ACTIVE LABOUR MARKET POLICY IN INDONESIA: REVIEWING THE EMPLOYMENT POLICIES AND PROGRAMMES' PREPARATION

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Abstract
Indonesia experienced a significant increase in the labor force with a percentage reaching 69.30% of the total working age population. This condition is a demographic bonus that must be managed by Indonesia. For this reason, the government is trying to improve the investment climate through the Labor Market Flexicurity approach. However, this approach must be balanced with an Active Labor Market Policy that can boost the competitiveness of the Indonesian workforce. The focus of this research is to describe and analyze the development of Active Labor Market Policy in Indonesia. The approach taken in this research is a qualitative approach using a descriptive research type. Data collection techniques were carried out by means of documentation studies, observations, and interviews with 17 people through purposive sampling. The results of the research show that the development of the implementation of the Active Labor Market Policy needs to be supported by a reliable Labor Market Information System. The priority programs for the Active Labor Market in Indonesia include providing government assistance programs, vocational training programs, providing assistance to job seekers to fostering industrial relations and labor inspection. The target group of the Active Labor Market Policy in Indonesia so far has targeted youth, women and persons with disabilities. Meanwhile, the strategy implemented in Indonesia is based on a demand approach, phasing, involving stakeholders and using technology. The implementation of the Active Labor Market Policy in Indonesia still encounters several obstacles, so that it is not enough to say it is optimally active.

INTRODUCTION

Employment is one of the important issues in Indonesia. In the 1945 Constitution of the Republic of Indonesia, it has been mandated in article 27 paragraph (2) that every citizen has the right to work and a living that is worthy of humanity. This mandate is in synergy with the eighth goal of the Sustainable Development Goals (SDG's), namely, increasing inclusive and sustainable economic growth, productive and comprehensive employment opportunities and decent work for all. The SDG's are expected to be realized in 2030.

Efforts to increase employment growth have faced various challenges, such as the influence of the megatrend. According to PricewaterhouseCoopers (2016) defines a megatrend as a macroeconomic and geo-strategic force that shapes the world. This megatrend has become a massive movement capable of influencing the social, economic and political fields. These megatrends consist of globalization, technological advances, demographic change, population migration, and climate change, including unpredictable events such as the Covid-19 pandemic, military conflict and economic recession which have significantly impacted the job market.
The McKinsey & Company study (2019) revealed that automation technology has changed the work environment by providing opportunities to increase productivity, efficiency and growth. Apart from creating new jobs, automation has also resulted in the growth of new professions. This is reinforced by the prediction that in 2030 there will be 23 million jobs lost but 27 million to 46 million new jobs will emerge in Indonesia. These jobs are in the health, construction, manufacturing and retail sectors and as many as 10 million of these new jobs are new types of jobs that did not exist before. Industry 4.0. technology has changed at an unprecedented rate. These accelerating technological advances are bringing about dynamics in the job market where there is a shift in the demand for skills. World Economic Forum (2020) stated that there are 20 top jobs that have experienced increasing and decreasing demand in the labor market. This trend is caused by technological changes that are different from what is currently available, so that the work that will be there tends to lead to the development of the digital industry and big data processing. According to the ILO (2021), these technological innovations have had a major impact on the processes of recruitment and selection of workforce, training and development and work organization.

In Indonesia, the number of labor force continues to increase. Sakernas data from the Central Statistics Agency (BPS, Badan Pusat Statistik) shows that Indonesia's workforce in 2023 is 146.62 million people, an increase of 8.72 million from 2020. Labor force data in 2023 has reached 69.30% of the total working age population.

![Trends in Total Work Force 2020 - 2023](image)

**Figure 1.** Labor Force Trends Over the Last Four Years
*Source: BPS Sakernas (February 2020-2023)*

This increasing trend in the number of the workforce is a demographic bonus. The migration trend that has occurred in the world has also occurred in Indonesia until now. This migration trend is based on research conducted by Ananta and Arifin (2014) that currently more and more Indonesians are moving to other countries to pursue higher education, better job opportunities and settle there. But on the other hand, economic growth and a large consumer market have attracted foreigners to work and invest in Indonesia.

Meanwhile, economic growth and the employment climate have been disrupted by the presence of the Covid-19 Pandemic, in which several western countries have taken action to reduce
the negative impact on the business world through reducing wages, implementing flexible working hours, providing wage subsidies as an effort to maintain the socio-economic conditions of lower-class workers (Anholon et al., 2021).

Furthermore, the Covid-19 pandemic has affected the emergence of changes that have implications for future job trends such as remote work, digitalization which has resulted in a surge in e-commerce growth, and automation that has driven changes to using artificial intelligence and robotics. Hence, the emergence of these three trends can contribute to an increase in the Gig Economy. The advantages of the Gig economy offer flexibility and balance between life and work, where through technology, they can connect with teams in different time zones, so that their working hours are relatively flexible.

The various trends in the global phenomenon above have implications for labor market conditions in Indonesia which of course hinder the state's goal of realizing a prosperous, just and prosperous Indonesian society, one of which is through fulfilling citizens' rights to decent work. It is on this basis that the government exists through its policy, namely the Job Creation Law. In relation to workers' welfare, the provisions in Law Number 40 of 2004 concerning the National Social Security System were amended by adding 1 part to the Job Creation Law, Article 82, namely Job Loss Guarantee (JKP, Jaminan Kehilangan Pekerjaan). This guarantee is given to workers who lose their jobs or experience termination of employment (PHK) in order to maintain their standard of living.

The follow-up to the Job Creation Law is the issuance of Government Regulation Number 37 of 2021 concerning the Implementation of a Job Loss Guarantee Program. In Article 18 it is stated that the benefits that can be obtained from the JKP Program include cash; access to labor market information; and job training. In supporting the provision of these benefits, the government needs to develop a Labor Market Information System (SIPK).

The need for SIPK is also stated in Presidential Regulation Number 68 of 2022 concerning Revitalization of Vocational Education and Vocational Training. Where the government needs to produce a demand-oriented workforce. It is hoped that the current and comprehensive SIPK Development Goals will be able to provide reliable and well-functioning national labor market information in 2030. In the midst of such rapid changes in the world of work, nowadays people are required to be able to adapt, as a consequence they are even forced to change jobs and their careers. according to market demands. For this reason, all of the above government policies emphasize the importance of the government developing a Labor Market Information System (SIPK).

Several western countries have implemented an Active Labor Market Policy (ALMP) in dealing with the above global phenomenon. ILO (2022) recommends that one of the policies that can be implemented during and after the Covid-19 pandemic is implementing Active Labor Market Policies (ALMP). Policy can be carried out through programs such as job search assistance, training programs, wage subsidies or public employment schemes which are key elements for the employment of the Indonesian workforce.
Yeyati et al. (2019) highlighted in their research that ALMP has a positive impact when GDP growth is higher and unemployment is lower. In addition, there are programs that aim to improve the competence of the workforce, such as vocational training, entrepreneur assistance, wage subsidies that show a significant impact. The duration of the program, the amount of incentives, the sustainability of program participants and activity targets are the keys that determine the effectiveness of these interventions. Wiśniewski (2022) also conducted an evaluation of the ALMP in Poland. The results of this study found that the most effective impact of employment was obtained from strat-up assistance and intervention work programs. Likewise, vocational training programs and workforce placements also have a positive effect on employment. Novella and Valencia (2022) in their evaluation research found that the ALMP program in Bolivia substantially increased employment, especially for working in the formal sector. The ALMP is an effective solution for increasing access to quality jobs in the context of a country with a high level of informality such as Bolivia.

However, there are empirical facts from several evaluation studies related to the Active Labor Market Policy proving that the policy is not effective. Even a review conducted by Crépon & Van Den Berg (2016) from several evaluations shows that overall the program related to the Active Labor Market Policy is ineffective. Mature ALMP planning is still a challenge for the government. How to identify the unemployed, employers, and determine who runs ALMP services and who gets assistance from the ALMP program. This planning needs to be supported by accurate data, which can be generated through a reliable Job Market Information System.

Based on empirical facts related to the implementation of SIPK in Indonesia, it illustrates that the government's SIPK problem so far has not been able to work because the ecosystem of the SIPK has not been well developed. The problem of the employment ecosystem is also clarified by the results of research from Fauzi and Laksmono (2021) in their research which revealed that competency in the direction of employment policy has not taken into account the involvement of the industry as a recruiter for trained workers so that synergy is needed between the government and industry. This study has the argument that SIPK development based on careful planning will produce output in the form of labor market information as a basis for effective ALMP implementation. As explained by Shatz et al. (2014) that the most important thing in the development of SIPK is how to design it. The same thing was emphasized by Yeyati et al. (2019) that the key for an effective ALMP is to be able to carefully take into account the duration of the program, the amount of incentives, the sustainability of program participants and activity targets.

This research tries to analyze related to the development of Active Labor Market Policy in Indonesia as one of the preparation or planning of employment policies and programs. The formulation of the problem in this research is how is the development of Active Labor Market Policy (ALMP) in Indonesia. So the purpose of this research is to describe the development of Active Labor Market Policy (ALMP) in Indonesia.
METHODS

This study uses a qualitative approach. A qualitative approach was chosen to obtain in-depth and accurate data adapted to the conditions in the field (Neuman, 2014). Rubin and Babbie (2011) stated that qualitative research seeks to produce deep meaning in the factual experience of human behavior, and is intended to produce qualitative data, theoretically detailed observations and the data obtained cannot be reduced easily. Alston and Bowles (1998) also said, in qualitative research, a researcher is interested in understanding how other people's experiences interpret the meaning of social phenomena and explore new concepts and develop new theories.

This type of research is descriptive research. The research is more academic and scientific oriented or can be called basic research (Neuman, 2014). Through the descriptive research, this study has described in a systematic, detailed, in-depth and factual manner the development of the Active Labor Market Policy (ALMP) as a review of the preparation of employment policies and programs in Indonesia. The research location related to the development of the Active Labor Market Policy is carried out at the Office of the Ministry of Manpower, Jalan Jend. Gatot Subroto Kav. 51, Jakarta and the Head Office of the Labor Market, Jalan Jend. Gatot Subroto Kav. 44, Jakarta. The researchers collected data through interviews and documentation. As for research involving stakeholders outside the Ministry of Manpower, it is conducted online. The data analysis technique used was of Miles and Huberman: Data reduction, data display, and conclusion.

RESULTS AND DISCUSSION
The Development of Active Labor Market Policy in Indonesia As an Overview of the Preparation of Policies and Programs

Current global conditions, starting from the issue of megatrends, the Covid-19 pandemic and the world political situation, have led several countries to implement Labor Market Flexicurity. So that requires the government to implement policies that can respond to the dynamics of the labor market, one of which is through the Active Labor Market Policy (ALMP).

Views and Objectives of Active Labor Market Policy in Indonesia

Based on the findings in the field, it is stated that the Active Labor Market Policy (ALMP) is a form of government intervention and can be used as an indicator of employment. The Active Labor Market Policy should ideally become the mainstream of the existing Labor Policy in Indonesia to encourage the supply side, namely the workforce to be more adaptive to the needs of the labor market. The Active Labor Market Policy can stimulate the workforce to work, so it can be said to be its active side. Meanwhile, as a passive side when the policy is carried out as a cushion in terms of helping the workforce to survive when they leave or are forced to leave work. The Active Labor Market Policy focuses on intervention on the supply side so that the workforce can prepare themselves to enter the labor market, where one way is by attending training or knowledge provision. This was conveyed by the informant as follows: “The implementation of the Labor Market Policy can be active or passive. Passive as a cushion, as a cushion when there are shocks. Then being active is of course even more important as a provision or for job seekers, the workforce
faces the dynamics of the labor market” (Intermediate Expert Planner, Directorate of Manpower, Bappenas, December 2022).

Information found in the field shows that the Active Labor Market Policy (ALMP) has the ultimate goal for the employment of the workforce. As for its implementation, the government's focus on ALMP is not only on the supply side but also the demand side. On the supply side, the government provides protection in helping workers to compete and excel in a flexible job market. Meanwhile, on the demand side, the government intervenes in policies taken by employers or companies so that they can continue to run their businesses when a country's economy is shaken. The conditions found in the field are in accordance with the theory presented by Auer et al. (2008) which states that the Active Labor Market Policy (ALMP) is part of the Labor Market Policies which actively encourages the integration of job seekers who are currently experiencing unemployment, underemployment, and workers looking for better jobs in the labor market.

Other findings based on the results of interviews with informants in this study, namely the Secretary General of the Ministry of Manpower also conveyed information that the concept of the Active Labor Market Policy needs to be implemented as an anticipatory policy related to situations that occur both within the country and abroad. Even more so when Indonesia will face a demographic bonus in 2030. So, this momentum must be managed and utilized properly. Indonesia has actually implemented ALMP for a long time, but this concept has only been intensified since the discussion of Government Regulation Number 37 of 2021 concerning the Implementation of a Job Loss Benefit Program (JKP). Findings in the field also show that institutionally the implementation of ALMP in Indonesia has not been very active, this is because previously the government work unit in charge of the job market was under the Directorate General of Development of Manpower Placement and Expansion of Job Opportunities. However, since the Ministry of Manpower has established a Labor Market Center in 2021 where it is directly under the Minister of Manpower, it is hoped that this will strengthen the institutional position as the unit that manages the Indonesian labor market. In addition, the implementation of ALMP in Indonesia has not significantly reached the entire workforce in Indonesia, this is reflected in findings in the field that one of the implementations of ALMP programs such as vocational training at the Ministry of Manpower has so far only been able to target 150,000 people/year, while the number Indonesia's workforce reaches 144 million people.

**Active Labor Market Policy Priority Program in Indonesia**

In its development, Active Labor Market Policy in Indonesia is carried out by implementing several priority programs both under normal conditions and when Indonesia's socio-economic conditions are shaken. These programs include Vocational Training, Job Search Assistance, Entrepreneurship Assistance (Independent Employment), Government Assistance, labor intensive, Wage Scale Structure, Labor Inspection.

The findings in the field show that the Vocational Training Program is needed to improve Indonesia's human capital where 58-60 percent of the work force are junior high school graduates and below. So the government needs to increase their bargaining power in order to offset the
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demands of employers. The Job Search Assistance Program is the government's effort to outreach job search services to the Indonesian workforce in finding work. This program is needed for job seekers to be able to discuss or consult in more detail about what jobs are suitable for them according to their educational background and abilities. The Entrepreneurship Assistance Program at the Ministry of Manpower, known as the Independent Workforce Program, is aimed at the general public who are engaged in the informal sector. As for Government Assistance Programs such as Job Loss Guarantees, Pre-Employment Cards, Wage Subsidy Assistance which provide cash benefits are considered quite successful in helping to stimulate people to earn income amidst the pandemic. The Labor Intensive Program can be given to farmers while they are waiting for the harvest to arrive. Furthermore, from the perspective of fostering industrial relations, the Wage Scale Structure Program can be implemented in companies as a measure of protection for workers so that they are not weak compared to employers. The Labor Inspection Program is also implemented to ensure whether labor-related regulations are properly implemented.

Active Labor Market Policy (ALMP) priority program implemented in Indonesia is currently largely relevant to the theory presented by Crépon and Van Den Berg (2016) which says that ALMP is used en masse in various countries to increase individual ability to be absorbed in the market. Employment through job placement services and employment programs such as training and job creation. The ALMP priority program concept developed in Indonesia has relevance to the policies of the ALMP concept implemented globally. This is supported by the theory presented by Auer et al. (2008) in which the ALMP concept policy is in the form of a training program, job creation in the form of public or labour-intensive work, creation of entrepreneurs and employment subsidies. However, based on the results of the analysis carried out through the theory presented by Kuddo (2009) there are still several ALMP programs that cannot be implemented in Indonesia, one of which is salary and tax subsidies.

Implementation of the Active Labor Market Policy in Indonesia requires tools in the form of a Labor Market Information System (SIPK) which is one of the institutional management tools, procedures and mechanisms specifically designed to produce labor market information. The implementation of the Work Information System which is reviewed through the Active Labor Market Policy that occurs in Indonesia, needs to be done with careful planning.

The implementation of the Active Labor Market Policy in Indonesia is related to social development. The concept of the development of Active Labor Market Policy is quite relevant to the theory of social development from Midgley (1995), which states that social development is one of the processes of social change planned to improve the welfare of society as a whole and simultaneously with a dynamic process of economic development. These conditions of social development are reflected in the development of the Active Labor Market Policy which was initially carried out through a process of planned social change with the aim of attracting more workers in Indonesia so that in the end these workers can work to make ends meet, in this way they will be able to achieve social welfare.
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Target Beneficiaries

The target group or beneficiaries of the implementation of the Active Labor Market Policy (ALMP) in Indonesia is quite broad. Not only people who are looking for work, but also people who are currently working and are looking for another job that suits their needs and people who have stopped working either because of their own will or have been laid off. In such circumstances, the government is here to strengthen the capacity of Indonesian human resources. The findings in the field also stated that there were several categories of target groups, namely youth, persons with disabilities, women and the elderly. Youth is the target group based on the large number of job seekers and by looking at Indonesia's demographic structure which shows the dominance of the youth group. The target group from the category of persons with disabilities is included in the target of ALMP implementation based on the existence of law 8 of 2016 concerning Persons with Disabilities which states that companies or the government are required to provide a separate portion for persons with disabilities. Women are one of the targets for the implementation of ALMP, where this condition is based on the existence of one of the regulations which states that women workers or women must be empowered. Until now, the targets for the implementation of ALMP in Indonesia have enough relevance to the theory presented by Kuddo (2009), which in theory explains that the Active Labor Market Policy (ALMP) has a target audience, namely those who experience difficulties in entering the labor market, for example youth, elderly, women, and disabled ones.

Strategy for Implementing Active Labor Market Policy in Indonesia

The implementation of the Active Labor Market Policy in Indonesia is carried out using a demand strategy approach, a phasing approach, involving community stakeholders, and the use of technology. The strategy carried out with this demand approach is adjusted to the needs in the field. There is supply driven, where supply driven training is training based on what is owned and the ability to organize training, for now there is a shift to demand driven. Demand driven by organizing training based on the needs of the local labor market, so that it becomes more dynamic. In implementation in Indonesia, each Vocational and Productivity Training Center (BPVP) owned by the central government has a Communication Forum for Vocational Training Institutes with Industry (FKLPI) which makes it easier for the government to receive information about what kind of workforce is needed by the industrial world. The strategy through the phasing approach is carried out in stages because the implementation of ALMP in Indonesia requires adjustments, it cannot be adopted immediately. Strategies carried out by involving community stakeholders are carried out by selecting effective, efficient and good stakeholders, such as involving the community of persons with disabilities, related organizations.

The implementation of the Active Labor Market Policy (ALMP) in Indonesia has goals that are quite relevant to the theory presented by Kuddo (2009) which states that ALMP has economic goals that can provide opportunities for work, increase productivity and worker income, besides that the implementation of ALMP in Indonesia in the context of achieving its social goals it is quite relevant to Kuddo (2009) which implies that ALMP’s social goals can increase community
inclusiveness and participation in work. With the implementation of employment policies that lead to this ALMP, it has also indirectly implemented the Labor Market Flexicurity approach. This approach aims to create labor conditions that can easily enter and leave work. However, the security level of the workforce in terms of income is also a concern. Thus Indonesia will be better prepared to face the phenomenon of uncertainty in employment.

The picture above is the result of an analysis of findings in the field regarding the implementation of ALMP in Indonesia which has been compared with the multiple stream framework theoretical analysis.

CONCLUSION

Analysis of the development of the Active Labor Market Policy as an overview of the preparation of policies and programs in Indonesia shows the fact that there has been good progress. The Active Labor Market Policy is one of the government's roles as an indicator of employment. The development of an Active Labor Market Policy based on the Labor Market Information System focuses on the supply and demand sides. The development of the Active Labor Market Policy in Indonesia is carried out by organizing priority programs such as providing vocational training programs, job seeker assistance, entrepreneurship assistance, government assistance, labor intensive, Wage Scale Structure, and labor inspection.

In the context of the development of the Active Labor Market Policy implemented in Indonesia, it targets several groups with the categories of youth, women, persons with disabilities. The target group is not sufficiently relevant to the theory related to the Active Labor Market Policy which in practice can reach the elderly category group. Until now, in its development, Active Labor Market Policy in Indonesia is carried out by implementing a demand approach strategy, phasing or processes and involving stakeholders from the community to the involvement of
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Technological advances. The Active Labor Market Policy (ALMP) has economic goals that can provide opportunities for employment, increase worker productivity and income. Meanwhile, in relation to social goals, ALMP can increase inclusivity and community participation in work. Even though Indonesia has implemented the development of the Active Labor Market Policy, the implementation of the Active Labor Market Policy in Indonesia has not been able to reach the entire workforce, because in the implementation of AMLP programs such as vocational training conducted by the Ministry of Manpower, so far only 150,000 people in the workforce have been able to intervene every year. This figure is much lower than the total workforce in Indonesia which has reached 144 million people.

At the end of the conclusion of this research, the process of developing Active Labor Market Policy in Indonesia has not been optimally active. So that some special interventions are still needed to implement the Active Labor Market Policy in Indonesia so as to achieve optimal active conditions through the Labor Market Information System.

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