

## INDONESIAN LABOR MORATORY: CHALLENGES AND CONSEQUENCES

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Is Moratory still important for Indonesia? Especially moratorium on sending migrant workers to Saudi Arabia. This study aim to critize and evaluate the moratorium which start when President Yudhono decided on a moratorium on sending migrant workers to Saudi Arabia from August 1, 2011. The overseas labor market is a challenge and potential to be responded to by professional, effective and efficient management of workers. Indonesia reported receives foreign exchange from labor abroad more than IDR 100 trillion per year before 2011.

In 2011 Indonesia conducted a moratorium on sending migrant workers to Saudi Arabia, Kuwait and Syria and Jordan. The moratorium of migrant workers has a negative effect that is the decrease of foreign exchange that affects the state budget

Factors driving Indonesian labor abroad are economic factors. It is because of there are no job opportunities in the country. There are two inhibiting factors in gaining access to work, first from within a person because of the low quality of one's education, low skills, health and culture (poverty culture).

**Keywords:** Moratory, Labor, Migrants, Saudi Arabia, Labor, Worker

### INTRODUCTION

Indonesia is one of the 5 countries with the largest population in the world, but with low skill quality. The low quality of human resource skills leads to low competitive advantage in the competitive world of work. This causes the unemployment rate to be very high. This condition becomes more difficult by the impact of globalization and the application of high technology that makes it difficult to compete and minimize employment opportunities for low level skilled workers.

The overseas labor market is a challenge and potential to be responded to by professional, effective and efficient management of workers.Indonesia receives foreign exchange from labor abroad more than IDR 100 trillion per year.

In 2011 Indonesia conducted a moratorium on sending migrant workers to Saudi Arabia, Kuwait and Syria and Jordan. The moratorium of migrant workers has a negative effect that is the decrease of foreign exchange that affects the state budget

Delivery of Indonesian workforce aims to support the country's economy and provide employment and can reduce unemployment in Indonesia.

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The execution of labor migrants named Ruyati in 2011 in Saudi Arabia was the beginning of a moratorium by Indonesia which aimed at banning domestic worker shipments to the Middle East (Ministry Rule Number. 260 of 2015.)

The Indonesian government when President Yudhono decided on a moratorium on sending migrant workers to Saudi Arabia from August 1, 2011.

However, the problem is that the government has not yet reviewed the impact of the policy of suspension or moratorium on the sending of migrant workers to Saudi Arabia.

One fundamental thing that causes migrant workers to go abroad is poverty. The government's normative reason for being a migrant worker is a choice and citizen rights become cliché when poverty in Indonesia is at a rate (assuming by Statistical Office) of 13.32% or about 31.02 million people (2010). Logically, being a Migrant Worker is a necessity (not a matter of citizen's right) to live.

In economic conception, poverty arises from inadequate job availability. Indonesia surplus labor. Weak education makes the existing workforce only able to become a lowly employee, driver's class, housekeeper, clerk, or coolie at a construction company.

Data show that about 56% of Indonesian workforce is only primary school graduates.

Another impact of the moratorium on labor migrants is the emphasis of the remittance business. Remittances are remittances from abroad to the country (inward / ingoing remittance) and vice versa from domestic to foreign (outward / outgoing remittance). Remittance became one of the important pillars for national banks in printing non-operating income (fee-based income). Remittances are able to bring in revenues from administrative costs and foreign exchange differences as remittances are generally sent in foreign currency.

This research objectives are :

- 1) knowing the impact of moratorium to the economy in Indonesia
- 2) knowing the impact of the moratorium to social-political in Indonesia

This issue is not a domestic problem anymore, but concerning the state and other nations so that the government can no longer apply the policy that only applies to the state and society but binds both parties.

The moratorium which is an example of foreign policy affecting both Indonesia and Saudi Arabia is a reflection of the national interest of the country, namely the protection of labor migrants

The moratorium, which was first applied by President Yodoyono in 2011, was only temporary so that various forms of negotiation between the Indonesian and Saudi Arabia in handling the issue were discussed.

One of them is the Memorandum of Understanding between the two states which has not been ratified until now by Indonesia. It was because of the government feels the formation of a law or agreement will not solve this issue.

President Jokowi through the Ministry of Manpower issued a Decree of the Minister of Manpower No. 260 of 2015 on the cessation and prohibition of sending domestic labor into the Middle East region.

Indonesia's national interest concerning labor issues is of course maintaining the national prestige of the nation and state which is often degraded because of the status which is up to now attached to the Indonesian nation and state.

Implementation of the moratorium will reduce foreign exchange earnings from labor migrants and although it did happen but the replacement of informal workers with formal labor proves that it can be resolved.

Remittances sent can also be expected to increase with the quality and skill of the equivalent workforce that helps improve the quality of society as well.

#### Advantages

1. This moratorium has motivated people to improve the quality of Indonesia's resources internationally. However, many still can not keep up with these developments and prefer to remain an informal sector workforce or Migrant Worker's because they do not require a lot of high paying skills in Saudi Arabia.
2. Since the closing of the flow of informal Migrant Worker's, the government hopes to reduce the problems faced by Migrant Worker proven successful.
3. It has been a long time since Indonesia holds the status of a "labor exporter" state and often this status impedes the progress of the country. With the imposition of this moratorium, the public has an opportunity to improve their quality and become a reflection of the nation against other countries by having the expertise that should be recognized and appreciated.
4. But on the other hand the moratorium has a positive impact that is more space for Indonesia in preparing the quality of human resources (SDM) better to get a better wage.
5. Foreign exchange of countries from sending migrant workers increased significantly. Remittance value data for the last five years. In 2005, labor migrants contributed US \$ 5.722 billion, up from 2004 of US \$ 1.866 billion. In 2007, the remittance of migrant workers reached US \$ 6,174 billion and 2010 reached about US \$ 7,139 billion.

#### Weakness

1. For those who choose this path then their condition is very vulnerable to exploitation and not listed. This has made it difficult for the government to protect them and lead to additional problems that the government must address.
2. Bad precedents affecting labor migrants in recent years are an invaluable intangible cost not only for families and communities that are directly related but also to the Indonesian state as it concerns the nation's self-

esteem, and to some extent also measure how strong the position of the bargaining power of the country we are against another country.

3. Moratorium Indonesian Migrant Workers indeed have a negative effect in the form of decreasing foreign exchange of state that impact on the state budget. A number of Indonesian labor recruitment agencies (call PJTKI) lost their income. Usually within a month the company can reap a turnover of IDR 300-500 million from sending workers to Saudi Arabia. Delivery of overseas migrant workers is one of the largest sources of foreign exchange for Indonesia. Each month it can add the country's foreign exchange about IDR 2 trillion.
4. Data in 2008, there are about 573 of our Indonesian migrant workers in Malaysia who must be taken their lives for various reasons (Data from Embassy, 2008). Throughout the year 1997-2008, as many as 147 workers in Singapore also died. And in 2010, 5,635 domestic workers (call PRT) in Saudi Arabia experienced serious problems related to employers or the laws prevailing there (Migrant CARE, 2010).

#### **LITERATURE REVIEW**

Indonesian Workers (abbreviated as TKI) is a term for Indonesian citizens working abroad (such as Malaysia, Middle East, Taiwan, Australia and the United States) in a working relationship for a certain period of time with receiving wages. However, the term migrant workers is often connoted with abusive workers. Female migrant workers are often called Female Workers (TKW).

The number of migrant workers who have been placed in 46 destination countries in the last five years reached 3.01 million from 19 provinces and 156 cities / districts in Indonesia. The largest placement areas are the Asia Pacific and Middle East regions. Various parties are involved both government and private institutions in the process of placement of migrant workers from pre-placement to placement period. There are at least five formal institutions involved in the placement and protection of Overseas Workers namely the Ministry of Manpower and Transmigration, government organization for migrant call BNP2TKI, the Directorate General of Immigration, the Indonesian Representative Office abroad, and the provincial / regency / municipal labor office. The overseas placement of Indonesian labor migrants has provided a large source of foreign exchange with an annual average of USD 4.37 billion or around IDR 39.3 trillion.

Hikmahanto Juwana (in Handoyo, 2011) stated that the Moratorium should be understood in three contexts:

1. The moratorium is the government's response to disagreement with the government and Saudi authorities who execute Ruyati without informing or notifying the representatives.

2. Moratorium as an instrument of incentive and pressure against the Saudi government so that they will make improvements for the protection of MIGRANT WORKER . In addition, the Indonesian government in this context has encouraged the Saudi government to reform its judicial system to be transparent and observe due process of law. A thing that many countries and Amnesty International want.
3. The moratorium is in order to voice the wishes of the public so that the government can be firm against the Saudi government.<sup>9</sup>

According to Masgrave the role of government activities is divided into three categories:

1. Allocation

The allocation of scarce economic resources into goods or services to meet the needs of the community through the government budget.

2. Distribution

Distribution of revenues by government to handle people's welfare with National Income's Budget .

3. Stability

Fiscal and budget policies that are important instruments in the control of economic stability supported by the tasks and functions of Bank Indonesia as central bank as controlling monetary stability, the smooth payment system, foreign exchange traffic, and the exchange rate system.

## **RESEARCH METHODS**

The method used is descriptive research method to describe the nature of something that is going on. Data analysis technique used is Systematic literature review. Systematic literature review or often abbreviated to SLR is a literature review method that identifies, assesses, and interprets all findings on a research topic, to answer predefined research question (Kitchenham & Charters, 2007).

SLR method is carried out systematically by following the stages and protocols that allow the review literature process to avoid the bias and subjective understanding of the researcher. Through the SLR method, the authors look for reference theory relevant to the case or problems found. SLR can be obtained from various sources, journals, books, articles, papers, previous research, literature study related to the Moratorium of Delivery of migrant worker.

## **DISCUSSION**

From the data of Bank Indonesia, the amount of remittance or remittance, migrant workers until September 2010 has penetrated the figure of USD 5.03 billion (about IDR 45.27 trillion). Estimated increase in the year reached 2.44 percent compared

with the same period in 2009 of USD 4.91 billion. Meanwhile, according to World Bank remittance data in 2010, remittances to and from Indonesia reached USD 7 billion or around IDR 63 trillion. This figure is higher than the data of remittance of Bank Indonesia 2010 of USD 6, 73 billion or around IDR 61 trillion. Bank Indonesia noted that the number of labor migrants who earn their living overseas during the first quarter of 2011 reached 48,000 people. The highest number of migrant workers in Saudi Arabia is 17,890 people, followed by Malaysia 9,008 people. Meanwhile, according to data from NGO Migrant Care, there are 1.2 million people in Saudi Arabia, 2.3 million people in Malaysia, 130 people in Hongkong, and 80 thousand in Singapore. Every one person Migrant Worker became a hero of foreign exchange for the homeland.

Data from various sources, the number of our overseas workers reaches the number of about 8 million people, with a minimum income of IDR10 million - IDR 20 million per year per person. This means they should be able to generate a minimum of IDR 160 trillion foreign exchange a year. This foreign exchange value occupies the position of number two after oil and gas, and even then is the foreign exchange contribution only from legal workers. If calculated also the foreign exchange contribution of all Migrant Worker both legal and Illegal Migrant Worker , accompanied by improving and increasing handling of Migrant Worker in the future, it is not impossible this sector will become the number one foreign exchange earner of our country. The foreign exchange of Migrant Worker , which produces the second number, is currently mostly or 90% of it is foreign exchange from non-skilled Migrant Worker or Domestic Workers (Migrant Worker Maid), with the condition that the world market demand for domestic servants of Migrant Worker new can we fulfill 30%, while The remaining 70% is fulfilled by other countries such as Philippines, India and others.

Compared to other countries, according to a World Bank report, the remittance of Indonesian labor abroad is still much lower. Philippines has already reached more than USD 10 billion, India reached more than USD 20 billion, while Indonesia is still under USD 5 billion.<sup>4</sup>

The lack of a qualified Training Center (BLK) has resulted in skill levels not meeting the international standards required by user countries. The potential of foreign labor market in America, Canada, Europe, Japan etc. which still can not be fulfilled is caused by the unoptimal management of international standard BLK which resulted in the lack of skill between labor market demand and the available Migrant Worker .Hal inipun resulting wage work low for these unskill workers.

After the moratorium on labor migrants to Saudi Arabia was announced, the Ministry of Manpower reinforced the Unemployment Relief Movement (GPP) through three programs, (1) labor intensive, (2) appropriate technology, and (3) self-employment. For labor-intensive programs in 2011, the Ministry of Manpower

allocated funds of up to IDR 110 billion and for appropriate technology programs and self-employment reached IDR 140 billion.

Moratorium or termination of placement of migrant workers households to Saudi Arabia are predicted to trigger unemployment. Therefore, the government set up funds of nearly Rp 20 billion to open new jobs for prospective migrant workers who failed to depart. The realization of ready-to-work courses has been conducted in 41 districts / municipalities of Indonesian labor migrants.<sup>24</sup> The four largest Migrant Worker suppliers are Sukabumi, Cirebon, Cianjur and Indramayu. In addition to West Java, the largest supply provinces of Migrant Worker are Banten, Yogyakarta, Central Java, East Java, West Nusa Tenggara, East Nusa Tenggara, West Kalimantan and East Kalimantan.

### **CONCLUSIONS AND RECOMMENDATIONS**

1. Indonesia surplus labor. Weak education makes the existing workforce only able to become a lowly employee, driver's class, housekeeper, clerk, or coolie at a construction company.
2. President Jokowi through the Ministry of Manpower issued a Decree of the Minister of Manpower No. 260 of 2015 on the cessation and prohibition of sending domestic labor into the Middle East region.
3. Factors driving Indonesian labor abroad are economic factors. This is because there is no access to job opportunities in the country. There are two inhibiting factors in gaining access to work, first from within a person because of the low quality of one's education, low skills, health and culture (poverty culture).
4. The second factor comes from beyond one's ability. This is because bureaucracy or rules (policies) so that minimize one's chances to work. Workers who work abroad are grouped into legal and illegal labor migrants. Legal labor migrants are Indonesian laborers working abroad with legal procedures, rules and mechanisms that must be taken to obtain permission to work abroad. Legal labor migrants will have legal protection from both the Indonesian government and the recipient governments
5. The government is preparing a fund of nearly IDR 20 billion to open new jobs due to the moratorium of Indonesian labor migrants. Another effort to reduce unemployment and increase the country's foreign exchange due to the moratorium of migrant workers is the government can promote labor-intensive projects. Increased export industry that can spur the increase in foreign exchange and can absorb a lot of manpower.
6. The government will make efforts to expand employment from various sectors of the export industry, so that although there is a moratorium policy work migrant will not increase the number of unemployed and still there foreign exchange gained.

7. Delivery of overseas migrant workers is one of the largest sources of foreign exchange for Indonesia. Each month it can add the country's foreign exchange about IDR 2 trillion.
8. The government will create a container (parties related to employment), with the cooperation and support of the Government, so that most problems will be solved work migrant. Container like mini banking or cooperative.
9. Reducing the number of cases or problems affecting Migrant Worker in Saudi Arabia certainly also plays a role on other countries' perceptions of Indonesia and this is what President Jokowi and his government are trying to achieve.

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