

Policies To Overcome Unemployment In Indonesia And Korea During The Covid-19 Pandemic

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ABSTRACT

This paper will discuss the policies that have been put in place related to the labor market in Indonesia and Korea, especially during the Covid-19 pandemic. Many problems occurred during the Covid-19 pandemic, such as the increasing number of unemployed, reducing working hours. The research design used is descriptive qualitative research. The author uses a literature study and is reviewed using the SLR (Systematic Literature Review). Literature study by making summaries sourced from secondary data such as Scopus indexed articles, books, and other documents related to research. Each country has made policies to overcome the unemployment problem that occurred during the Covid-19 pandemic, workers are given assistance and training to be able to help fulfill daily life and create opportunities to get through the existing crisis. However, several policies that have been made have not been able to completely solve the problem, especially related to the differences in the problems faced between male workers and female workers, should be done with a different approach.

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INTRODUCTION

The availability of labor in a country is related to the population of productive age and the skills required by the labor market. But, the Covid-19 pandemic has been gravely affecting economies sector around the world, leading to soaring unemployment in many countries, causing a sharp income decrease and income stoppage among them. In Indonesia, the government in addition to making policies in the health sector to break the chain of the spread of Covid-19 through Government Regulation Number 21 of 2020 concerning PSBB (Pembatasan Sosial Berskala Besar) and Instructions of the Minister of Home Affairs Number 1 to Number 67 of 2021 regarding PPKM (Pemberlakuan Pembatasan Kegiatan Masyarakat), also makes policies to help the community through this crisis by paying attention to the economic impact caused, especially on the economy of the lower middle class with an increase in the number of unemployed such as through the assistance of Prakerja Cards, the Social Safety Net program, employment opportunities expansion programs, etc.

As for the conditions in Korea, research from Kwang-Yeong Shin reveals that in particular the discourse on universal basic income and universal unemployment insurance has been widely discussed recently. As the Covid-19 pandemic has disrupted mass livelihoods by promoting precarious work amidst large numbers of unemployed people and expanding populations not covered by labor laws and social security systems (Shin, 2021).

The difference in the number of unemployed by gender was revealed by Sunyu Ham in his research which showed that 5.5% of women were on leave, more than double the percentage of men who were only 2.5%. It can be seen that women experience unemployment more than men. This is due to the concentration of women in the care and hospitality industry, who have been disproportionately affected by the pandemic (Ham, 2021).

Thus, the government must make policies so that economic equality can be achieved for the community and finally there will be prosperity and prosperity which are the ideals of all nations and countries. However, to realize these ideal conditions requires a long struggle, and few countries can make it happen. The fact that unemployment is a problem faced by all countries. Therefore, the problem of unemployment has become the main focus in several countries to achieve prosperity. If overcoming the problem of unemployment is not optimal, it will have an impact on increasing the number of poverty and reducing people's welfare (Fajarwati, 2012).

To achieve prosperity and prosperity, the problem of unemployment must be resolved immediately. Based on the explanation above, this paper aims to discuss how the policies made by the Indonesian and Korean governments in overcoming the unemployment problem due to the Covid-19 pandemic.

LITERATURE REVIEW

Public Policy

The Policy originally came from the Greek, namely polis which means city-state, then the word polis was absorbed into Latin into politia which means state, until later absorbed by English into policy. Carl Friedrich in Leo Agustino states that policy is a series of activities or actions at the suggestion of a person, group, or government in a certain environment and there are obstacles and possibilities where the policy is proposed to be a solution to overcome them and achieve the intended goal. (Agustino, 2014).

The definition of the public policy described above is an action proposed by the government. In its implementation, public policy is reduced to a series of implementation instructions and technical guidelines that apply to internal public organizations. Furthermore, the opinion expressed by Thomas R. Dye quoted by Subarsono states that "Public policy is whatever government choose to do or not to do" (Subarsono, 2015). This opinion has the meaning that public policy is made by the government, not the private sector and it involves the government's choice to take action or just stay silent on a public problem.

Definition and Types of Unemployment

Unemployment is someone who belongs to the labor force and wants to get a job but has not got a job. The labor force is aged 15-64 years, but not all people aged 15-64 years are counted as the labor force (Sadono, 2011). The unemployment rate is calculated as the number of unemployed people divided by the entire labor force. (Geli et al., 2021). So it can be concluded that unemployment is a term for the workforce who have not found work or are looking for work but have not yet found one. Housewives, school students, and so on who for some reason do not or do not need work are not included in unemployment. (Hia, 2013). Unemployment is usually caused because the number of the workforce is not proportional to the number of existing jobs.

According to experts, the types of unemployment include frictional unemployment, structural unemployment, cyclical unemployment, and seasonal unemployment (Sadono, 2011). Frictional unemployment occurs when an unemployed worker has not found a suitable new job. It takes time to move from an old job to a new job. Structural unemployment occurs because workers do not have skills that match the qualifications required by the company (Rizal & Mukaromah, 2020).

Cyclical unemployment is unemployment caused by unstable economic conditions (cycles) so that the demand for labor is less than the supply of work. Seasonal unemployment is unemployment caused by short-term fluctuations in economic activity, particularly in the agricultural sector. As outside of the planting and harvesting seasons, farmers are generally unemployed until they wait for the next planting and harvesting season (Rahardja & Manurung, 2008).

Factors that Cause Unemployment

The factors that cause unemployment are as follows:

- a. The number of the labor force is not balanced with job opportunities. This happens when the number of the workforce is greater than the required job opportunities (HM, 2015).
- b. Lack of expertise possessed by job seekers. A large number of unskilled human resources is one of the main causes of the increasing unemployment rate.
- c. Jobs are less evenly distributed. The majority of jobs are in big cities.
- d. Lazy culture. This causes job seekers to give up easily and lack enthusiasm in looking for work (Franita, 2016).
- e. The quality of the workforce is relatively low, this is due to the low level of education so that the workforce is not in demand by the company.
- f. Unequal distribution of labor. For example, in Indonesia, most of the workforce is on the island of Java. Meanwhile, other areas with wider areas still lack manpower, especially for the agriculture, plantation, and forestry sectors (Koriawan, 2019).

METHODS

The method used in this paper is descriptive with a qualitative approach. Because descriptive writing tries to describe and interpret something, for example existing conditions or relationships, developing opinions, ongoing processes, consequences or effects that occur, and ongoing trends.

In carrying out data collection, the authors determine the data source and the location of the data source to be studied. In contrast to field research, the location of data collection for library research is much wider and does not even recognize spatial boundaries. So, in this study, the authors used a literature study and studied using the SLR (Systematic Literature Review). Literature study according to Creswell is conducting, searching, and organizing library resources related to the problems to be studied (Creswell, 2014). This literature study was carried out in a study, aiming to enrich the research material. The literature review is a summary sourced from secondary data such as Scopus indexed articles, books, and other documents related to research.

RESULTS AND DISCUSSION

Unemployment Problems in Indonesia during the Covid-19 Pandemic

In the last five years, the number of unemployed in Indonesia has tended to decline. However, in February 2020, the unemployment rate increased again by 60 thousand people. From 6.82 million people in 2019 to 6.88 million people a year after. The number of workforce in 2020 also increased to 137.91 million people and as many as 131.03 million people of whom worked. The declining employment came from the agricultural, trade, and other service sectors (Pusparisa, 2020). In the last year, the number of the workforce in February 2020 was 137.91 million people, an increase of 1.73 million people compared to February 2019. In contrast to the increase in the number of the workforce, the Labor Force Participation Rate (TPAK) decreased by 0.15% points (BPS, 2020).

According to the Central Statistics Agency, as of August 2021, there were 21.32 million people of working age affected by Covid-19. The data shows that more than 80% experienced a reduction in working hours. And even worse, as many as 2.56 million people became unemployed. This is very ironic when the number of the Indonesian labor force increases, but the unemployment rate is even higher. Covid-19 has made the business sector sluggish, resulting in many layoffs. The open unemployment rate in Indonesia in August 2020 increased from 5.23% to 7.07% or an increase in unemployment of 2.67% (BPS, 2021). This shows that the number of formal workers is shrinking during the pandemic. Most are in the manufacturing and construction industry sectors. This condition is inversely proportional to the agricultural sector. So it is not surprising that the unemployment rate in the city is much higher than in the village (Gusti, 2020).

Indonesian Government Policies in Overcoming Unemployment Problems During the Covid-19 Pandemic

The Indonesian government has prepared anticipatory steps to overcome the unemployment problem due to the Covid-19 pandemic in the employment sector. The policy

focuses on the labor market and labor market institutions, with the aim that the problem of unemployment can be overcome. The following are the policies of the Indonesian government in overcoming the problem of unemployment, especially due to the Covid-19 pandemic, including:

1. Allocate funds for handling Covid-19 of USD 46.6 billion, including economic stimulus for business actors of USD 17.2 billion. This is intended so that business actors are still able to run their business so that there will be no Termination of Employment (PHK) which has an impact on increasing the number of unemployed.
2. Provide several economic strengthening programs such as income tax incentives, relaxation of loan or credit payments, and a policy of relaxing employment social security contributions to relieve around 56 million formal sector workers.
3. Provide a social safety net for informal sector workers. The government provides social assistance to 70.5 million informal sector workers who are categorized as poor and vulnerable.
4. Prioritizing the provision of training incentives through the Pre-Employment Card Program for workers affected by layoffs. The government has provided training incentives with a total of 11.4 million beneficiaries from Batch 1 to Batch 22. To date, more than 680,000 beneficiaries have been laid off, the majority of whom are victims of layoffs.
5. Increase employment opportunities expansion programs such as cash labor intensive, productive labor-intensive, Applied Appropriate Technology (TTG), Independent Manpower (TKM), and entrepreneurship, which aim to absorb labor.
6. Provide guidelines for work protection and business continuity, as well as worker protection in cases of occupational diseases due to Covid-19. In this regard, the Minister of Manpower has issued various policies and programs to protect the safety and rights of workers while at the same time maintaining business or business continuity.

These policies and programs were issued to realize the new normal order of employment during the Covid-19 pandemic. The first policy issued by the Ministry of Manpower was to issue a Circular Letter (SE) of the Minister of Manpower of the Republic of Indonesia Number M/3/HK.04/III/2020 concerning Protection of Workers/Labourers and Business Continuity in the Context of Prevention and Control of Covid-19. Second, the Ministry of Manpower issued the Decree of the Minister of Manpower of the Republic of Indonesia Number M/8/HK.04/V/2020 concerning Protection of Workers/Labourers in the Work Accident Insurance Program (JKK) in Cases of Occupational Diseases Due to Covid-19. The third is forming the Corona Occupational Health and Safety (K3) Command Post. The Command Post is an active effort by the Ministry of Manpower by opening information and consulting services related to complaints about workers regarding occupational safety and health in the company.

Unemployment Problems in Korea during the Covid-19 Pandemic

The Korean government implemented nationwide social distancing and prevented people from making unnecessary trips. Korea permitted all businesses (e.g., restaurants and stores) to remain open unless they had recently been visited by individuals who were diagnosed with Covid-19. The Korean government's strategy was less radical but just as effective as China's, containing the spread of the virus with minimum disruption to the business (Chen, 2020).

Nam and Lee find that the COVID-19 pandemic decreased the employment rate by 0.82%p and increased the unemployment rate by 0.29%p. These estimated effects are 90%-140% larger than those of the 2008 Financial Crisis in Korea (Nam, M., & Lee, 2021). Covid-19's impact on the manufacturing industry has been relatively modest, though its impact on the service industry is more pronounced. According to the Ministry of Employment and Labor, a total of 156,000 people applied for unemployment insurance benefits in March 2020. This estimate represents a 25% increase from 2019 and is the highest annual increase since the Great Recession of March 2009. The actual number of unemployed would be much higher than the reported statistics since many non-regular workers and self-employed workers were ineligible for unemployment insurance benefits. During the pandemic, a considerable proportion of workers in service industries such as retail, restaurants, grocery stores, and tourism were asked to use unpaid leave for an unspecified

extended period (Lian & Yoon, 2020). The highest risk of job loss is in Jeju-do, where tourism is an important pillar of the economy (OECD, 2020).

Service industry workers faced another struggle: risking their health by working with limited personal protective equipment at work during the pandemic. In early March 2020, one call center located in a busy commercial area in Seoul produced a cluster of COVID-19 cases. A total of 94 out of 216 people working on the same floor of the call center (72% of them women) were infected (S. Y. Park et al., 2020). The tight cubicle office environments were presumed to be the main channel for the wide transmission of the virus (Lee & Cho, 2019). Call centers and telemarketing work are prominent examples of Korean service industries which rely on female labor and lack institutional protection. Low-income female non-regular workers have little employment security, no unemployment insurance, and poor workplace conditions (Lee & Cho, 2019). Young, non-regular call center employees have expressed difficulty in developing long-term family plans across the life course that include marriage, childbearing, and childrearing due to high levels of job uncertainty (Lee & Cho, 2019). Women face a high risk of being laid off, and the inflexibility of their work conditions forces them to quit their jobs to put their children and families first. The interplay of high levels of uncertainty, inflexibility of work, and low pay create further hardship for low-income families.

Korean Government Policies in Overcoming Unemployment Problems During the Covid-19 Pandemic

In May 2020, the Korean government introduced a one-time universal transfer scheme whose stated goal was to promote consumption and help small businesses as well as their employees. The government distributed vouchers (Covid-19 voucher) to all households, redeemable only at small-sized establishments located in their neighborhoods until August 2020. The voucher amount depended on the number of household members and their residence. On average, a three-person household received vouchers worth US\$799 (1.7% of the annual household income in 2019). The Covid-19 transfer program in South Korea is effective in increasing consumption and helping small businesses retain their workers (Kim & Lee, 2021).

On the other hand, South Korea though regarded as a country successful with a stable preventive system, is no exception and is indeed suffering from the unemployment shock triggered by Covid-19. Accordingly, Moon Jae-in government carried out decisive actions on reforming the employment safety net in December 2020, which put 'National Employment Insurance' and 'National Support for Employment' into effect. This was because the Unemployment Insurance Scheme, which previously had been the only employment safety net in South Korea, had too many welfare blind spots and, thus, could not deal with the unemployment shock triggered by Covid-19. The most concerning issue of all was to do with the fact that many precarious workers such as temporary/day, or indirectly employed workers, especially special employment workers (dependent self-employed workers) and self-employed, small business owners, were not getting any benefit from unemployment benefits. The enforcement of 'National Employment Insurance' and 'National Support for Employment', though they came about because of the Covid-19 pandemic, has great significance in the history of welfare policies in South Korea. By enforcing these two, South Korea has finally become a country that has the 'dual' employment safety net—has both the first employment safety net (employment insurance as social insurance) and the secondary employment safety net (unemployment assistance as public assistance). (Park, 2021)

CONCLUSION

The Covid-19 pandemic has impacted all aspects of life, including the economic sector. Various countries felt the effects and made policies to stabilize the economy, such as through policies to overcome the increasing number of unemployment in their regions. The policies made by each country are also different but the goal is the same in this case to reduce the impact felt by vulnerable and unemployed people due to the Covid-19 pandemic. In this case, Indonesia has made several policies such as the Pre-Employment Card Program, relaxation of employment

social security contributions, employment opportunities expansion programs, social safety net programs, etc. Some of these programs are in the form of assistance and training, while information related to the results of the training carried out to improve the skills of the workforce has not been widely discussed. Because the emergence of the Covid-19 pandemic has also shifted the market's need for workforce skills, training is also a program that can help people of working age not to fall and create job opportunities during the Covid-19 pandemic.

In South Korea, the government is very fast in responding and making policies to overcome the problem of unemployment during the Covid-19 pandemic, including through the 'dual' employment safety net and Covid-19 vouchers to increase people's purchasing power, so that through this policy business owners can maintain their business and his workers. However, based on existing studies, the Korean government has not made a policy that focuses on helping female workers face problems at work that are different from problems for male workers, where there is a high risk of being laid off, and the inflexibility of their work conditions force them to quit their jobs to put their children and families first. Of all the policies made are still general without separating by gender where the problems and needs of male and female workers are different.

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