

The Impact of Unemployment on the Economy in Indonesia

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ABSTRACT

The Open Unemployment Rate (TPT) is an indicator that can be used to measure the level of supply of labor that is not used or not absorbed by the labor market. However, compared to conditions a year ago, TPT decreased by 0.58% percent from 7.07% to 6.49%. The phenomenon of unemployment is still an interesting problem to study and study in accordance with economic developments in society. By using qualitative research methods with a deductive thinking approach. This research shows that unemployment occurs because, among other things, the number of jobs available is smaller than the number of job seekers. Also, the competence of job seekers is not in line with the job market. In addition, there is also a lack of effective job market information for job seekers.

1. Introduction

One of the main problems faced by the nation and state of Indonesia is the problem of unemployment (Nurhayati, 2015). High unemployment has a direct or indirect impact on poverty, crime and socio-political problems which are also increasing (Teja, 2015). With a sizeable workforce, migration flows that continue to flow, as well as the impact of the prolonged economic crisis to date, the workforce problem has become very large and complex. The phenomenon of unemployment is also closely related to the occurrence of termination of employment (Sukanto, 2015), which are caused among others; companies that have closed/reduced their business fields due to the economic crisis or unfavorable security; regulations that inhibit investment; obstacles in the import-export process, and others.

Data from BPS (2022) shows that the total workforce in August 2021 was 131.05 million people, a decrease of around 10 thousand people (0.01 percent) when compared to the situation in February 2021 (131.06 million people), and an increase of 2.60 million people (2.02 percent) when compared to August 2020 (128.45 million people). while the number of unemployed in August 2021 reached 9.10 million people, an increase of around 350 thousand people when compared to the situation in February 2021 (8.75 million people), and a decrease of 670 thousand people when compared to the situation in August 2020 (9.77 million people). In line with the increase in the number of labor force, the Labor Force Participation Rate (TPAK) also increased. TPAK in August 2021 was recorded at 67.80 percent, an increase of 0.03 points compared to a year ago. The increase in TPAK gives an indication of an increase in economic potential from the supply side of labor. The Open Unemployment Rate (TPT) is an indicator that can be used to measure the level of supply

of labor that is not used or not absorbed by the labor market. However, compared to conditions a year ago, TPT decreased by 0.58% from 7.07% to 6.49%.

The limited employment opportunities in Indonesia, especially in big cities, are very high from year to year, so that the potential for graduates of education programs to be unaccommodated in employment every year always increases and never decreases. And in the end, people will significantly lose confidence in the existence of economic institutions if the unemployment problem continues like this in the coming year (Zaroni, 2015).

Employment is an important indicator of the level of social welfare and at the same time an indicator of the success of implementing "the economy" in reducing the existing poverty rate (Yanthi & Marhaeni, 2015). While the social impact of this type of unemployment is relatively greater and there are many negative effects from this, one of which is the crime rate in each region also increases due to economic encouragement (Retnowati et al., 2015). Given the complexity of this problem, efforts to solve it are not limited to economic sector policies, but spread to other problems in a multi-dimensional manner. The phenomenon of unemployment often causes other social problems as explained above. In addition, of course, it will create a low social productivity rate, which will lower the level of people's income later. At this time, quite a lot of research on unemployment has been carried out (Muhdar, 2015; Paramita & Purbadharmaja, 2015). But not much has been linked to the Indonesian economy so that this research can make up for the lack of research in this section. The methodology used in compiling this paper is to use the deductive thinking method, namely analyzing general knowledge or general facts to find specific conclusions (Sugiyono, 2019).

2. Result and Discussions

Huda (2017) argues that the main challenge faced by the Government is the continued increase in the number of unemployed. Each country can provide a different definition of the definition of unemployment. Furthermore, the International Labor Organization (ILO) provides a definition of unemployment, namely:

1. Open unemployment is a person belonging to the working age population who has not worked for a certain period, is willing to accept work, and is looking for work.
2. Forced underemployment is someone who works as an employee or self-employed worker who during a certain period is forced to work less than normal working hours, who is still looking for another job or is still willing to look for another or additional work
3. Meanwhile, the National Labor Force Survey (SAKERNAS) states that:
4. Forced underemployment are people who work less than 35 hours per week who are still looking for work or who are still willing to accept other jobs.
5. Voluntary underemployment is a person who works less than 35 hours per week but is not looking for a job and is not willing to accept another job.

Unemployment or unemployed is a term for people who do not work at all, are looking for work, work less than two days a week, or someone who is trying to get a decent job (Mansur, 2014). Unemployment is generally caused because the number of labor force or job seekers is not proportional to the number of existing jobs that are able to absorb them (Saefulloh & Fitriana, 2017). Unemployment is often a problem in the economy because with unemployment, people's productivity and income will decrease so that it can cause poverty and other social problems.

In developing countries like Indonesia, the term "disguised unemployment" is known, in which jobs that should be done with a small workforce are carried out by more people.

1) The following are some of the causes that have led to the proliferation of unemployed people in Indonesia.

Relatively large population. The increasing number of people in Indonesia, of course, has an impact that is not good for social life. This population density will also have an impact on the increase in the number of unemployed.

Low education and skills. The requirement for someone to be able to easily get a job must of course be capitalized with good education and skills. If not, don't expect us to get a decent job. Just imagine how many junior, high school and other tertiary graduates graduate each year, only those with excellent seeds will later grace the world of work. The labor force cannot meet the requirements demanded by the world of work. As with the second point, the non-fulfillment of the requirements demanded by the world of work such as good education and skills will only increase the number of unemployed in Indonesia. In fact, it is not uncommon for job seekers' competencies to be inconsistent with the job market. There are limited job opportunities.

(2) Of course this problem will have a negative impact on the stability of the country's economy.

The emergence of poverty. With unemployment, of course someone will not be able to earn income. How could he possibly meet his daily needs. A person is said to be poor if his daily income is below Rp. 7,500 per day (according to Indonesian standards) while

based on UN poverty standards, that is, his daily income is below \$2 (around Rp. 17,400 if \$1 = Rp. 8,700). Increasingly diverse criminal acts. A person must be required to meet basic needs in life, especially food to survive. However, an unemployed person in a desperate situation may commit criminal acts such as stealing, pickpocketing, mugging or even killing to get a bite of rice. The increasing number of street children, beggars, buskers and child trafficking and so on. In addition to the rise of criminal acts, there will also be an increase in buskers or beggars whose behavior sometimes starts to annoy residents. Because they did not hesitate to threaten the victims or could injure them if they were not given money.

(3) Unemployment growth can be hampered by taking strategic actions

Expand and open jobs. One of them can be realized by empowering the labor-intensive informal sector, home industry. Creating new entrepreneurs. It is hoped that graduates from schools or tertiary institutions will not only have the goal of being employees, but it would be better if they make businesses that can absorb the workforce so as to help the government in overcoming the increasing number of unemployed. And as we can see recently, there have been a lot of talented young graduates who have successfully conducted business activities. Conduct guidance, counseling and workforce skills, add skills, and improve education.

Immediately move excess labor from places and sectors that have excess to places or economic sectors that are lacking. The policies carried out by the government. The government provides insight, knowledge and entrepreneurial skills to Small and Medium Enterprises (SMEs) in the form of technical and management guidance providing long-term soft capital assistance, market expansion. As well as providing special facilities in order to

grow independently and reliably compete in their field. Encouraging the formation of joint business groups and a business environment that supports and encourages the realization of small and medium entrepreneurs who are able to develop businesses, master technology and market information and improve SME partnership patterns with BUMN, BUMD, BUMS and other parties. Immediate improvement, development and development of areas, especially disadvantaged and remote areas as a priority by building transportation and communication facilities. This will open up employment opportunities for the unemployed at various types and levels. Hope for the development of the potential of the territory of the Unitary State of the Republic of Indonesia (NKRI), both the potential of natural resources and human resources.

Immediately build social institutions that can guarantee the life of the unemployed. Such as PT Jamsostek (PT Jamsostek). By establishing this institution, every unemployed person in Indonesia will be properly recorded and receive special attention. Technically and in detail. Immediately simplify licensing and increase security because too many types of permits hinder investment, both foreign investment and domestic investment. This needs to be discussed and simplified immediately so as to stimulate growth in an investment climate that is conducive to creating jobs. Developing Indonesia's tourism and cultural sector (especially areas that have not yet explored their potential) by carrying out promotions in various countries to attract foreign tourists, inviting investors to participate in the development and development of tourism and culture which will absorb many regional workers local.

Carrying out synergy programs between BUMN or BUMS which have business linkages or production results will fill each other's needs. With this synergy, the production

process activities will become more efficient and inexpensive because the procurement of raw materials can be done jointly. For example, PT Krakatau Steel can synergize with PT. PAL Indonesia to supply the needs of raw materials in the form of steel plates. By slowing down the rate of population growth (minimizing marriage at an early age) it is hoped that this will reduce the growth rate of the new labor force or expedite the transmigration system by allocating dense populations to sparsely populated areas facilitated by the agricultural, plantation or livestock sectors by the government. Selecting Indonesian Migrant Workers (TKI) who will be sent abroad. Strict selection is needed for sending migrant workers abroad. It is advisable to seek skilled workers. This can be carried out and initiated by the Central and Regional Governments. Immediately the curriculum and national education system (Sisdiknas) must be perfected. The education system and curriculum determine the quality of competency-oriented education. Because most of the unemployed are college graduates who are not ready to face the world of work.

Immediately develop marine and agricultural potential. Because Indonesia has a strategic geographical location, most of which are seas and islands that have great potential as a maritime and agricultural country. Indonesia's marine and agricultural potential needs to be managed properly and professionally in order to create productive employment opportunities. Economic growth is a very important indicator in assessing the performance of an economy, especially for conducting an analysis of the results of economic development that has been carried out by a country or a region. The economy is said to experience growth when the production of goods and services increases from the previous year. Thus, economic growth shows the extent to which economic activity can generate additional income or social welfare in a certain period.

The economic growth of a country or a region that continues to show improvement means that the economy of that country or region is developing well. But of course, the number of unemployed people who continue to swell will hamper the rate of economic growth of a country. And of course this cannot be kept silent all the time, the government must be responsive in dealing with this most chronic economic problem. The problem of unemployment has always been a difficult problem to solve in every country. This is because the population is increasing every year, which will lead to an increase in the number of job seekers, and along with that the workforce will also increase. If the workforce cannot be absorbed into the workforce, they will be classified as unemployed based on working hours.

Unemployment

Unemployment is grouped into 3 types:

- a. Disguised Unemployment is a workforce that does not work optimally for a certain reason.
- b. Underemployment is a workforce that does not work optimally because there are no jobs, usually this underemployed workforce is a workforce that works less than 35 hours a week.
- c. Open Unemployment is a workforce that really does not have a job. There are quite a lot of this type of unemployment because they haven't got a job even though they have tried their best.

Based on the causes of its occurrence, unemployment is grouped into 7 types:

a. Frictional Unemployment

Frictional unemployment is unemployment that is temporary in nature due to time constraints, information and geographical conditions between job applicants and those who open applications for unemployed workers who are looking for jobs unable to meet the requirements specified by the job opener (Widayati, 2021). The more advanced an economy of a region will increase the need for human resources that have better quality than before. For example: Migration of labor from the agricultural sector to the industrial sector, temporarily unemployed. Quit your old job and find a new, better job.

b. Cycle Unemployment

Conjunctural unemployment is unemployment caused by changes in the waves (rises and falls) of economic life or the economic cycle. For example: In a company when it is developing, it needs new workers to expand its business. Conversely, if the business continues to lose money, there will be layoffs (termination of employment) or dismissal.

c. Structural Unemployment

Structural unemployment is unemployment caused by changes in the economic structure and pattern of the economy in the long term. For example: An area that was previously an agricultural area (agriculture) becomes an industrial area, then agricultural workers will be unemployed. Structural unemployment can be caused by several possibilities, such as due to reduced demand, due to advances and use of technology, and due to government Policies

d. Seasonal Unemployment

Seasonal unemployment is a condition of being unemployed due to short-term fluctuations in economic activity which causes a person to be unemployed. For example: during the harvest season, farmers work diligently, while previously many were unemployed.

e. Technological Unemployment

Technological unemployment is unemployment that occurs due to the change or replacement of human labor into machine power. For example, before there were rice mills, people who worked as rice pounders worked, after there were rice milling machines they stopped working.

f. Political Unemployment

This unemployment occurs because of government regulations that directly or indirectly, result in unemployment. For example closing troubled banks causing layoffs.

g. Deflatoir Unemployment

This deflatoir unemployment is caused by the insufficient availability of jobs in the economy as a whole, or because the number of workers exceeds job opportunities, then unemployment arises.

Causes of Unemployment

Unemployment is generally caused because the number of labor force is not proportional to the number of jobs that are able to absorb it. Unemployment is often a problem in the economy because with unemployment, people's productivity and income will decrease so that it can cause poverty and other social problems. The unemployment rate can be calculated by comparing the number of unemployed to the number of the labor force expressed in percent.

The absence of income causes the unemployed to reduce their consumption expenditure which causes a decrease in the level of prosperity and welfare. Prolonged

unemployment can also have a bad psychological effect on the unemployed and their families.

Unemployment rates that are too high can also cause political, security and social chaos, thereby disrupting economic growth and development. The long-term consequence is a decrease in GNP and a country's per capita income.

The causes of unemployment can be classified into three types, namely (Sejati, 2020):

1. Frictional unemployment is unemployment that exists when the economy has achieved full employment.
2. Structural unemployment occurs due to changes in the structure or composition of the economy.
3. Technological unemployment, caused by the replacement of human labor by machines and chemicals caused by technological developments.

The Open Unemployment Rate (TPT) in Indonesia in August 2021 reached 6.49 percent, an increase of 0.23 percentage points compared to the TPT in February 2021 (6.26 percent) and decreased by 0.58 percentage points compared to the TPT in August 2020 (7, 07 percent).

The components that make up the labor force are the working population and the unemployed. The number of working people in August 2021 was 131.05 million people, a decrease of around 10 thousand people (0.01 percent) when compared to the situation in February 2021 (131.06 million people), and an increase of 2.60 million people (2.02 percent) when compared to the situation in August 2020 (128.45 million people). while the number of unemployed in August 2021 reached 9.10 million people, an increase of around 350 thousand people when compared to the situation in February 2021 (8.75 million people),

and a decrease of 670 thousand people when compared to the situation in August 2020 (9.77 million people).

In line with the increase in the number of labor force, the Labor Force Participation Rate (TPAK) also increased. TPAK in August 2021 was recorded at 67.80 percent, an increase of 0.03 points compared to a year ago. The increase in TPAK gives an indication of an increase in economic potential from the supply side of labor. The Open Unemployment Rate (TPT) is an indicator that can be used to measure the level of supply of labor that is not used or not absorbed by the labor market. However, compared to conditions a year ago, TPT decreased by 0.58% from 7.07% to 6.49%.

The average wage/salary of laborers/employees/employees, hereinafter referred to as the average labor wage in February 2020, was 2.91 million rupiahs per month and decreased in August 2020, namely 2.75 million rupiahs. However, the average labor/employee wages again increased in February 2022 by 2.86 million rupiahs and decreased again in August 2022 by 2.73 million rupiahs. The high level of unemployment in an economy will result in an economic downturn and a decline in the level of social welfare as a result of a decrease in people's income.

The impact of unemployment on the community's economy (Swaramarinda, 2014):

a. Income per capita

An unemployed person means that he has no income so that his life will burden other people who work. The impact is a decrease in per-capita income. In other words, if the unemployment rate is high then per capita income will decrease and vice versa if the

unemployment rate is low per capita income will increase, provided that the income of those who are still working remains constant.

b. Country income

People who work get remuneration in the form of wages or salaries. The wages/salary before reaching the recipient's hands are deducted from income tax first. This tax is a source of state revenue so that if there are not many people working, state revenue from income tax revenue tends to decrease.

c. Psychological Burden

The longer a person is unemployed, the greater the psychological burden he bears. People who have a job means he has social status in society. Someone who has not had a job for a long time will feel inferior because of their unclear status.

d. Emerging Social Costs

The high unemployment rate will lead to expenditures in the form of social costs such as the cost of procuring counseling, training costs, and security costs as a result of the tendency for increased crime.

Indonesia's condition, the problem of unemployment must be overcome with various efforts. Every citizen has the right to work and a decent living for humanity in accordance with the 45 Constitution article 27 paragraph 2 (Hia, 2013). As a solution to unemployment, various strategies and policies can be taken, for this, policies are needed, namely:

1. The government provides assistance with insight, knowledge and entrepreneurial skills to Small and Medium Enterprises (SMEs) in the form of technical and management guidance providing long-term soft capital assistance, market

expansion. As well as providing special facilities in order to grow independently and reliably compete in their field. Encouraging the formation of joint business groups and a business environment that supports and encourages the realization of small and medium entrepreneurs who are able to develop businesses, master technology and market information and improve SME partnership patterns with BUMN, BUMD, BUMS and other parties.

2. Immediate improvement, construction and development of areas, especially underdeveloped and remote areas as a priority by building transportation and communication facilities. This will open up employment opportunities for the unemployed at various types and levels. Hope for the development of the potential of the territory of the Unitary State of the Republic of Indonesia (NKRI), both the potential of natural resources and human resources.
3. Immediately build social institutions that can guarantee the life of the unemployed. Such as PT Jamsostek (PT Jamsostek). By establishing this institution, every unemployed person in Indonesia will be properly recorded and receive special attention.
4. Immediately simplify licensing and increase security because too many types of permits impede investment, both foreign investment and domestic investment. This needs to be discussed and simplified immediately so as to stimulate growth in an investment climate that is conducive to creating jobs.
5. Developing the Indonesian tourism and cultural sector (especially areas that have not yet explored their potential) by carrying out promotions in various countries to attract foreign tourists, inviting investors to participate in the development and

development of tourism and culture which will absorb a lot of manpower local work.

6. Carry out synergy programs between BUMN or BUMS which have business linkages or production results that will fill each other's needs. With this synergy, the production process activities will become more efficient and inexpensive because the procurement of raw materials can be done jointly. For example, PT Krakatau Steel can synergize with PT. PAL Indonesia to supply the needs of raw materials in the form of steel plates.
7. By slowing down the rate of population growth (minimizing marriage at an early age) which is expected to suppress the growth rate of the new labor force or expedite the transmigration system by allocating dense populations to sparsely populated areas facilitated by the government's agricultural, plantation or animal husbandry sectors.
8. Selecting Indonesian Migrant Workers (TKI) who will be sent abroad. Strict selection is needed for sending migrant workers abroad. It is better to strive for skilled workers. This can be carried out and initiated by the Central and Regional Governments.
9. The curriculum and national education system (Sisdiknas) must immediately be perfected. The education system and curriculum determine the quality of competency-oriented education. Because most of the unemployed are college graduates who are not ready to face the world of work.
10. Immediately develop marine and agricultural potential. Because Indonesia has a strategic geographical location, most of which are seas and islands that have great

potential as a maritime and agricultural country. Indonesia's marine and agricultural potential needs to be managed properly and professionally in order to create productive employment opportunities.

In addition, unemployment prevention can also be done by means of;

1. Increasing job training to meet the skills requirements according to the demands of modern industry,
2. Improving the quality of education,
3. Promote and encourage entrepreneurship,
4. Encouraging the opening of informal business opportunities,
5. Improving development with a labor-intensive system,
6. Opening job opportunities abroad

3. Conclusion

Unemployment or unemployed is a term for people who do not work at all, are looking for work, work less than two days a week, or someone who is trying to get a decent job. Unemployment occurs because among other things, namely because the number of available jobs is smaller than the number of job seekers. Also, the competence of job seekers is not in accordance with the job market. In addition, there is also a lack of effective labor market information for job seekers. Every unemployed is endeavored to have a lot of work for humanity, meaning productive and remunerative in accordance with Article 27 Paragraph 2 of the 1945 Constitution with the participation of all Indonesian people. Even more firmly, make tackling unemployment a national commitment.

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