

Challenges of unemployment in Indonesia : trends, issues and policies

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Abstrak

A rapid decline of Indonesia's economy during the crisis of 1998-1998, has widely affected the quality of people life, including the declining labour demand, massive lay-offs, and shrinking formal employment. This situation will continue confirming Indonesia as a labour surplus country, due to limited productive working opportunities can be created by slower economic growth against the growing of the entrance in the labour market. This paper which is based on the secondary data mainly SAKERNAS data (1996-2004) from BPS Statistics Indonesia, of the unemployment trends, some issues on unemployment and related aspects, and how the development policies address the challenges of unemployment. The official open unemployment rate has been slowly increasing, even during the economics boom (1995-1996), and continues rising up to about 10% in 2004. The include of open unemployment has ben more pronounced among women, more educated, and in the urban areas. Other issues concerning unemplyment deal with particularly vulnerable groups such as women, youth and migrant workers. Underemployment is more serious concern which is indicated as underutilizing peoples's potential, and the main factor of working poor. Almost half of Indonesia's labourforce has faced big challanges to find way out in reducing the unemployment rate as well as poverty. The employment policy should focus on creating more full productive jobs and priorities the policy and protection for the more vulnerable groups.