

# Research Summary

## Mapping of Occupations of the Populations in Urban Poor Areas

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### Background

The main employment problems for Indonesia to solve are unemployment and underemployment. The relatively high number of workers involved in unproductive work is a serious problem because it leads to a continuing increase in the numbers of the working poor. According to the ILO (2005), underemployment, work in the informal sector, and unproductive work are not to be categorised as decent work.

As stated in the Indonesian constitution (Undang-Undang Dasar 1945), chapter 27, article 2: ‘every citizen is entitled to the right of employment and dignified decent living for humanity’. Chapter 28, article 2, states: ‘every citizen has a right to work with fair reward and treatment’. Indonesia has also ratified a bill of human rights, which states that every citizen has ‘the right of employment, [and] the right to fair and pleasant work conditions’.

The relatively high rate of unemployment and underemployment, the high number of workers in the informal sector, and the increasing poverty rate are indications that Indonesian governments, national and regional, have failed to ensure that the basic right of all the people to decent work has been met. Another indicator of failure is the relatively high proportion of

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<sup>1</sup> This research was by Laila Nagib with the help and cooperation of Devi Asiati, Dewi Harfina, Soewartoyo, Sumono and Deshinta Febriyanti.

workers who work overtime (work more than 35 hours per week), such as industrial workers, farmers, fishermen, traders and small entrepreneurs, all of whom live close to or below the poverty line.

There is international consensus (including Indonesia) to having plans and policies that will lead to the creation of decent work. These plans also include strategies to alleviate poverty. To achieve these goals, there are some problems to be solved that relate to the limitations of occupation mapping and of data relating to decent work, regionally as well as nationally. So far, employment policies have tended to neglect the decent work aspect. The complexities arise in the urban setting because of the variations in the definitions of formal and informal occupations.

The goal of this study is to analyse and to map the occupations of the populations in the urban poor areas, and to analyse the welfare of workers in terms of several indicators of decent work. The study uses the ILO concept of decent work, which has four aspects (with 23 indicators): the rights of workers in the workplace; employment; social protection; and social dialogue. Our study used a combination of quantitative and qualitative methods, mainly surveys of households (sample size of 300) in two locations, Kelurahan Jamika (Bojongloa Kaler District) and Kelurahan Babakan Sari (Kiaracacondong District).<sup>2</sup> Those locations were chosen using the following criteria: population density, slum areas, poverty rates and variety of occupations. Qualitative methods were used to gather information, mainly through in-depth interviews and focus group discussions, and the data obtained were used to complement the quantitative data.

### **Research findings**

Some similar studies have shown that not all the ILO indicators are applicable in the areas where our research was conducted. The relatively

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<sup>2</sup> The term *kelurahan* refers to a low level local government authority.

high proportion of workers in the informal sector, which has a great variety of occupations, meant that many indicators of decent work (using the ILO concept) were difficult to apply. This is mainly because the concept of decent work tends to be biased towards the assumptions and practices in the formal sectors (mainly industry) and in the developed countries. The definition of some indicators is unclear, which makes them subject to misinterpretation. Moreover, there is also no standard, or cut-off point, that would indicate whether the occupation is to be considered decent work.

### **Mapping of occupations**

Generally, both research locations (Kelurahan Jamika and Kelurahan Babakan Sari) have an urban demographic profile; most of the population work in the informal sector as street vendors, unskilled workers, manual labourers (in the plastics and garment trades) and street musicians. In Kelurahan Jamika, there are many people who have a variety of jobs, whose work depends on orders or on short-run demand; work such as construction-site labour, motorcycle transport, electronics services and small trading operations. The many workers who have a variety of jobs shows that there is a great deal of commercial and economic activity in those areas. In addition, the increasing numbers of small grocery shops (*warung sembako*) in the research areas also demonstrates the dynamism of economic life there. There is a popular term there, *kuya*, a portmanteau word from *kumuh* (slum) and *kaya* (rich). The use of this term indicates that, even though their shelters are not proper housing, their livelihoods are quite good, at least for the basic necessities of life.

Apart from work quality, employment opportunities, particularly in the informal sector, are relatively high in both areas. Supported by the available infrastructures at the two locations, the easy access to work that is not far from their shelters also contributes to the work choices in the informal sector. The inhabitants' low level of education also plays a role but education, good or poor, is not a necessary requirement for

work in the informal sector. The attributes that are influential in the performance and success of workers in this sector are motivation, hard work and entrepreneurial skills.

Kelurahan Jamika and Kelurahan Babakan Sari, particularly in those areas along the railway line, are examples of urban environments that, to say the least, are less than adequate, with so many people in inadequate housing, best described as shelters. The high population density and the slum environment lead to increased social vulnerabilities. Many jobs in these areas provide an income but the work is not conducive to higher moral or community standards nor to personal or public safety because it involves stolen property, fraud and prostitution. By any standards, such work cannot be described as decent and is a consequence of the high rate of unemployment and underemployment. To solve these classic urban social problems, there needs to be an integrated approach to achieve a better quality of life for people in such environments.

Even though both research locations are in urban slums with a high density of population, their central location makes it easier for workers in the informal sector to find jobs—where they live and where they work are the same: little travel is involved. The availability of work and the central location means that these areas attract immigrants and these additions to the population affect employment and social structures. The population is highly mobile and few migrants are registered. This fluidity affects the research in that almost 70 per cent of the original respondents had to be replaced.

Most working people in Kelurahan Jamika and Kelurahan Babakan Sari are in the age range generally considered the most productive. The high number of available workers ensures that the labour force participation rate (*tingkat partisipasi angkatan kerja [TPAK]*) is also high (about 72 per cent). This high participation rate is attributed predominantly to young workers (15 to 24 years), mainly males, who prefer to work rather than to continue their studies. Many migrants, mainly from West Java (Tasikmalaya, Ciamis, and Cianjur), Central Java and East Java,

looking for permanent or temporary jobs also contribute to the high rate of participation.

Generally, the unemployment rate in both locations is quite high, about 15 per cent, which is higher than the national rate of 10 per cent) and the regional unemployment rate. The many workers aged from 15 to 29 years, along with the unavailability of employment, produces a high unemployment rate of about 31 per cent. This condition of the labour market is also contributed to by increased worker layoffs in some industries, particularly in Kelurahan Babakan Sari.

The services sector is one of the most economically significant in both these areas. Based on the survey, about 64 per cent of the labour force work in the services sector and 38 per cent of this group are traders, such as small grocery shopkeepers and street vendors. The accessibility of the locations plays an important role in the growing employment in the service sector. Based on occupation, a majority of the labour force worked in sales (26 per cent) and as production labourers (22.5 per cent). The smallest proportion were professional workers (2 per cent). In terms of sex, a majority of women worked as production labourers, in sales, in clerical and administrative positions and as professionals.

Based on work status, the proportion of unpaid women workers is quite high (13 per cent) compared with 2 per cent for men. The women in this category are usually family workers who work in the informal sector. The proportion of the labour force working as labourers is quite high (44 per cent), which indicates that a variety of jobs (formal and informal) are available in both research areas. The high proportion of labourers in both areas is a result of there being many industries nearby, of good infrastructure, and of convenient transport.

Most members of the labour force in both places work in the informal sector (54 per cent). The others work in the formal sector as labourers and employees. In terms of sex, women workers in the formal sector have better positions than men and this can be attributed to the fact that there are more women than men in professional work. Possible reasons

for this situation are that there is a preference by industry to recruit women rather than men, especially in the garment, confectionary and food industries.

### **Welfare of workers**

The welfare of workers, which is indicated by income and education, can be considered reasonable, especially in the formal sector. Most workers have finished their junior and senior high school education (SMP and SMA), even though many of them are unskilled. However, few workers have a variety of skills, and most of these are in the formal sector. Based on working hours, most workers (men and women), especially in the informal sector, work overtime. This relates to the nature of the work in the informal sector (such as in sales and services and labour), where the hours are uncertain, which usually means working long hours.

Considering income, most women workers have relatively good incomes, especially when compared to the local minimum wage (upah minimum provinsi) in Bandung. Usually, workers in the formal sector have higher incomes than workers in the informal sector, however, women workers in the informal sector have better incomes than prescribed by local minimum wage regulations (upah minimum regional [UMR]). Poverty in the wider view is generally linked to poor education, poor quality of work, an unhealthy environment and substandard workplace conditions.

Worker protection, which can be defined as their right to job security, sustainable work, health insurance and workplace rights, is not good in either area. However, based on the indicators of working hours and workplace conditions, there is no significant difference between men and women.

In terms of social insurance, work safety and protection, most workers clearly have not benefited from various national and regional programs and policies. For workers in industry, protection is quite low, which is indicated by the many layoffs, unlimited suspensions and the unsustainability of the work. It shows that employers have almost absolute power to discharge some workers or terminate their jobs.

Based on these situations, using the ILO's criteria of decent work, many occupations in these two urban areas do not meet the ILO standards and cannot be categorised as decent work, and this state of affairs is to be found in other big cities.

Many regulations related to social security, particularly *Jamsostek*, have not affected many workers in the urban slum areas who work mostly in the informal sector.<sup>3</sup> Most workers do not join worker organisations (and this includes those employed in manufacturing) and most would be unaware of their rights and freedoms. This situation is also replicated in their daily life; most workers do not get involved in the social organisations in their village that are to help them to enjoy their social and welfare rights. Some people argue that this lack of interest is because of the nature of the work in the informal sector, which usually entails long working hours and a lack of education on the part of the workers. This situation implies that, generally, workers in the informal sector are relatively weak in terms of having their rights protected and benefiting from social welfare programs and, further, they are marginalised in the socio-economic and political aspects of their work.

### **Possibility of work based on work indicators.**

Most of the occupations in the two research areas and in the city of Bandung also do not meet the criteria for decent work. This can be seen from statistical indicators such as the proportion of workers in informal sector, youth unemployment, the general unemployment rate, the proportion of women in professional jobs, average incomes and overtime worked. Work that cannot be described as decent is significant in some classes of occupation that involve high risks, are insecure and are in industries that are not sustainable.

In the areas researched and in Bandung a high proportion of workers have incomes below the regional minimum wage (UMR). The low

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<sup>3</sup> Jamsostek is the social insurance fund for private sector employers and their employees. It provides four programs: employment injury, death, health insurance, and a provident-fund-type old-age benefit.

wages, as a rule, go to those whose work could not be described as decent. Women, in this regard, are worse off than men and proportionally fewer have work that is decent; many have incomes less than one US dollar a day, which is below the poverty line.

The high rates of youth unemployment and underemployment show that people's basic right to work has not been achieved in terms of the standards that are prescribed by national law and regulations nor by the precepts of the ILO. The obligation or necessity to work leads to some workers accepting employment that is not secure, is sometimes immoral, and can not be described as decent. On the other hand, the unemployment of young people who are comparatively well educated can lead to criminal activities and to reduce motivation to continue their studies.

Considering indicators such as labour force participation rates, paid work in industry, underemployment and incomes that are below local minimum wage rates, it can be concluded that women workers are less likely to have decent work than men. On the other hand, using the indicators unemployment and youth unemployment, we can infer that male workers enjoy fewer rights compared to female workers. (It may be that there is a possibility of underreporting work statistics quantitatively but not qualitatively.)

But the other indicators, such as women's share of professional jobs, social protection and social participation, indicate that the working conditions for women are more decent compared with conditions for men. This is because more women have more secure work as labouring in industry and in the services sector.

### **Recommendations**

- As an autonomous region, the city government of Bandung has more opportunities to fulfil community basic rights relating to employment. The city's employment policies should be focused on the creation of more productive work and also increasing



youth education and skills. Ensuring a healthy environment in surrounding areas is also important for increasing the quality of life.

- It has been proven that the informal sector has succeeded in absorbing a good part of the labour force, so it needs to be given more attention, especially ways to improve the quality, safety and security of work.
- The ILO indicators of decent work tend to be biased in favour of the formal sector (or assume that the formal sector is the norm) and are designed with aggregate data in mind, they do not help so much in specialised conditions. The ILO needs to develop indicators of decent work that can be implemented in informal sector, micro industries and at an individual level. For Indonesia, indicators need to be designed that take into account that most members of the labour force work in informal sector, and mostly at the micro level. Further studies are needed, particularly that can help the development of suitable indicators for informal sector.
- The concept and the core values of decent work can not only be represented in quantitative indicators. Then, qualitative indicators also should be developed that include workers perceptions of their work and what they would consider to be decent work.
- The quantitative indicators of decent work so far have no cutting edge standard; indicators need to be developed for distinguishing decent work from that which is not.