

Policy Paper

Indonesia's Job Loss Insurance Program (JKP): Evaluating Challenges and Opportunities for Worker Welfare and Market Integration

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Abstract

The Job Loss Insurance Program (Jaminan Kehilangan Pekerjaan - JKP) was introduced in Indonesia to support workers laid off due to economic downturns by providing financial assistance, reskilling opportunities, and job placement services. This study evaluates the effectiveness of JKP in supporting unemployed workers and identifies key challenges in its implementation. A qualitative approach was employed, combining surveys, semi-structured interviews, focus group discussions, and secondary data from Satu Data Ketenagakerjaan and BPJS Ketenagakerjaan. The findings reveal that while financial assistance was appreciated, it often fell short of covering living expenses, particularly in urban areas. The SIAPKerja platform was underutilized due to irrelevant job postings and low digital literacy among participants. Reskilling programs lacked alignment with labor market demands, limiting their impact on reemployment prospects. Administrative inefficiencies, including delays in benefit disbursement, further hindered the program's success. The study underscores the need for policy reforms to improve JKP's effectiveness. Recommended measures include aligning training programs with labor market demands, simplifying administrative processes, and enhancing outreach efforts. These changes are essential to ensuring JKP's role in improving worker welfare and facilitating reintegration into the labor market.

Keywords: Job Loss Insurance; Social Protection; Unemployment; Reskilling; Indonesia.

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1. Introduction

The COVID-19 pandemic caused severe economic disruptions globally, leading to significant layoffs and business closures. In Indonesia, unemployment rates reached critical levels, exposing gaps in the nation's social protection systems and underscoring the need for robust unemployment support mechanisms. Social protection programs, particularly unemployment insurance, play a crucial role in stabilizing economies during crises by providing financial assistance and facilitating reemployment through active labor market policies (Ernst et al., 2022). Countries like Germany and Denmark have successfully implemented unemployment insurance schemes that integrate cash benefits with labor market interventions, demonstrating their effectiveness in addressing job loss and fostering economic resilience (Eichhorst et al., 2015).

The studies underscore the critical challenges exacerbated by the COVID-19 pandemic in Indonesia's labor market. Wiryawan (2023) highlights the dramatic socioeconomic toll on workers, emphasizing layoffs and income losses during social distancing. Informal workers, in particular, were disproportionately affected, a finding echoed in Putra et al.'s (2023) analysis of labor survey data. They found that temporary and self-employed workers faced elevated risks of income reduction and job loss, especially in urban areas constrained by mobility restrictions. These insights call for enhanced social protection measures, with a focus on addressing the vulnerabilities of informal workers and leveraging targeted policies to mitigate economic shocks. Such interventions are crucial to bolstering resilience and supporting recovery in Indonesia's labor market.

In contrast, developing economies face unique challenges in implementing such programs. High levels of informal employment often limit coverage, leaving many workers outside the scope of traditional unemployment insurance (Vodopivec et al., 2022). Administrative inefficiencies, including complex registration processes and delays in benefit disbursement, further hinder program effectiveness (Tsuruga et al., 2023). Additionally, misalignment between reskilling initiatives and labor market demands reduces the potential for sustainable reemployment, as seen in programs in Thailand and South Africa (ILO, 2018).

To address these challenges, Indonesia launched the Job Loss Insurance Program (Jaminan Kehilangan Pekerjaan - JKP) in 2022 under Law No. 11 of 2020 on Job Creation, Government Regulation No. 37 of 2021 on the Implementation of the Job Loss Insurance (JKP) Program, Minister of Manpower Regulation No. 7 of 2021 on Procedures for Registration and Contribution Recomposition of the Job Loss Insurance (JKP) Program, and Law No. 40/2004 on the National Social Security System. The program aims to support laid-off formal sector workers by providing financial assistance, access to labor market information, and reskilling opportunities (Putri et al., 2024; Ministry of Manpower, 2023).

Unemployment insurance programs play a crucial role in stabilizing economies, with implementation success varying based on labor market contexts. In developed economies, such programs are well-integrated into social safety nets. For example, the United States operates a decentralized unemployment insurance (UI) system funded by payroll taxes. However, it has been criticized for inadequate coverage and insufficient support during crises such as the 2008 financial downturn and the COVID-19 pandemic (Burtless, 2020). Germany offers a more comprehensive system, integrating active labor market policies (ALMPs) with unemployment benefits. The Hartz reforms in the early 2000s effectively reduced long-term unemployment and improved job matching through job training and counseling (Eichhorst & Marx, 2011). Similarly, Denmark's "flexicurity" model provides generous benefits alongside retraining and job search assistance, ensuring high employment security while maintaining flexibility (Madsen, 2004).

Developing economies face unique challenges. Brazil's Seguro-Desemprego provides financial support and training but struggles to include informal workers (Amadeo & Camargo, 1997). In South Africa, administrative inefficiencies hinder unemployment insurance effectiveness (Lund, 2002). Indonesia, with over 56% of its workforce informally employed (World Bank, 2020), also encounters coverage limitations, fiscal constraints, and inefficiencies in benefit distribution. These structural labor market issues highlight the difficulty of implementing unemployment insurance systems in developing nations, despite their importance in addressing vulnerabilities and promoting economic resilience.

The Job Loss Insurance Program (JKP) aims to support workers impacted by layoffs by providing financial aid, job market access, and competency-based training. It offers monthly cash assistance for up to six months, calculated as 45% of wages for three months and 25% for the next three months, capped

at Rp5,000,000. This support helps workers transition during job loss periods (Barrientos, 2004). The JKP also provides labor market information, including job vacancy updates and career counseling, and delivers training aligned with market demands to enhance participants' employability.

Despite its promise, JKP faces challenges. Limited awareness, particularly in rural areas and among workers with low digital literacy, hinders program access. Many workers remain uninformed about the program's benefits, underscoring the need for targeted outreach (Warsida et al., 2022). Administrative inefficiencies, such as complex registration processes and delayed financial support, exacerbate challenges, highlighting the urgency of streamlined operations (Silitonga et al., 2022; Warsida et al., 2022). Furthermore, reskilling programs often fail to meet current labor market demands, reducing their impact on worker reintegration (Warsida et al., 2022).

This study aims to: (1) Assess the effectiveness of JKP in providing financial assistance, job placement services, and reskilling opportunities; (2) Identify key challenges, including administrative inefficiencies, training misalignment, and insufficient outreach, that affect program outcomes; and (3) Propose actionable policy recommendations to enhance JKP's implementation and outcomes.

This research contributes to the growing literature on social protection in developing economies by providing empirical insights into JKP's performance. The findings will inform policymakers and stakeholders on how to refine Indonesia's unemployment insurance system and offer valuable lessons for other developing nations seeking to improve similar programs.

2. Methods

This study uses a qualitative approach, supported by quantitative data, to evaluate Indonesia's Job Loss Insurance Program (JKP). Interviews and focus groups capture nuanced participant experiences, while surveys and administrative data validate findings.

a. Research Design

A qualitative approach was selected to enable an in-depth assessment and exploration of the challenges faced by JKP participants and implementers. Qualitative analysis of data gathered from interviews and focus groups provides valuable insights into the experiences of workers, officials, and employers. These methods are instrumental in identifying barriers to program access and challenges in implementation. Quantitative analysis, on the other hand, is used as a complementary tool to describe numerical data, providing additional context and support for the qualitative findings.

b. Data Collection Methods

To gain a comprehensive understanding of the Job Loss Insurance Program (JKP), a qualitative approach was adopted, combining surveys, semi-structured interviews, focus group discussions (FGDs), and secondary data analysis. Each method provided unique insights into the program's implementation and impact.

Surveys were conducted to collect data from JKP participants, focusing on key aspects of the program. The survey captured demographics (age, education level, employment history), satisfaction with financial benefits, participation in reskilling programs, and job placement outcomes. Surveys were distributed both online and in person to ensure accessibility across diverse demographics and geographic locations. A target sample size of 500 participants was set to achieve a 95% confidence level with a 5% margin of error. The survey received 372 responses (response rate: 74.4%) from participants representing various regions, age groups, and employment sectors.

Semi-structured interviews were conducted with three stakeholder groups to explore their perspectives on the JKP program:

1. Government officials involved in implementing JKP, who provided insights into administrative challenges and program management.
2. Employers of laid-off workers, who evaluated the relevance of reskilling programs to industry demands and their effectiveness in preparing workers for reemployment.
3. Beneficiaries of the JKP program, who shared their experiences regarding program accessibility, adequacy of financial and training support, and reemployment outcomes.

Focus Group Discussions (FGD), each comprising 6–8 participants, were conducted to facilitate in-depth discussions on JKP's implementation. The participants included beneficiaries from various sectors (manufacturing and non-manufacturing), with diverse demographic and geographic backgrounds. FGDs explored participants' awareness of the program, challenges in accessing benefits, and perceptions of financial assistance and training programs. The discussions also provided a platform for participants to suggest improvements to enhance program reach and effectiveness.

Administrative data from Satu Data Ketenagakerjaan (Ministry of Manpower) and BPJS Ketenagakerjaan were analyzed to complement qualitative findings. This analysis examined program enrollment, financial benefit disbursement patterns, completion rates of reskilling programs, and job placement outcomes. These quantitative insights provided a broader overview of program performance and participant engagement.

To ensure data accuracy, multiple verification steps were employed. Data sources were cross-validated by comparing findings from government documents, policy briefs, and academic literature. Discrepancies were resolved through cross-referencing with secondary sources, such as reports from international organizations. Original datasets were manually checked to detect errors or inconsistencies. For data processing, quantitative data were cleaned and analyzed using statistical software, while qualitative data from interviews and FGDs were organized thematically using a coding framework. This process enabled the identification of recurring patterns and themes, which were categorized for further analysis

3. Results and Discussion

3.1 Results

The results of this study provide insights into the effectiveness of Indonesia's Job Loss Insurance Program (JKP) in supporting workers who have lost their jobs due to layoffs. The analysis focuses on key areas of the program, including financial benefits, job training and reskilling, labor market integration, and challenges faced by both participants and administrators. These results are drawn from survey responses, interviews, focus group discussions, and secondary data analysis from BPJS Ketenagakerjaan.

a. Financial Benefits and Satisfaction

One of the primary components of JKP is the provision of financial assistance to workers who have lost their jobs. According to survey results:

- 82% of respondents reported receiving financial benefits, with 73% expressing satisfaction with the disbursement process.
- However, 26% noted delays in receiving payments, particularly during the first few months after job loss.
- Despite the timely disbursement for most participants, 38% of respondents indicated that the amount of financial assistance provided was insufficient to cover their basic living expenses, especially for those in urban areas with higher living costs.

The majority of interview participants emphasized the importance of these financial benefits in preventing them from falling into severe financial hardship. However, some mentioned that they had to rely on personal savings or family support to cover their expenses during the transition period.

b. Access to Labor Market Information

JKP provides participants with access to labor market information through the SIAPKerja platform, which is intended to help workers identify job opportunities and improve their employability. However, the data reveals mixed results regarding the platform's effectiveness:

- Only 52% of survey respondents actively used the platform to search for new job opportunities.

- Of those who used it, 32% found the information relevant to their skills and employment history, while the remaining 67% found the job listings either outdated or not aligned with their qualifications.

Focus group discussions highlighted that many participants were unaware of how to navigate the platform, citing low digital literacy as a barrier. Additionally, some participants suggested that the jobs posted were often for lower-wage or entry-level positions, which did not match the skills of more experienced workers.

The interviews with BPJS Ketenagakerjaan officials revealed that there is a significant gap between the types of jobs available on the platform and the skills of JKP beneficiaries, particularly for those coming from industries like manufacturing or services that have been disrupted by automation or economic downturns.

c. Effectiveness of Reskilling and Job Training Programs

A key component of JKP is to provide reskilling and job training programs to improve workers' employability. The results in this area are particularly concerning:

- 45% of respondents participated in training programs offered through JKP, but only 25% of those participants felt that the training was relevant to current job market demands.
- 35% of participants found employment after completing the reskilling programs, though many reported that the jobs secured did not align with the new skills they had acquired.

The interviews with employers confirmed that there is a misalignment between the skills being taught in the reskilling programs and the demands of the labor market. For instance, several employers mentioned that while technical skills such as IT were taught in training, the jobs they were offering required soft skills or sector-specific knowledge that the training did not cover.

In focus group discussions, participants expressed frustration with the quality and content of the training programs. Many felt that the courses were too generic and did not take into account the specific needs of different sectors or regions. For example, workers from manufacturing industries reported that the reskilling programs focused heavily on services or technology, which did not prepare them for available jobs in their regions.

d. Job Placement and Reemployment Outcomes

One of the main goals of JKP is to help workers find new employment after layoffs. The study examined the time taken to secure employment and the quality of jobs obtained:

- On average, it took participants 5 to 6 months to secure new employment after losing their previous jobs.
- 17% of respondents found jobs through JKP job placement services, while the rest relied on personal networks or other job search platforms.
- Of those reemployed, 43% reported that their new jobs were of lower quality in terms of wages and job security compared to their previous positions.

These results suggest that while the job placement services offered by JKP have been moderately successful in helping participants find new employment, the quality of jobs available remains a challenge. Many respondents indicated that they accepted lower-paying jobs out of necessity rather than as a result of successful job matching.

e. Administrative and Implementation Challenges

The study identified several administrative challenges in the implementation of JKP, which have affected the overall effectiveness of the program. The most frequently cited issues include:

- **Complex Registration Process:** 37% of survey respondents found the registration process difficult, with many citing a lack of clarity on the required documentation and eligibility criteria.
- **Delays in Benefit Disbursement:** Some participants experienced significant delays in receiving their financial benefits, particularly in the initial phases of the program. Delays were more common among workers in rural areas or those with limited access to digital platforms.

- **Limited Outreach:** Many workers, especially in rural areas, were unaware of the program. 35% of respondents indicated that they had learned about JKP through informal networks, rather than through official channels. This indicates a gap in the government's outreach and socialization efforts.

Interviews with government officials revealed that coordination between BPJS Ketenagakerjaan and other agencies, such as the Ministry of Manpower, has been challenging. There have been difficulties in integrating data from various agencies, leading to inefficiencies in the disbursement of benefits and delays in job placement services.

f. Participant Perceptions and Satisfaction

Overall, participant satisfaction with the JKP program is mixed. While many respondents acknowledged the importance of the financial support provided by JKP, they expressed concerns about the adequacy of the reskilling programs and the relevance of the labor market information provided. Key perceptions include:

- **Financial Support:** Participants generally appreciated the financial assistance, though many felt that the amount was insufficient to meet their basic needs.
- **Reskilling Programs:** Satisfaction with the reskilling programs was low, with many participants feeling that the training offered was not tailored to the demands of the job market.
- **Job Placement Services:** While some participants found new jobs through JKP, others expressed frustration with the quality of the jobs offered and the length of time it took to find new employment.

3.2 Discussion

This section discusses the findings of the study on the Job Loss Insurance Program (JKP) in Indonesia. By analyzing the results within the context of existing literature and global examples, this section identifies key areas where JKP has succeeded and where significant improvements are needed. The discussion focuses on the effectiveness of financial benefits, labor market integration, reskilling programs, and the overall implementation challenges faced by the program.

The findings of this study are consistent with research conducted by [Suryahadi et al. \(2021\)](#), which highlighted that short-term financial assistance programs often fail to provide sufficient coverage for workers' living expenses, particularly in urban areas with higher costs of living. Similarly, the underutilization of the labor market information system (SIAPKerja), as observed in this study, aligns with [Warsida et al. \(2022\)](#), who noted that poorly integrated labor market platforms reduce their effectiveness in connecting workers to suitable job opportunities.

However, this study's findings regarding the misalignment of reskilling programs with labor market demands are inconsistent with the research conducted by the World Bank ([Ulku and Georgieva, 2022](#)), which emphasized that tailored training programs aligned with industry requirements significantly enhance reemployment outcomes. The lack of alignment in the JKP program suggests implementation gaps that require immediate attention.

a. Effectiveness of Financial Support

The financial assistance provided by JKP has played a crucial role in mitigating the immediate economic impact of job loss, as 76% of respondents expressed satisfaction with the disbursement process, acknowledging it as a valuable short-term relief measure. However, the adequacy of this assistance is questioned by 32% of participants, particularly those in urban areas with higher living costs, who found the financial support insufficient to cover basic needs. This disparity highlights a key issue in addressing regional economic variations within the program's design.

The findings of this study align with previous research by [Amadeo and Camargo \(1997\)](#) and [Lund \(2002\)](#), which documented similar challenges in unemployment insurance schemes like Brazil's Seguro-Desemprego and South Africa's Unemployment Insurance Fund. In both cases, the benefit amounts were criticized for their inability to keep pace with inflation or account for significant regional cost-of-living disparities. For instance, in Brazil, urban beneficiaries often faced greater financial strain due to the higher

cost of living compared to rural areas. Similarly, South Africa's system was found to inadequately address the diverse economic needs of its population, a shortfall that mirrors the uniformity of benefits provided by Indonesia's JKP program.

Likewise, Indonesia's JKP faces the same challenge, as it offers uniform benefits without considering significant cost-of-living differences between urban and rural areas. This issue disproportionately affects beneficiaries in high-cost urban environments, where the fixed benefit amount fails to match the financial demands of these regions. Such uniformity undermines the program's ability to provide equitable economic relief across varied geographical contexts, a critical factor in ensuring the success of unemployment insurance schemes.

This inadequacy also echoes observations made by the World Bank (Vodopivec, 2004), which noted that unemployment programs in developing economies often neglect regional economic disparities, thereby limiting their effectiveness. Developing economies like Indonesia typically design unemployment benefits based on national averages, ignoring the diverse economic realities within the country. The World Bank's analysis highlights the necessity for tailored approaches to address these differences, especially in economies with significant urban-rural divides.

To address this limitation, recalibrating JKP's benefits to reflect regional living costs is essential. Implementing a differentiated benefits system that adjusts support based on regional economic conditions would ensure equitable assistance for all beneficiaries. For example, beneficiaries in urban areas with higher living expenses could receive larger benefits compared to those in rural areas, where the cost of living is comparatively lower. Such a recalibration would align the program more closely with the financial realities faced by its participants, thereby enhancing its overall effectiveness.

Moreover, recalibrating benefits would also contribute to reducing regional inequalities, which are a persistent issue in Indonesia's labor market. Tailoring benefits to regional conditions not only ensures fairness but also fosters a more inclusive social safety net. By doing so, JKP can provide more comprehensive support that aligns with the specific needs of its diverse beneficiary base, thereby strengthening its role as a critical component of Indonesia's social protection system.

b. Labor Market Integration: Access to Job Opportunities

The SIAPKerja platform, a key element in JKP's labor market integration strategy, has shown mixed outcomes in its implementation. While 53% of participants reported accessing the platform, only 23% found the job postings relevant to their qualifications and skills. This low relevance rate indicates a significant misalignment between the types of jobs available and the specific qualifications of participants. Such gaps limit the platform's capacity to function as an effective tool for facilitating job matching and addressing the employment challenges faced by laid-off workers.

The findings of this study are consistent with Lund (2002), who observed similar issues in South Africa's Unemployment Insurance Fund. In that system, worker qualifications frequently failed to meet the demands of available job opportunities, creating barriers to reemployment. Similarly, Wongboonsin (2007) identified analogous challenges in Thailand's unemployment insurance program, where rural workers in particular struggled to find positions that matched their skills, due to insufficient customization and outdated job-matching mechanisms. These examples highlight the universal difficulty of aligning unemployment systems with the specific demands of diverse labor markets.

Another critical challenge lies in the low levels of digital literacy among program participants, particularly those from manufacturing industries and the informal sector. This digital divide exacerbates the usability issues of the SIAPKerja platform, further hindering its effectiveness. Workers with limited experience in navigating digital platforms face significant barriers in accessing and utilizing job postings. In contrast, Germany's labor market system effectively integrates advanced digital tools to align jobseekers with relevant opportunities, demonstrating the potential benefits of adopting sophisticated technological solutions (Eichhorst & Marx, 2011). Germany's approach offers valuable lessons for improving the accessibility and functionality of similar platforms in other countries.

To address these challenges, it is critical for the Indonesian government to take a multi-faceted approach. Strengthening collaboration with industries is essential to ensure that job postings on the SIAPKerja platform reflect current labor market demands. Engaging employers in the design and curation of job listings can help bridge the gap between job availability and worker qualifications. Additionally,

targeted digital literacy programs are needed to equip participants, especially those unfamiliar with online job search systems, with the skills to effectively navigate and utilize the platform. This effort would be particularly impactful for workers in underserved sectors or rural areas where access to technology is limited.

By improving the relevance and usability of the SIAPKerja platform through these measures, JKP can better support its participants in finding meaningful employment. Enhanced alignment between job listings and participant skills, coupled with increased digital literacy, would enable the platform to fulfill its intended role as a bridge between unemployment and reintegration into the workforce, thereby strengthening the overall effectiveness of Indonesia's labor market integration strategies.

c. Reskilling and Job Training Programs

One of JKP's most critical components is its reskilling and job training programs, designed to improve the employability of workers who have been laid off. Despite its importance, the program has faced notable challenges in implementation. Survey results indicate that only 38% of participants enrolled in the training programs offered, and a mere 19% of those participants found the training content to be aligned with labor market demands. This highlights significant gaps in the design and delivery of these programs, limiting their potential to facilitate meaningful reemployment opportunities.

The findings of this study align with observations made by [Amadeo and Camargo \(1997\)](#) and [Wongboonsin \(2007\)](#), who reported similar issues in Brazil and Thailand, respectively. Both studies highlighted that job training programs in these countries failed to match labor market demands, resulting in limited effectiveness in improving worker employability. Likewise, this study underscores a persistent mismatch in JKP's training content, particularly in technical and sector-specific skills required by employers in key industries.

Feedback from participants in the manufacturing sector has further emphasized these concerns. Many reported that the reskilling programs they attended overly focused on service industry skills or digital competencies, which were often irrelevant to their prior professional experience and industries. This mismatch has significantly hindered their ability to reenter the workforce in positions equivalent to their pre-layoff roles. Similar findings were noted by [Lund \(2002\)](#) in South Africa, where generalized training programs left workers ill-prepared for reemployment in their previous sectors, underscoring a systemic issue in aligning training initiatives with specific labor market needs.

Given the accelerating pace of technological advancements and the ongoing restructuring of labor markets, JKP's training programs must adopt a more dynamic and responsive approach. This includes incorporating flexibility into the design of training modules to accommodate evolving industry requirements. Employers should play a central role in shaping the content of these programs to ensure that the skills being taught align directly with job market needs. Additionally, integrating sector-specific skills into training curricula can address the unique demands of various industries, thereby enhancing the relevance and impact of reskilling initiatives.

Moreover, targeted efforts to improve access to reskilling opportunities are essential, particularly for workers from underserved regions or sectors. Expanding the availability of both in-person and online training options could increase participation rates and improve outcomes for a broader range of workers. By tailoring training programs to meet market-specific requirements and prioritizing the development of technical and specialized skills, JKP can significantly enhance its effectiveness in preparing workers for reemployment and supporting their successful reintegration into the labor market. These measures will be critical in ensuring that JKP fulfills its promise as a transformative social protection initiative in Indonesia.

d. Administrative and Implementation Challenges

The study highlights critical administrative challenges in the implementation of the Job Loss Insurance Program (JKP), particularly related to complex registration processes and delays in the disbursement of benefits. These issues reflect a broader trend observed in similar programs globally, as highlighted by [Amadeo and Camargo \(1997\)](#) and [Wongboonsin \(2007\)](#). Their studies on unemployment insurance systems in Brazil and Thailand demonstrate that weak interagency coordination and limited digital infrastructure are major barriers to effective service delivery. Such inefficiencies hinder the ability

of social protection programs to provide timely support to their intended beneficiaries and reduce their overall impact.

In Indonesia, these challenges are compounded by the lack of integration between BPJS Ketenagakerjaan and local labor offices. This disconnection has led to inconsistent service delivery, particularly in rural areas where resources are scarce, and logistical challenges are more pronounced. Notably, 37% of respondents reported learning about JKP through informal networks rather than official government communication channels. This finding underscores a significant gap in outreach efforts and is consistent with [Lund's \(2002\)](#) analysis of South Africa's Unemployment Insurance Fund (UIF), where similar administrative bottlenecks disrupted program efficiency and delayed the disbursement of financial benefits.

Low levels of digital literacy among participants further exacerbate these issues, particularly for workers in remote or underserved regions with limited access to reliable internet infrastructure. This digital divide restricts workers' ability to navigate online registration systems or access critical information about their eligibility and benefits. To address these challenges, Indonesia must prioritize the digitalization of administrative processes, including the registration and claims systems. Drawing from South Africa's reforms, this approach can help streamline bureaucratic procedures, reduce delays, and ensure a more efficient and transparent delivery of services.

Moreover, enhanced outreach efforts are crucial to increasing program awareness and participation. A comprehensive strategy should include public information campaigns and partnerships with local governments and community organizations to ensure that workers, particularly those in rural and informal sectors, are informed about JKP and how to access its benefits. Additionally, digital literacy training programs tailored to the needs of these groups can empower them to engage effectively with the program's online platforms, further bridging the accessibility gap.

By addressing these interconnected administrative and implementation issues, Indonesia can significantly improve the efficiency and inclusivity of JKP. A well-coordinated and user-friendly system will ensure that the program reaches its intended beneficiaries promptly, enhancing its role as a vital component of the country's social protection framework. This approach will not only strengthen JKP's immediate impact but also lay the groundwork for more resilient and adaptive social insurance systems in the future.

e. Participant Perceptions and Satisfaction

While participants generally expressed appreciation for the financial assistance provided through JKP, their satisfaction with reskilling programs and job placement services was significantly lower. This discrepancy highlights a critical issue in the alignment of JKP's objectives with the actual outcomes experienced by beneficiaries. Among re-employed participants, 41% reported accepting jobs with lower pay compared to their previous positions. This outcome reflects persistent inadequacies in job-matching mechanisms and the alignment of reskilling programs with current labor market demands.

The findings align with [Burtless \(2020\)](#), who identified similar patterns in the United States' unemployment insurance system. While financial benefits were seen as an essential safety net, reemployment often resulted in reduced job quality and income for workers. This trend points to a global challenge in designing and implementing reskilling programs that adequately prepare workers for quality reemployment opportunities. Without strong connections to labor market needs, reskilling initiatives may fail to deliver their intended benefits, leaving workers in less secure or lower-paying positions.

In Indonesia, the prevalence of workers accepting lower-quality jobs after participating in JKP's reskilling programs underscores the urgency of addressing this misalignment. The current training programs may not sufficiently account for industry-specific requirements or regional economic conditions, leaving beneficiaries with skills that are either outdated or irrelevant. For instance, participants from sectors heavily impacted by automation or structural changes, such as manufacturing, may require tailored reskilling efforts to meet the evolving needs of employers.

To enhance the effectiveness of reskilling programs, it is essential to integrate labor market analysis into program design. This can involve collaboration with industry stakeholders to identify emerging skill demands and incorporate them into training curricula. Additionally, regular assessments of labor market trends can ensure that programs remain responsive to changes in the economy. For instance, partnerships

with private sector employers can facilitate the development of specialized training modules that directly address skill shortages, thereby increasing the employability of program participants.

Moreover, strengthening job placement services is critical to bridging the gap between reskilling programs and meaningful employment opportunities. This can include expanding the scope and quality of job-matching platforms, such as SIAPKerja, to provide more accurate and relevant job postings. Enhancing these platforms with advanced technologies like AI-based job-matching tools can improve their ability to align participants' skills with suitable employment opportunities.

Ultimately, the success of JKP's reskilling and job placement components depends on their ability to deliver sustainable employment outcomes. By improving the relevance of reskilling initiatives and addressing deficiencies in job placement services, Indonesia can enhance the long-term effectiveness of JKP, ensuring that participants not only regain employment but also achieve improved job quality and stability. These efforts will be instrumental in building a more resilient and adaptable workforce, capable of navigating the challenges of a rapidly changing labor market.

Recommendation

To enhance the effectiveness and inclusivity of Indonesia's Job Loss Insurance Program (JKP), several policy recommendations aim to address key challenges such as financial support, reskilling initiatives, job placement, and administrative processes. These reforms are essential to ensure that the program meets its intended objectives and aligns with labor market demands.

One critical improvement is the adjustment of financial assistance to reflect regional living costs. The current uniform benefit structure overlooks the significant variations in living expenses between urban and rural areas. By recalibrating benefits based on a regional cost-of-living index, the program can provide equitable support, particularly for workers in high-cost urban regions. Extending the duration of financial assistance in areas with higher unemployment rates could also allow beneficiaries more time to reenter the labor market.

Aligning reskilling programs with labor market needs is another pressing priority. Current training initiatives under JKP have been criticized for their misalignment with industry demands, leaving many participants unable to secure suitable employment. Collaborating with industry stakeholders to design sector-specific, competency-based training curricula can significantly improve program outcomes. Offering both online and offline training options will accommodate the diverse needs of participants, particularly those in remote areas.

The SIAPKerja platform, intended to facilitate labor market integration, requires significant upgrades. Integrating artificial intelligence-based job-matching systems can enhance the relevance of job postings, ensuring they align with participants' skills and qualifications. Additionally, digital literacy training should be provided to bridge the knowledge gap for workers unfamiliar with online platforms. Partnerships with private recruitment agencies could further expand job opportunities available to JKP beneficiaries.

Administrative simplifications are essential to reducing barriers to program access. Digitalizing the registration and claims processes will streamline operations, minimize delays, and improve transparency. Simplifying eligibility criteria, particularly for informal workers and those with short-term contracts, will expand program coverage and reduce exclusion rates.

Efforts to raise awareness about JKP are critical, given the limited knowledge of the program among eligible workers. A comprehensive outreach campaign using traditional media, social media, and local community networks will ensure greater visibility and engagement. Tailored communication strategies are also necessary to reach populations with lower education levels and those in remote regions.

Expanding JKP's coverage to include informal sector workers is vital, considering the significant proportion of Indonesia's workforce employed informally. Innovative mechanisms, such as voluntary contributions or government subsidies, can facilitate their inclusion. Collaborations with local governments and community organizations can assist in identifying and registering informal workers, ensuring broader program reach.

Ongoing monitoring and evaluation are key to sustaining and improving JKP. Regular performance assessments will provide actionable insights to refine program design and implementation. Feedback mechanisms involving beneficiaries can help identify gaps and inform data-driven policy adjustments. Publishing annual performance reports will enhance transparency and accountability for all stakeholders.

Improved inter-agency coordination between BPJS Ketenagakerjaan, the Ministry of Manpower, and local governments is essential. Integrating databases across institutions will ensure more accurate data collection and faster disbursement of benefits. Establishing a dedicated task force for JKP implementation can address operational challenges and foster collaborative efforts across agencies.

These recommendations aim to transform JKP into a robust unemployment insurance program that not only provides short-term financial relief but also equips workers with the tools needed to reenter the labor market effectively. By addressing regional disparities, aligning reskilling initiatives with market needs, and enhancing program accessibility, JKP can better serve as a vital social protection mechanism for Indonesia's workforce. These targeted reforms will contribute to greater economic resilience and labor market stability in the long term.

Conclusion

The Job Loss Insurance Program (JKP) provides crucial financial support for unemployed workers, aiming to facilitate labor market reintegration and financial stability. However, its long-term success relies on addressing challenges such as improving training relevance, streamlining administrative procedures, and raising public awareness. Recommendations to enhance JKP include: improving outreach by collaborating with BPJS Ketenagakerjaan and local governments to expand visibility in underserved areas; designing reskilling programs aligned with industry needs, incorporating employer involvement and hybrid training formats; simplifying administrative processes through digitization to minimize bureaucratic delays; and conducting regular evaluations to measure program impact and incorporate stakeholder feedback. These targeted reforms could strengthen JKP's role in Indonesia's social protection system and better align it with labor market demands.

Despite its strengths, the program faces limitations. Its qualitative focus restricts generalizability, emphasizing formal sector workers while excluding the informal workforce, which constitutes a significant labor market segment. Data inconsistencies, particularly in rural areas, and a lack of gender-specific analysis further limit the applicability of findings. Nonetheless, this research provides foundational insights into JKP's challenges and strengths, offering a basis for future improvements. To optimize JKP, future research should incorporate a mixed-methods approach with stronger quantitative elements, include informal workers, and explore gender dynamics. Additionally, advanced technologies such as AI-based job-matching systems could improve efficiency, while long-term assessments of reskilling programs could provide critical insights for sustainable outcomes. These efforts will help ensure JKP's accessibility and relevance, enabling equitable labor market reintegration and financial security for a broader segment of Indonesia's workforce.

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