

DEVELOPING INCLUSIVE LABOR MARKET INFORMATION TO OPTIMIZE THE IMPLEMENTATION OF THE UNEMPLOYMENT BENEFIT

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EXECUTIVE SUMMARY

Law No. 1 of 2020 on Job Creation (Job Creation Law) states that the Unemployment Benefit (JKP) has the objective of easing the burden of laid-off workers in landing a new job and maintaining their standard of living. One of the benefits JKP offers is access to labor market information (IPK), namely the Karirhub-Sistem Informasi Ketenagakerjaan¹ (Karirhub-Sisnaker), which is the national job platform provided by the Ministry of Labor.

To support optimal implementation of JKP, the Ministry of Labor needs to make Karirhub-Sisnaker inclusive. That is why this policy brief recommends that the ministry (i) encourage micro- and small-scale enterprises (MSEs) to use Karirhub-Sisnaker by relaxing the Mandatory Company Employment Report (WLKP) policy; (ii) synergize Karirhub-Sisnaker and the platforms developed by regional governments and the private sector; (iii) educate employers to provide details when posting vacancies, and job seekers to routinely update their résumé in Karirhub-Sisnaker; (iv) have a special social media account and develop interesting contents to attract job seekers to access Karirhub-Sisnaker; and (v) add other features on Karirhub-Sisnaker, such as information about part-time job and internship opportunities, free online training videos, a counseling service, and a free interest and aptitude testing service.

¹ Karirhub-Labor Information System.

IPK'S IMPORTANT ROLE IN JKP IMPLEMENTATION

The Job Creation Law mandates another social security scheme for workers. The third part of the law regulates JKP for laid-off workers. The objective of JKP is to help laid-off workers land a new job and maintain a decent standard of living. Article 46D of the Job Creation Law states that JKP comes in the forms of cash money, job training, and access to IPK. Government Regulation No. 37 of 2021² states that access to IPK includes job vacancies and career guidance by a public employment service officer via Karirhub-Sisnaker.

IPK is part of the Labor Market Information System (SIPK), which, according to World Bank (2020), has the functions to (i) match job vacancies with job seekers; (ii) provide counseling to job seekers; (iii) provide data analysis to see employment conditions; and (iv) promote government programs which support the Active Labor Market Policy. Of the SIPK's four main functions, IPK has two of them, namely matching job vacancies with job seekers and providing a counseling service. SIPK plays an important role as the source of information to formulate policies and as an early warning sign of a crisis, such as the coronavirus disease 2019 (COVID-19) pandemic.

KARIRHUB-SISNAKER ON THE ONLINE IPK MAP

The positive role of online IPK in job seeking has been discussed in various publications, such as Stevenson (2009) and Kuhn (2014). In Indonesia, IPK has been disseminated online using various methods. IPK covers two types of services, namely job advertisement and job placement services. Figure 1 summarizes the typologies of IPK run by multiple parties.

IPK platforms containing job advertisements do not require the users to register by entering their personal data because the process of applying for a position happens outside the platform; that is, the applicant sends a cover letter to the company's email address or through other channels. On the other hand, the platforms running a job placement service requires applicants to register, as the job application process is done on the platform.

The first typology dominated by social media platforms include job advertisements in the forms of texts or images, without a filter function. The second typology has a filter function, which enables job seekers to filter job advertisements based on the criteria they want, such as the company location and type of industry. Platforms run by the regional governments and the private entities, which take the form of job vacancy aggregators⁵ with limited functions, belong to the first and second typologies.

The regional government platforms in the third and fourth typologies have the characteristic of providing local services. Regional government platforms dominate the job placement service in the third typology.⁶ In the fourth typology, there are Karirhub-Sisnaker, platforms run by the provincial governments⁷, and most private platforms which use artificial intelligence (AI) to match the job seekers with vacancies. With AI, these platforms can manage a big number of job vacancies and job seekers, automate the selection process using keywords, save time and resources, and minimize bias.

CHALLENGES FACED BY KARIRHUB-SISNAKER AS IPK

Karirhub-Sisnaker is 1 of the 12 employment services in Sisnaker. Sisnaker serves various types of users; not only job seekers, but also beneficiaries of government programs

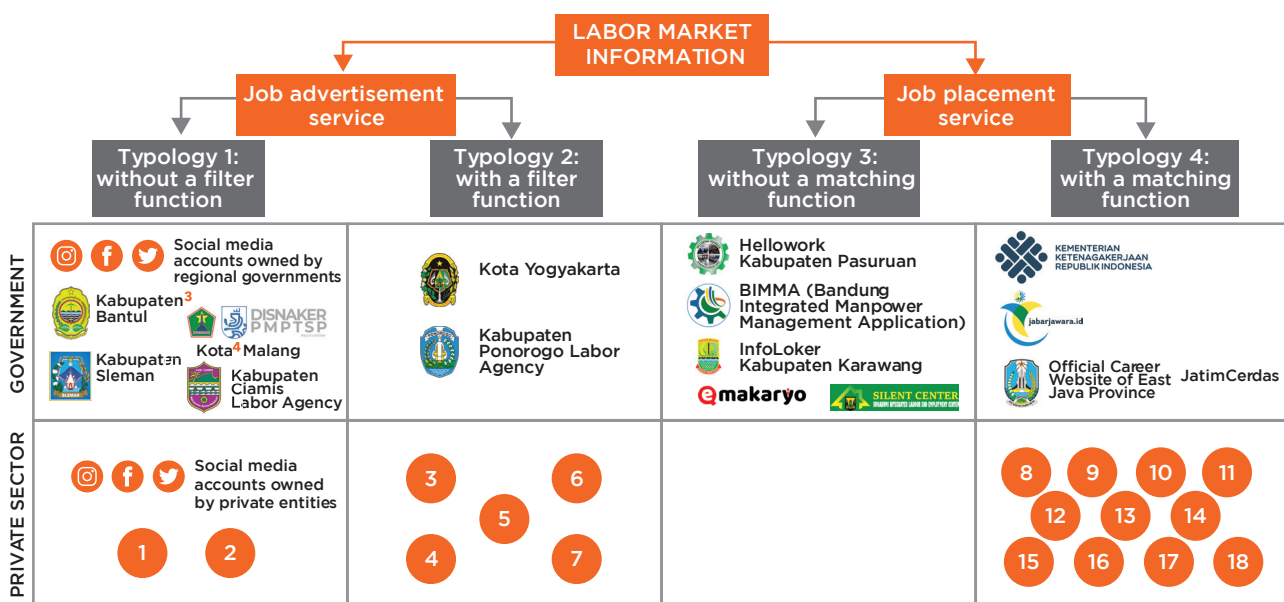


Figure 1. Map of Online IPK

Source: The research team's observation of the IPK platforms from November 2020 to November 2021.

Note: Circles with numbers 1-18 represent job vacancy platforms run by private entities.

² On the Implementation of the Unemployment Benefit Program.

³ District of.

⁴ City of.

⁵ Collector and re-poster of vacancies.

⁶ For private platforms, services without a matching function offer no added value that they can sell. That is why the research team found no platforms run by private entities in the third typology.

⁷ Collaborating with the private platforms.

(such as Kartu Prakerja or Pre-employment Card and Wage Subsidy Assistance or BSU), companies, training agencies, and other employment agencies. With the single sign on (SSO)⁸ system, users only need to register once to use all the facilities in Sisnaker. To ensure that all accounts are authentic, the job seeker data is integrated with the Population and Civil Registration (Dukcapil) data managed by the Ministry of Home Affairs, while the company data is integrated with the one-stop integrated service run by the Investment Coordinating Board (BKPM).

Another important point is that as public services, Karirhub-Sisnaker and platforms run by the regional governments do not collect payment, both from job seekers and companies. Karirhub-Sisnaker also helps job seekers wishing to apply in other *kabupaten/kota*, provinces, and even countries; this is the edge Karirhub-Sisnaker has over platforms run by regional governments. However, Karirhub-Sisnaker needs to deal with two major challenges to achieve its objectives.

a) Job Vacancies Being Limited and Still in the Planning Stage

The limited number of job vacancies in Karirhub-Sisnaker is indirectly caused by the requirement to fill in WLKP. Companies willing to do this are not many⁹ and are usually big companies or those in need of foreign workers. Meanwhile, MSEs,¹⁰ whose number is big, may not be willing to include social security data of their employees in WLKP. Even though the WLKP policy can increase the job seekers' confidence in the job vacancies and the companies, it has hampered MSEs from utilizing Karirhub-Sisnaker services.

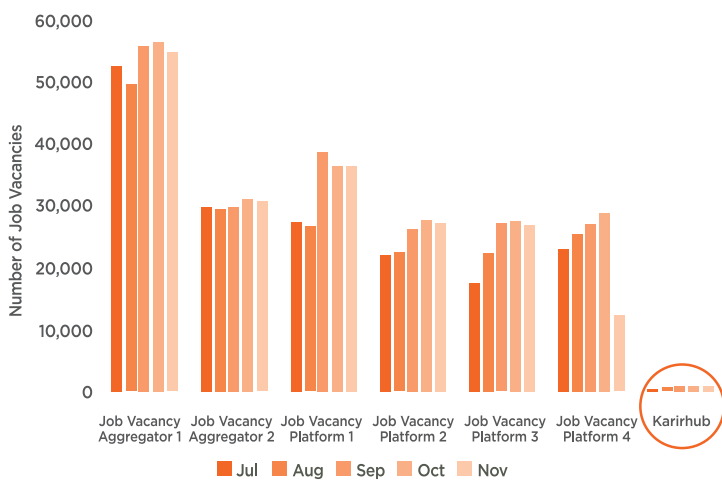


Figure 2. The number of job vacancies in multiple platforms

Source: The research team's observation of job vacancies in Karirhub-Sisnaker and various private job vacancy platforms between July and November 2021.

The observation conducted throughout the July–November 2021 period shows that Karirhub-Sisnaker had a limited number of job vacancies compared with those on the privately run platforms (Figure 2). In July 2021, there were only around 500 vacancies and in November 2021, the number slightly rose to above 850. Such a figure is small

⁸ The SSO system enables users to access various applications (on a website) using one account (username/password).

⁹ This has been confirmed by the regional governments and one of the labor unions.

¹⁰ The number of non-agriculture MSEs is 26.26 million units (Badan Pusat Statistik, 2017).

compared with the number of job vacancies available on big platforms run by private entities.

Another implication of the WLKP policy is that the job vacancies that are posted may not ideally reflect the employers' need. Figure 3 shows that out of 1,009 job vacancies posted in Karirhub-Sisnaker between July and November 2021, 84% would be effective until December 2021. In other words, the job vacancies posted in Karirhub-Sisnaker have a relatively long duration compared with those on privately run platforms. Companies in need of new recruits will not post job vacancies for such a long duration.

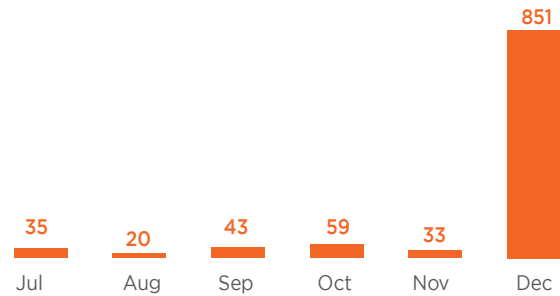


Figure 3. Job vacancies based on the last month they were posted, 2021

Source: The research team's observation of job vacancies available in Karirhub-Sisnaker throughout July–November 2021.

After reporting the employment status and social security status of the employees, in the WLKP policy, the companies are directed to fill in their recruitment plan for one year ahead. This procedure becomes more of a formality and is one of the reasons why the majority of job vacancies in Karirhub-Sisnaker are still in the planning stage. Many big companies that submit WLKP actually have their own recruitment mechanism and they do not need the free service provided by Karirhub-Sisnaker.

“ There are reasons why businesses and industries are not too keen on posting vacancies in Sisnaker. First, they have their own recruitment mechanism on a platform run by a private entity. Second, they already have their own partnership. For instance, an automotive company partners with a certain vocational school or a polytechnic school for their talent scouting and head hunting. (Interview with a representative of the Employers' Association of Indonesia [APINDO], male, 20 September 2021)

Even if a company needs Karirhub-Sisnaker's services, these services have not been disseminated well. This was expressed by the management of human resources of a big company that the research team interviewed.

“ If asked whether we post job vacancies in Sisnaker, I think the recruitment unit is not even aware of this service. Also, the staff member who fills in WLKP data in Sisnaker may not know about all of the features and menu available for the companies. With regard to the regulation, we are required to submit WLKP; however, there is no provision about posting job vacancies. (An HRD representative of a company, male, 21 December 2020)

b) A limited Number of Job Seekers

Despite the increase from 760,000 in July 2021 to 1.42 million in November 2021, the number of job seekers listed in Karirhub-Sisnaker is still limited and does not reflect

the unemployment rate.¹¹ The number is also very small compared with the number of job seekers on the platform run by private entities.¹²

One of the reasons why there is a limited number of job seekers is issues during the online registration in Karirhub-Sisnaker. From the job seekers' point of view, independent online registration is hampered by digital gap and digital literacy issues. Job seekers in various regions may not be able to enjoy a good and stable internet connection or have a personal phone number to create an account in Karirhub-Sisnaker.

Another reason is related to the registration system. Job seekers often fail to register online because their ID number is not recognized by Karirhub-Sisnaker. Both the independent online registration and registration system issues force the job seekers to register offline. Moreover, job seekers who are registered offline are not integrated nationally because Karirhub-Sisnaker applies an individual registration system and those job seekers cannot be registered by the public employment service officers from the Labor Agency (Disnaker) on their behalf.¹³ Karirhub-Sisnaker cannot aggregate job seekers registered on the platforms run by regional governments. It is because regional governments that have a job placement service (Figure 1) will register a job seeker on their platform and not on Karirhub-Sisnaker.

RECOMMENDATIONS TO PUSH FOR MORE INCLUSIVE IPK

To support the implementation of JKP and to make Karirhub-Sisnaker more inclusive, the Ministry of Labor needs to take the following steps.

a) Relax the policy that requires WLKP submission for posting job vacancies in Karirhub-Sisnaker. The relaxation is especially for MSEs, whose existence dominates the business sector, as MSEs still need the free services of Karirhub-Sisnaker. By including MSEs, the number of job vacancies in Karirhub-Sisnaker will jump. The number can also be increased if Karirhub-Sisnaker builds a strong synergy with platforms run by regional governments and private entities. Karirhub-Sisnaker can act as the aggregator of job vacancies from platforms run by regional governments and private entities.

b) Connect Karirhub-Sisnaker with platforms run by private entities through segmentation strategy to increase the number of job seekers. With this strategy, the Ministry

¹¹ Based on data from National Labor Force Survey (Sakernas), per February 2021, 8.75 million people belong to the open unemployment category.

¹² Based on an interview with an informant, the number of job seekers on one of the biggest platforms run by a private entity reached 11 million people.

¹³ The previous IPK, *AyoKitaKerja*, made it possible for public employment service officers to help job seekers register online.

of Labor needs to prioritize services for segments which have not been accommodated by platforms run by private entities. For instance, public employment service officers can specifically disseminate Karirhub-Sisnaker to vocational high school students. Expansion of the supply side can be conducted by including alumni of special job fairs (BKK), participants of job fairs, as well as participants of vocational training centers (BLK), job training agencies (LPK), private employment placement agencies (LPTKS), and the Kartu Prakerja program.

c) Encourage and educate employers to post detailed job vacancies and job seekers to routinely update their résumé in Karirhub-Sisnaker. The effectiveness of AI in matching job seekers with available vacancies depends very much on the amount and quality of the submitted information.

d) Improve the appeal of the Karirhub-Sisnaker platform using social media. Results of the phone survey conducted by SMERU show that many graduates of vocational high schools like using social media. That is why the Ministry of Labor needs to create a special social media account for Karirhub-Sisnaker to reach more millennial job seekers and develop interesting social media contents. Through these social media contents, job seekers can be directed to use Karirhub-Sisnaker. The Karirhub-Sisnaker social media account can also be used to accommodate job vacancies submitted by public employment service officers from all over the country.

e) Expand the coverage of Karirhub-Sisnaker and add more services on the platform, for example, by providing part-time job and internship opportunities. Free online training, counseling, and interest and aptitude testing need to be included as additional services. ■

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