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Navigating the Tides of Change: A Comprehensive Analysis of Employment and Unemployment Dynamics in Indonesia

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ABSTRACT
An essential component of a nation's economic development is labor dynamics. The purpose of this study is to perform a descriptive analysis of Indonesia's unemployment and working population comparison between 2011 and 2020. The information utilized comes from BPS statistical records and includes the number of employed and unemployed individuals as well as auxiliary variables like employment opportunities, wage rates, economic growth, and educational attainment. The primary trends in the workplace over the last ten years are examined in this study using a descriptive analysis methodology. The impact of multiple factors, such as the global economic crisis, technological advancements, and the unprecedented pandemic, was examined by analyzing notable shifts in the unemployment rate and working population. Key determinants of employment dynamics include things like economic growth, institutional policies, structural transformation, and educational attainment. This research contributes significantly to our understanding of the intricate dynamics of employment in Indonesia and sheds light on policy implications for inclusive growth, better jobs, and labor market resilience. It is anticipated that the implications of this study will provide a basis for the development of policies that are more flexible and sensitive to upcoming difficulties, resulting in the establishment of an employment environment that is both inclusive and sustainable.

Keywords: *Employment Dynamics, Indonesia Labor Market, Unemployment Trends.*

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INTRODUCTION

A nation's economic growth is greatly influenced by the dynamics of employment and unemployment, which reveal the intricacy of social, political, and economic transformations. This article's objective is to perform a descriptive analysis of the population's employment and unemployment rates from 2011 to 2020 in this context. The intricate relationship between wage rates, economic growth, employment opportunities, and education on unemployment rates has been the subject of previous research. By

analyzing individual behavior during the job-seeking process, the Job Search Theory offers a helpful framework for comprehending this relationship (Mortensen, 1970; McCall, 1970). According to this theory, people base their decisions about joining the labor force, receiving reservation pay, and how long they will be unemployed on things like the expense of looking for work, the anticipated benefits of working, and the likelihood of getting a job offer.

The purpose of this study is to analyze the dynamics of employment and unemployment in Indonesia from 2011 to 2020, with a particular emphasis on changes in the country's working population, unemployment rate, and employment-related variables. This research specifically aims to respond to the following queries:

1. What are the patterns in Indonesia's working population and unemployment rate from 2011 to 2020?
2. What variables affected the shifts in the dynamics of employment during that time?
3. What effects are the COVID-19 pandemic, technology advancement, and global economic crisis having on Indonesia's job and unemployment rates?

By providing answers to these queries, it is anticipated that this study will enhance comprehension of the intricacy of Indonesia's employment dynamics and lay the groundwork for the creation of policies that are more flexible and sensitive to changing circumstances.

Furthermore, the Human Capital Theory highlights how education and skill levels affect a person's productivity and employability (Becker, 1964; Schultz, 1961). This theory states that spending money on education and training can raise a person's human capital, increasing their value to employers and lowering their chance of unemployment. This implies that a nation's unemployment rate can be greatly influenced by the quantity and caliber of education provided there.A helpful framework for comprehending the dynamics of employment in Indonesia is provided by job search theory. The theory centers on the actions of the individual during the job search process, such as the choice to enter the labor force, the determination of reserve wages, and the length of time spent unemployed (Mortensen, 1970; McCall, 1970).

This theory can assist in explaining how variables like wage rates, economic growth, and job opportunities influence people's decisions to look for work or stay unemployed in the Indonesian context. Furthermore, as per Becker (1964) and Schultz (1961), the Human Capital Theory underscores the significance of education and skills in dictating career prospects and personal efficiency. This theory is pertinent to comprehending how the dynamics of employment can be impacted by the quantity and caliber of education in Indonesia. An increase in education levels in Indonesia between 2011 and 2020 might influence shifts in the employment landscape and the need for skilled workers. The dynamics of employment in Indonesia can also be examined using the labor market segmentation theory. According to this theory, the labor market is divided into distinct segments, such as the primary and secondary sectors, each with its own set of traits, employment stability, and working conditions (Doeringer & Piore, 1971; Reich, Gordon, & Edwards, 1973). This theory can assist in explaining the variations in

job quality and unemployment rates among various economic sectors in the context of Indonesia. An in-depth examination of these theories and their relevance to the Indonesian context will strengthen the theoretical basis of the article and enable it to analyze the dynamics of employment and unemployment in Indonesia from 2011 to 2020.

When analyzing Indonesia's labor issues, the Labor Market Segmentation Theory can be applied to gain important insights into the structural factors that contribute to underemployment and unemployment. By identifying the unique traits and difficulties associated with various labor market segments, policymakers can create focused interventions aimed at improving working conditions, mitigating disparities, and promoting inclusive economic growth.

To completely comprehend the dynamics of labor market segmentation in Indonesia, more research is necessary, especially in light of ongoing structural changes and technological advancements. Subsequent research endeavors may investigate the elements that sustain the unorganized sector, the obstacles to transitioning between industries, and the consequences of regulations intended to encourage official employment and enhance labor standards.

This article will use descriptive analysis to highlight significant developments in the workplace during that time, looking into critical elements that contributed significantly to either an increase or decrease in employment. Furthermore, comparing unemployment rates will shed light on how much structural changes, economic advancements, and governmental policies influence employment prospects and unemployment rates among various demographic groups.

Indonesia's employment landscape saw substantial changes between 2011 and 2020, influenced by a variety of economic, social, and technological factors. The Solow-Swan Growth Theory emphasizes the need to analyze the relationship between economic growth, capital accumulation, and technological advancement in order to comprehend these trends (Solow, 1956; Swan, 1956). The Solow-Swan Growth Theory, which emphasizes the roles of capital accumulation, labor force expansion, and technological advancement, offers a framework for comprehending the long-run drivers of economic growth. This theory proposes that economic growth, fueled by investments in human and physical capital as well as technological advancements, can result in the creation of jobs and a decrease in unemployment when it comes to employment trends.

This theoretical framework has been applied in empirical studies by S. Suhandi, Wahyu Wiguna, Icin Quraysin (2021) and Irfan Muhammad Al Farrell, Hastarini Dwi Atmanti (2023) to analyze employment trends in Indonesia between 2011 and 2020. Their findings show how crucial economic growth is to the creation of jobs, but they also highlight the difficulties brought on by the COVID-19 pandemic, technological advancement, and the world economic crisis. Future studies could take into account adding more theoretical vantage points, like the Endogenous Growth Theory (Romer, 1986; Lucas, 1988), which highlights the contribution of innovation and human capital to long-term economic growth, to further enhance the analysis of employment trends. This

theory may shed light on the ways that spending on R&D and education affects the creation of jobs and the transformation of the economy.

Moreover, taking into account the effects of sectoral and structural changes in the economy could improve the analysis of employment trends. The reallocation of labor from low-productivity sectors like agriculture to high-productivity sectors like manufacturing and services is crucial for promoting economic growth and job creation, according to the Structural Change Theory (Lewis, 1954; Chenery, 1960). This theory's application to the Indonesian context may help explain how structural transformation has shaped employment trends in the last ten years.

Future studies can offer a more thorough understanding of the intricate dynamics influencing employment trends in Indonesia by combining the Solow-Swan Growth Theory, Endogenous Growth Theory, and Structural Change Theory. In the face of ongoing difficulties and uncertainties, this multifaceted approach can help shape the creation of evidence-based policies meant to encourage inclusive economic growth, reduce unemployment, and promote sustainable job creation.

For both researchers and policymakers, the relationship between unemployment and economic growth is vital to understand. A fundamental framework for comprehending this relationship is provided by the Solow-Swan Growth Theory (Solow, 1956; Swan, 1956), which highlights the contributions of capital accumulation, labor force expansion, and technological advancement to long-term economic growth.

According to the Solow-Swan Growth Theory, economic expansion can raise labor demand, which in turn can result in the creation of jobs and a decrease in unemployment. But as certain countries' "jobless growth" phenomena attests, the relationship between growth and unemployment is not always clear-cut (Bhattarai, 2016). Another well-known theory that links unemployment and economic growth more directly is Okun's Law (Okun, 1962). According to this law, variations in the unemployment rate and variations in real GDP growth are inversely correlated. According to Okun's Law, there is a two percentage point drop in real GDP growth for every percentage point that the unemployment rate rises.

S. Suhandi, Wahyu Wiguna, and Icin Quraysin (2021) and Irfan Muhammad Al Farrell, Hastarini Dwi Atmanti (2023) conducted empirical research to examine the connection between Indonesia's unemployment rate and economic expansion. According to Okun's Law, their results support the negative relationship between these two variables.

It is crucial to understand, though, that a number of variables, including labor market rigidities, the type of economic growth (labor- or capital-intensive), and the sectoral makeup of the economy, can have an impact on the relationship between unemployment and growth. The Structural Change Theory (Lewis, 1954; Chenery, 1960) can shed more light on the relationship between unemployment and economic growth and the reallocation of labor across sectors. Future studies could take into account the following approaches to expand on our understanding of the relationships between unemployment and economic growth in Indonesia: Examining Okun's Law's applicability

in Indonesia while accounting for potential differences between areas, industries, and historical periods.

Utilizing the insights of structural change theory to examine how sectoral shifts and structural change influence the relationship between economic growth and unemployment. examining the relationship between unemployment and growth by analyzing the effects of labor market institutions and policies, such as minimum wage laws, employment protection laws, and active labor market policies. investigating any potential asymmetry in the relationship between economic growth and unemployment, such as the differences in the effects of recessions and expansions on the creation and destruction of jobs.

Through the integration of theoretical perspectives from various research avenues such as the Structural Change Theory, Okun's Law, and Solow-Swan Growth Theory, more in-depth understanding of the intricate relationships between unemployment and economic growth in Indonesia can be achieved in future studies. This knowledge can help create policies that are more effective in creating jobs, lowering unemployment, and promoting inclusive, sustainable economic growth.

RESEARCH METHODOLOGY

This study uses a descriptive analysis approach and time trend analysis to examine the dynamics of employment and unemployment in Indonesia during the 2011–2020 period. The data used is sourced from the statistical records of Indonesia's Central Bureau of Statistics (BPS), which include the number of working people, the number of unemployed people, and comparisons per year within the specified time span. To analyse the data, this study applies several data analysis techniques, including:

1. Descriptive Statistical Analysis: This technique is used to summarise and describe the main characteristics of the data, such as the mean, median, standard deviation, and frequency distribution. This analysis will provide an overview of employment and unemployment trends over the period under study.
2. Time Trend Analysis: This technique is used to identify patterns of change in the data over time. Using line graphs and simple regression analysis, this study will examine trends in employment and unemployment rates over the period 2011–2020 and identify significant points of change in the trends.
3. Correlation Analysis: This technique is used to examine the relationship between supporting variables, such as wage rates, economic growth, employment opportunities, and education, and the employment and unemployment rates. Correlation analysis will help identify factors that may have contributed to the labour dynamics during the period under study.
4. Comparative Analysis: This technique is used to compare employment and unemployment rates between years, as well as to compare Indonesia with other countries in terms of employment performance. Comparative analysis will provide a broader context to understand Indonesia's position in global employment dynamics.

RESULT AND DISCUSSION

From 2011 to 2015 Indonesia's economy grew rapidly, generating many new jobs amid growing economic activity, making Indonesia's unemployment rate fall.

Table 1, Data 2011

Year	Date	Number of Working	Number of	Comparison

		Population	Unemployed	
2011	01/02/2011	11.204.588	837.988	0,92%
	01/08/2011	10.741.631	868.139	0,92%

$$0{,}92\% = \frac{(11.204.588 - 837.988)}{11.204.588}$$

$$0{,}92\% = \frac{(10.741.631 - 868.139)}{10.741.631}$$

In 2011, the number of employed population and the number of unemployed population in the 2nd and 8th months had a ratio of 0.92%. The number of workers decreased in August compared to February, while the number of unemployed in August increased from February, due to lack of education this year, elementary school education is still more than undergraduate education and vocational schools (SMK / SMA).

Table 2, Data 2012

Year	Date	Number of Working Population	Number of Unemployed	Comparison
2012	01/02/2012	11.406.198	775.783	0,93%
	01/08/2012	11.250.487	734.487	0,93%

$$0{,}93\% = \frac{(11.406.198 - 775.783)}{11.406.198}$$

$$0{,}93\% = \frac{(11.250.487 - 734.487)}{11.250.487}$$

In 2012, months 2 and 8 had a ratio of 0.93%. The number of workers and unemployment decreased in August rather than February, so this year the number of workers decreased due to the same cases as in 2011 due to problems with education and lack of skills which resulted in a decrease in the number of jobs.

Table 3, Data 2013

Year	Date	Number of Working Population	Number of Unemployed	Comparison
2013	01/02/2013	11.592.961	724.090	0,94%

	01/08/2013	11.276.107	741.093	0,93%

$$0{,}94\% = \frac{(11.592.961 - 724.090)}{11.592.961}$$

$$0{,}93\% = \frac{(11.276.107 - 741.093)}{11.276.107}$$

In 2013, in month 2 it had a ratio of 0.94% and in month 8 it had a ratio of 0.93%. The number of workers decreased in August compared to February, while the number of unemployed in August increased from February, due to lack of education this year, the dominance of education this year, elementary school education is still more than undergraduate education and vocational schools (SMK / SMA).

Table 4, Data 2014

Year	Date	Number of Working Population	Number of Unemployed	Comparison
2014	01/02/2014	11.816.992	714.707	0,94%
	01/08/2014	11.462.803	724.491	0,94%

$$0{,}94\% = \frac{(11.276.107 - 714.707)}{11.276.107}$$

$$0{,}94\% = \frac{(11.462.803 - 724.491)}{11.462.803}$$

In 2014, the 2nd and 8th months had a ratio of 0.94%. The number of workers decreased in August compared to February, while the number of unemployed in August increased from February, due to lack of education this year, the dominance of education this year, elementary school education is still more than undergraduate education and vocational schools (SMK / SMA).

Table 5, Data 2015

Year	Date	Number of Working Population	Number of Unemployed	Comparison
2015	01/02/2015	12.084.682	745.477	0,94%
	01/08/2015	11.481.920	756.082	0,93%

$$0{,}94\% = \frac{(12.084.682 - 745.477)}{12.084.682}$$

$$0{,}93\% = \frac{(11.481.920 - 756.082)}{11.481.920}$$

In 2015, in month 2 it had a ratio of 0.94% and in month 8 it had a ratio of 0.93%. The number of workers decreased in August compared to February, while the number of unemployed in August increased from February, due to lack of education this year, the dominance of education this year, elementary school education is still more than undergraduate education and vocational schools (SMK / SMA).

Table 6, Data 2016

Year	Date	Number of Working Population	Number of Unemployed	Comparison
2016	01/02/2016	12.064.770	702.417	0,94%
	02/08/2016	11.841.197	703.178	0,94%

$$0{,}94\% = \frac{(12.064.770 - 702.417)}{12.064.770}$$

$$0{,}94\% = \frac{(11.841.197 - 703.178)}{11.841.197}$$

In 2016, the 2nd and 8th months had a ratio of 0.94%. The number of workers decreased in August compared to February, while the number of unemployed in August slightly increased from February, due to lack of education this year, the dominance of education this year, elementary school education is still more than undergraduate education and vocational schools (SMK / SMA).

Table 7, Data 2017

Year	Date	Number of Working Population	Number of Unemployed	Comparison
2017	01/02/2017	12.453.885	700.526	0,94%
	01/08/2017	12.102.242	704.032	0,94%

$$0{,}94\% = \frac{(12.453.885 - 700.526)}{12.453.885}$$

$$0{,}94\% = \frac{(12.102.242 - 704.032)}{12.102.242}$$

In 2017, the 2nd and 8th months had a ratio of 0.94%. The number of workers decreased in August compared to February, while the number of unemployed in August increased from February, due to lack of education this year, the average vocational school (SMK / SMA) is still the highest education, this year began to be aware of education so that the average education is equivalent and began to have a bachelor's education.

Table 8, Data 2018

Year	Date	Number of Working Population	Number of Unemployed	Comparison
2018	01/02/2018	12.947.954	696.346	0,95%
	01/08/2018	12.628.219	707.339	0,94%

$$0{,}95\% = \frac{(12.947.954 - 696.346)}{12.947.954}$$

$$0{,}94\% = \frac{(12.628.219 - 707.339)}{12.628.219}$$

In 2018, in month 2 it has a ratio of 0.95% and in month 8 it has a ratio of 0.94%. The number of workers decreased in August compared to February, while the number of unemployed in August increased from February, due to lack of education this year, still the same as in 2017 the highest education of vocational / high school.

Table 9, Data 2019

Year	Date	Number of Working Population	Number of Unemployed	Comparison
2019	01/02/2019	13.169.259	689.880	0,95%
	01/08/2019	12.875.527	710.442	0,94%

$$0{,}95\% = \frac{(13.169.259 - 689.880)}{13.169.259}$$

$$0{,}94\% = \frac{(12.875.527 - 710.442)}{12.875.527}$$

In 2019, in month 2 it has a ratio of 0.95% and in month 8 it has a ratio of 0.94%. The number of workers decreased in August compared to February, while the number of unemployed in August increased from February, due to lack of education this year, still the same as in 2017 and 2018 the highest education was still SMK / SMA.

Table 10, Data 2020

Year	Date	Number of Working Population	Number of Unemployed	Comparison
2020	01/02/2020	13.329.287	692.549	0,95%
	01/08/2020	12.845.418	976.775	0,92%

$$0{,}94\% = \frac{(13.329.287 - 692.549)}{13.329.287}$$

$$0{,}92\% = \frac{(12.845.418 - 976.775)}{12.845.418}$$

In 2020, in month 2 it has a ratio of 0.95% and in month 8 it has a ratio of 0.92%. The number of workers decreased in August compared to February, while the number of unemployed in August greatly increased from February, due to the impact of Covid 19 which made many unemployed due to layoffs due to the company experiencing a financial crisis due to Covid 19.

Employment Trend 2011-2020

Indonesia had variations in its employment rate between 2011 and 2020. Tables 1 through 10 show that, on average, there are more working people in February but fewer in August each year. This pattern suggests that seasonal factors are present and have an impact on the labor market in Indonesia.

Figure 1 illustrates that, despite some fluctuations, Indonesia's overall employment rate is trending upward year over year. Stable economic growth and investments in labor-intensive industries like manufacturing and services are responsible for this increase (World Bank, 2021). It's crucial to remember that this increase in employment hasn't always been evenly spread across industries and geographical areas, with certain worker groups encountering more difficulties obtaining good job opportunities(ILO,2020).

Unemployment Trends 2011-2020

Over the years 2011 to 2020, Indonesia's unemployment rate demonstrates a more varied pattern. Tables 1 through 10 demonstrate that, on average, there are more unemployed persons in August than there are in February. This pattern suggests that the Indonesian labor market is impacted by both structural and cyclical factors. From 2011 to 2019, Indonesia's unemployment rate generally decreased (see Table 2). Numerous

factors, such as increased economic growth, higher educational attainment, and government initiatives to support job creation, can be blamed for this decline (ILO, 2019). However, Indonesia's labor market was significantly impacted by the COVID-19 pandemic that swept the globe in 2020, as evidenced by a sharp rise in the country's unemployment rate in August of that same year.

Factors Affecting Labor Dynamics

Numerous factors, pertaining to both the supply and demand of labor, impact the employment dynamics in Indonesia. From the supply side, the workforce's educational background and skill set have a significant impact on the kind of work that can be secured as well as access to it. According to data, the average level of education among Indonesian workers increased between 2011 and 2020, with a greater proportion of workers possessing secondary and tertiary education (BPS, 2021). This rise boosts both Indonesia's competitiveness in the global labor market and labor productivity.

Demand-side factors that impact employment creation and the kinds of jobs that are accessible include Indonesia's economic growth and economic structure.

Indonesia's economy saw a structural shift between 2011 and 2020, with manufacturing and services accounting for a larger portion of the country's GDP and agriculture accounting for a smaller share (World Bank, 2021). While this shift opens up new job opportunities in more productive industries, it also presents difficulties in ensuring that the workforce possesses the skills that employers are looking for.

The labor market laws and minimum wage policies are examples of institutional factors that have an impact on Indonesia's employment dynamics. Government minimum wage regulations can affect how much companies choose to pay for labor and how they hire new employees (Chun & Khor, 2010). In the meantime, changes to labor market regulations, such as those pertaining to employment contracts and employment protection, may have an impact on the flexibility of the labor market and the creation of jobs (ILO, 2017).

The Impact of the Global Economic Crisis and the COVID-19 Pandemic

Two major events that affected Indonesia's labor dynamics occurred between 2011 and 2020: the COVID-19 pandemic in 2020 and the global economic crisis in 2008–2009. Indonesia's labor market was comparatively less affected by the global economic crisis; the country's unemployment rate increased only marginally and recovered swiftly in the years that followed (ILO, 2011). This indicates how resilient the Indonesian economy is to outside shocks.

On the other hand, Indonesia's labor market was significantly more affected by the COVID-19 pandemic. In an effort to stop the virus from spreading, social distancing policies and workplace closures resulted in a sharp rise in unemployment, particularly in severely affected industries like retail, transportation, and tourism (BPS, 2021). In addition, the crisis quickened the trend of digitalization and automation across industries, which may have long-term effects on the need for certain skill sets and labor demand (World Bank, 2021).

In response to the pandemic, the Indonesian government introduced a number of measures to safeguard laborers and foster economic recovery, such as pre-employment card programs, social assistance, and wage subsidies (OECD, 2021). Further assessment is still necessary to determine how well these policies are working to address the structural issues facing Indonesia's labor market. To guarantee an equitable and long-lasting recovery from this crisis, comprehensive and adaptable policies are required.

CONCLUSION

An examination of Indonesia's employment and unemployment trends between 2011 and 2020 reveals intricate dynamics driven by a range of variables, such as institutional policies, economic growth, educational attainment, and structural change. Although Indonesia has demonstrated tenacity in the face of the world economic downturn, the COVID-19 pandemic has created serious obstacles for the labor market. To address these issues and guarantee an inclusive and long-lasting recovery, comprehensive and flexible policies are required. To better understand the pandemic's long-term effects on Indonesia's labor dynamics and to develop practical solutions for raising worker welfare and producing high-quality jobs, more research is required.

With a focus on changes in the working population, the unemployment rate, and employment-affecting factors, this study attempts to analyze the dynamics of employment and unemployment in Indonesia from 2011 to 2020. Several significant conclusions can be drawn from the data analysis and discussion that have been conducted:

1. Between 2011 and 2020, Indonesia's employment trend revealed a pattern of oscillation, with an annual tendency for the number of employed people to rise in February but fall in August. However, on the whole, Indonesia's employment rate has been rising annually.
2. Indonesia's unemployment rate exhibits a more variable pattern, with a tendency for the number of jobless individuals to be higher in August as opposed to February. Between 2011 and 2019, the unemployment rate declined generally; however, in 2020, the COVID-19 pandemic led to a sharp rise in the number of unemployed people.
3. The dynamics of employment in Indonesia are influenced by a number of factors, including economic growth, institutional policies like minimum wage and labor market regulation, structural transformation, and education levels. While economic growth and structural transformation create new job opportunities in more productive sectors, higher workforce education levels also contribute to increased productivity and competitiveness.
4. The labor market in Indonesia was comparatively less affected by the global economic crisis of 2008–2009, indicating the economy's resilience to outside shocks. But the COVID-19 pandemic of 2020 had a big effect, speeding up the trend of automation and digitalization and increasing unemployment.

These results significantly advance our knowledge of Indonesian labor dynamics, especially in light of structural change, rising educational attainment, and economic crisis responses. According to the research, comprehensive and flexible policies are required to address issues with the labor market, such as raising the standard of education and training, creating jobs in productive industries, and providing social protection for workers who are experiencing a crisis. Our understanding of Indonesian labor dynamics has greatly improved as a result of these findings, particularly in light of structural change, rising educational attainment, and responses to economic crises. The research indicates that in order to address labor market issues like improving the quality of education and training, generating jobs in productive industries, and offering social protection to workers going through a crisis, comprehensive and adaptable policies are needed.

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