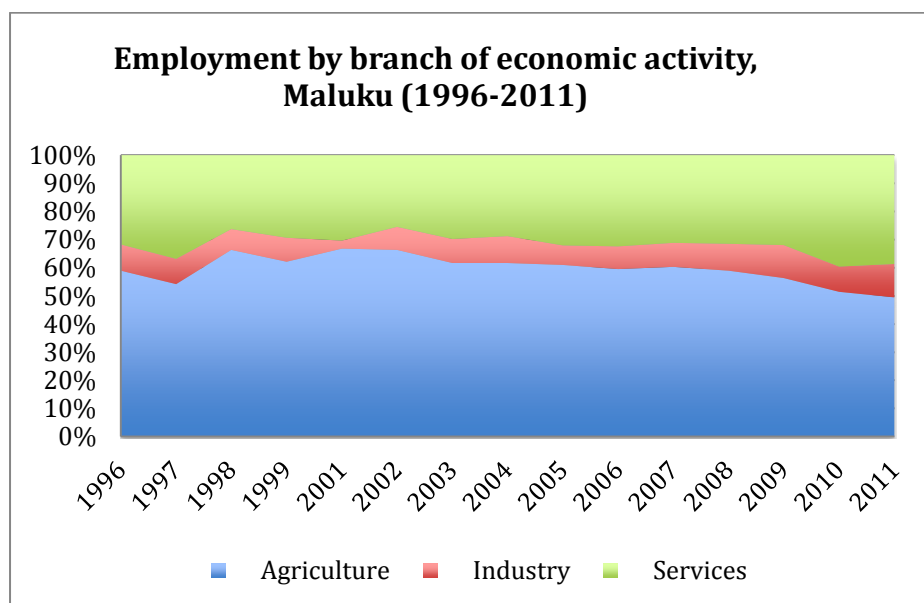


MALUKU DECENT WORK PROFILE – SUMMARY

Socio-economic context for Decent Work

Employment structure

- Economic structure: Agriculture still dominates employment but is declining in importance (49.5% of total employment in 2011)
- Service sector expanding (38.7% of total employment in 2011)
- Industry is a minor player (11.9% of total employment in 2011) and growth has been weak in the post-conflict era



Labour productivity

- Labour productivity –i.e. GDP per person employed- only around a third of the national level (USD 7,249 in 2010, vs USD 21,534 nationally) and has posted negative growth rates in recent years.
- There remains much scope for improved productivity in agriculture and industry in particular –through intensification, diversification, and technological development.

Education

- On the whole, the labour force in Maluku is well educated by Indonesian standards.
- Adult literacy rates have been consistently high in the last decade (97%, since 2001) vs 93% nationwide (2010).
- Local government has a strong commitment to education, completion of eight years of school is compulsory and Moluccans receive on average 8.5 years of school.

- Net enrolment rates are among the highest in the country –at all levels. As a result, the shares that are not in school are lower than average and declining.
- These favourable educational indicators bode well: an educated workforce signifies a strong human resource base critical for productive employment and poverty reduction.
- However, in Maluku, education is no guarantee of employment. Unemployment in the province is high (7.4% in 2011) and more than half of the province’s unemployed have finished senior high school.

Employment opportunities

- Key employment indicators suffered during the conflict: between 1998 and 2005, the employment-to-population ratio (the percentage of the working age population that is employed) fell from 61 per cent to 51 per cent. Meanwhile, official unemployment rose sharply from 3.7 per cent to 15 per cent.
- Youth were particularly hard hit: over the same period, the share of young people not in education and not in employment more than tripled from 6% to 18.5%.
- A similar story was true for women, whose EPR fell by more and unemployment rate rose by more than men’s during the same period.
- Employment in agriculture has been declining, but BPS data shows labour productivity has been rising, albeit from a low base. This is a positive sign for the reduction of poverty and working poverty (82% of all poor in the province are working in agriculture).
- Poverty is mostly a rural phenomenon, being linked largely to low productivity in agriculture. 90% of the poor in Maluku are found in rural areas, compared with 65% for Indonesia as a whole.

Productive job growth

- 84 out of every 100 new jobs created between 2002 and 2010 came in the service sector. A third of these jobs came in trade, restaurants and hotels, while 40% came in social and private services, i.e. public sector jobs.
- Rapid growth in service jobs has outstripped growth in value added → declining rates of labour productivity.
- Many service jobs have come as a result of the transfer of government functions from Jakarta, there is some doubt over the sustainability of future job growth through this channel.
- Hotels and restaurants also face binding productivity constraints (productivity is already relatively low) → obstacle to productive employment growth.

Decent Hours

- Excessive hours on the rise – 15.4% (1996) → 23.7% (2011): reflection of low earnings in primary employment.

- Time related underemployment also rising – 12% to 17% (1996-2011), illustrates there is also a significant problem with “labour underutilization.”
- Both indicators signify deficits in employment quality and productive work. Many people have to work long hours across multiple jobs to compensate for low earnings, while a significant proportion are underutilized in their job, would like to work more hours but cannot find them.

Work to be abolished

- High educational standards feed into positive developments for child labour in the province.
- Share of children out of school is low, enrolment rates are high. Child labour rates have been declining. In 2011, less than 3 percent of 10-17 year olds were in child labour. Nationally, this rate is 4.3 percent (2010).
- *(Other factors that may explain the low level of child labour: demand for CL may be low (median hours among child labourers are low at less than 20 hours per week); high adult unemployment rates.)*

Stability and security of work

- Statistically “job stability and security” are best measured through indicators of “precarious work” –namely, work that by contractual status is of casual, seasonal, temporary or short term nature.
- Because these jobs provide no expectations of a long-lasting employment relationship, they represent key source of vulnerability and risk for affected workers.
- Precarious work accounts for a very small fraction of total employment in Maluku: just 3 percent in 2011, compared with 10.1 percent nationally (in 2010). Men are far more likely to be in such jobs than women.
- Informal employment is also a key factor determining stability and security in employment. 68.3% of the employed in Maluku are in informal employment, compared with 60% nationally. The particular dominance of agriculture is likely a key factor in this figure.

Equal opportunity and treatment in employment

- Nationally in Indonesia, women comprise around two-fifths of the employed population, but they are disproportionately represented in certain occupations.
- Labour market segregation by gender is also evident in Maluku. But the occupations in which this segregation is most pronounced differ quite widely from the national picture.
- Women in Maluku are **more likely** to be found in “prestigious occupations” such as legislators and corporate managers than they are generally in Indonesia.

- In 2011, just over 30 per cent of employed workers in ISCO-88 categories 11 and 12 (comprising legislators, senior officials, and corporate managers) were female, compared with just 20 per cent nationally (in 2010).
- A similar picture is evident on skilled-agriculture, industrial, and administrative occupations.
- In remuneration, women in Maluku enjoy smaller gender-wage gap than their counterparts at the national level.

Safe work

- It is impossible to analyse Maluku's recent progress in this area, since data on occupational injuries in particular are largely unavailable.
- The number of OSH labour inspectors quadrupled between 2007 and 2009. However there remains only one labour inspector for every 20,000 registered workers.

Social Security

- Before 2005, the percentage of households that received free healthcare service fluctuated between 8-18 per cent → suggests weaknesses in distributing healthcare subsidies.
- After 2005, the share of healthcare coverage stabilized around 13-16 per cent → indicates improved healthcare delivery corresponding with improvements in social and political stability.
- Membership of the Jamsostek social security fund has been rising slightly since 2008. As a share of total workers, however, the fund's coverage has decreased from 19 per cent in 2008 to 16.6 per cent 2010, → may suggest that Jamsostek coverage cannot keep up with the growing labour force.

Social dialogue and representation

- Based on available data, it is impossible to determine whether some progress has been made on social dialogue between workers' and employers' association.
- Official data on union density shows that labour union exposure in Maluku is still limited. As percentage of total employment, the share of labour union membership is extremely small.
- Owing to the province's recent history of conflict, the sectarian conflict could become the major factor that has delayed the reformation of labour unions in Maluku.