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“Where we can go?”

Indonesia’s struggle against unemployment and man-power export phenomenon

Paper presented at the conference on ‘Migration(s) and Development(s):
Transformation of Paradigms, Organisations and Gender’, Center for
Interdisciplinary Research, Bielefeld, Germany, July 10-11, 2008

COMCAD Arbeitspapiere - Working Papers

No. 53, 2008

Saraswati, Jary: "Where we can go?" Indonesia's struggle against unemployment and manpower export phenomenon, Bielefeld: COMCAD, 2008 (Working Papers – Centre on Migration, Citizenship and Development; 53)

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Abstract

More than 10,5 million Indonesians are seeking work. Neither under-qualification for labour nor discouragement is to blame for this high unemployment, but rather the low productive investment rate and unhealthy investment climate. Facing the 9.75% unemployment rate and increasing poverty, Indonesia's government has tried to develop the potential of TKI (Indonesian Migrant Worker) programme seriously since 2004. TKI programme contributes around half a million occupations per year. Indonesian government registered a substantial rate of foreign income from this sector. Yet behind these nice figures, migrant workers have to face numerous problems and – in many cases – abuse. In 2002 alone, there were at least 1.3 million cases of migrant workers, e.g. death (by falling from buildings), sexual harassment/abuse, confinement, extortion, document fraud, underpayment/unpaid wages and illegal placement. Human trafficking has been also found amongst illegal placement of migrant workers. Most victims are women and children. Indonesian government has tried several policies to improve the protection of migrant workers and to simplify the placement procedures. Illegal and criminal brokerage as well as insufficient bilateral agreements with employer countries are identified as major problems.

1. Introduction

Indonesia's unemployment rate rockets implacably. According to BPS (2007), the Central Office of Statistics Indonesia, more than 10.5 million Indonesians are seeking work. This is almost equal to the whole population of Baden Württemberg! Indonesia's unemployment rate was 2.14% in 1985 (BPS, 1986) and has quadrupled in but two decades. The 2007 unemployment rate of 9.75% would swell to 37.72%, if the percentage of half unemployment was added to the figure. The real unemployment rate can then be calculated to be some 40.8 million. The ambitious programme of Indonesia's President, Yudhoyono, announced in his "Triple Track Strategy" (Yudhoyono, 2006) to attain 5.1% open employment in 2009 is therewith a step away from its goal. There is a moral and political imperative for Yudhoyono's government to get the unemployed back to work and to create new employment for an almost two million new labour force entering the economy sectors annually. This paper analyses the cause of Indonesian unemployment and seeks potential methods for solving the unemployment problem. The emphasis is put on the potential of manpower export as an increasing trend amongst lower educated, unemployed Indonesian workers.

2. Indonesia's labour force: unqualified and discouraged?

An underqualified labour force has been mentioned as one factor for Indonesian unemployment. Some international companies have pointed at the high ratio of unskilled labours as the reason for their dissatisfaction with operating in Indonesia. But according to a World Bank's analysis (2004), unqualified labour was only a minor constraint on investment in Indonesia. Another study conducted by the University of Indonesia supports this claim (Kuncoro, Isfandiarni, Jas-mina, & Wigjoseptina, 2005). As a result of the exerted effort to improve the education standard, the rate of labour force with tertiary education (from senior high school to university graduated) increased from 6.67% in 1980 (BPS, 1980) to 26.82% in 2007 (BPS, 2007). This is even higher than the mean rate of labour force with tertiary education in OECD countries, which is 24% (OECD 2005).

In fact studies show more of an over-qualification of the labour force. As reported by Prijono (1999, p. 166) within 1998-2003 there has been lack of supply of underqualified labour force holding primary and secondary school diplomas (17%), while the supply of the labour force with a tertiary education is over-demanded. The supply surplus of labour force that has graduated from senior high school and university is 15% and 12% respectively.

These facts together show that underqualification for labour is not a problem for Indonesia. But how is the working ethic of Indonesian labour force? According to BPS (2007) the voluntary half unemployment (*setengah pengangguran sukarela*) rate is relatively high with a total of 37.6% for open unemployment and half employment, where the included are persons who are satisfied with working less than 35 hours and are not looking for job. It is interesting to notice that most of voluntary half unemployment is undertaken by people with only a primary education level and below (72% of total voluntary half unemployment). This indicates that they seem to not want to seek another job because they can not compete with others who have attained a higher level of education than them. It was also found that almost all of them are people, who work in the village agricultural sector (which constitutes 76% of total voluntary half unemployment).

This analysis can provide us with two crucial pieces of information. Firstly, that the villages with their major agriculture sector and petty industries are unable to offer more employment. Secondly that most of those who are satisfied with less work are those who are forced to work less because of lack of education, and, therefore, lack of bargaining power. Hence, such workers can not be categorised as discouraged or slothful. A study on unemployment in 2001-2003 (Suryadarma, Suryahadi, & Sumarto, 2005) supports this view. So it can be said, that actual discouraged labour composes only a quarter of half unemployment or 18.3% of total open and half unemployment. However, further qualitative studies have to be done to examine this aspect.

3. The causes of unemployment: the push factors of migration

Many authors have accused the low economic growth rather than the unsatisfying labour quality as the key contributor to Indonesia's unemployment. After the financial crisis of 1997-1998 Indonesia's economy has improved its GDP's growth from 0.79% in 1999 to 5.6% in 2005. Nevertheless, this positive development seems not to have a real impact in reducing the unemployment rate. The unemployment rate expands unrestrictedly with a 5.8% yearly average growth rate. Since 2001 the economic growth produced only around 1 million additional works yearly, while the annual new labour force entering the economy sectors has been on average 1.8 million (BPS, 2007)

In Indonesia's economic history from 1980 until now the unemployment rate shrunk only three times: 1989-1990 (-7.1%), 1996-1997 (-4.1%) and 1999-2000 (-5%). In those periods GDP growths were 9.0%, 4.9% and 2% respectively (Suryadarma et al, 2005, p.6). From this

data it can not be assumed that economic growth alone can contribute to reducing unemployment. In other words, to decrease unemployment, Indonesia has to exert any efforts to generate works for its steadily increasing labour force.

Yudhoyono and his finance minister, Indrawati, a former IMF official, suggest the improvement of investment as a capable approach to boost both the GDP and employment rate. Investment is indeed a crucial factor in economic development. As shown by Latin America's experience, the failure to create a stable high economic growth rate is set off by the low involvement of private investment. Profits, instead of being invested in expanding industry were spent in consumption of luxurious goods and in pursuing lifestyle interests

Studies on the Indonesian middle class have found such a tendency among Indonesian entrepreneurs. The middle class is reported to have an extravagant lifestyle (*gaya hidup boros*). Safir Senduk, a well-known Jakarta-based financial consultant, told me in an interview in September 2004 that young entrepreneurs and *karyawan* (company staffs or employees) are even willing to take more financial risk by shopping on credit to earn social status. He sees this consumerist behaviour as a society disease which stifles the economic growth. However, consumerism is known as advantageous for increasing mass consumption, which is a central aspect of a well-functioning market economy. But a balance between consumption and investment has to be maintained to stimulate the production too.

As shown by BPS and the Ministry of Cooperative and SME (2006), investment from the middle class makes a significant contribution to GDP growth. In 2004, the share of small and medium-sized enterprises (SME) on Indonesia's GDP was, at 56%, higher than the large firms'. SME also plays a major role in fighting unemployment. They created jobs for 79 million people in 2004, whilst large companies absorbed only about 400 thousand from the labour force. Increasing the spirit of entrepreneurship and investment within the middle class is, therefore, an important task to be undertaken. An attempt in this direction has been made by several state and private companies as well as by mass media. Since 2002, in cooperation with consultants like Senduk, state and private companies organized seminars in financial planning and investment strategy to stimulate entrepreneurs and staff to invest their surplus in the productive sectors instead of in Western lifestyle consumption.

Another essential factor that needs attention is the creation of better climate for investment. Indonesia does not have a good reputation with this. According to Kuncoro et al (2005) to start a new business in Indonesia, a company has to spend 180 working days to go through the 12 steps required for obtaining local permits. The World Bank (2004) rates Indonesia as among the top 10 countries in which the time needed to start a business is the longest. Pol-

icy uncertainty, macro instability, tax rates, corruption and crime are mentioned by World Bank as the major constraints on investment.

These factors will not only hamper investment efforts but will also create an increase in unemployment. Foreign direct investors who have spent 8.91 billion USD in 2005 would then prefer allocating their investment to other Asian countries with more advantageous conditions. In the period from 2001-2004, Sony, Reebok, Aiwa and Nike moved their operations to China, Vietnam and Malaysia resulting in 13,174 additional unemployed workers. They accused labour strikes, the rapid growing regional minimum wage, high tax and administration costs and also political uncertainty as the causes for the relocation of business. IMF advisor, Sebastiaan Pompe (2004), claimed that ineffective law and unreliable court in Indonesia have participated in creating unemployment too. It is, therefore, clear that many changes have to be made to make Indonesia attractive for investors.

4. Over 10 millions unemployment: stay or emigrate?

The Ministry of Labour Force and Transmigration (Depnakertrans) realising the complexity of unemployment, has tried to organize job fairs and training. However, such events reach only those who possess tertiary education. An exhibitor interviewed at a state job fair in September 2006 stated that there are only positions for graduates of Senior High School and above, mostly for University graduates.

The other 57% unemployed people with secondary education and below are, therefore, the losers in this competition. Most of them have also lack of financial capital, which is often the reason their lower education attainment. For these people there are only three opportunities to get a job: entering the marginal informal sector, working abroad as TKI (Tenaga Kerja Indonesia, Indonesian migrant worker) or if fortunate getting any job inside the country.

The informal sector, which provided work for almost 68 million people in 2007 (69.55% of total employment), is indeed a hope of many unemployed people (BPS, 2007). To work in the informal sector, one does not need to possess any school certificates or higher skills. This work is very flexible in regards to working hours, the working place and payment. It needs only a mini-mum of financial capital. But for many it is the last option. Because of its illegal character, workers from the informal sector are not protected in law. Many of those working as street traders have to confront with the arbitrary rules of preman (street gangs) and are often chased away by the police because of their “dirty and disturbing” appearance.

However, knowing the informal sector's importance in providing work, the government's street-trader cleaning programmes are scarcer than before the financial crisis of 1997-1998.

The other opportunity to work, joining the TKI programme, is seen as risky for many workers. Stories of scalded, raped and abused housemaids raised by mass media make people, mostly women, think twice before deciding to work overseas. Nevertheless, many workers choose to take the risk after seeing their neighbours or relatives return home after working abroad with the ability to own costly goods such as TV's, jewellery or motorcycles, even to build new houses. For many workers, working abroad is the last chance to be taken after attempts at working locally have not been successful.

5. Manpower export (1): a 3D (dirty, dangerous and difficult) business

Manpower export is prized for its significant role in reducing unemployment. It contributes around half a million occupations per year (see table 1). Most migrant workers are located in Saudi Arabia. The second highest employer country is Malaysia. Yet, the supply of Indonesian migrant workers is still under the demand. According to the Ministry of Labour Force and Transmigration (Depnakertrans 2004), there were about 886,437 Indonesian migrant workers needed but only 380,690 provided in 2004. As listed in table 2, Indonesian government registered a substantial rate of foreign income from this sector. But behind these nice figures, there are fraud and swindle lurking in the already long and laborious process of job application. After job receipt abroad the workers also have to face numerous problems and – in many cases – abuse.

The non-governmental Federation of Indonesian Migrant Worker Organizations, FOBMI, listed 1.3 million cases of migrant workers in 2002 (see table 3), whilst the Indonesian government reported only about half a million migrant worker placements. The list shows a considerable number (1.1 millions) of illegal placement. In Malaysia's state Johor alone the Indonesian general consulate noted 35,155 Indonesian illegal migrant workers who were deported by Malaysia Government in 2007 ("Kebutuhan Malaysia," 2008). The total illegal Indonesian migrant workers in Malaysia in 2007 was estimated to be 800,000 persons ("Akar Masalah", 2007). Human trafficking has been also found amongst such illegal placement of migrant workers (Sugiarti, Davis, & Dasgupta, 2006, pp. 29-32). Most victims are women and children.

Table 1 Indonesia's manpower export until February 2007

Countries	YEAR																TOTAL (1994- 2007)
	1994		1996		1998		2000		2002		2004		2006		2007 (Jan-Aug)		
	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%	
ASIA-PACIFIC	70,733	40.38	380,369	73.55	227,911	55.37	304,186	69.89	238,324	49.61	160,970	42.28	326,811	48.06	238,762	48.75	2,970,492
Malaysia	41,712	23.81	321,756	62.21	132,950	32.30	191,700	44.05	152,680	31.78	127,175	33.41	270,099	39.72	151,998	31.03	1,985,120
Singapore	15,678	8.95	31,235	6.04	41,045	9.97	25,707	5.91	16,071	3.35	9,131	2.40	9,075	1.33	23,613	4.82	329,967
Brunei	1,846	1.05	2,292	0.44	6,246	1.52	4,370	1.00	8,502	1.77	6,503	1.71	2,780	0.41	4,321	0.88	58,853
Hongkong	3,306	1.89	3,143	0.61	19,531	4.75	21,709	4.99	20,431	4.25	14,183	3.73	13,613	2.00	21,282	4.35	177,394
Taiwan	3,423	1.95	9,535	1.84	17,479	4.25	50,508	11.61	35,922	7.48	969	0.25	28,090	4.13	35,222	7.19	311,416
South Korea	3,294	1.88	9,609	1.86	6,837	1.66	6,689	1.54	4,273	0.89	2,924	0.77	3,100	0.46	2,175	0.44	83,598
Japan	-	-	-	-	-	-	-	-	444	0.09	85	0.02	21	0.003	49	0.01	2,189
Others	1,474	0.84	2,799	0.54	3,823	0.93	3,503	0.80	1	0.00	-	-	33	0.005	102	0.02	21,955
MIDDLE EAST & AFRICA	98,710	56.35	135,336	26.17	179,521	43.61	129,168	29.68	241,961	50.37	219,699	57.71	353,189	51.94	249,047	50.85	2,418,742
Saudi Arabia	96,533	55.10	127,137	24.58	161,062	39.13	114,067	26.21	213,603	44.46	203,446	53.44	307,427	45.21	186,715	38.12	2,127,130
The United Arab Emirates	1,948	1.11	7,857	1.52	16,961	4.12	9,558	2.20	7,779	1.62	133	0.03	15,494	2.28	19,578	4.00	128,663
Kuwait	76	0.04	29	0.01	116	0.03	3,771	0.87	16,418	3.42	15,989	4.20	14,725	2.17	18,610	3.80	104,256
Bahrain	1	0.001	-	-	12	0.003	169	0.04	666	0.14	-	-	485	0.07	1,465	0.30	4,570
Qatar	19	0.01	81	0.02	329	0.08	949	0.22	916	0.19	62	0.02	5,044	0.74	7,302	1.49	17,493
Oman/Tunisia	-	-	-	-	-	-	-	-	1,311	0.27	-	-	3,527	0.52	4,923	1.01	11,991
Jordan	-	-	-	-	-	-	6	0.001	1,233	0.26	68	0.02	6,468	0.95	10,256	2.09	20,701
Cyprus	-	-	-	-	-	-	-	-	23	0.005	-	-	-	-	-	-	23
Egypt	-	-	-	-	-	-	-	-	-	-	1	0.00	-	-	-	-	1
Others	133	0.08	232	0.04	1,041	0.25	648	0.15	12	0.002	-	-	19	0.003	198	0.04	3,914
AMERICA	4,036	2.30	980	0.19	2,928	0.71	1,509	0.35	40	0.01	17	0.004	-	-	998	0.20	19,336
USA	3,950	2.25	901	0.17	2,563	0.62	1,302	0.30	40	0.01	17	0.004	-	-	861	0.18	17,897
Others	86	0.05	79	0.02	365	0.09	207	0.05	-	-	-	-	-	-	137	0.03	1,439

EUROPE	1,708	0.97	484	0.09	1,249	0.30	359	0.08	68	0.01	4	0.00	-	-	966	0.20	8,554
Netherland	951	0.54	187	0.04	150	0.04	77	0.02	55	0.01	3	0.00	-	-	6	0.00	2,549
Italy	-	-	-	-	-	-	-	-	10	0.002	-	-	-	-	-	-	786
England	-	-	-	-	-	-	-	-	2	0.00	-	-	-	-	6	0.00	14
Spain	-	-	-	-	-	-	-	-	1	0.00	-	-	-	-	149	0.03	150
France	-	-	-	-	-	-	-	-	-	-	1	0.00	-	-	-	-	1
Others	757	0.43	297	0.06	1,099	0.27	282	0.06	0	-	-	-	-	-	805	0.16	5,054
TOTAL	175,187	100.00	517,169	100.00	411,609	100.00	435,222	100.00	480,393	100.00	380,690	100.00	680,000	100.00	489,773	100.00	5,417,124
Male Workers	42,833	24.45	228,337	44.15	90,452	21.98	137,949	31.70	116,786	24.31	84,075	22.08	138,292	20.34	104,128	21.26	1,430,603
Female Workers	132,354	75.55	288,832	55.85	321,157	78.02	297,273	68.30	363,607	75.69	296,615	77.92	541,708	79.66	385,645	78.74	3,986,521
Sex ratio (Men/100 Women)	32		79		28		46		32		28		26		27		36

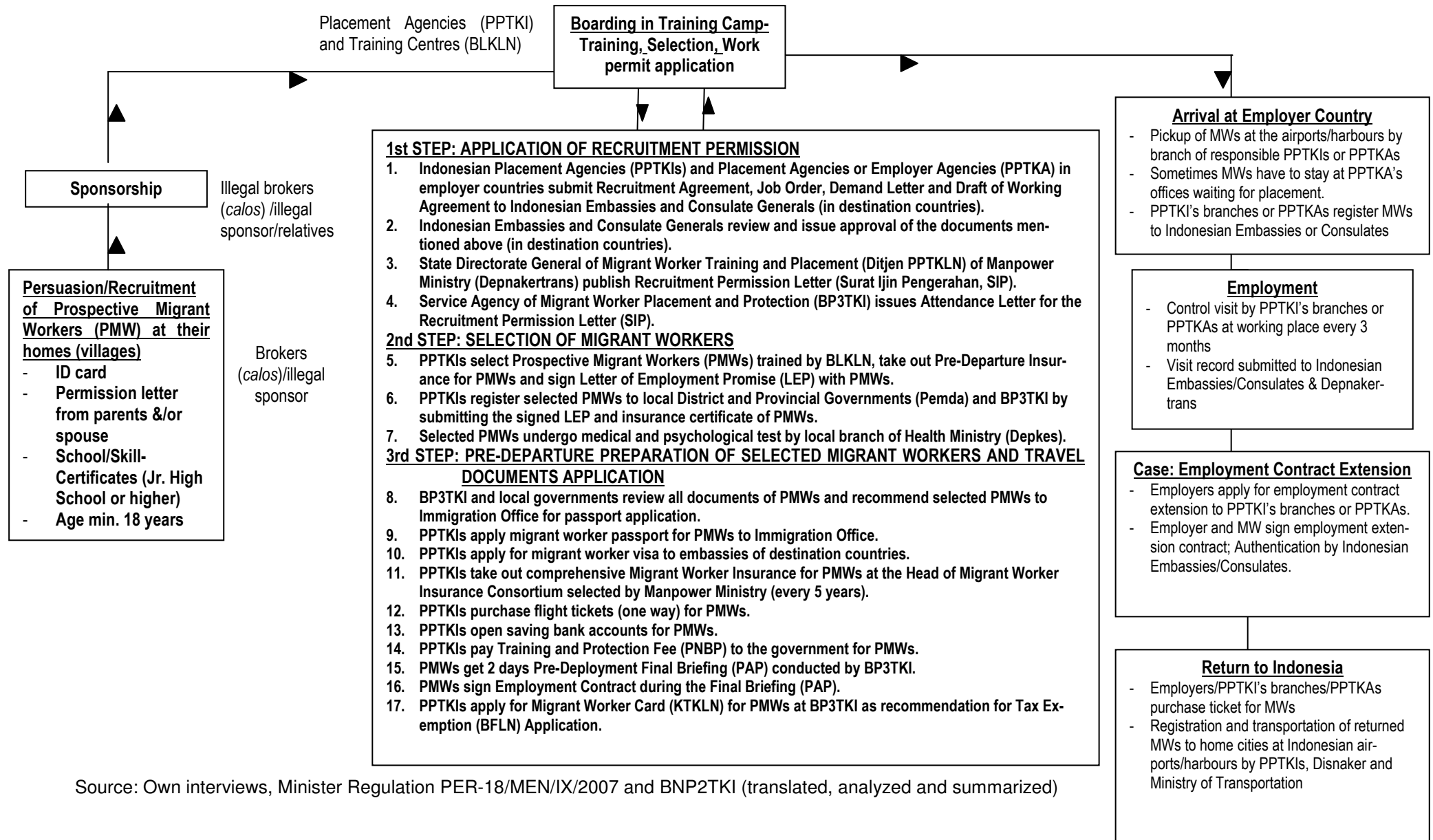
Source: Depnakertrans, Ditjen PPTKLN, BNP2TKI (Depnakertrans, 2005; BNP2TKI n.d.a; n.d.b)

Table 2 Remittance inflows from Indonesian migrant workers 2003-2005

WORK AREAS	YEAR											
	2003				2004				2005			
	Remittance Inflows		Migrant Workers		Remittance Inflows		Migrant Workers		Remittance Inflows ¹		Migrant Workers	
	Mill. US\$	%	Number	%	Mill. US\$	%	Number	%	Mill. US\$	%	Number	%
ASIA-PACIFIC	23.09	30.53	109,722	37.34	60.26	35.27	160,970	42.28	979.06	36.13	297,291	45.70
MIDDLE EAST & AFRICA	34.71	45.89	183,770	62.54	110.36	64.59	219,699	57.71	1,729.76	63.84	353,189	54.30
AMERICA	5.95	7.87	171	0.06	0.12	0.07	17	0.004	0.60	0.02	-	-
EUROPE	11.89	15.72	202	0.07	0.12	0.07	4	0.001	0.12	0.004	-	-
TOTAL	75.64	100.00	293,865	100.00	170.86	100.00	380,690	100.00	2,709.54	100.00	650,480	100.00

¹ Data of Remittance Inflows in 2005 are from BNP2TKI, Agency of Migrant Worker Placement and Protection (BNP2TKI, n.d.c)
 Source: Depnakertrans and Ditjen PPTKLN (Depnakertrans, 2005 and BNP2TKI, n.d.a.)

Figure 1 Placement Procedure of Indonesian Migrant Worker



Source: Own interviews, Minister Regulation PER-18/MEN/IX/2007 and BNP2TKI (translated, analyzed and summarized)

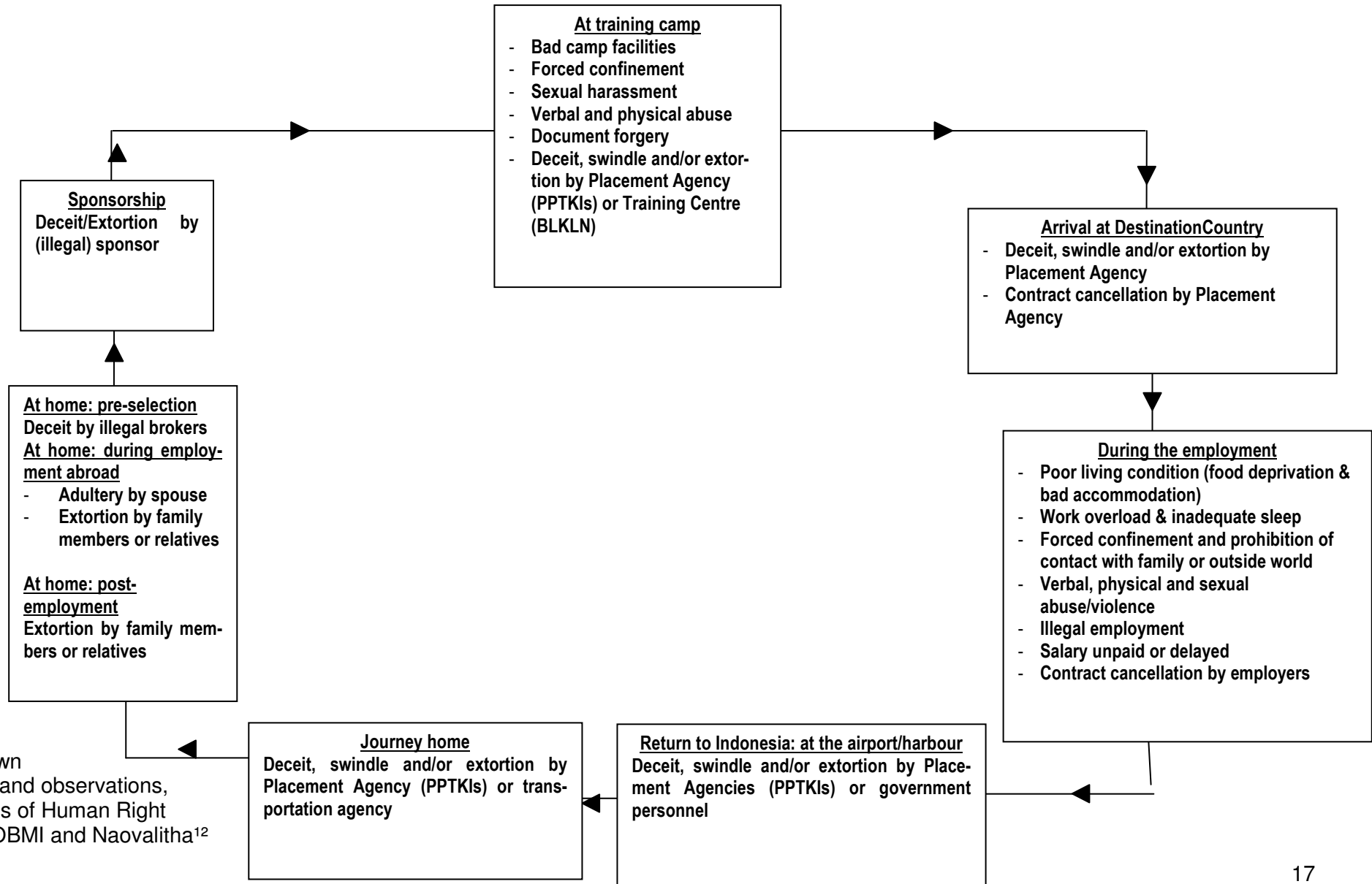
Table 3 Cases of Indonesian Migrant Workers in 2002 (NGO’s report)

Type	Number	Percentage
Death	177	0.014
Sentenced to death	10	0.001
Sentenced to lashes	682	0.052
Sexual harassment	31	0.002
Rape	27	0.002
Abuse/mistreatment	21	0.002
Confinement	470	0.036
Neglected	2,478	0.189
Deceived	1,685	0.129
Extortion and currency fraud	198	0.015
Prostitution and woman trafficking	2,633	0.201
Human trafficking	24	0.002
Not insured	47	0.004
Document fraud	386	0.029
Without document	679,000	51.881
Restriction of religious practice	9	0.001
Loss of contact with the family	517	0.040
Unpaid salary or payment delay	41	0.003
Unfair dismissal	1,897	0.145
Escape	313	0.024
Arrested	80,546	6.154
Jailed or face imprisonment	749	0.057
Deported	505,000	38.586
Conflict	871	0.067
Stress/Depression/Madness	76	0.006
Sickness/Disability	30	0.002
Others	30,847	2.357
Total	1,308,765	100.000

Source: FOBMI, published by Tempo Magazine (“Kasus Buruh,” 2004)

Studies of migrant workers also address figures concerning the falsification of age, ID cards and passports, underpayment or unpaid wages, sexual abuse, extortion and bad treatment of migrant workers (see figure 2) which in many events cause physical and mental injuries, in other cases even death of the migrant worker. In 2006, Depnakertrans published over one thousand cases of Indonesian migrant workers during 2005 (see table 4) in which unpaid salaries, disappearance or loss of contact, unfair dismissal, sickness and mistreatment made up almost 90% of the total cases. In Singapore alone, Human Right Watch (2005, pp. 38-39) recorded about 122 deaths of Indonesian domestic workers by falling from buildings from 1999 until 2005. Such means of death is suggested as result of forced confinement, mistreatment, sexual abuse and rape by the employers.

Figure 2 Abuses against Indonesian Migrant Workers



Source: Own interviews and observations, also studies of Human Right Watch, FOBMI and Naovalitha¹²

Table 4 Cases of Indonesian Migrant Workers in 2005 (state's report)

Type	Number	Percentage
Unpaid salary	371	34.01
Sexual harassment	29	2.66
Abuse/mistreatment	88	8.07
Accident	29	2.66
Unfair dismissal	140	12.83
Sickness	124	11.37
Loss of contact with the family	253	23.19
Involvement in criminality	12	1.10
Cancellation of placement	45	4.12
Total	1,091	100.00

Source: Ministry of Manpower and Transmigration (Depnakertrans) and Directorate General of Migrant Worker Training and Placement (Ditjen PPTKLN) (Depnakertrans, 2005)

Although working abroad is seen as very risky, it is still popular amongst unemployed workers with lower education, especially for unskilled landless villagers. Such workers form the majority of domestic migrant workers (FOBMI et al, 2005, p. 15-19). The low education attainment is not a problem for them since they will be trained at the training camps before their employment. These unskilled and lower educated villagers are more highly motivated to work abroad, because there is no better choice for them in their village. They are, therefore, more ready to take high risks and conform to any kind of manipulation, such as document falsification or illegal placement. In fact, they are also more vulnerable to deceit and abuse. Yet, because of its quick gain, working abroad is seen as more advantageous than working in the local informal sector or agricultural sector. Whilst the average income of villagers working locally is nine hundred rupiahs (USD 102) per household monthly (Susilowati, 2001), a migrant worker's income per person could reach the fourfold of that amount (see table 5). Two studies on Indonesian migrant workers in Hong Kong conducted by Indonesian and international NGOs (FOBMI et al, 2005) revealed economic and social status improvement as the strongest motive for working abroad. The majority (62%) is driven to work abroad after seeing neighbours or relatives who have achieved a better life after working abroad.

6. Manpower export (2): Managing potential against unemployment

Realizing the potential of manpower export, the Indonesian government has tried several policies to improve the protection of migrant workers and to simplify the placement procedures. Before 2005, Indonesian workers had to pass 40 administration offices in order to apply for a working permit for overseas employment. Since March 2005 the Indonesian government has created the so called 'One Roof System', which unites several departments into one agency for providing permission to work abroad. Yet, in this "one agency" the candidates still have to pass 11 administration desks to obtain a working permit. In my interview with Depnakertrans officers in 2006, they stated that the complex permit procedures (see figure 1) are required because of a large number of illegal documents and practices undertaken by calos (middlemen or brokers) and illegal placement agencies who forge documents and recruit unskilled, sometimes un-healthy and underage migrant workers. To avoid manipulation the Indonesian Government has established the National Agency of Migrant Worker Placement and Protection (BNP2TKI), which is composed of several government service offices to prove the accuracy and legality of migrant workers documents, to verify the qualification of migrant workers, and to complete all legal employment documents needed to guarantee the worker's rights.

To stop crime in recruitments/placement processes, the Ministry of Manpower has established several control points during the recruitment process until the return of the migrant worker home. Yet in many cases the actual practice differs from the regulation.

First control point: recruitment process

The government provides Migrant Worker Service Offices not only in capital cities like Jakarta, Surabaya and Medan but particularly in small cities, where placement agencies (PPTKIs) and brokers recruit migrant workers for the first time. The placement agencies are obliged to have a fixed recruitment plan to know how many migrant workers they need, and for which jobs and to which countries the migrant workers will be sent. They have to involve government service offices in the selection process of prospective migrant workers and sign a Letter of Employment Promise with the prospective migrant workers after the selection. Since September 2007 the Minister Regulation PER-18/MEN/IX/2007 obligates placement agencies to take out a pre-placement insurance for each prospective migrant worker. All of these procedures should be taken before the prospective migrant workers will be boarded and trained in training camps waiting for departure.

In practice many brokers and placement agencies will usually convey prospective migrant workers to training camps first to avoid them from withdrawing their decision for working abroad. In training camps, which are usually located in big cities or in Jakarta, they will be confined until the placement agencies get a placement order from their foreign partner agencies. Only in the case of a certain placement will the prospective migrant workers be trained in the skills and language according to the job order and destination country. This practice secures the business of placement agencies, in which they charge the prospective migrant worker for accommodation arbitrarily. In such cases forced confinement is common. Security is usually given as reason but the real motive is to prevent the prospective workers from fleeing. It produces not only high risks for prospective migrant workers but also high costs (see table 5) and long waiting periods of recruitment ranging from three months to two years, with an average waiting period of 8 months (FOBMI et al, 2005, pp. 28-29).

Table 5 Comparison of fee payment and wage earnings of migrant workers

Destination	Placement Fee according to Ministry of Manpower and Transmigration	Placement Fee paid by female migrant workers	Monthly Wages (as stated in the employment contract)	Method of payment
Hong Kong	USD 1,972.80 (IDR 18,000,000)	USD 2,301.60 (IDR 21,000,000)	USD 471.71	81% deducted from monthly wages during 7 months
Taiwan	USD 2,630.40 (IDR 24,000,000)	USD 3,945.60 (IDR 36,000,000)	USD 457.35	67% deducted from monthly wages during 14 months.
Saudi Arabia and other Middle Eastern countries	USD 54.80 (IDR 500,000)	USD 65.76 – USD 383.60 (IDR 600,000 – IDR 3,500,000)	USD 139.101 – USD 245.091	Cash. In cases where they borrow money from sponsor or local moneylenders, payment may be 3 times higher than the loan.
Malaysia	USD 54,80 (IDR 500,000)	USD 87.68 (IDR 800,000)	USD 96.37	100% deducted from the monthly wages for 1 month

USD 1.00 = IDR 9140.77 (exchange rate from 11th December 2006)

Source: The World Bank (2006)

Second control point: pre-departure preparation. To secure the quality of migrant workers and to strengthen their protection, the Indonesian government has set up a compulsory Pre-Deployment Final Briefing for migrant workers at government service offices, in which the skills, knowledge, and health and law awareness of the migrant workers are verified and improved. During this two days briefing the migrant workers sign the employment contract with placement agencies before the government personnel and get their duties and rights explained. This regulation has come into force since 2007. Before 2007 the final briefing was used more for moral education.

Third control point: pre-departure registration. To control the authenticity and completeness of migrant workers documents and to register the departure of migrant workers, placement agencies have to apply the so called Migrant Worker Card, KTKLN, for each worker deployed. This migrant ID card can be obtained by showing a passport and visa, the employment agreement, comprehensive (pre-placement, employment and post-employment) insurance certificates and a final briefing participation letter. In possessing the Migrant Worker Card, the migrant worker will be exempted from paying exit tax by departure at the airport or harbour.

The Migrant Worker Card is the very critical point to prove the legality of migrant worker placements. Illegal or fraudulent placement agencies and brokers usually deploy migrant workers with tourist visas to evade fulfilling the required procedures. Alternatively they cooperate with criminal government personnel to obtain a Migrant Worker Card or departure permit illegally.

Fourth control point: return registration. The Indonesian Government has set up a special Migrant Worker Arrival Terminal at airports and harbours for registration, health and rights advice and travel service to home cities. In some airports a Migrant Worker Service Building has been built with health, legal, finance and accommodation facilities.

This extraordinary service aims for migrant worker protection. Only service personnel and mi-grant workers are allowed to enter the closed area/building of migrant worker service. In some airports, families/relatives of migrant workers are also forbidden to pick up in order to avoid some brokers or criminals pretending to be relatives entering the restricted area. Yet, this strict control is not applied in some airports or harbours. Through bribery illegal brokers or criminals can enter the service area. In some cases placement agencies, brokers and some government personnel, knowing the migrant worker bringing a high salary home, use this particular service to charge the migrant

workers – particular the women – with illegal registration commission or with excessive travel service costs. Most migrant workers are villagers who do not know how to get public transportation from the metropolitan Jakarta to their home cities. Therefore, they depend to the government transportation service. Furthermore, many people feared that the high construction and operating cost of the Migrant Worker Service Building will be added to the placement fee of the migrant worker.

As can be seen, these stricter controls of manpower export have failed to bring any improvement when they are not accompanied by reliability of government service personnel and effective law punishing abuse of the prospective migrant workers. The widespread illegality and abuse of the migrant workers are the result of this phenomenon. One such case involved the almost successful smuggling of 1056 Indonesian migrant workers to Libya by a woman owning an illegal placement agency in early April 2008. The police suspect the involvement of staff from the Libyan Embassy in Jakarta (“1056 TKI illegal”, 2008). Such police intervention is new for Indonesia. Until 2007 the Indonesian government responded very slowly to the many abuse cases. However, since the new the Minister Regulation from September 2007, the National Agency of Migrant Worker Placement and Protection (BNP2TKI) responsible directly to the president, whose chairman is a labour activist, has been given wider authority to conduct legal activities. Since then the medical and psychological testing of migrant workers has been set as the first requirement. Such tests must be performed by a local branch of the Health Ministry to avoid the falsification of the health check certificate. Moreover, placement agencies and training camps operating illegally have been handled more seriously. Through improved cooperation with the police, raids of illegal training camps or placement agencies have been carried out of-ten and more rigidly than before. In early January 2008 the BNP2TKI recommended 86 migrant worker training centres to be closed owing to their insufficient facilities (“86 BLK TKI”, 2008). In the destination countries of migrant workers, the government is also starting to enhanced mi-grant worker services at the Indonesian embassies by setting up migrant worker counselling desk and an accommodation place for abused or illegal migrant workers.

Yet, the root of the problem has not been cut seriously: illegal brokerage (*percaloan*). In the villages the brokers play an important role in the persuasion and recruitment of villagers. Most placement agencies dislike such type of work, because their location is in capital cities. It is easier for them to let the persuasive work be done by local brokers who understand the village situation and local culture better. Most migrant workers use the broker service, and it is a common practice that the migrant workers are charged for this service. Problems have arisen as the brokers set the service fee arbitrarily. Because most brokers work freelance or

are self-employed, it is difficult for the Indonesian government to regulate and control this informal brokerage practice. It seems that the government realizes that brokerage also creates employment for many unemployed, and they make no serious endeavour to fight the brokerage. Although according to Law No. 39 of 2004 on Migrant Worker Placement and Protection, brokerage is illegal, but until now, there is no special law against the brokerage practice itself. This condition gives more room for swindle and criminality and allows criminal brokers working for human trafficking to operate freely.

In the destination countries criminal brokerage practices have also been reported as the origin of migrant worker abuse. As reported by Sheu (2007, pp. 92-93) and Human Right Watch (2005, pp. 36-37) brokers often place the migrant worker at abusive and psychologically ineligible employers, some falsify the health/psychological documents of such employers for this purpose. It is widely known that Indonesian migrant workers are lower educated and do not understand their rights well (Loveband, 2003, p.6) – e.g. compared to Filipino – therefore, they are often offered to such problematic employers. Brokers also charge migrant workers additional or excessive placement fees as stated on the employment contract and convince employers to terminate the employment contract after the placement agency's fee has been paid to take a new broker fee from migrant workers for their new placement and contract renewal (FOBMI 2005, 40-43, Sheu 2007, 98).

To fight against this illegal and criminal brokerage, the Indonesian government and also governments of employer countries need not only effective bilateral/international law but also a high budget to improve controls and to conduct investigative raids. Moreover socialization and campaigns particularly through the mass media should be utilized to introduce the legal procedure of working abroad and to raise awareness of the risk of manpower export and of the practice of illegal brokers and placement agencies. For these purposes the Indonesian government is over-loaded and lacks capacity. Furthermore, attempts to make bilateral agreements with employer countries have been insufficient. Until now, the Indonesian government has signed a memorandum of understanding for migrant worker regulations with only six of the sixteen main employer countries: Malaysia, South Korea, Kuwait, Taiwan, Jordan and the United Arab Emirates (Ha-num, 2008). Yet, the agreements regulate placement procedures, which caters more to the interests of employer countries (e.g. to handle illegal Indonesian workers) rather than to the protection of migrant worker rights (e.g. to regulate minimum salary and maximum working hours or to handle abusive employers) (Sijabat, 2006). Furthermore, although Saudi Arabia is the first employer country and has no good reputation due to the abuse cases with female Indonesian domestic workers, there is no strong endeavour from Indonesian government to pressure the Saudi Arabian government

to make a bilateral migrant worker protection agreement. Indonesia has also not ratified the UN's International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families which came into force on 1 July 2003 and allows the Indonesian government to claim protection on Indonesian migrant workers in the international field, because the Indonesian Government itself is not ready to provide the same required protection to foreign migrant workers in Indonesia (Aini, 2006).

7. Conclusion

There is still a lot of work needing to be completed to improve the capacity of manpower export in its significance role in reducing unemployment. A simple and low cost placement procedure, an efficient supervision system and effective bilateral and international agreements should be provided by the Indonesian government through close cooperation with the police, international and local NGOs and the governments of employer countries. Furthermore, the Indonesian government has to consider its position as a domestic migrant worker supplier. If Indonesia wants to achieve another migrant worker supplier status, e.g. as a supplier of skilled migrant workers for health, construction, service or marketing sector, the Indonesian government has to establish and invest in a required education system for this purpose.

Despite these attempts, the work prospect for the 10 million unemployed labour force is still bleak. In the past, the decline of Indonesia's unemployment was never higher than 8. The employment situation is estimated to relax only after the next ten years, when the additional labour force entering the labour market is expected to decrease parallel to the natural decline of the population in working age groups.

Notes

- 1 In 2007, the population of Baden Württemberg is 10.759. This data is from the Statistisches Bundesamt, Federal Statistical Office Germany, (2007).
- 2 Where half employed refers to those who work less than 35 hours per week and are looking for job.
- 3 See *Gaya Hidup Kelas Menengah Baru Jakarta* (1996) and Robison (1996).
- 4 Data is from the Indonesian Investment Coordinating Board, BKPM (2006)
- 5 Minister Regulation PER-18/MEN/IX/2007 is available at the website for Ministry of Manpower and Transmigration in Indonesian language: <http://www.depnakertrans.go.id/uploads/doc/perundangan/121020455247fc727e655a7.pdf> (Menteri Tenaga Kerja dan Transmigrasi, 2007)
- 6 Information on procedures of recruitment and placement of migrant workers are also available at the website for National Agency of Migrant Worker Placement and Protection (BNP2TKI): http://www.tki.or.id/aturan/atur_prosedur_files/frame.htm (BNP2TKI, n.d.d)
- 7 See for the falsification of age and health certificates in the speech of State Minister of Indonesia's Women Empowerment in Swasono, Meutia Hatta (Swasono, 2006), for altered travel documents Human Rights Watch (2005, pp. 17, 20, and 30), for falsification of ID cards and passports FOBMI et al. (2005, pp. 27-28).
- 8 See FOBMI et al. (2005, pp. 36-40), Human Rights Watch (2005, pp. 45, 48-52) and Naovalitha (2006, 13-14, 16).
- 9 Human Rights Watch interviewed female Indonesian migrant domestic workers, who experienced sexual abuse and rape (2006, pp. 16-17). According to their report there is a considerable number of pregnancies as result of rape (p. 82). Cases of rape and the sexual abuse of Indonesian female migrant workers are also reported in Sheu (2007, pp. 12, 106-107, 117-118, 120). Rape and sexual abuse are also suggested as motives behind the murder of or assault against employers (Susilo, 2004).
- 10 Extortion of money from migrant workers is made by the brokers or placement agencies during the training period of prospective migrant workers, during their employment abroad and at/after their return to Indonesia. A special study on it conducted in Hong Kong by NGOs is found in FOBMI et al. (2005). Human Rights Watch has also (2005, pp. 21-22) presented evidence of extortion of Indonesian domestic migrant workers. Extortion is mentioned as a risk in relation to the vulnerability of Indonesian migrant workers in Simandjuntak (2006, pp. 41-42) and Naovalitha (2006, pp.13-14)
- 11 See Human Rights Watch (2005, p. 39), Sheu (2007, p. 107), and FOBMI et al. (2005, pp. 4-6)
- 12 Summarised from Human Rights Watch (2005) FOBMI et al. (2005) Naovalitha (2006).
- 13 See Sheu (2007, pp. 95, 98). In many cases migrant workers are aware of some manipulation practices and do nothing against them (Human Right Watch, 2005; "Ketika Bangsa", 2004)
- 14 See FOBMI et al. (2005, pp. 20-21). For cases of migrant workers in Saudi Arabia, see Silvey (2006, pp. 24, 32 and 34)
- 15 Kompas Newspaper reported that illegal 82 migrant workers were found at the Jakarta airport ready for departure during criminal police raids in cooperation with BNP2TKI. Although these migrant workers were found without a visa and a Migrant Worker Card (KTKLN), they had a legal departure permit from a branch of the Ministry of Manpower and Transmigration (Depnakertrans). This legal departure permit does not belong to the standard placement procedure, and the branch of Depnakertrans, who has issued it, is not responsible for such documents.
- 16 More information about the fund, structure and operation of the Migrant Worker Service Building, e.g. in Jakarta International Airport can be seen in a press release from the Manpower Ministry (Sumardoko, 2008).
- 17 According to FOBMI et al. (2005, p. 26) about 90% of Indonesian migrant workers in Hong Kong use the broker service.

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