



FACULTY OF
ECONOMICS
AND BUSINESS



Discussion

"Broken Ladders? Labour Market Inequality in Indonesia and India"

Sadli Lecture 2024

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Topic of the lecture paper...

- ▶ Topic of discussion centers on the comparison between low-tier and high-tier informal and formal work.
- ▶ Both Indonesian and India labor market has witnessed a stark divide between low-tier and high-tier employment opportunities.

Topic of the lecture paper...

- ▶ Challenge faced by low-tier workers:
 - ▶ Low-tier informal workers, constituting a significant portion of the workforce.
 - ▶ They have struggled with precarious job conditions, lack of social protection, and stagnant wages.
 - ▶ Many are trapped in the cycle of poverty, unable to climb the job ladder due to limited education and skill development opportunities.

Topic of the lecture paper...

- ▶ Opportunities and dynamic in high-tier workers:
 - ▶ Over the past decade, both Indonesia and India has experienced relatively 'stable' (?) economic growth, leading to the emergence of new industries and job opportunities.
 - ▶ High-tier formal workers benefit from better wages, job security, and access to social protections.
 - ▶ Additionally, advancements in technology have created avenues for upskilling and career advancement, enabling workers to climb the job ladder.

Comments for the lecture paper...

- ▶ Definition of low/high tier + formal/informal workers
 - ▶ Not directly identifiable
 - ▶ Need further explanation or table to put the combination of both tier and workers status.

Table 1: Definition of low-tier/high-tier and informal/formal workers

		Work status					Unpaid family worker
		Self-employed	Self-employed with family member	Employer	Government employee	Private sector employee	
Work Type	Professional	HTI	HTI	HTI	HTF	HTF	LTI
	Director or manager	HTI	HTI	HTI	HTF	HTF	LTI
	Official or administrative	HTI	HTI	HTI	HTF	HTF	LTI
	Sales	LTI	LTI	HTI	LTF	LTF	LTI
	Labour	LTI	LTI	HTI	LTF	LTF	LTI
	Production	LTI	LTI	HTI	LTF	LTF	LTI
	Transportation	LTI	LTI	HTI	LTF	LTF	LTI
	Unskilled	LTI	LTI	HTI	LTF	LTF	LTI

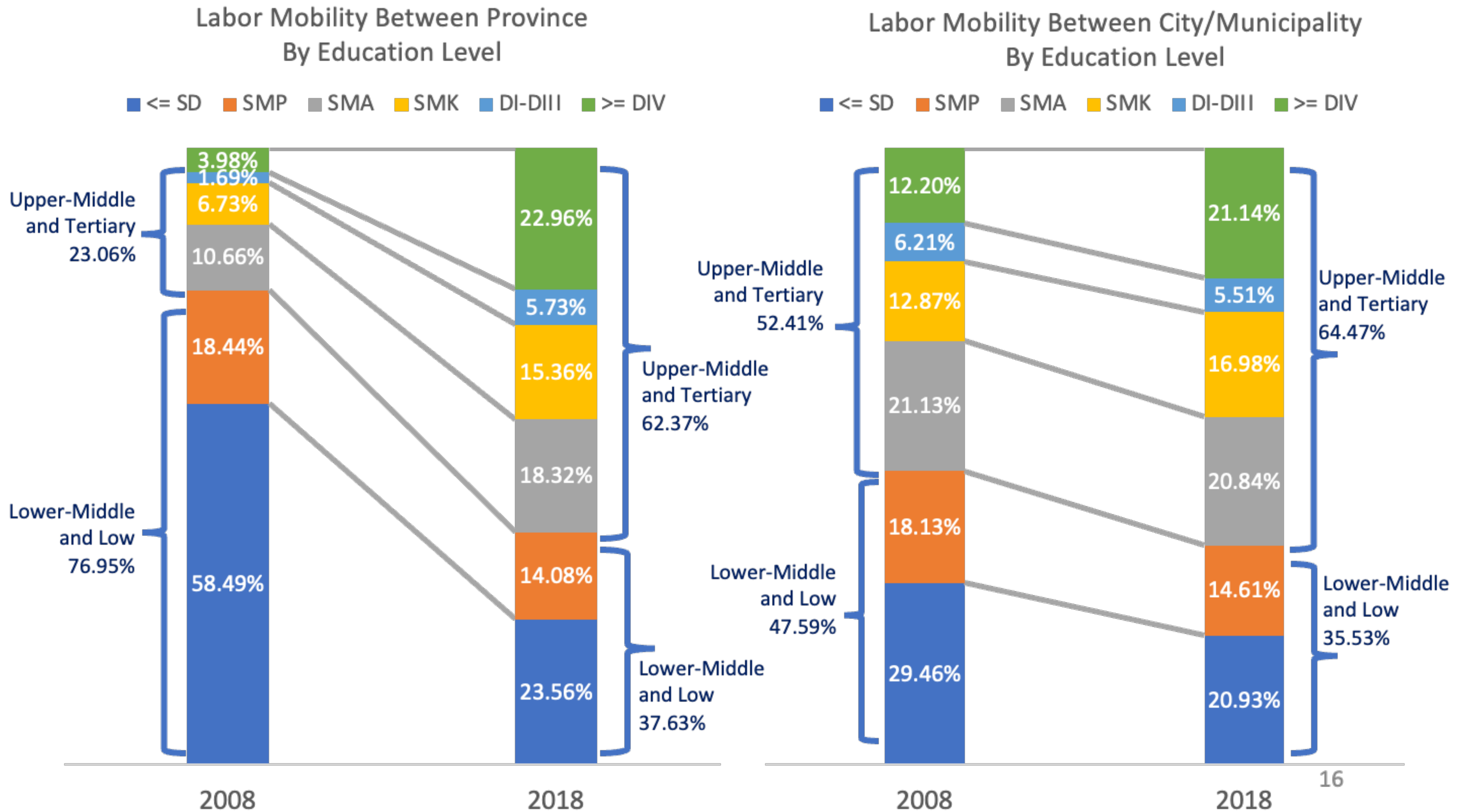
Note: LTI = low-tier informal; HTI = high-tier informal; LTF = low-tier formal; HTF = high-tier formal.

Source: Rizky, Suryadarma, Suryahadi (2023)

Comments for the lecture paper...

- ▶ When discussing about 'urbanisation', for Indonesia case it may include change of status from rural to urban area (*semakin meng-"kota"*).
- ▶ There has been an increasing trend on labor mobility, where workers now are more likely to work to province outside where they live, rather than to district outside where they live.
- ▶ Driven by flexible labour mobility across district, provinces (by different occupation/skills).

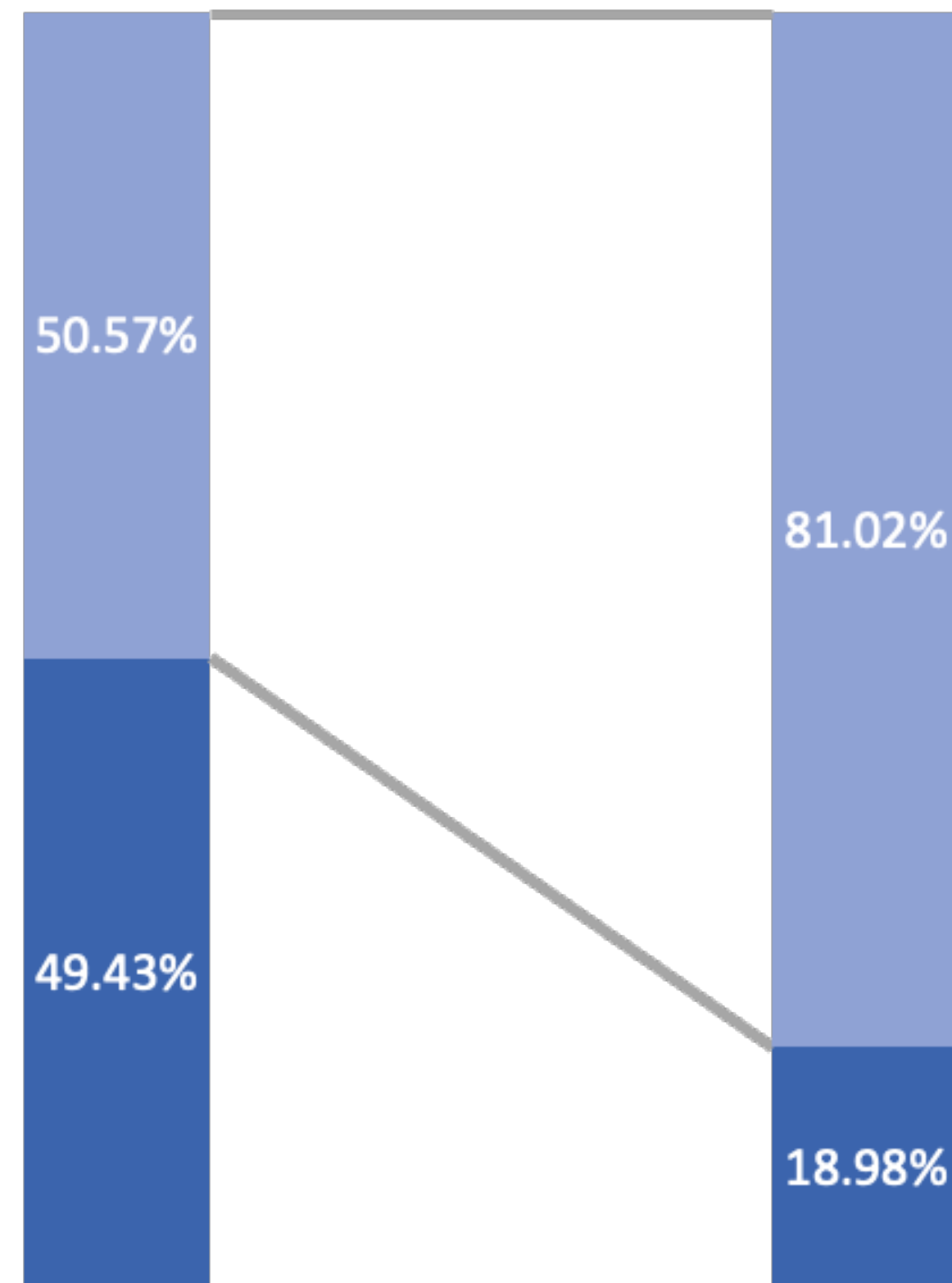
Mobile workers are dominated by workers who have upper-middle and tertiary education level,



... formal workers, ...

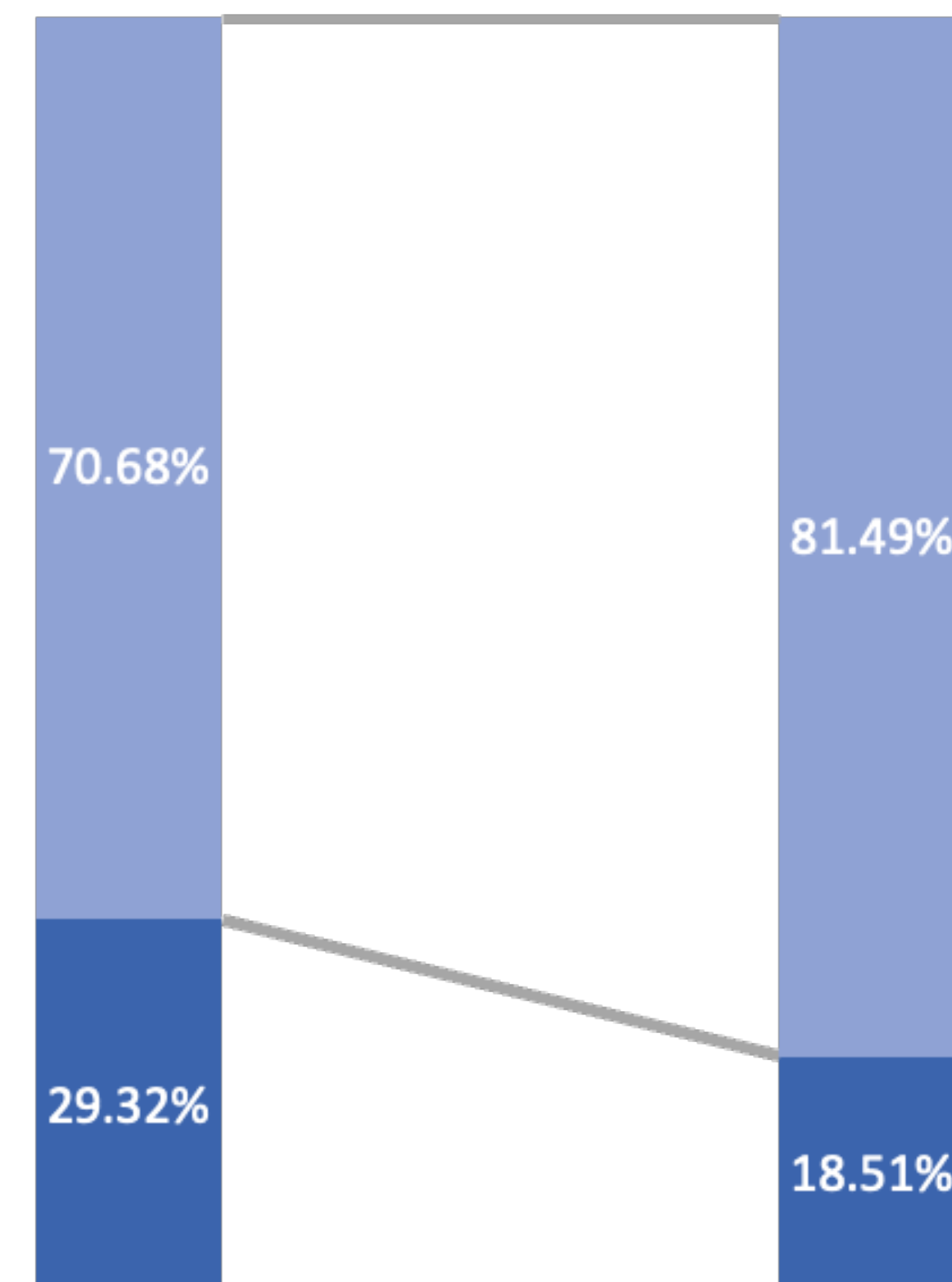
Labor Mobility Between Province
By Formal Status (BPS defined)

■ Informal ■ Formal



Labor Mobility Between City/Municipality
By Formal Status (BPS defined)

■ Informal ■ Formal



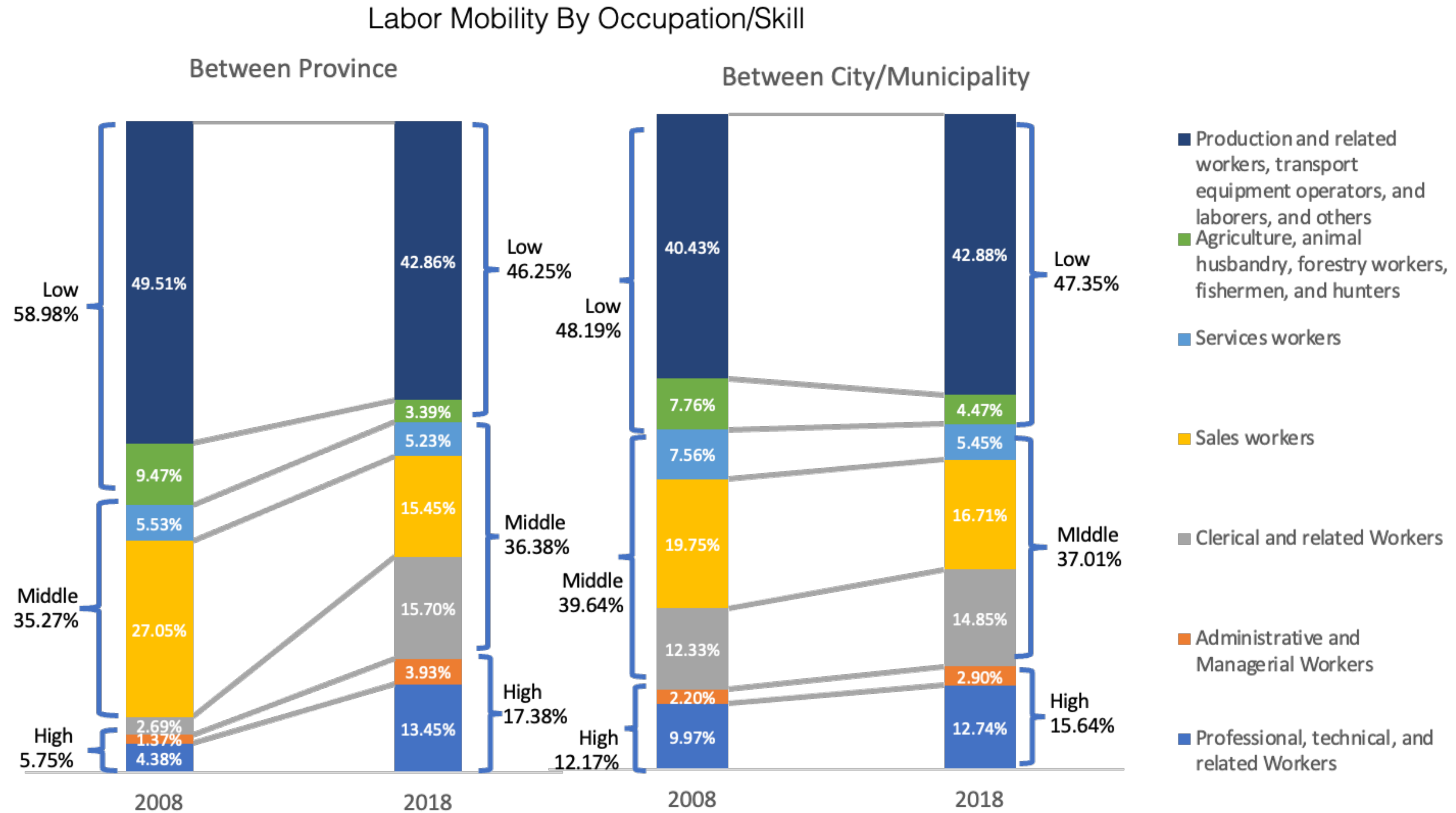
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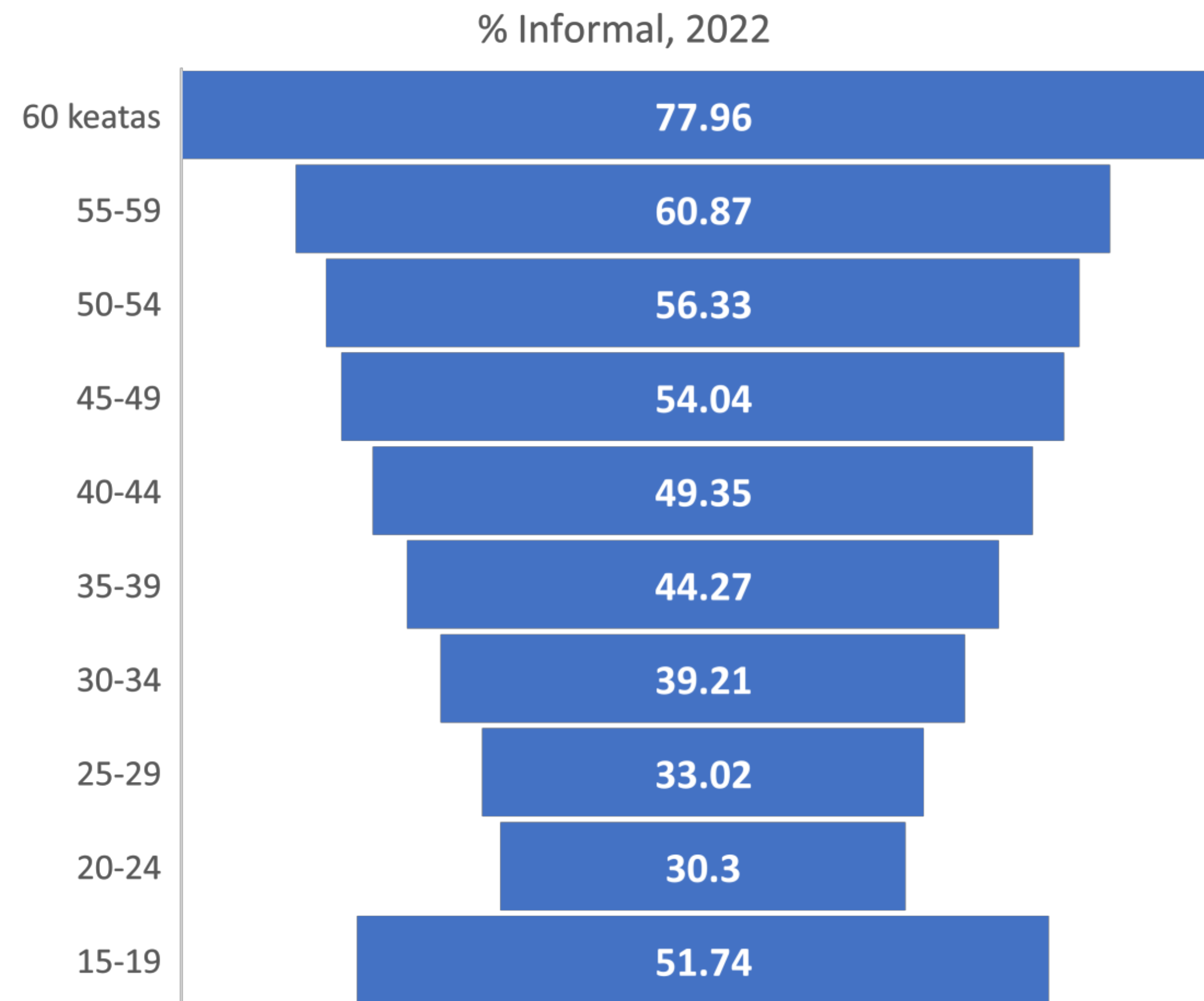
2018

... and still dominated by low-skilled workers, although there has been an increasing trend for high-skilled workers for between province level.



Comments for the lecture paper...

- ▶ It could be more interesting if also decompose the workers by age



Source: BPS (2022)

Three key points related to employment policies...

- ▶ Formalisation and Social Protection:
 - ▶ The government's efforts needed to promote formalisation and to improved access to social protections for workers, particularly in high-tier employment sectors.
 - ▶ However, more needs to be done to extend these benefits to informal workers and ensure comprehensive coverage.

Three key points related to employment policies...

- ▶ Skills Development and Training:
 - ▶ Investment in vocational training programs has empowered workers with the skills needed to succeed in high-tier employment opportunities.
 - ▶ Continued emphasis on skills development is crucial to address the mismatch between job market demands and available talent.

Three key points related to employment policies...

- ▶ Inclusive Growth:
 - ▶ Employment policies must prioritise inclusivity and address the unique needs of vulnerable groups, such as women, youth, and those in the informal sector.
 - ▶ By promoting equal opportunities and reducing barriers to entry, to unlock the full potential of the workforce and drive inclusive economic growth.



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Terima kasih

Thank you