Protection Standardization Towards Unemployment in Indonesia

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Abstract

The Covid-19 pandemic triggered a significant recession ranging from 4.4 percent to 5.2 percent. As seen by the high rate of layoffs, the labor market is one of the most impacted industries. To counteract this scenario, the government has implemented a job loss insurance system as part of its broader protection against unemployment program. This research discusses the standardization of Jaminan Kehilangan Pekerjaan (Job Insurance Scheme) in Indonesia with five key principal of the ILO Convention no 168 and its objectives. The method used in this research is comparative law. In analysing legal materials, this research uses qualitative descriptive analysis with using key factor and objective of ILO convention. this study found that JKP or Job loss insurance scheme in Indonesia meet five key principal of the ILO Convention and the objectives.

Keywords: Job loss insurance, ILO Convention, JKP Indonesia

A. Introduction

Numerous people’s lives have been upended by the COVID-19 epidemic. It is fairly uncommon for an outbreak’s unpredictability to appear as a financial disaster. The World Bank projects that world GDP will have decreased by 5.2 percent by 2020. According to the
World Bank, by 2021, this will be the greatest financial catastrophe since the 1930s’ Great Depression (IMF, 2020). Following the adoption of COVID-19, a number of nations implemented social restrictions and temporarily blocked immigration gates in order to avert the collapse of health-care facilities. As a result of the global economic slowdown, national economies have been susceptible to both internal and external shocks.

Any government is required to ensure the welfare of its citizens. However, more industrialized countries can afford to provide adequate fiscal aid because of their bigger fiscal reserves. These policy packages were prepared in the post-COVID-19 era by governments in developed countries and are now made available by those governments. However, the situation is much different in impoverished countries. Health care and the economy will fail if governments do not pool their scarce resources. Budgets for health care must be carefully constructed if governments are to keep pace with rapidly expanding healthcare costs. A more in-depth examination of societal restrictions, as well as a larger budget, are required. This financial burden has disproportionately fallen on Indonesia, one of the pandemic’s worst-hit developing countries.

The burden of an incomplete solution to these difficulties continues to become greater by the day. Indonesia’s economic situation has deteriorated further as a result of a COVID-19 outbreak. Thus, economic activity falls, indicating the nation’s economy is contracting. Unemployment and poverty are two examples of this.

Prior to the founding of COVID, the tourism sector contributed 5.7 percent to Indonesia’s GDP. The tourism industry is anticipated to lose Rp 202 trillion (US$14 billion) in revenue between January and September 2020 as a result of COVID-19. Since then, the country has lost Rp 272.9 trillion in GDP as a result of the decline in tourism (1.7 percent). As a result, 3.4 million employment have been put at risk (2.6 percent of the national loss of workforce).

According to Statistics Indonesia, Indonesia’s open unemployment rate has climbed to its highest level since 2011, with the epidemic resulting in the loss of employment opportunities for around
2.67 million individuals, the highest level since 2011. (Indonesia Statistic Dept, 2021).

The most recent figures, the unemployment rate in the country increased to 7.07 percent in August 2021, up from 5.23 percent the previous month. In August, the number of unemployed individuals increased by 37.61 percent year on year (yoy).

This figure is expected to increase significantly if the pandemic spreads, in part because the hotel and retail industries — which employ the lion’s share of the working-age population — would be particularly hard hit. As a result of this tendency, the job market for young people has become even more constrained and competitive. It’s unsurprising that today’s youth are so stressed. According to a recent youth-led presentation backed by the UN Population Fund, the COVID-19 epidemic has had a substantial impact on young people’s mental health and well-being. Between the ages of 19 and 24, this disorder is most prevalent.

The protection of the fundamental rights of the peoples to work requires fast and decisive action on our part. As stated in Article 23 of the Universal Declaration of Human Rights, everyone has the right to work, which includes the ability to select one’s own job, the ability to earn a living, and protection against being unemployed. Indonesian workers of all ages have a right to a livable wage that is comparable with the rest of the world.

Due to this situation, Indonesia Government is putting up a new scheme to help the unemployed and protect against employment. The high prevalence of informal work in Indonesia underscores the importance of developing a strategy to reduce joblessness. As more people gain access to the formal job market, this safety net’s financial and employment aid benefits the country’s social and economic well-being (Markov, Kroum, 2020).

Since 2018 Indonesia aspires to join about 80 other countries in establishing an unemployment insurance/employment insurance (UI/EI) system that will provide effective unemployment protection for the country’s employees and their families during periods of unemployment. With the exception of Japan, which industrial-
ized early, the majority of Asian countries have not yet reached a high degree of socioeconomic growth. Thus, as of this writing, only Japan (1947), the Republic of South Korea (1995), Thailand (2004), Viet Nam (2009), and Malaysia had enacted unemployment insurance plans (2018). Indonesia and the Philippines were still examining several suggestions for an effective UI system.

The pandemic situation accelerated awareness of the government important of the protection against unemployment. The Indonesian Government seeks to encourage these employees through the implementation of the “pre-employment card” plan (Kartu Pra-Kerja) and the expansion of Indonesia’s social security institutions for the Temporary employees who have been significantly impacted by the pandemic.

In accordance with the International Covenant on Economic, Social, and Cultural Rights, Indonesia’s principal human rights commitment at the moment is to compensate workers for lost wages. Employees should have access to unemployment benefits, such as retirement or disability insurance, as well as severance money. There is some latitude in implementing ILO Recommendation 166, which notes that “a variety of programs or schemes are meant to offer some income protection for workers whose employment is terminated.” (ILO, 2017a). Due to the uneven distribution of existing social safety nets, the pre-employment card is now the only thing holding the majority of Indonesians together. Rather than defending the right to work and the right to seek employment, the Indonesian government has established a regressive, outmoded policy.

President of Indonesia Joko Widodo has accelerated the distribution of the pre-employment card, which will benefit nearly 5.6 million people in Indonesia. The card was originally scheduled to become effective in October 2020, but that date has been moved back. Pre-employment cards are also offered to workers in the informal sector, as well as small and medium-sized firms, and are based mostly on training provided via digital platform training. Interested parties may register on a government-run website (prakerja.goid), and their applications will then be assessed by the proper authorities. Partici-
Pants are rewarded financially for the expense of the training, after which they receive a diploma and other perks. On the other hand, this program has been the subject of vociferous public criticism. The government is spending up to IDR 20 trillion (USD$ 1.4 billion), not just on incentives, but also on compensating digital platforms as service providers that have reaped significant revenues from this effort.

The game changer to protect against unemployment is Omnibus Law. Omnibus it’s a Job Creation Bill, the omnibus law’s major objective is to simplify Indonesia’s complicated regulatory system. Labor regulations, capital investment, company licensing, corporate tax, and land acquisitions were just a few of the 11 significant areas in which this Act relaxed constraints. If these steps were implemented, the country would become far more appealing to foreign entrepreneurs and investors.

Even though implementation of the Omnibus law suspended by the constitutional court of Indonesia due the statute is unconstitutional because the process through which it was enacted violated fundamental principles of good legislation, the Indonesia Government will insist to apply the bill and following constitution as advised by the constitutional court within 2 years. That mean the same rules will be implemented despite of the controversy. So still relevant to discuss and analysis because it will apply soon in the country.

Part of the omnibus law it’s a about protection against unemployment, The Indonesian government issued implementation regulations for the Unemployment Benefits Program (in Indonesian, Jaminan Kehilangan Pekerjaan or “JKP”) in 2021. (referred to as “GR 37”). Previously, by virtue of Law No. 11 of 2020 dated November 2, 2020, Article 18 of Law No. 40 of 2004 dated October 19, 2004 on the National Social Security System was amended to include JKP as one of Indonesia’s social security programs (the “Job Creation Law”). Prior to the Job Creation Law, JKP was not a social security program.

The Government through BPJS will provide un-

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1 Indonesia’s National Social Security Law (System Jaminan Sosial Nasional or “SJSN”) was enacted in October 2004 and was a watershed moment in the country’s social security reform. The Indonesian government formed
employment benefits to laid-off workers in order to maintain a fair standard of living. Members must contribute a specific percentage of their salaries to qualify for JKP, and beneficiaries receive financial benefits, training, and job placement aid. This is sometimes referred to as the “social insurance principle.” The exact design specifications will be determined by government regulations under this bill.

A solidarity-based employment insurance policy will be established and linked to public services and re-skilling efforts in accordance with International Labor Organization (ILO) norms and best practices. Workers, companies, and government representatives reached an agreement on a three-part financial plan over a series of seminars. When it comes to health care, Malaysia and other Asian countries prefer a social insurance model to an individual savings model (like Chile does), as the individual savings model has higher costs and lesser benefits. To underline the close connection between unemployment benefits and ALMPs, it is usual in Indonesia to refer to unemployment benefits as “employment insurance” rather than “unemployment insurance” or just “unemployment benefits.”

The International Labor Organization (ILO) is dedicated to ensuring that no one is left behind by assisting member governments in enhancing their social protection systems. Unemployment compensation is included in the minimum standard of social protection under ILO Convention No. 102 on Social Security and ILO Convention No.168 about employment promotion and Protection against unemployment. The Convention covers medical care, sickness benefits, unemployment benefits, retirement benefits, disability benefits, family benefits, maternity benefits, invalidity benefits, and survivors’ benefits. The Social Security Organizing Body as part of the statute (Badan Penyelenggara Jaminan Sosial or “BPJS”). In Indonesia, there are two distinct BPJS: one that oversees health care and another that oversees employment social security. Since January 1, 2014, the BPJS of Health has been responsible for Health Security, whilst the BPJS of Employment is responsible for Work Accident Security, (ii) Old Age Security, (iii) Pension Security, and (iv) Death Security. The BPJS of Employment under the new regime is comparable to the current Jamsostek program, but with the added benefit of Pension Security.
benefits.

Indonesia, as an ILO member, must ensure that unemployment protection is applied in accordance with ILO principles. This raises the question, “Is Indonesia’s protection against unemployment program, commonly referred to as Jaminan Kehilangan Pekerjaan (JKP), compliant with ILO Convention No. 168?”

B. Methodology

This study addresses those issues through doctrinal legal research and comparative law. Doctrinal is derived from the Latin doctrina, which means to instruct, to teach, to impart information, or to educate. This research procedure is used to ascertain, analyze, and synthesize the legal and historical material (Istvan Harkai, 2021). The argument is based on authoritative sources, such as established rules, principles, precedent, and scholarly publications (Van Gestel, 2008). In this study, doctrinal legal research is more likely to analyze relevant current laws, statutes, acts, and rules.

Comparative law method it’s a method with put together several objects or several elements of one or more objects in order to examine the degrees of similarity to be able to draw conclusions from them that the analysis of each of them alone would necessarily have allowed one to draw. (Chevrel, 2012). In the law the only things which are comparable are those which fulfil the same function (Zweigert–Kötz, 2021). In this paper, protection against unemployment applicable in Indonesia part of Omnibus Law compare with ILO convention employment promotion and protection against unemployment.

C. Significance of Social Security System

Social security embodies the principle: aim to cover all social risks for everyone and reflects the basic human values of work, personal responsibility (find work, pay contribution/tax, prevention, etc.), caring for family members (minor-elderly: derived right), prudent financial management and respect for dignity and independence. (solidar-
ity & work-based system) (special form: to buy to-let; income from investment; gambling, etc.)

Social security means all mandatory collective measures (based on solidarity and mainly public redistribution) established by legislation (statutory) to maintain (in case of social risks) individual or family income or to provide income when some or all sources of income are disrupted (replacement) or terminated (substitution) or when exceptionally heavy expenditures must be incurred (e.g., in bringing up children or paying for health care, etc.). + activation/integration(inclusion) measures (ALMPs = active labour market policies, disabled, etc.)

Social security protection is clearly defined in ILO conventions and UN instruments as a basic human right – albeit one that a small proportion of the people on our planet actually enjoy. Broadly defined as a system of contribution-based health, pension and unemployment protection, along with tax-financed social benefits, social security has become a universal challenge in a globalizing world.

Social security has an effect on all levels of society, including the individual. It ensures that workers and their families have access to health care and income security if they are out of work for a brief term owing to unemployment, sickness, or pregnancy, or for an extended period due to disability or an occupational injury. It ensures the security of retirement income for seniors. Children’s social security programs are designed to aid parents in meeting the expenditures of their children’s educational fees. Employers gain from providing social security benefits because they keep their employees happy and productive. According to the World Bank, improved quality of life and a lessened impact of globalization are two ways that social security can contribute to social cohesiveness as well as overall growth

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2 Hajdú, József, *International and european social security law*. 2022, Faculty of law and social science, University of Szeged, slide no 20.
3 Ibid, Slide 21
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)\(^5\)

Unemployment protection programs provide cash support to unemployed individuals who are capable of working for a specified period of time also important part of social security. There are numerous promotional techniques and services available to assist individuals in finding work. These services include job search support, counseling and advice, and job seeker facilities. Their objective is to replace at least a portion of the income lost due to temporary unemployment, allowing the beneficiary to maintain a specified quality of living throughout the transition period until finding suitable employment.

These programs are designed to satisfy the requirements of individuals whose job losses are representative of the fundamental levels of turnover in a particular labor market, and hence serve a critical role in promoting job mobility and permitting structural change in the economy during “normal” times. Along with providing economic stability for unemployed employees, unemployment protection programs can aid them in avoiding the traps of informality and in their quest for new jobs that allow them to apply their existing or newly acquired skills in a productive context.

It makes no difference whether temporary unemployment is caused by covariant shocks such as the global financial crisis or by

\(^5\) Hajdú, József, Prof, Dr. *International and european social security law*. 2022, Faculty of law and social science, University of Szeged, slide no 31.
the constant structural change that economies and labor markets are undergoing; unemployment benefits are an effective tool for providing individuals with income security, smoothing economic changes, and stabilizing aggregate consumption.

Unemployment insurance is primarily intended to assist persons who have lost jobs but are unable to obtain new ones for a specified period of time. The majority of these programs do not cover individuals who have been unemployed for an extended period of time, those who are underemployed, or those who labor for pennies on the dollar.

In nations with a high level of informality, social security programs for the unemployed and underemployed are currently being formed to provide some level of financial stability for people who are unable to find work or are underemployed. Employer guarantee schemes and other governmental job programs are examples of these types of programs, as are those that combine cash transfers with support for education, training, and entrepreneurial initiatives.

D. 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 ILO has developed a series of Conventions and Recommendations that serve as guidelines for national governments in developing their own social security systems, as well as outlining the legislative content of this right, beginning with the premise that “social security is a human right that should be guaranteed to all people, regardless of their place of residence.”

Concerning the foundations of a country’s social security system, Convention No. 102 (1952) is regarded as the “flagship social

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security instrument,” while 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” (partial unemployment). These benefits are intended to aid jobless individuals by providing a stable source of income and encouraging them to seek work, which is the instrument’s principal objective.7

Convention No. 102’s framework provides that Articles 10 and 11 of Convention No. 168 specify the situations covered by the Convention and the people protected by the Convention. Article 19 establishes the duration and percentage of benefits paid, while Articles 12 and 16 provide the grounds for benefit suspension, while Articles 20 and 21 establish the grounds for benefit suspension as well as the legal, financial, and administrative safeguards accessible to claimants (arts. 27-30). Convention No. 168 can be considered a partial shift in direction due to the innovations it contains in relation to the provisions of prior Conventions and Recommendations dealing with this issue.

Convention No. 168 has two basic objectives: to protect jobless persons through the provision of benefits in the form of periodic payments and to promote employment through employment promotion. As a result, Convention No. 168 emphasizes the critical nature of combining social security measures with broader social and economic policies aimed at achieving a single primary objective: the growth of full, productive, and freely chosen work. Additionally, ratifying States are urged to take appropriate steps to integrate their unemployment insurance system with their employment policies in order to ensure that benefits in the case of unemployment are delivered at a rate equal to at least 50% of the reference income. As a result, the system of unemployment insurance should be constructed in such a way that

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a way that businesses are encouraged to give productive employment and individuals are encouraged to seek it. Protected individuals must come from defined classes of employment and must account for at least 85% of all employees, including public employees and apprentices, or from all inhabitants whose resources do not exceed prescribed limits during the circumstances, whichever is greater.

Under the requirements of Article 11 of the International Labor Organization’s Convention No. 168, countries are expected to provide coverage for 85 percent of all employees, including public employees, unless this category is exempt from coverage under national law. Additionally, Article 6 of the Convention requires governments to treat all protected individuals equally and without discrimination, including migratory workers, in conformity with international norms. Only 50% of employees would be required to be covered under Convention No. 102. Due to the practical difficulties inherent in assessing the working conditions of self-employed workers, neither Convention requires coverage.

Part-time workers are also protected under Convention No. 168, which requires employers to protect them unless their hours or earnings are deemed insignificant by the employer. According to Article 25 of the Treaty, “Each Member shall ensure that statutory social security schemes based on occupational activity are adapted to the occupational circumstances of part-time workers, unless their hours of work or earnings are considered inconsequential under stipulated conditions.” Those who work a virtually full schedule should be covered, while those who work a few hours per week or month may be excluded from coverage under the program. It would be required to define a fair cut-off point between these two extremes.

E. Indonesian Protection Against Unemployment

The Indonesian Government published Government Regulation No.
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37 of 2021 on the Implementation of Unemployment Benefits Program (in Indonesian, Jaminan Kehilangan Pekerjaan or “JKP”) on February 2, 2021. (This Regulation is referred to as “GR 37”). Previously, by virtue of Law No. 11 of 2020, dated November 2, 2020, Article 18 of Law No. 40 of 2004 of October 19, 2004, on the National Social Security System was amended to incorporate JKP as one of Indonesia’s social security programs (“Job Creation Law”). Prior to the Job Creation Law, JKP was not a social security program. JKP is defined in GR 37 as social security provided to workers who have lost their jobs in the form of financial reimbursements, job market information, and job training, among other things.

Employers must enroll their employees in the JKP program in order for them to be eligible for benefits. Workers must be I Indonesian citizens; ii) under the age of 54 (fifty-four) at the time of registration; and iii) employed by the respective employers at the time of registration. Additionally, employees of large and medium-sized firms must register with the following programs: National Health Insurance (in Indonesian, Jaminan Kesehatan Nasional), Work Accident Insurance (in Indonesian, Jaminan Keselamatan Kerja or “JKK”), Provident Fund (in Indonesian, Jaminan Hari Tua), National Pension Insurance (in Indonesian, Jaminan Pensiun), and Life Insurance (in Indonesian, Jaminan Kematian or “JKM”). Micro and small enterprises, with the exception of the National Pension Security Administration, must also register their employees with the aforementioned programs (in Indonesian, Jaminan Pensiun).

1. Application Procedure

Under the JKP program rules, workers who were previously registered with social security programs prior to the publication of GR 37 would be automatically enrolled as JKP program participants. Participants in the JKP program, both employers and employees, would receive certificates attesting to their participation.9

Employers of workers hired after the issuance of GR 37 must register such workers by completing and submitting the proper registration forms at least 30 (thirty) days after the workers begin working for the employers. The Employment Social Security Agency (in Indonesian, Badan Penyelenggara Jaminan Sosial Ketenagakerjaan, or “BPJS Ketenagakerjaan”) shall deliver participant numbers no later than 1 (one) day after the form is received and the initial premium is paid to BPJS Ketenagakerjaan. Employers and employees will both receive certificates attesting to their participation in the JKP program if this method is followed exactly.

2. Procedure of the payment

The JKP premium is needed to be paid once a month in the amount of 0.46 percent (zero point four and six percent) of the employee’s monthly wage. The percentage of 0.46 percent (zero point four and six percent) is calculated as follows.

1. 22% (zero-point two two percent) from the worker’s monthly salary will be paid by the Central Government; and

2. The remaining 0.24% (zero-point two four percent) from the worker’s monthly salary will be paid through the recomposition of the JKK and JKM premia. Pursuant to GR 37, the amount of the JKK premium would be 0.14% (zero-point one four percent) from the worker’s monthly salary and the JKM premium would be 0.10 (zero-point one zero percent) from the worker’s monthly salary.\(^\text{10}\)

The monthly wage on which premiums are calculated cannot exceed Rp5,000,000 per month (five million Rupiah). If the total exceeds Rp5,000,000, the salary used to compute the premium is Rp5,000,000 (five million Rupiah). The monthly compensation package includes the basic salary and any defined monetary allowances.

3. JKP Benefits

As stated in the JKP definition, benefits include monetary

\(^{10}\) Ibid
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:11

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:12

1. The worker resigns.

2. The worker suffers from permanent disability.

3. The worker retires; or

4. The worker passes away.

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;

11 Ibid
12 Ibid
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.

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.

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.

7. Claim Limitations and Sanctions for JKP Benefits

Participants will be unable to claim JKP benefits if any of the following requirements is met: participants do not submit a claim for JKP benefits within three (three) months of the termination of their employment link; participants change their occupation; or participants die. Employers who fail to enroll their employees in the JKP program may face administrative penalties, which may include written warnings and exclusion from some public services.

F. Indonesian JKP standardization in accordance with ILO convention 168

To ensure that objectives are realized, the plan should be founded on social insurance principles, as defined in the ILO’s international labor standards.13

13 www.ILO.org, Jaminan Kehilangan Pekerjaan, Input to the Government of Indo-
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There are five keys five critical mechanisms and structural elements need to be meet by JKP Indonesian.

1. Financing collectively and risk pooling

The system’s core tenet is that social insurance is financed and risk-shared by many individuals. Employees, businesses, and the government all contribute regularly to a pooled fund to which all parties have access. Unemployment payments are provided from newly produced monies. Instead of using the concept of individual risk premiums, social insurance premiums are calculated using the concept of risk pooling. JKP Indonesia based on the principal of solidarity with collective payment and risk pooling by the employees, business and the government.

2. Solidarity and universality

Expanding coverage benefits risk pooling, financial stability, employee cohesion, and the total contribution rate. As a result, these programs contribute to the alleviation of poverty and inequality, as well as to the promotion of social cohesion and economic development.

According to the International Labor Organization, employees of small enterprises and those on fixed-term contracts should not be excluded from coverage (ILO). Benefit of JKP Indonesia’s to make Ensure that all individuals and families have access to a social security system that offers a minimum essential level of benefits that enables them to obtain at least essential health care, basic shelter and housing, water and sanitation, foodstuffs, and the most fundamental types of education.

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

Unemployment benefits are designed to give the minimal minimum amount of coverage necessary to maintain appropriate coverage. They are sometimes expressed as a percentage of the insured worker’s previous earnings before to being jobless.
In the majority of countries, subject to specified qualifying circumstances, a stable replacement rate of at least 50% of previous insurable salaries is established for a period of at least six months.

International practice suggests that simple regulations are superior to complex ones when it comes to implementation, management, and communication with the public. Benefit amounts that vary from year to year and/or significant eligibility requirements may complicate the system’s understanding and operation. There is limited evidence that adjusting benefit payments has an effect on the number of persons who return to work or the duration of their return.

The JKP program is based on social insurance principles and is funded jointly by the government and enterprises. It costs 0.46 percent of the employee’s monthly pay, up to a maximum of Rp5,000,000,00 each month. APBN covers 0.22 percent, while the remaining 0.242 percent is financed by rearranging the existing work accident safety and death benefits programs, which are both funded by employers. A contribution of 0.14 percent is made to the work accident security program, while a contribution of 0.10 percent is made to the death benefits program.

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

Under the idea of collective funding, employees, businesses, and the government all pay to the cost of social insurance (and the government). A diversified financing strategy minimizes financing risk while yet giving a sufficient return to the borrower. When the government establishes the system, it should take steps to ensure its financial stability.

If the government is the sole funder of the program, its long-term survival and sufficiency may be compromised during times of economic distress. As a result, the program may become ineffectual or unattractive, instilling public distrust in the social security system.

The JKP program’s primary objective is to ensure that employees can maintain their standard of living in the case of job
There should be a way for people to compensate for their lost income when they lose their jobs, so that they and their families do not find themselves in a dire financial situation. Additionally, individuals should be assisted in resuming employment as fast as possible by strengthening their skills and abilities. As a result, JKP requires a fully integrated and comprehensive system that includes financial assistance and training. To attain this purpose, the JKP program offers three distinct benefits. Participants will earn 45 percent of their salaries for the first three months and 25 percent for the next three months. The government also assists persons in entering the labor market by offering tools and services such as employment assessments and career counseling. Additionally, participants will receive employment training benefits that may be delivered online or offline by government-run, private-sector, or verified businesses. Professional groups and training institutes can also collaborate to give worker competency certification.

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

Social insurance facilitates risk sharing among people who work in steady and uncertain jobs, for short and long periods of time, and for high and low pay. As a result, if a program pays more to persons with a better job status, it violates the principle of social insurance (such as longer service).

Unemployed workers who meet the program’s eligibility standards should be eligible for unemployment benefits. If the system restricts the number of claims per worker or imposes an unduly long waiting period for subsequent claims, it will fail to protect vulnerable workers effectively. Following claims will be subject to a waiting period to prevent misuse.

Workers/laborers must pay a monthly fee equal to 0.46 percent of their monthly earnings to participate in the JKP program. These variables contribute 0.46 percent to the total:

The central government gives 0.22 percent of the worker’s/
monthly laborer’s income.

This cash is obtained through the recomposition (cross subsidization) of current JKK and JKM program contributions and is allocated to BPJS Manpower as JKP money. JKK contributes approximately 0.14 percent of the monthly pay, while JKM contributes approximately 0.10 percent.

For workers/laborers enrolled in social security, the JKK and JKM contributions will be restructured. Minister of Manpower 7/2021 directs BPJS Manpower to recalculate all contributions no later than the 17th of the next month. Workers/Laborers who are newly registered in the social security system have their payments to the JKK and JKM programs recalculated because their initial contributions to the JKK and JKM programs have been paid in full by their employer. BPJS Manpower is obligated to recalculate contributions no later than the 17th of the next month in accordance with Article 11 of Minister of Manpower 7/2021.\(^{15}\)

The reclassification of JKK contributions is based on the risk level, which is classified into five categories. To begin, the risk is extremely low at 0.1 percent of wages. Second, there is a 0.4 percent danger. Thirdly, the danger is approximately 0.75 percent. Fourth, 1.13 percent is considered high risk. Fifth, there is a very significant danger of losing 1.6 percent of monthly earnings. Meanwhile, JKM contributions have been reweighted from 0.1 to 0.2 percent.

If the wage exceeds the higher limit, the wage standard used to calculate the wages stays the upper limit of IDR 5 million. Calculated wages are made up of basic wages and fixed allowances. If, on the other hand, the employer excludes allowances from the computation of contributions, just the basic earnings will be determined. Consider above formula, JKP Indonesia is fair and effective.

In the future, actuarial obligations and national economic

\(^{15}\) www.decentworkcheck.org, the Job loss insurance (JKP), https://decentworkcheck.org/labour-laws-per-country/indonesia-overview-labour-law/omnibus-law/the-job-loss-insurance-jkp, accessed on march 2022
conditions will be utilized to determine the number of payments and the earnings cap on a biennial basis. Government evaluation in the employment, finance, and National Social Security Council (DJSN) sectors, which is then codified in government legislation.

G. Objectives of JKP Indonesia

To standardize JKP Indonesia as Protection against unemployment to ILO convention no 168, JKP Indonesia need to meet two objectives of the convention to protect jobless persons through the provision of benefits in the form of periodic payments and to promote employment through employment promotion.

The primary objective of JKP program is to provide adequate protection against the risk of job loss so that employees can maintain their standard of living. When people are unemployed, there should be a replacement for their lost income to prevent them and their family from falling into bad economic condition. There should also be assistance for them to return to employment as quick as possible by upgrading their skills and capabilities. Thus, an integrated and comprehensive system of JKP that combine both financial assistance and training support are required to successfully implement this program. To achieve the objective, the JKP program offers three types of benefits. First, the participants will get a maximum six-month cash transfer, divided into 45 percent of wages for the first three months and 25 percent for the following three months. Second, the government provides access to labor market by giving information and job guidance, which may include assessments or career counseling. Third, the participants will also get job training benefits that can be delivered online or offline through institutions owned by the government, private sector, or verified companies. Professional bodies and training institutions can also collaborate to provide a competency certification for the worker in line with ILO convention no 168 Objective.16

H. Conclusion

The Indonesian government’s Jaminan Kehilangan Pekerjaan (JKP) program, which is based on social insurance principles, was developed to offer (un)employment benefits to the unemployed. Since the early development of policy choices 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. The International Labor Organization (ILO) makes reference to relevant international standards and practice, as well as actuarial and other studies that have been conducted, including a cost-benefit analysis of projected costs and feasibility studies for program implementation, as part of its efforts to facilitate evidence-based discussions. JKP program initiated by the Government of Indonesia is meet standard of the five keys critical mechanisms and structural elements of ILO Convention.

The objectives of the JKP Indonesia also meet Objectives of the ILO convention no 168 to protect jobless persons through the provision of benefits in the form of periodic payments and to promote employment through employment promotion.

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