

ILO: Employment Insurance (JKP) – A step to deliver the integrated assistance for job seekers

The implementation of the employment insurance or Jaminan Kehilangan Pekerjaan (JKP) requires smooth integration and synergy between the provision of cash and non-cash benefits to provide effective protection for the unemployed workers.

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Kazutoshi Chatani (right) together with Wahyu Dhyatmika of Tempo.co (right)

The International Labour Organization (ILO) deemed the implementation of the Employment Insurance (JKP) as a milestone achievement of Indonesia, while highlighting some areas where further efforts were required in providing much needed support to jobseekers.

This programme is designed to help unemployed workers maintain their decent livelihood and find new jobs. The idea of this programme, signed in February 2021 by President Joko Widodo, is very relevant to the needs of the unemployed as it combines three benefits: cash benefit for six months, vocational training, and access to labour market information.

“The provision of cash benefits for the unemployed workers is very important to help them and their families maintain livelihood, while trying to find new jobs. In addition, the upskilling and reskilling training programmes will be meaningful to maintain their competitiveness in the labour market. And what is also important is the opening of access to information on the labour market,” said ILO’s employment specialist, Kazutoshi Chatani, during Ngobrol@Tempo virtual discussion titled ‘From unemployed to get back to work, what can employment protection do?’ held on Wednesday, 14 July.

Based on a survey conducted by Tempo.co, for example, most workers want to find new jobs immediately if they get unemployed. Access to employment is a basic human right and the unemployed need assistance with jobsearch, especially in time of crisis like today. According to the Sakernas August 2020, about 29 million workers were impacted by the pandemic. Labour market situation improved earlier this year, but the current surge in COVID-19 infections may delay jobs recovery..

Kazu mentioned that “JKP set the policy direction right. A task in the coming years is to enrich support programmes so that jobseekers can find jobs quickly”. He emphasized the role of career counselors in this regard. Professional counselors help find suitable jobs for the unemployed and refer jobseekers to skills training programmes if needed. In addition, this counseling method is also very much needed by job seekers with disabilities, young job seekers and single mothers to help them find proper jobs. “Counselling service could be provided online given the geography of Indonesia,” he added.

Another area that Indonesian policymaker might wish to consider is job placement assistance. According to the ILO employment specialist, many G20 countries provide hiring incentives to companies. Relocation allowance, which is given to jobseekers who need to move to another place to take up new jobs, is another example.

Unemployment benefit during the spell of unemployment, job search support, skills training, and job placement is a package assistance that jobseekers require. The whole system help keep Indonesian workers employable and shift workers from declining segments to productive segments of the economy. Supporting jobseekers actually keeps Indonesia productive in the era of global competition, Kazu says.

In Japan, for instance, employers contributes 0.6% and workers contributes 0.3% of wage bill to the employment insurance scheme. With this funding, Japan provides support to jobseekers, maintaining the unemployment rate relatively low and keeping its economy productive.

Employment insurance functions as a systemic and collective investment in human capital in Japan.

“If Indonesia is to shine in the global market, then building effective mechanisms of keeping its workforce productive is a key” Kazu remarked. The system requires a sustainable funding.

“Policymakers and social partners might wish to revisit the quality of assistance to jobseekers and cost distribution in the coming years”, according to the employment specialist.

Indonesia starts the payout of employment benefit in February 2022.

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