



## Standardization of Indonesian anti-unemployment laws in accordance with ILO Conventions

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**Abstract.** The Covid-19 epidemic precipitated a substantial recession ranging from 4.4% to 5.2%. The labor market is one of the most impacted industries, as seen by the high rate of layoffs. The government has created a job loss insurance system as part of its broader protection against unemployment program to counteract this eventuality. This study examines the standardization of Jaminan Kehilangan Pekerjaan (Job Insurance Scheme) in Indonesia in accordance with the ILO Convention No. 168 and its goals. Comparative law is the method employed in this study. In analyzing legal materials, this study use qualitative descriptive analysis in conjunction with ILO convention's main factor and aim. This analysis determined that the JKP or Job loss insurance plan in Indonesia meets five main ILO Convention principles and goals.

**Keywords:** Job loss insurance, ILO Convention, JKP Indonesia

## **Introduction**

The COVID-19 epidemic has drastically altered the lives of a substantial number of individuals. It is uncommon for an outbreak's unpredictability to manifest as a financial disaster. According to the forecasts of the World Bank, the global GDP will have decreased by 5.2% by the year 2020. The World Bank believes that by 2021, this will be the most disastrous calamity to strike the world economy since the 1930s Great Depression (IMF, 2020). In an effort to prevent the collapse of their separate healthcare systems, a number of nations established new social regulations and temporarily closed their immigration gates following the passage of COVID-19. As a direct result of the global economic slowdown, national economies have grown increasingly susceptible to both internal and external shocks.

It is the responsibility of any government to look out for the best interests of the people living under its authority. However, because industrialized nations have greater fiscal reserves than less developed nations, they are better able to provide adequate financial assistance to less developed nations at a cheaper cost. In response to COVID-19, the governments of industrialized nations devised these policy packages, which they are currently making available to their citizens. In contrast, the situation is drastically different in countries where poverty is pervasive. If governments do not collaborate and pool the few resources at their disposal, the economy and the health care system will inevitably collapse. Governments must carefully plan their healthcare budgets in order to keep up with the escalating costs of healthcare. Indonesia, one of the poor countries that has been badly affected by the virus, has borne a disproportionate share of the resulting financial burden with each passing days, it becomes increasingly difficult to carry the weight of these unresolved difficulties.

The spread of COVID-19 has had a further negative impact on Indonesia's already fragile economy. As a result, economic activity declines, indicating that the nation's economy is weakening. Unemployment and poverty are two prominent examples of this.

Before COVID was established, the tourism industry contributed 5.7% of Indonesia's Gross Domestic Product. Between January and September of 2020, anticipated that the tourism industry will have a revenue loss of Rp 202 trillion (about \$14 billion) due to COVID-19. Due to the decline in tourism, the

country's gross domestic product has declined by 272.9 trillion rupiah since then (1.7 %). 3,4 million employment have been placed in peril as a direct result of this (2.6 percent of the national loss of workforce).

Statistics Indonesia reports that Indonesia's open jobless rate has reached its highest level since 2011. In addition, the epidemic has resulted in the loss of employment opportunities for around 2.67 million people, the highest level since 2011. (Indonesian Department of Statistics, 2021) According to the most recent data, the unemployment rate increased to 7.07 percent in August 2021, up from 5.23 percent in July. August saw a 37.61 percent increase in the number of unemployed people compared to the previous year (yoy). If the pandemic continues to spread, this number is expected to increase considerably. This is partly because the hotel and retail businesses, which employ the bulk of individuals of working age, will be struck particularly hard by the epidemic. As a result of this tendency, the job market for young people has become even more constrained and competitive. It should not be shocking that today's youth are under so much strain. According to a recent presentation organized by youth and funded by the United Nations Population Fund, the COVID-19 epidemic has had a substantial impact on the mental health and well-being of youth. The majority of this condition's sufferers are between the ages of 19 and 24.

If we are to safeguard the fundamental rights of all people to engage in gainful employment, we must act swiftly and decisively. Article 23 of the Universal Declaration of Human Rights states that everyone has the right to work, which includes the freedom to choose one's own occupation, the opportunity to earn a living, and protection against unemployment. This right also includes the safeguard against slavery. Workers of all ages in Indonesia are entitled to a pay that is both livable and competitive with salaries in other economies.

As a result of this condition, the Indonesian government is in the midst of establishing a new program to aid the unemployed and safeguard against employment. The high incidence of informal employment in Indonesia shows the need for a strategy to reduce the number of unemployed individuals. As an increasing number of people enter the formal labor market, the financial and employment help given by this safety net is advantageous to the country's social and economic well-being (Markov, Kroum, 2020).

Indonesia's goal since 2018 has been to join the nearly 80 nations that have already implemented an unemployment insurance/employment insurance (UI/EI) system. During periods of unemployment, this system will provide adequate unemployment protection for the country's workers and their families. With the exception of Japan, which industrialized at an early stage, the bulk of Asian nations have not yet reached a considerable degree of socioeconomic development. The only exception to this rule is Japan. At the time this article was published, only Japan (1947), the Republic of South Korea (1995), Thailand (2004), Viet Nam (2009), and Malaysia have implemented unemployment insurance programs (2018). Both Indonesia and the Philippines were currently evaluating a variety of suggestions for an effective user interface.

The pandemic scenario accelerated the process of bringing the significance of unemployment protection to the government's notice. The Indonesian government wishes to promote these Temporary employees by implementing the "pre-employment card" plan (Kartu Pra-Kerja) and by expanding Indonesia's social security institutions for those Temporary employees who have been severely affected by the pandemic. These efforts are part of the government of Indonesia's effort to motivate these workers.

Indonesia's principal human rights obligation at present is to compensate workers for lost wages. This adheres to the 1966 International Covenant on Economic, Social, and Cultural Rights. In addition to severance money, employees should be eligible for unemployment benefits, such as retirement or disability insurance, when their employment was terminate. Implementing ILO Recommendation 166, which specifies that "a variety of programs or schemes are intended to provide some income protection for workers whose employment has been terminated," can be accomplished in a variety of ways. This provides implementers with tremendous leeway. (ILO, 2017a). Currently, the pre-employment card is the sole thing preventing the majority of Indonesians from coming apart due to the uneven distribution of the numerous existing social safety nets. Instead of supporting the freedom to work and the right to seek employment, which would be more suitable, the Indonesian government has enacted an outmoded and retrograde policy.

President Joko Widodo, who took office in October 2018, expedited the distribution of the pre-employment card, which will benefit more than 5.6 million individuals in Indonesia. Originally, the card's validity period was scheduled to

begin in October 2020, however that date has been pushed back. Workers in the informal sector and workers of small and medium-sized firms are also eligible for pre-employment cards, which are mostly based on digital platform training. Those who are interested can register on a government-managed website (*prakerja.goid*), and their applications will be evaluated by the proper authorities after they have been submitted. Participants are rewarded financially for the costs of training, and in addition to other perks, they receive a diploma upon completion. On the other hand, this plan has been met with vehement opposition from the general people. In addition to giving financial incentives of up to 20 trillion rupiah (about \$1.4 billion USD), the government is also rewarding digital platforms as service providers for the substantial profits they have generated as a result of this attempt.

The Omnibus Bill is a game-changing piece of legislation that will provide jobless protection. The primary objective of the Omnibus it's a Job Creation Bill is to streamline Indonesia's burdensome regulatory structure. The comprehensive law also creates jobs. This Act loosened restrictions in eleven significant areas, such as labor regulations, capital investment, company licensing, corporate taxation, and land acquisitions, to name a few. If these measures were implemented, the country would become considerably more attractive to foreign businesses and investors wishing to invest there.

Even though the implementation of the Omnibus law was suspended by the constitutional court of Indonesia because the statute is unconstitutional because the process by which it was enacted violated fundamental principles of good legislation, the Indonesian government will insist on applying the bill and adhering to the constitution within the next two years, as the constitutional court advised. This will be done notwithstanding the fact that the statute is unconstitutional because its passage breached fundamental legislative norms. This indicates that, regardless of the debate, the same rules will be implemented. Therefore, it is still essential to discuss and analyze because it will soon be implemented nationwide.

As part of the comprehensive law, the provision addresses protections against unemployment. In 2021, the Indonesian government announced the implementation of the Unemployment Benefits Program, also known as *Jaminan Kehilangan Pekerjaan* or "JKP" (referred to as "GR 37"). Law No. 11 of 2020, dated November 2, 2020, revised Article 18 of Law No. 40 of 2004, dated

October 19, 2004, on the National Social Security System to add JKP as one of Indonesia's social security programs. This modification was implemented pursuant to the National Social Security System Law (the "Job Creation Law"). Before the enactment of the Job Creation Act, JKP was not considered a social security program.

To guarantee that laid-off workers continue to have access to an acceptable standard of living, the government will provide unemployment compensation through BPJS Employment. Beneficiaries of the JKP receive monetary benefits in addition to training and job placement support. To qualify for JKP, members are required to contribute a particular percentage of their wages. In some places, this concept is also known as the "social insurance hypothesis." In accordance with this measure, the particular technical criteria of the design will be determined by government regulations.

In accordance with the rules and recommendations of the International Labor Organization (ILO), a plan for employment insurance based on the principle of solidarity and related to initiatives to reskill the workforce and improve public services will be devised. Workers, businesses, and government representatives reached an agreement over a three-part financial plan over the course of a series of seminars. Regarding healthcare, Malaysia and other Asian nations choose a social insurance plan over a personal savings one (like Chile does). This is because the model of individual savings has higher costs and fewer benefits than the paradigm of social insurance. To stress the tight relationship between ALMPs and unemployment benefits, it is customary in Indonesia to refer to unemployment benefits as "employment insurance" rather than "unemployment insurance" or "unemployment benefits." This is done to prevent ambiguity between the two terms.

The International Labor Organization's (ILO) aim is to ensure that no one falls through the cracks by assisting member states in enhancing their respective social protection systems. Convention No. 102 of the International Labor Organization (ILO) on Social Security and Convention No. 168 of the ILO on Employment Promotion and Protection against Unemployment both include unemployment insurance as a component of the minimum social protection requirement. The Convention's scope of coverage includes medical care, unemployment compensation, retirement benefits, disability benefits, family benefits, maternity benefits, invalidity benefits, and survivors' benefits.

As a member of the International Labor Organization (ILO), Indonesia is responsible for maintaining compliance with the organization's regulations regarding unemployment protection. This raises the question, "Is Indonesia's unemployment protection scheme, often known as Jaminan Kehilangan Pekerjaan (JKP), compliant with International Labor Organization Convention No. 168?"

### **Research methods**

By doing research on doctrinal legal ideas and comparing various legal systems, this work solves these challenges. The word "doctrinal" is derived from the Latin "doctrina," which means "to instruct," "to teach," "to impart information or instruction," or "to educate." This research approach is used to collect data, conduct analysis, and provide a synthesis of historical and legal information (Istvan Harkai, 2021). The argument is supported by reputable sources, such as well stated principles and standards, established precedents, and scholarly articles (Van Gestel, 2008). According to this study, doctrinal legal research is more likely to analyze relevant contemporary statutes, actions, regulations, and court rules.

The comparative law method It is a technique that includes analyzing the degrees of similarity between a number of distinct things or a number of different characteristics of one or more different things in order to draw conclusions that the analysis of each of them separately would not have necessarily allowed one to infer. (Chevrel, 2012). According to Zweigert–Kotz (2021), the only items that may be compared inside the legal system are those that serve the same purpose. This article contrasts the ILO convention on employment promotion and protection against unemployment with the protection against unemployment applicable in Indonesia under the Omnibus Law.

### **Discussion**

#### **1. Significance of social security system**

Work, personal responsibility (finding work, paying contributions/taxes, prevention, etc.), caring for family members (minors and the elderly: derived right), prudent financial management, and respect for dignity and independence are all fundamental human values reflected in social security, which embodies the principle of covering all social risks for all individuals. Social security embodies

these fundamental human values as well. (based on labor and solidarity system) (special form: buy-to-lease; investment income; gambling, etc.)

In the context of this article, "social security" refers to all obligatory collective measures (based on solidarity and primarily public redistribution) established by legislation (statutory) to maintain (in case of social risks) the income of an individual or family or to provide income in the event that some or all sources of income are disrupted (replacement) or terminated (substitution) or in the event that unusually high expenses must be incurred (e.g., in bringing up children or paying for health care, etc.). + activation and integration (inclusion) measures (ALMPs = active labor market policies; for disabled individuals, etc.)

In ILO treaties and UN protocols, the maintenance of social security is clearly enshrined as a fundamental human right; nonetheless, only a small fraction of the world's population has actual access to this right. The issue of social security, which can be broadly defined as a system of protection against health care costs, unemployment, and retirement based on payments made by individuals, as well as social benefits funded by taxes, has emerged as a global concern in a world that is becoming increasingly globalized.

The supply of social security affects not only the level of the individual, but also all other societal levels. It ensures that workers and their families have access to health care and financial security if they are temporarily out of work owing to unemployment, illness, or pregnancy, or for a longer term due to a disability or occupational harm. It also ensures that workers can return to work after a period of illness or pregnancy-related absence. It ensures seniors' income stability during their golden years. Under the aegis of children's social security programs are provided programs designed to assist parents in financing the educational costs of their children. Employer supply of social security benefits results in satisfied and productive workforces, which in turn benefits the businesses. In addition to maintaining social cohesiveness, according to the World Bank, social security can help to the growth and development of societies as a whole by improving the quality of life and reducing the impact of globalization.

According to the ILO convention no 102, 1952. There are some minimum standards for social security, such as

1. Employment Injury Benefits Convention, 1964 (No. 121)
2. Invalidity, Old-Age and Survivors' Benefits Convention, 1967 (No. 128)



3. Medical Care and Sickness Benefits Convention, 1969 (No. 130)
4. Employment Promotion and Protection against Unemployment Convention, 1988 (No. 168)
5. Maternity Protection Convention, 2000 (No. 183)
6. Equality of Treatment (Social Security) Convention, 1962 (No. 118)

People who are unable to find job but are capable of doing so for a predetermined amount of time are eligible to receive financial assistance through unemployment protection programs, which are also an essential component of social security. When it comes to assisting people in getting work, there is a wide variety of advertising strategies and services that may be utilized. These services include support for job searches, counseling and guidance regarding job searches, and facilities for job seekers. Their goal is to restore at least some of the income that has been lost as a result of temporary unemployment. This will enable the beneficiary to keep up a certain standard of living throughout the transition phase, which will last until they find job that is more acceptable for them.

These programs are intended to meet the needs of individuals whose job losses are representative of the fundamental levels of turnover in a particular labor market. As a result, they play an important part in fostering job mobility and allowing structural change in the economy during times that are considered to be "normal." Unemployed workers can benefit from unemployment protection programs not only because they provide economic stability for unemployed workers, but also because they can assist unemployed workers in avoiding the pitfalls of informality and in their search for new jobs that enable them to apply their existing skills or newly acquired skills in a productive context.

Unemployment benefits are an effective tool for providing individuals with income security, smoothing economic changes, and stabilizing aggregate consumption. It is irrelevant as to whether temporary unemployment is caused by covariant shocks such as the global financial crisis or by the constant structural change that economies and labor markets are undergoing; unemployment benefits are an effective tool for providing individuals with income security.

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<sup>1</sup>Hajdú, József, Prof, Dr. International and european social security law. 2022, Faculty of law and social science, University of Szeged, slide no 31

The primary purpose of unemployment insurance is to provide financial assistance to individuals who have been laid off from their jobs and are unable to find new work for a predetermined amount of time. People who have been unemployed for an extended period of time, those who are underemployed, and those who work for pennies on the dollar are not eligible for the majority of these programs since they do not cover them.

People who are unable to find work or who are underemployed are currently having social security programs for the unemployed and underemployed developed in countries with a high level of informality. The goal of these programs is to provide some level of financial stability for people who are in either of these situations. Examples of these kinds of programs include employer guarantee schemes and other government job programs, as well as those that combine cash transfers with support for education, training, and entrepreneurial endeavors. Other examples include programs that combine cash transfers with support for education, training, and entrepreneurial endeavors.

## **2. ILO Convention Employment Promotion and Protection against Unemployment 1988 (No. 168)**

Since 1944, when it released the Declaration of Philadelphia, the International Labor Organization (ILO) has acknowledged the right to social security. Since then, the International Labor Organization has created a series of Conventions and Recommendations that outline the legislative content of this right and serve as guides for national governments in the process of building their own social security systems. These rules begin with the notion that "social security is a human right that should be provided to everyone, regardless of location." Since then, the ILO has created a variety of principles that serve as guidance for national governments as they develop their own social policies.

The Convention No. 102 (1952) is considered to be the "Convention No. 168 (1988) serves as a "reference framework for countries seeking to improve the effectiveness of their social security programs and protect their employees from the effects of unemployment." Convention No. 168 (1988) is the "flagship social security instrument," while Convention No. 168 (1988) is a "reference framework for

" The Convention No. 102 (1952) is considered to be the "Convention No. 168 (1988) acts as a "reference framework for countries wishing to enhance the

effectiveness of their social security programs and protect their beneficiaries" (partial unemployment). The instrument's major objective is to assist unemployed individuals by providing them with a reliable source of income and encouraging them to seek employment. These benefits are intended to achieve both of these objectives.

The structure of Convention No. 102 requires that Articles 10 and 11 of Convention No. 168 describe the conditions and individuals protected by the Convention. While Articles 12 and 16 outline the grounds for benefit suspension, Articles 20 and 21 outline the legal, financial, and administrative safeguards to which claimants are entitled. Article 19 specifies the duration of benefits and the proportion of benefits paid, whereas Articles 12 and 16 outline the grounds for benefit suspension (arts. 27-30). The changes contained in Convention No. 168 in comparison to the provisions of earlier Conventions and Recommendations addressing this topic can be viewed as a partial change in direction. These innovations relate to the fact that previous Conventions and Recommendations have addressed this topic.

Convention No. 168 has two basic objectives: the first is to protect unemployed individuals by providing benefits in the form of periodic payments, and the second is to promote employment by adopting a variety of employment promotion measures. As a direct result, Convention No. 168 emphasizes the importance of combining social security measures with broader social and economic policies aimed at reaching a single fundamental goal: the extension of full, productive, and freely chosen labor. Moreover, ratifying states are actively pushed to connect their unemployment insurance systems with their employment programs. This is done to ensure that the unemployment benefits paid to individuals are at least fifty percent of the reference income. As a result, the structure of the unemployment insurance program should be constructed such that both firms and individuals are driven to offer productive employment. At least 85 percent of all employees, including government workers and apprentices, must be protected individuals from defined classes of employment. Alternately, protected individuals must be drawn from all occupants whose resources fall within the stipulated limitations.

In accordance with Article 11 of International Labor Organization Convention No. 168, countries are required to provide coverage for 85 percent of all employees, including government workers (ILO). Unless the national law of the

country exempts employees in this category from obtaining coverage, this is the situation. In addition, Article 6 of the Convention stipulates that governments shall treat all protected individuals, including migrant workers, equally and without prejudice in conformity with internationally recognized norms. In order to comply with Convention No. 102, just half of the employees would be required to have insurance. Due to the inherent difficulties involved in performing an assessment of the working conditions of self-employed individuals, neither Convention demands coverage.

Convention No. 168, which requires employers to protect their employees, extends this protection to part-time workers unless the employer determines that the part-time workers' hours or earnings are unimportant. Article 25 of the Treaty states, "Each Member should ensure that statutory social security schemes based on occupational activity are adapted to the occupational circumstances of part-time workers, unless their working hours or earnings are deemed insignificant under specified conditions." However, if prescribed conditions deem a part-time worker's hours of employment or earnings to be immaterial, "Each Member is responsible for ensuring that statutory social security programs based Those program participants who work a schedule that is near to full-time should be eligible for coverage, whereas those who work only a few hours per week or month could not be eligible for coverage. Between these two extremes, a fair dividing line must be established.

### 3. Indonesian regulations protection against unemployment

The Indonesian government released Government Regulation No. 37 of 2021 on February 2, 2021, which defines the implementation of the Unemployment Benefits Program (known locally as *Jaminan Kehilangan Pekerjaan*, or "JKP"). (This rule is abbreviated as "GR 37"). Law No. 11 of 2020, dated November 2, 2020, revised Article 18 of Law No. 40 of 2004, dated October 19, 2004, on the National Social Security System to add JKP as one of Indonesia's social security programs ("Job Creation Law"). Prior to the enactment of the Job Creation Act, JKP was not a required benefit. JKP is defined in GR 37 as "social security provided to unemployed workers," which includes financial reimbursements, job market information, and job training.

Employees are not automatically qualified for JKP benefits; their employers must enroll them. To register with their individual employers, employees must fulfill

all of the following requirements: I. They must have legal permission to work in Indonesia. II. They must be under 54 years old. III. They must be currently employed by their respective companies. National Health Insurance (known as Jaminan Kesehatan Nasional in Indonesia), Work Accident Insurance (known as Jaminan Keselamatan Kerja or "JKK" in Indonesia), Provident Fund (known as Jaminan Hari Tua in Indonesia), National Pension Insurance (known as Jaminan Pensiun in Indonesia), and Life Insurance are all mandatory for large and medium-sized businesses' employees in Indonesia (in Indonesian, Jaminan Kematian or "JKM"). All small firms, with the exception of the National Pension Security Administration, are obligated to enroll their employees for these benefits (in Indonesian, Jaminan Pensiun).

### 3.1 Application Procedure

Under the terms of the JKP program, workers who were previously enrolled in social security programs prior to the issuance of GR 37 would be automatically enrolled as JKP program members. Participating employers and employees will be able to receive participation certificates.

Any employee hired by an organization after the issuance of GR 37 must be registered within thirty (30) days of the employee's start date. The Employment Social Security Agency (in Indonesian, Badan Penyelenggara Jaminan Sosial Ketenagakerjaan, or "BPJS Ketenagakerjaan") shall issue participant numbers no later than 1 (one) day after receiving the completed form and receiving the initial premium payment. Employers and employees will obtain certifications attesting to their participation in the JKP program provided this procedure is carried out exactly.

### 3.2 Procedure of the payment

A monthly premium equivalent to 0.46 percent (zero point four and six percent) of the employee's monthly pay is required for participation in the JKP. Following is the calculation of the 0.46 percent fraction of a percent (zero point four six).

Initially, the Central Government will deduct 0.22% (zero point two two percent) from each worker's monthly pay; thereafter, the JKK and JKM premia will be restructured to account for the remaining 0.24%. (zero point two four percent). According to GR 37, the JKK premium would be withdrawn at the rate of 0.14% (zero point one four percent) from the employee's monthly income, while the

JKM premium would be deducted at the rate of 0.10 (zero point one zero percent).

As the basic salary for calculating premiums, monthly income cannot exceed Rp5,000,000 per month (five million Rupiah). If the annual salary exceeds Rp5,000,000, it is factored into the premium calculation (five million Rupiah). The pay and any additional allowances are included in the monthly compensation package.

### 3.3JKP Benefits

As stated in the JKP definition, benefits include monetary pay, access to labor market information, and job training chances. To qualify for JKP benefits following termination of employment, employees must be willing to return to work in the future, regardless of whether they were hired on a temporary or permanent basis.

To be eligible for JKP benefits, the participant must have paid at least 12 (twelve) months of premiums throughout a 24-month period and for at least 6 (six) consecutive months previous to the termination of the employment relationship. JKP benefits may also be claimed three times (three) during the participant's working-age period, providing they match the following criteria:

1. The first JKP benefits are requested if the participant has paid at least 12 (twelve) months of premium within 24 (twenty-four) months and has paid the premium for at least 6 (six) consecutive months before the employment relationship is terminated.
2. The second JKP benefits are requested if the participant has paid its premium 5 (five) years after receiving his/her first JKP benefits; and
3. The third JKP benefits are requested if the participant has paid its premium 5 (five) years after receiving his/her second JKP benefits.

JKP benefits are not available if the job link is terminated for any of the following reasons:

1. The worker resigns.
2. The worker suffers from permanent disability.
3. The worker retires; or

4. The worker passes away.

### 3.4 Cash Benefit

JKP cash rewards will not exceed six (six) months' salary and will be paid monthly under the following conditions:

1. For the first three (three) months, 45 percent (forty five percent) of the monthly compensation will be provided;
2. 25 percent (twenty five percent) of the monthly salary will be paid for the following three (three) months.

maximum monthly salary in this example is Rp500,000, which has been increased to Rp5,000,000. If the actual monthly compensation of a worker exceeds Rp5,000,000, the actual salary will be Rp5,000,000. If the actual monthly compensation of a worker exceeds Rp5,000,000, the actual salary will be Rp5,000,000.

### 3.5 Access to labor market Information

By providing a service, it is feasible to obtain access to employment market data and employment listings; and/or job coaching via self-assessment and/or career counseling.

### 3.6 Skillfull training

Benefits for job training would be based on competence and would be offered online and/or offline. Job training will be provided by governmental or private groups. These organizations may partner with professional certificate supply organizations to implement competency certification through competency assessment.

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<sup>1</sup> Ibid

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### 3.7 Claim Limitations and Sanctions for JKP Benefits

Participants will be disqualified from submitting a claim for JKP benefits if any of the following conditions are met: participants do not submit a claim for JKP benefits within three (three) months of the termination of their employment link; participants change occupation; or participants pass away. Employers who fail to enroll their employees in the JKP program may be subject to administrative penalties, which may include written warnings and exclusion from certain public facilities.

### 4. Indonesian JKP standardization in accordance with ILO convention 168

The plan should be founded on the principles of social insurance contained in the ILO's international labor standards in order to ensure that the objectives will be met.

JKP Indonesian must satisfy the following five fundamental mechanisms and structural aspects: These items are known as "keys."

#### 1. Financing collectively and risk pooling

Social insurance should be encouraged, and the accompanying risks should be absorbed by a wide population. Employees, corporations, and the government make regular contributions to a pooled fund, and these contributions are accessible to all parties involved. Payments for unemployment are made with funds that were just created. In order to calculate social insurance premiums, the concept of risk pooling is applied. This replaces the more conventional concept of individual risk premiums. The JKP Indonesia system is founded on the notion of solidarity, with employees, enterprises, and the government sharing payments and risk.

#### 2. Solidarity and universality

Extending coverage is advantageous for the pooling of risks, the financial security, the cohesion of the workforce, and the total contribution rate. As a result, these programs contribute to the reduction of poverty and inequality, as well as the development of social cohesion and economic prosperity.

Small-business employees and those with fixed-term contracts should not be excluded from coverage, according to the International Labor Organization (ILO). JKP can give Indonesia's economy with benefits. Ensure that all persons and families have access to a social security system that offers a minimum



essential level of benefits that enables them to get, at a minimum, vital health care, basic shelter and housing, water and sanitation, food, and the most basic sorts of education. Ensure that everyone has access to a social security system that offers a minimal level of essential benefits.

3. The formula for calculating benefits is adequate and straightforward.

The coverage offered by unemployment benefits is designed to be the minimal minimum required to provide claimants with adequate covering. It is typical for them to be expressed as a percentage of the covered worker's previous wages prior to unemployment. In the majority of countries, a stable replacement rate equal to at least fifty percent of the employee's most recent insurable income is established for a minimum of six months. This rate is contingent upon the fulfillment of certain requirements.

In terms of rule implementation, management, and communication with the general public, international practice suggests that simpler regulations are preferable to those that are more complex. If benefit amounts fluctuate from year to year and/or if significant eligibility requirements are implemented, the system may become more complicated to comprehend and use. There is limited evidence that modifying the manner benefit payments are made affects the number of persons who return to work or the length of time they remain employed.

The JKP program is designed after social insurance and is supported by both the government and private businesses. It will cost the employee 0.46 percent of their total monthly salary, up to a monthly maximum of Rp5 billion. The remaining 0.242 percent is covered by rearranging the existing work accident safety and death benefits systems, which are both funded by employers. APBN closes the 0.22 percent gap. Both the death benefits program and the work accident security program receive a 0.10 percent contribution, with the death benefits program receiving 0.14 percent and the work accident security program receiving 0.10 percent.

4. Financial sustainability and collective financing: the critical role of employers and employees

According to the principle of shared funding, there are three contributors to the cost of social insurance: employees, businesses, and the government (and the government). A diversified financing approach reduces the amount of risk the borrower is exposed to while yet generating a satisfactory rate of return. When

the government first establishes the system, it should take precautions to prevent it from becoming financially unstable.

During times of economic instability, the program's long-term existence and capacity to serve may be threatened if the government is the only source of funding. As a result, the program may lose its effectiveness or allure, hence growing public distrust of the social security system.

The primary objective of the JKP program is to ensure that workers can maintain their standard of living in the event that they are laid off. There should be a way for individuals who lose their jobs to make up for the income they would no longer be getting. This would avoid placing them and their families in a financially difficult position. In addition, individuals should be assisted in returning to meaningful employment as quickly as possible by having their skills and abilities enhanced. As a result, JKP must build a comprehensive and fully integrated system that provides both financial assistance and training. To achieve this objective, the JKP program offers participants three distinct advantages. For the first three months of the program, participants will get 45% of their regular wage, followed by 25% for the following three months. The government also provides information and services, such as career counseling and employment evaluations, to persons who are interested in entering the workforce. In addition, members will be entitled for employment training benefits, which may be offered in-person or electronically by organizations run by the government, the private sector, or verified businesses. Collaboration between professional organizations and training institutes is another method for granting certification of worker competency.

##### 5. A formula for calculating benefits that is both fair and effective

People who work in jobs that are unstable or unpredictable, for short or long periods of time, for high or low pay, all have the chance to partake in the employment-related risk through social insurance. As a result, a program violates the social insurance concept if it provides a higher amount of compensation to persons with a higher occupational status (such as longer service).

Jobless workers who match the program's eligibility requirements and who are unemployed should be eligible for unemployment benefits. If the system restricts the number of claims that any worker may file or imposes an unreasonably long waiting period before permitting further claims, it will not sufficiently protect

workers in vulnerable positions. To prevent system misuse, following claims will be subject to a waiting period.

Workers and laborers are obliged to pay a monthly fee equal to 0.46 percent of their monthly wages to participate in the JKP program. These variables account for 0.46 percent of the overall variance:

0.22 percent is deducted from the worker's or laborer's monthly wage as a payment from the central government.

This cash is obtained through recomposing (cross-subsidizing) current JKK and JKM program payments, and it is subsequently designated as JKP funds for BPJS Manpower. JKK is accountable for 0.14 percent of the total monthly wage, while JKM is responsible for 0.10 percent.

The JKK and JKM contributions for workers and laborers who are enrolled in social security will be restructured. The Minister of Manpower 7/2021 issues an order to BPJS Manpower mandating that all contributions be recalculated by the 17th of the next month at the latest. Payments to the JKK and JKM programs for workers and laborers newly enrolled in social security will be modified. Their companies have already made the appropriate contribution to the JKK and JKM programs on their behalf. Article 11 of Minister of Manpower 7/2021 stipulates that BPJS Manpower must adjust its contributions by the 17th of the following month.

Reclassification of JKK contributions is determined by the risk level, which is divided into five distinct categories. To begin with, the risk is fairly low, accounting for only 0.1% of salaries. Second, it is estimated that the risk is 0.4%. Thirdly, the probability of danger is approximately 0.75 percent. Fourthly, 1,13% of the population is deemed to be at high risk. Fifth, there is a substantial probability that you will lose 1.6 percent of your monthly income. In the interim, the contribution weight of JKM has increased from 0.1 percent to 0.2 percent.

If the wage is more than the upper limit, the upper limit of 5 million IDR shall continue to be used as the wage standard when calculating compensation. The basic wage and any fixed allowances are the components used to calculate total wages. Alternatively, if the employer chooses not to factor in allowances while calculating contributions, only the basic wages will be considered. Considering the aforementioned formula, JKP Indonesia is both efficient and equitable.

In the not-too-distant future, the quantity of payments and the earnings cap will be determined biennially depending on actuarial duties and the national economy. The government conducts evaluations in the employment, financial, and National Social Security Council (DJSN) sectors, with the outcomes being implemented into legislation.

#### 5. Objectives of JKP (Jaminan Kehilangan Pekerjaan) in Indonesia

To meet the requirements of ILO convention no. 168 and standardize JKP Indonesia as a protection against unemployment program, JKP Indonesia must achieve both of the convention's objectives: to protect jobless individuals through the provision of benefits in the form of periodic payments and to promote employment through the use of employment promotion.

Employees will be able to maintain their current quality of living if the JKP program achieves its primary objective, which is to provide adequate protection against the chance of job loss. When people lose their jobs, there should be a means to compensate them for the income they no longer receive in order to prevent the individual and their family from falling into poverty. In addition, assistance must be offered to help persons return to work as early as possible by strengthening their capabilities and skills. In order to effectively run this program, it will be necessary to implement a JKP system that is both integrated and comprehensive, including both training and financial assistance. In order to attain the objective, the JKP program gives three separate types of benefits. Members will initially be eligible for a maximum six-month cash transfer, which will be distributed as follows: 45 percent of the participants' salary for the first three months, then 25 percent for the last three months. Second, the government facilitates entry to the job market by providing employment-related information and counseling. This may consist of assessments or career advice. Third, in addition to the aforementioned advantages, individuals will be able to receive employment training, which may be given online or offline by government-, private-, or verified-business-controlled institutions. In accordance with ILO Convention No. 168 Objective, professional organizations and training institutions may also collaborate to certify a worker's competence.

#### **Conclusion**

The Jaminan Kehilangan Pekerjaan (JKP) program was created by the Indonesian government to provide (un)employment benefits to persons who are unable to

obtain employment. This approach is based on notions of social insurance. Since the early development of policy options for the program's design, the International Labor Organization (ILO) has provided technical comments as part of negotiations with the Ministry of Manpower's Directorate of Social Protection, BP Jamsostek, and other relevant organizations. As part of its attempts to foster evidence-based conversations, the International Labour Organization (ILO) cites relevant international standards and practices, as well as actuarial and other studies. These studies comprise a cost-benefit analysis of expected expenses and program implementation feasibility assessments. The JKP program, which was initiated by the Indonesian government, satisfies the standards of the ILO Convention regarding its five most crucial procedural and structural aspects.

The objectives of the JKP Indonesia are congruent with those of ILO Convention No. 168, which are to safeguard jobless individuals through the provision of benefits in the form of monthly payments and to promote employment by means of employment promotion. These objectives were established to protect unemployed individuals.

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