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## ► Severance pay in Indonesia

Evidence from a small-scale survey during the onset of  
COVID-19 pandemic



ILO/Japan  
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**FAST RETAILING**

## ► **Severance pay in Indonesia**

Evidence from a small-scale survey  
during the onset of COVID-19 pandemic

Qisha Quarina, Fandy Rahardi, Ippei Tsuruga

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First published 2024.



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ISBN 978-92-2-040106-4 (web PDF)

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## ► Acknowledgement

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The ILO Country Office for Indonesia and Timor-Leste in Jakarta (ILO-Jakarta) undertook the present study. This report was authored by Ms Qisha Quarina, Lecturer, Universitas Gadjah Mada, Mr Fandy Rahardi, Data Analyst, Prospera and Mr Ippei Tsuruga, Social Protection Programme Manager (ILO-Jakarta). This report was backstopped by Mr Ippei Tsuruga (ILO-Jakarta) along with coordination and assistance by Mr Christianus Panjaitan, National Project Officer (ILO-Jakarta), and reviewed by Mr Devanto Shasta Pratomo, Professor in Labour Economics, Faculty of Economics and Business, Universitas Brawijaya and Mr Rus'an Nasrudin, Lecturer, Faculty of Economics and Business, Universitas Indonesia.

The ILO team would like to acknowledge contributions from (in alphabetical order) All Indonesian Trade Union Confederation (*Konfederasi Serikat Buruh Seluruh Indonesia*, or KSBSI), All Indonesian Trade Union Confederation (*Konfederasi Serikat Pekerja Seluruh Indonesia*, or KSPSI), Confederation of All Indonesian Trade Union-Reconciliation (*Konfederasi Serikat Pekerja Seluruh Indonesia-Rekonsiliasi*, or KSPSI-Rekonsiliasi), Confederation of Indonesian Trade Unions (*Konfederasi Serikat Pekerja Indonesia*, KSPI), Confederation of Moslem Trade Union (*Konfederasi Sarikat Buruh Muslimin Indonesia*, or K-SARBUMUSI) and National Trade Union Confederation (*Konfederasi Serikat Pekerja Nasional*, or KSPN).

Special gratitude is extended to Ms Ida Fauziyah, Minister of Manpower, and Ms Retna Pratiwi, Social Security Director, Ministry of Manpower, for their trust in the ILO in carrying out this study. In addition, the ILO team would like to thank Mr John Maloy, who assisted in copy-editing. Gratitude is also owed to Ms Michiko Miyamoto, Country Director, ILO Jakarta, for her support throughout the period of this report.

The ILO team would also like to acknowledge the financial support provided by Fast Retailing Co. Ltd. through the Project "Unemployment Protection in Indonesia - Quality Assistance for Workers Affected by Labour Adjustments" and the Government of Japan through the Project "Promoting and Building Social Protection in Asia (Phase 4)".

## ► Abbreviations

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BPJS	<i>Badan Penyelenggara Jaminan Sosial</i> (Social Security Administrator)
JHT	<i>Jaminan Hari Tua</i> (Old-age Pension Insurance)
PKWT	<i>Perjanjian Kerja Waktu Tertentu</i> (Fixed-term Working Agreement)
PKWTT	<i>Perjanjian Kerja Waktu Tidak Tentu</i> (Indefinite-term Working Agreement)
P4 Daerah	Panitia Penyelesaian Perselisihan Perburuhan Daerah (Labour Dispute Settlement Committee at the Regional Level)
P4 Pusat	Panitia Penyelesaian Perselisihan Perburuhan Pusat (Labour Dispute Settlement Committee at the Central/National Level)
SMEs	small- and medium-sized enterprises
UP	<i>Uang Pesangon</i> (Severance Pay)
UPMK	<i>Uang Penghargaan Masa Kerja</i> (Long Service Pay)
UPH	<i>Uang Penggantian Hak</i> (Compensation of rights for the employee)
WFH	Work from Home
WFO	Work from Office





# 1

## Introduction



Since the end of 2019, countries around the globe have been threatened by the discovery of the novel coronavirus disease (COVID-19), which was declared a pandemic by the World Health Organization on 11 March 2020. In Indonesia, although the first case of COVID-19 was officially announced to the public by the President on 2 March 2020, the Government of Indonesia had been preparing prevention strategies since the beginning of the year. After the announcement of the first COVID-19 case in Indonesia, several immediate measures and policies were taken by both the national and local governments to prevent and stop the spread of the virus, such as physical distancing, school closures and the large-scale social restrictions policy known as *Pembatasan Sosial Berskala Besar*. Since then, not only has the COVID-19 outbreak had severe impacts on Indonesia's economic performance, it has also adversely hit Indonesia's labour market.

Data from Statistics Indonesia (n.d.) shows that the year-on-year economic growth for the second quarter of 2020 was recorded at -5.32 per cent, and the main sectors that had been severely hit by the pandemic were manufacturing, retail, transportation and storage, accommodation and food service activities. The economic slowdown due to COVID-19 was partly caused by demand-side shocks (Baldwin and Tomiura 2020). As the Government enacted its large-scale social restriction policy, people's mobility became constrained, thereby resulting in a slow-down of business activities as well as market transactions. As a result, many businesses and production activities, particularly in the manufacture and retail sectors, had to shut down their operations and lay-off<sup>1</sup> or furlough<sup>2</sup> their workers. As of May 2020, around 1.79 million workers had been either been laid-off or furloughed by their employers (*Tirto.id* 2020). Data from the Ministry of Manpower (2020) shows that as of 31 July 2020, there were about 3.5 million total workers who had been affected by the COVID-19 pandemic:

- 32.3 per cent were formal workers who were put on furlough;
- 11 per cent were formal workers who were terminated;
- 18 per cent of were informal workers who were adversely affected; and
- 38.6 per cent were other workers such as migrant workers.

Job losses and furloughs would lower, if not eliminate, workers' source of income, thereby decreasing households' purchasing power, which could contract the market demand even further.

In the absence of unemployment benefit scheme<sup>3</sup>, Indonesia relies upon its severance pay system to protect laid-off workers (Vodopivec 2004; Manning and Roesad 2007; Rosfadhila 2019), particularly in a time of a crisis. The current severance pay system in Indonesia is regulated by the Labour Law (Act No. 13/2003) (hereafter referred to as "the Labour Law"). Although other social protection schemes are available in Indonesia, such as the Old-Age Benefit (*Jaminan Hari Tua*, or JHT) and the National Health Insurance Programme (*Jaminan Kesehatan Nasional*, or JKN)<sup>4</sup>, severance payments remain the most common form of unemployment protection. They are also the most highly debated, mainly due to issues around low compliance by firms and weak enforcement of regulations (Rosfadhila 2019).

Using data from two Indonesian household surveys – the Indonesian Family Life Survey in 2007 and the National Labour Force Survey (Sakernas) in 2008 – Brusentsev, Newhouse and Vroman (2012) found that the severance pay compliance in Indonesia was very low. Specifically, only about one-third of legally eligible workers reported receiving severance pay after termination, and on average these workers received less than 40 per cent of the payment that was due to them. This is partly due to the

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<sup>1</sup> This term will be used interchangeably with the term "terminate".

<sup>2</sup> Here onwards, the term "furlough" is used to refer to a situation wherein employees are being put on mandatory leave (either paid or unpaid), but their work contracts are not terminated.

<sup>3</sup> An unemployment benefit scheme (*Jaminan Kehilangan Pekerjaan*, or JKP) was established in February 2021.

<sup>4</sup> The Old-Age Benefit (*Jaminan Hari Tua*, or JHT) and the National Health Insurance Programme (*Jaminan Kesehatan Nasional*, or JKN) are provided, respectively, by BPJS Ketenagakerjaan (Employment Social Security Agency) and BPJS Kesehatan (Health Social Security Agency).

fact that Indonesia currently has one of the most expensive severance pay schemes among developing countries (Manning and Roesad 2007). In addition, the Labour Law also places tighter restrictions on fixed-term contract workers, whereby fixed-term contracts are limited to three years maximum (two years plus a one-year extension).

As a consequence, Indonesia's current labour law incurs a very high cost for firms to lay-off their permanent workers, while at the same time making them more reluctant to hire temporary workers (Manning and Roesad 2007). These factors then lead to a distortion in the hiring and firing decisions of firms (Brusentsev, Newhouse, and Vroman 2012). In a time of crisis, such as the COVID-19 pandemic, this distortion problem due to severance pay regulations becomes even more exacerbated. In the current situation, the problems faced by firms are twofold; not only are firms "forced" to dismiss their workers due to business slowdown or bankruptcy, but they also do not have sufficient financial resources to pay for the dismissed workers' severance pay. From the workers' point of view, this situation would be seen as an unjustified practice by their employers, as their legal right to severance pay is not being properly honoured.

The adverse impact of COVID-19 pandemic on the labour market is not only apparent for workers who have had their employment terminated, but it is also seen for workers who are currently employed. Such workers have been placed in variety of undesirable circumstances – such as being "forced" to take paid or unpaid leave, being put on furlough, facing reduced wages, or having to work from home – in order to reduce firms' production costs and thereby keep said firms in business.

At the time of writing this report (October 2020), there has been no official national survey data regarding the impact of COVID-19 on employment. Moreover, there has been no tangible information on the provision of severance pay and salary entitlements for partially and fully unemployed workers impacted by the COVID-19 crisis. In addition, the full impact of COVID-19 on employment has yet to unfold, as COVID-19's effects on the Indonesian labour market continue to escalate as the number of positive cases continues to skyrocket. This study tries to contribute to providing recent labour market evidence by conducting a small-scale primary survey data collection, specifically to gather information regarding how protection schemes are working to aid workers amidst adverse labour market conditions brought on by the COVID-19 crisis. Specifically, this study tries to seek evidence on workers' entitlements to severance payments and wages by asking workers about their experiences with job termination and/or furlough during the COVID-19 pandemic, as well as to obtain descriptive evidence regarding the current working conditions of workers and their strategies for coping with the pandemic.

## 1.1. Aim of the study

In general, this study tries to answer the question of whether workers are "well-protected" against adverse (negative) labour market shocks, particularly due to COVID-19 crisis. For the purposes of this study, workers are considered to be well-protected if they receive their rights according to the prevailing regulations based on their respective situations. Specifically, the aims of this study are three-fold:

1. to analyse the entitlement of severance pay to laid-off workers (and thus employers' compliance with this entitlement), and to identify gaps between legal rights and actual severance payments in practice;
2. to investigate the situation of workers who were put on furlough due to the pandemic, including the entitlements that they received during furlough; and
3. to provide an overview of workers' current working condition during the COVID-19 crisis, such as their current working arrangements and their strategies to cope with the crisis.

Using a survey questionnaire, the research sought to capture comprehensive information regarding the components of severance pay based on the Labour Law, such as whether the workers received

compensation for travel expenses, the exact period of work duration (from the start date of work to the date of termination), and the nominal value of wage reductions suffered by workers. In addition, the questionnaire was designed on a historical (retrospective) basis, and thus it captures both the current working conditions of respondents as well as their previous history of terminations and/or furloughs. The negative impacts of COVID-19 on workers' labour market history are also disaggregated into two categories, that is, termination and furlough.

The outcomes and information obtained from this study would provide early evidence on workers' recent conditions during the COVID-19 crisis, which would be useful in discussions on developing a system to give better protection for workers against unemployment, particularly in a time of a crisis. Moreover, this study may also serve as baseline literature for further studies regarding severance pay or the impacts of the COVID-19 crisis on the labour market in Indonesia.

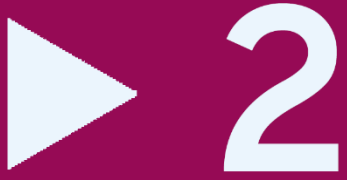
## 1.2. Scope and limitations of the study

We have to acknowledge several limitations of this study due to time and resource constraints, as well as the scope of the study.

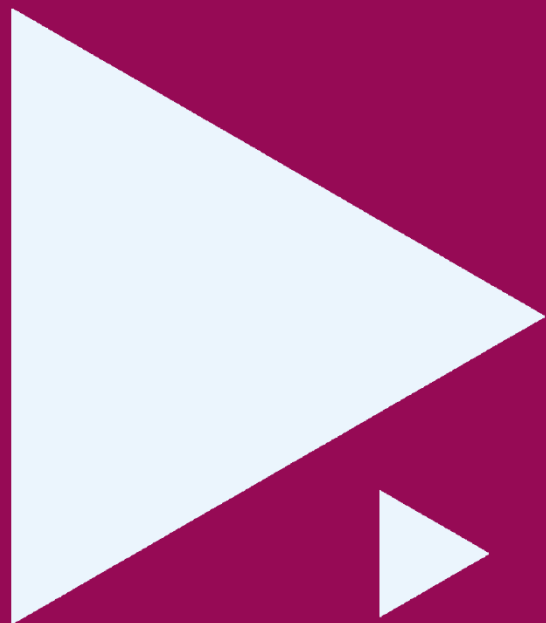
First, the main drawback of this study is the limited sampling frame and selectivity of the survey sample. Due to limited resources, especially during the current pandemic situation, the survey sample is highly selected, wherein the responses obtained from the survey relied heavily on a targeted sample of respondents obtained from non-probabilistic sampling strategies. As a consequence, the sample group is not representative of the entire population, and thus the results from this study must not be interpreted as a representative of Indonesia. Instead, findings from this study will only represent the sample used in the survey.

Second, because the main focus of this study is to analyse the issue of severance pay and any other entitlements given from employers to employees, the survey respondents are limited to those who are currently working, or used to work, with the status of worker/employee/labourer – that is, formal workers only.

Lastly, since the aim of the survey was to capture the negative impacts of COVID-19 on the labour market, this study only focused on the respondents' history of termination and/or furlough between March to September 2020.



## Regulation on severance pay and furlough



## 2.1. Severance pay in Indonesia

Severance pay is generally defined as a lump-sum compensation payment made by an employer to an employee whose contract or employment has been terminated, wherein the payment is either made voluntarily by the employer (through collective agreements or as part of the firm's policy) or as mandated under legal provisions (Asher and Mukhopadhaya 2003). Asher and Mukhopadhaya (2003) also argued that severance pay has been designed as part of an unemployment protection system to enable individuals and their families to cope with economic and financial risks.

Severance pay in Indonesia was initially regulated in 1986, and the rates of severance pay increased twice (in 1996 and 2000)<sup>5</sup> prior to the current rates supplied in the Labour Law (Rosfadhila 2019). Based on the Labour Law<sup>6</sup>, article 156, workers whose employment are terminated are entitled to:

- severance pay (*Uang Pesangon*, or UP);
- long service pay (*Uang Penghargaan Masa Kerja*, or UPMK); and
- compensation of rights for the employee (*Uang Penggantian Hak*, or UPH).

These benefits are paid by an employer to an employee based on the reason of termination (see table A.1 in Appendix 1), the number of years the employee worked for the employer, and the type of contract of the employee, that is, whether they are hired as (indefinite-term) permanent workers (*Perjanjian Kerja Waktu Tidak Tertentu*, or PKWTT) or as (fixed-term) temporary workers (*Perjanjian Kerja Waktu Tertentu*, or PKWT).

In addition, employers are also advised to pay separation money (*Uang Pisah*) as a reward for a worker's service, although the regulation for separation money is not stated in the Labour Law, and thus the amount and mechanism are under the employer's authority. Separation money is also provided only to employees whose duties are not related directly to the employer's interest, such as non-management workers, and only in specific circumstances (Rosfadhila 2019).

The types of employee contracts and their associated regulation are stipulated in articles 56–60 of the Labour Law. In general, only indefinite-term employees (that is, those under a PKWTT agreement) are eligible to receive UP, UPMK, UPH and *Uang Pisah* upon termination of contract. The formula to calculate UP, UPMK and UPH are based on the basic salary or wage and any fixed allowances granted to the employee and their family (article 157(1)). Moreover, depending on the number of years worked and the reason for termination, the formula used to calculate the termination benefits is different (see table A.2 in Appendix 1).

Regarding fixed-term employment agreements (PKWTs), the duration cannot exceed a total of 3 years (an initial duration of 2 years and a 1-year extension) and there are strict procedures and requirements under which PKWTs can be implemented. Failure to meet these requirements would lead to the conversion of a PKWT contract into PKWTT (that is, indefinite-term) contract. Concerning termination, if the termination happens on the expiry date of the PKWT contract, then the employer is not obliged to provide severance pay. However, if termination occurs before the end of the PKWT contract, either by the employer or the employee (article 62), then the party who initiated the termination of the contract should provide compensation to the other party. This compensation should cover the employee's wages until the specific time that the PKWT contract was due to finish. Thus, the amount of compensation depends on the employee's wage and the duration remaining on the contract. Meanwhile, if termination occurs due to employer misconduct or failure to fulfil the requirements stated in the Labour Law regarding PKWT (which then led to a conversion to a PKWTT), then laid-off

<sup>5</sup> These increases of severance pay rates were based on Ministerial Decree No. 3/1996 and Ministerial Decision No. 150/2000, respectively (Manning and Roesda 2007).

<sup>6</sup> After writing this report, severance pay provisions of the Labour Law were amended by Law No. 11/2020 and Law No. 6/2023.

employee is eligible for severance pay. Table A.2 in Appendix 1 provides the summary of calculations of termination benefits both for the PKWTT and PKWT contract types.

As discussed previously, the main issue with the current severance pay regulation in Indonesia, which is also the main implementation issue of most other countries implementing severance pay schemes, is the high transaction costs faced by firms in firing their employees (Asher and Mukhopadhyaya 2003; Brummund, unpublished). Besides the high transaction cost, lack of enforcement of regulations is also another prominent issue concerning the implementation of severance pay (Asher and Mukhopadhyaya 2003; Brusentsev, Newhouse, and Vroman 2012).

Manning and Roesad (2007) point out several potential rigidities that result from the implementation of severance pay based on the Labour Law. First, because severance pay rates make it costly for firms to terminate their existing employees, firms are induced to hold onto their older workers, which then limits the opportunities for new young workers to be hired. Second, as the rates of severance pay increase with the number of years worked, firms might be discouraged from hiring employees on a permanent basis in the first place. In this case, the costs of firing fixed-term employees after two or three years and then hiring new employees, might be smaller than paying the severance pay for indefinite-term employees of the same work duration.

## 2.2. Regulation of furloughs under the Labour Law

Apart from terminating their employees, another measure that has been taken by firms to minimize the impact of COVID-19 is to put their workers on furlough (paid or unpaid). The regulation of paid/unpaid leave is not specified in the Labour Law. However, there are several other ministerial regulations that include the concept of “being placed on furlough” (or “*dirumahkan*” in Bahasa). Ministry of Manpower Circular Letter No. SE-907/MEN/PHI-PPHI/X/2004 on Prevention of Mass Employment Termination defines placing workers on furlough as “to put workers/labourers on break or on leave with rotation for a temporary duration”, and classifies this as one of the solutions that can be made by firms prior to terminating employees. In this circular letter, workers can be put on furlough on the condition that they continue to receive their rights, which include their salaries/wages.

Ministry of Manpower Circular Letter No. SE-05/M/BW/1998 notifies the wages of workers who are “dismissed not in the direction of termination of employment” (that is, put on furlough). According to this notification, the wages for employees who are put on furlough are as follows:<sup>7</sup>

1. Employers continue to pay wages in full – that is, basic wages and any fixed allowances – during employees’ furlough, unless otherwise stipulated in the work agreement, company regulations or collective working agreement.
2. If the employer will not pay the employees’ wages in full, it is necessary to negotiate with the employees’ trade union and/or the employees themselves regarding the duration and the amount of wages to be paid during the furlough.
3. If negotiation through an intermediary employees’ service does not come to an agreement, then a letter of recommendation must be issued. If this recommendation letter is rejected by one or both of the disputing parties, then the matter is to be immediately delegated to the “P4 Daerah”<sup>8</sup>, or to the “P4 Pusat” for mass layoffs.

<sup>7</sup> Obtained from Oktavira (2020).

<sup>8</sup> “P4 Daerah”, or *Panitia Penyelesaian Perselisihan Perburuhan Daerah*, is the Labour Dispute Settlement Committee at the regional level; while “P4 Pusat”, or *Panitia Penyelesaian Perselisihan Perburuhan Pusat*, is the Committee at the central (national) level.

### 2.2.1. Regulations on furloughs during COVID-19

With the aim of protecting both workers and business continuity while also preventing and addressing COVID-19, the Ministry of Manpower enacted Ministry Circular Letter No. M/3/HK.04/III/2020. Under the circular letter, with respect to protection of the wages workers affected by COVID-19, the following rules should be applied by the Governor in the respective region:

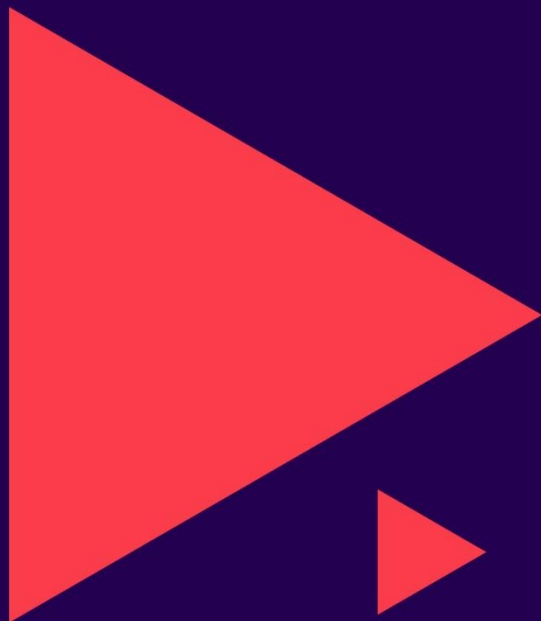
1. For workers who are categorized as “People Under Monitoring” (*Orang Dalam Pengawasan*) for COVID-19 based on a doctor’s statement, such that they cannot come to work for a maximum of 14 days or according to Ministry of Health standards, their wages are paid in full.
2. For workers who are categorized as suspected cases of COVID-19 and are quarantined/isolated according to a doctor’s statement, their wages are paid in full during the quarantine/isolation period.
3. For workers who do not come to work because they are sick with COVID-19, and this is supported by a doctor’s statement, then, the wages are paid according to the laws and regulations.
4. For companies that limit their business activities due to government policies in their respective regions for the prevention and control of COVID-19, causing some or all of their workers to not (be obligated) to come to work, then – by taking into account business continuity – changes in the amount and method of payment of workers’ wages will be made according to the agreement between the employers and the workers.

Due to potential sensitivity issues related to asking workers about their history of being infected by COVID-19, this study will not take into account the latest wages regulation based on this circular letter. Nonetheless, the three Ministry of Manpower circular letters discussed above postulate that employees who are put on furlough should retain their right to wages, and any changes in the wage amounts paid should be made on the basis of bipartite agreement between the employer and employees, or between the employer and the employees’ trade union.





## Methodology



### 3.1. Sample and sampling method

The questionnaire was designed based on legal and policy analysis on employment terminations and severance pay, conducted by the ILO (Tsuruga and Wedarantia, 2020). Eligible respondents for this survey were those aged 15 years and above (that is, of working age) who were actively working on 28 February 2020 with the status of a waged employee (that is, a worker in an employment relationship with an employer)<sup>9</sup>. This was to ensure that all respondents had a similar pre-COVID labour market status of “working”, and thus to exclude those who had been terminated or furloughed prior to COVID-19<sup>10</sup> (that is, terminated or furloughed for reasons unrelated to the pandemic). Since this study places an emphasis on the entitlements received by workers during the COVID-19 labour market situation, the targeted respondents of this study were disaggregated into two broad categories:

1. employees who experienced adverse (negative) labour market shocks during COVID-19 pandemic (that is, they were either laid-off/terminated and/or put on furlough); and
2. employees who never experienced termination or being put on furlough during the COVID-19 pandemic.

For the purposes of this study, the COVID-19 period is defined as starting on 1 March 2020 up until the time the respondents filled out the survey (September 2020). In total, the study targeted a sample size of 400 respondents; that is, 200 respondents for each of the two categories<sup>11</sup>. This sample size was limited by project resources.

Due to several limitations in the availability of a good sampling frame from which the sample could be obtained and the method by which the questionnaire was administered, this study utilized a database of workers from six Indonesian labour union federations that was established in cooperation with the ILO. In this case, the research team received details of 5,543 workers from the six labour union federations. Ideally, we would have obtained complete information about all workers from each trade union federation, regardless of their employment status, from which randomization sampling could be conducted. Unfortunately, the database consisted only of workers who had been laid-off or furloughed due to COVID-19. In addition, data format received from each federation was not uniform, and apart from workers' names and contact numbers, other characteristics such as job and demographic characteristics were unavailable. Therefore, from this database the research team could only randomly select (using simple random sampling) a sample for the first category of respondent. In addition to the trade union federations database, a non-probabilistic snowball sampling method was used to obtain more respondents outside this database. Meanwhile, the respondents for the second category were obtained through non-probabilistic snowball sampling.

Therefore, the outputs generated from trade union federations database are not meant to be representative of all workers under every trade union in Indonesia, but only those workers provided by the trade union federations. Similarly, the results obtained in this study are not representative of the Indonesian population as a whole, and thus cannot be generalized to describe the entire population nor to explain any causality. All survey results must be interpreted to represent the sample selected for this study only, and are solely for the purpose of descriptive analysis.

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<sup>9</sup> These pieces of information were asked for as filter questions in the questionnaire.

<sup>10</sup> Those who were unemployed before or on 28 February 2020, but then became employed afterwards might have been affected by the hiring situation under the COVID-19 pandemic. That is, many who got hired in March 2020 or later may have been offered a lower starting salary or been hired under other circumstances that might reflect the impacts of COVID-19, but this could not be captured in the sampling strategy. Hence, to control for any biases in the results that might arise due to this issue, we excluded those who were not working on 28 February 2020.

<sup>11</sup> The margin of error for this survey is  $\pm 6.8$  per cent, which was calculated based on a population of 5,543 workers (as per a list of workers from the six labour union federations) and a 95 per cent confidence interval.

### 3.2. Questionnaire design

To capture thorough information on each worker respondent's condition, the questionnaire was divided into seven sections.<sup>12</sup> In the first section, respondents were asked about their employment status as well as their contract type. This section also served as a filter to determine the eligibility of respondent, since this study is limited to those who were employed on 28 February 2020 as workers/labourers/employees and had either: (1) experienced termination and/or being put on furlough since 1 March 2020; or (2) had not experienced termination and/or being put on furlough. The questionnaire then continued with a section on the respondent's demographic background.

Depending on the respondent's answers in the first (filter) section, they would answer at least one of the following three sections of the questionnaire: Section C (Termination experience); Section D (Furloughed experience); and Section E (Current working experience). In Section C, the questions focused on obtaining information on severance payments, such as the actual amount that respondents received and the amount that they were legally entitled to (based on the Labour Law). In order to capture this information, several questions were asked of respondents, such as the start and termination date of their work contract (to estimate their working duration), reason for termination, and the amount of salary and allowances that the respondents received per month in the job before they were terminated. Meanwhile, the main goal of Section D and Section E of the questionnaire was to elicit information of how the COVID-19 pandemic affected respondents' income, specifically whether there were any changes in income when they were put on furlough and/or while currently working during the pandemic.

The questionnaire is designed such that information regarding termination experience (Section C) and furlough experience (Section D) would be obtained in a retrospective manner. The respondents may either fill out only one of the sections (C or D) depending on whether they were laid-off or furloughed, or alternately, both sections (C and D) if they experienced both termination and furlough during the COVID-19 period. Thus, the respondents who filled out Sections C and D are not mutually exclusive. Similarly, respondents who filled out Section C and/or Section D, may or may not have also answered Section E. This depended on whether or not the respondents were (at the time of survey) working or still unemployed/furloughed. Only respondents who were employed at the time of survey filled out Section E. Therefore, respondents who never experienced termination or furloughed would have only filled out Section E.

The next section of the questionnaire (Section F) consisted of questions regarding respondents' coping strategies for addressing any potential changes in income during the pandemic. Section F sought to provide additional information on other sources of income that the respondents utilize to fulfil their needs during the pandemic crisis period. The questionnaire ended with a final section on administrative details, where respondents were asked for consent to provide us with their personal information, such as an email address or a valid phone number, should the research team need to follow-up or confirm some answers or to complete any unanswered questions.

### 3.3. Questionnaire administration and survey implementation

During the period when the survey was conducted, social and physical distancing and large-scale mobility restriction policies were being strictly imposed. As a result, it was not possible to conduct offline, face-to-face interviews. Therefore, the main method of questionnaire administration was online. To this end, the questionnaire was created and administered online through Computer-Assisted Web Interviewing using the Survey Solution programme of the World Bank. Survey Solution was selected instead of other online questionnaires forms, such as Google Forms, as it allows for more

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<sup>12</sup> The full questionnaire is available in Appendix 3 below.

flexibility in designing the answer options and question skip patterns to reduce the possibility of human error when filling out the questionnaire.

For any mode of questionnaire administration, utilizing the computer-assisted questionnaire method has several advantages (as per de Vaus 2014). First, the use of a computer-assisted questionnaire allowed for complex branching that can simplify the process by which respondents answer questions without the direct presence of enumerators. Second, computer-assisted questionnaires are very dynamic, which enabled the research team to check the respondents' responses regularly and to identify any incomplete or incorrect answers. Hence, enumerators can easily identify and re-contact these respondents during the follow-up round, and provide immediate feedback to the respondents based on the incomplete or incorrect answers. This can reduce any unintentional non-responses. In addition, for the purpose of data analysis, a computer-assisted questionnaire can be built such that it prevents, or at least minimizes, the probability of response errors and inconsistency. Using a computer-assisted questionnaire, respondents can be automatically prompted if they provide an invalid and/or inconsistent response.

After the questionnaire was set up and ready to be used, a link was created to access the questionnaire online. Enumerators then distributed the link to the targeted respondents through their WhatsApp and phone numbers.<sup>13</sup> This method was used to reach both the respondents that were randomly sampled from the trade union federations database and the snowball sampling respondents. During the follow-up interviews to confirm or complete the respondents' incomplete answers, enumerators also used other survey methods, such as phone interviews or email questionnaires depending on respondents' consent and availability. In the last phase of the survey implementation, phone interviews were also used to contact targeted respondents from the trade union federations database, wherein enumerators directly surveyed the targeted respondents through phone. This was to recruit more eligible respondents from the database to participate in the survey.<sup>14</sup>

A small pilot survey was conducted prior to the actual survey. This pilot survey involved a few respondents randomly selected from the trade union federations database and some respondents sourced from outside the trade union database. No major changes were made to the questionnaire as a result of the pilot test. The main survey was conducted in two phases. The first phase was conducted on 12 July – 11 August 2020, with the second one commencing on 15 August – 14 September 2020. However, due to the very low number of respondents obtained for the first category (workers who had been laid-off/furloughed), which was mainly caused by a very low response rate<sup>15</sup> among workers contacted from the trade union federations database, the survey had to be extended until mid-October to bring the number of respondents in the first category just shy of the target number of 200, as well as to complete some of the unanswered questions.<sup>16</sup>

Ultimately, 231 respondents who never experienced termination and/or furloughed during the COVID-19 period and 195 respondents who did experience termination and/or furloughed during the

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<sup>13</sup> Priority was given to contacting potential respondents first through WhatsApp. The reason is because we take into account the nature of the respondents, particularly those from the trade union database, whose status of work might be as (lower-middle class) labourers/employees and whose digital literacy as well as access to more sophisticated tools, such as computers or emails, are probably very limited.

<sup>14</sup> We do acknowledge the issue of using a multi-mode strategy in administering the questionnaire. De Vaus (2014) argues that questionnaire responses are subject to *mode effects*, where respondents may respond differently to different survey methods, leading to distortion of group differences. In this case, if certain respondents were interviewed using one method (such as, phone survey) while others were surveyed using another method (such as, online questionnaire), any differences found between the two groups might be distorted, that is, one may not know whether these differences are due to the mode of administering the questionnaire or actual differences between the two groups. The research team minimized this problem by only utilizing the multi-mode administration methods for the purpose of follow-up and confirmation interviews, as well as by using same source of respondents obtained from the trade union database list.

<sup>15</sup> The response rate for the survey was 4.61 per cent.

<sup>16</sup> Details on survey evaluation are given in Appendix 2.

same period were surveyed. Details on the numbers of respondents based on their employment status during the COVID-19 period will be presented in the next section.



## Survey results and discussion



This section presents the results obtained from the survey and a discussion of those results. As previously explained, the sampling design of this study does not allow for the results obtained from the survey to be viewed as a representative of the entire population of Indonesia or to make any causality explanations. The results and discussions presented in this section are solely representing the sample from the survey and serve as a descriptive analysis only.

The discussions in this section will be divided into three main parts:

1. the first subsection will provide a demographic overview of the survey respondents;
2. the second subsection will present a descriptive analysis of those workers who experienced negative labour market shocks due to the COVID-19 pandemic, that is, being terminated and/or put on furlough; and
3. the third subsection will present a descriptive analysis of those workers who never experienced a termination and/or furlough during the COVID-19 pandemic.

## 4.1. Overview of the survey respondents

The total sample of the survey consisted of 426 workers, which were obtained from both simple random sampling and snowball sampling methods. As seen in table 1, the majority of survey respondents (231 workers) were working at the time of the survey and had not experienced any negative labour market shocks (termination or furlough) during the pandemic. While the remaining 195 workers experienced at least one negative labour market shock during the pandemic. Among these latter respondents, the majority were furloughed instead of being terminated: 118 furloughed workers (27.7 per cent of the total sample) as compared to 38 terminated workers (8.92 per cent of the total sample). An additional 39 workers (9.15 per cent of the total sample) experienced both termination and furlough during the pandemic.

► **Table 1. Overview of survey respondents by experience of negative labour market shocks**

Employment status	No.	%
Never experienced termination and/or furlough	231	54.23
Experienced negative labour market shocks:		
a. Terminated	38	8.92
b. Furloughed	118	27.70
c. Terminated and furloughed	39	9.15
<b>Total</b>	<b>426</b>	<b>100.00</b>

This finding may suggest that employers might have at first expected the pandemic crisis to be short-lived, and thus only put their workers on furlough (although usually for an indefinite period of time) instead of entirely terminating the workers' contracts. However, as the pandemic situation exacerbated and prolonged, employers eventually had to terminate their workers as they closed down their businesses or as a way to reduce their operational costs. This situation could also explain the observed result wherein some respondents experienced both furlough and termination within in the few months spanning from 1 March to the time of the survey.

Meanwhile, the sample distribution by demographic characteristics can be seen in table 2. The number of workers was roughly equal between males and females. With respect to the age profile, the respondents in the survey were dominated by workers aged 55 years or younger, with less than 3 per cent being 56 years old or older. Hence, we expect that the respondents were generally still far from retirement. Moreover, by education level, the sample was dominated by those with either a high school or diploma/bachelor's degree educational qualification. More than 60 per cent of the sample was married.

► Table 2. Survey respondents by demographic characteristics

Demography	Detail	No.	%
Gender	Male	220	51.64
	Female	206	48.36
Age	15–25 years old	90	21.13
	26–35 years old	172	40.38
	36–55 years old	154	36.15
	56–60 years old	9	2.11
	> 60 years old	1	0.23
Education	Elementary school or less	7	1.64
	Junior high (SMP)	30	7.04
	High school (SMA)	152	35.68
	Diploma/bachelor's degree	195	45.77
	Master's degree	38	8.92
	Doctoral degree	4	0.94
Marital status	Single	127	29.81
	Married	280	65.73
	Divorced	16	3.76
	Widowed	3	0.70

The figures below showcase the number of respondents that had been negatively affected by the pandemic – that is, terminated or furloughed – by their demographic characteristics. In figure 1, the respondents are divided into three cohort groups by age: (1) 15–25 years old; (2) 26–35 years old; and (3) 36 years old or older<sup>17</sup>. Compared to the other age groups, the proportion of workers who were negatively affected by the pandemic was found to be the highest among respondents who were 15–25 years old, with 56 per cent having experienced negative labour market shocks (terminated or furloughed) during the pandemic. Conversely, only around 40 per cent of workers aged 36 years or older had been terminated and/or furloughed. Our preliminary finding implies that the impacts of the pandemic have not equally impacted workers of all ages, but rather that the effects are more profound for younger workers.

<sup>17</sup> It was decided to merge and combine three age categories – that is, (1) ages 36–55, (2) 56–60; and (3) older than 60 – due to small sample sizes in the latter two age categories.



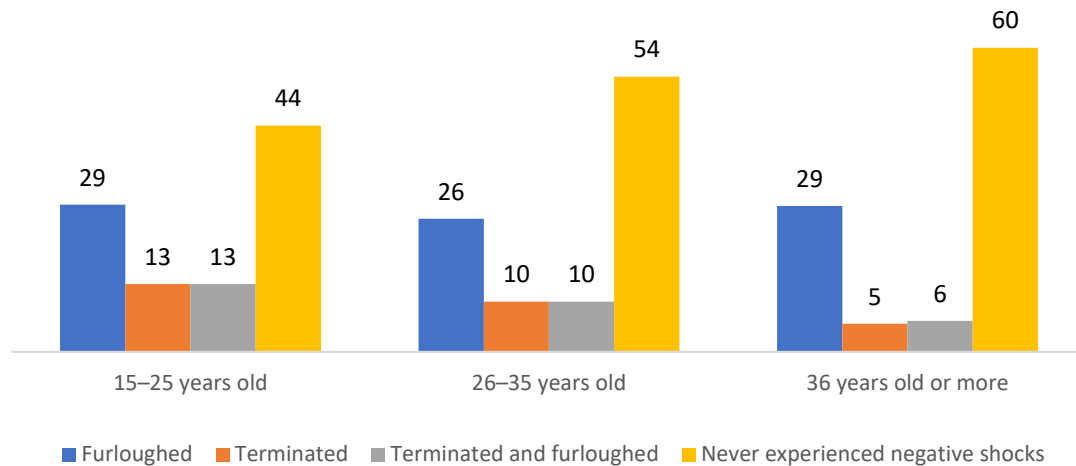
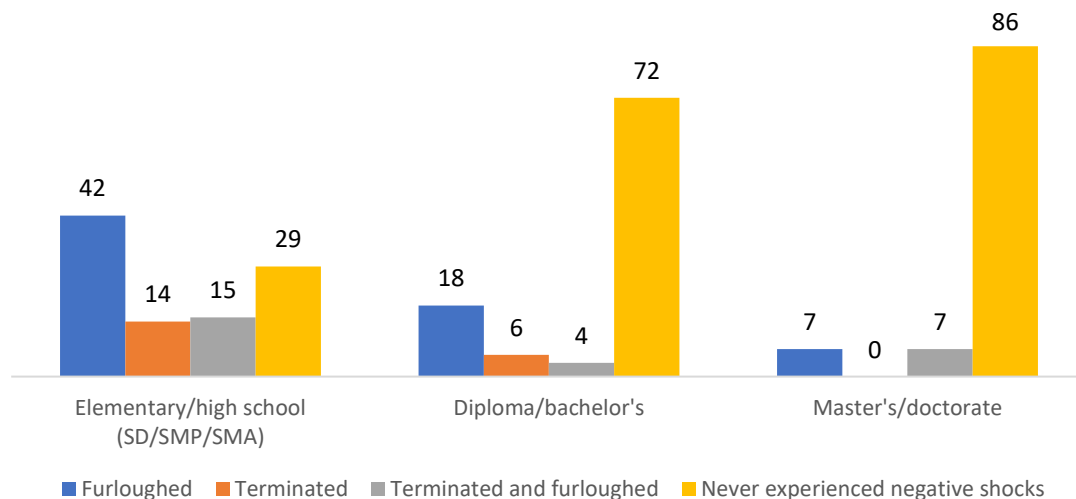
► **Figure 1. Employment impacts experienced by respondents, by age group (%)**

Figure 2 also suggests that the labour market impacts of pandemic have not been equally distributed across different education levels. Indeed, the differences among various education levels are much starker than those seen among age groups. Those who were less educated (that is, those who only hold a high school qualification or lower) were hit substantially harder by the pandemic than those with a bachelor's degree or higher. Around 70 per cent of workers with a diploma/bachelor's degree and 80 per cent with a master's/doctoral degree did not experience any negative labour market shocks, as compared to only 30 per cent of respondents with a high school qualification or lower.

► **Figure 2. Employment impacts experienced by respondents, by education level (%)**

These findings suggest that the pandemic is hitting disadvantaged populations hardest, that is, youth and less-educated workers. Previous studies have argued that the youth are generally more vulnerable in the labour market compared to their older counterparts, particularly in times of recession. Some of the reasons are because youth lack of work experiences and have lower levels of human capital (such as lower levels of education), and thus they also possess lower productivity compared to their older counterparts (Caroleo and Pastore 2007; Bell and Blanchflower 2010; 2011; Gregg and Wadsworth 2010; Choudhry, Marelli and Signorelli 2012). This is true even in advanced

economies, as a recent working paper has shown that the impact of COVID-19 in Norway's labour market has also been more severe on younger and lower-educated workers (Alstadsæter et al. 2020).

## 4.2. Survey results concerning workers who experienced negative labour market shocks due to the COVID-19 pandemic

As noted above, a “negative labour markets shock” is defined in this study as referring to termination/lay-off and/or being put on furlough by one's employer, and this section will concern itself with those survey respondents who experienced such a shock (or shocks) during the COVID-19 pandemic period (1 March 2020 until the time of being surveyed).

Section 4.1 below will focus on the experience of respondents whose employment was terminated (those who answered Section C of the questionnaire); while section 4.2 will focus on the experiences of respondents who were furloughed (those who answered Section D of the questionnaire). As previously explained, respondents could have experience only termination, only furloughing, or both termination and furloughing. Hence, these two labour market statuses are not mutually exclusive.

It should also be noted that those respondents who experienced termination and/or furloughing might at the time of the survey still be unemployed or furloughed, or they might have already been re-employed. As such, section 4.3 discusses the descriptive results of the current working situation of those respondents who had experienced a negative labour market shock, but at the time of the survey were once again actively working as employees/labourers.<sup>18</sup>

### 4.2.1. Experiences of terminated workers

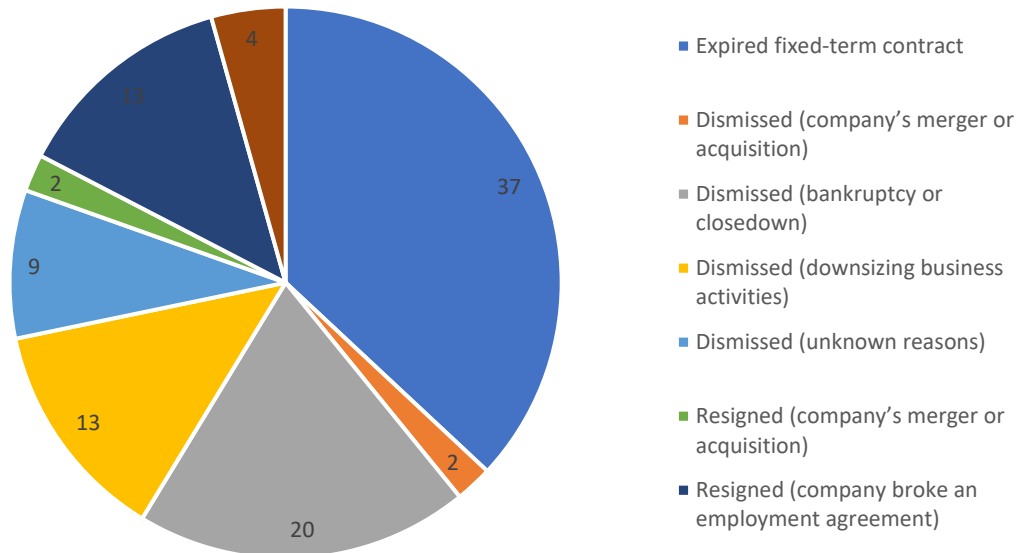
This section discusses the experiences of surveyed workers who had their employment terminated during the COVID-19 period. Some of these respondents were unemployed at the time of the survey, others had previously been terminated but had found new employment as of the time of survey – but all of them at some point after 1 March 2020 were laid-off from a job. Figure 3 and 4 identify the main reasons behind the termination, controlling for the worker's contract type, that is, either permanent (indefinite contract) workers (PKWTT) or temporary (fixed-term contract) workers (PKWT).

The figures indicate that most of employment contracts of the temporary workers were terminated either because they had reached the end of their contract (37 per cent) or had been dismissed due to economic reasons (such as bankruptcy and restructuring) (43 per cent). Most of employment contracts of the permanent workers were terminated because they had been dismissed due to economic reasons (77 per cent). These findings suggest that termination of employment among the respondents was often the result of the impact of COVID-19, which forced many companies to declare bankruptcy or to undertake restructuring.

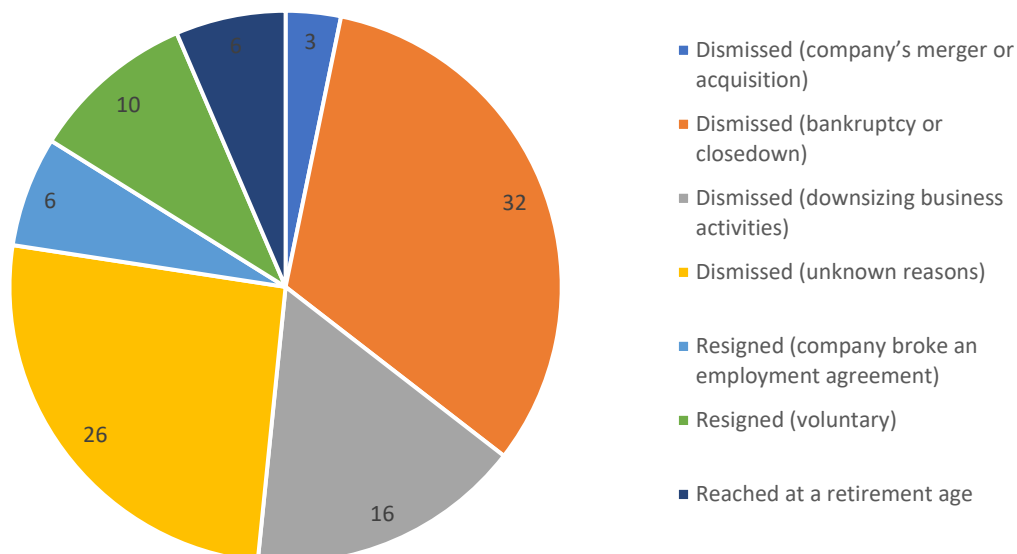
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<sup>18</sup> Note that only those re-employed as workers/labourers/employees are included in the analysis in section 4.3. There were some cases where respondents switched their occupation to being an entrepreneur after being laid-off/terminated. However, an analysis of self-employed workers is beyond the scope of this study.

► Figure 3. Reason for termination, PKWT respondents (n=46)



► Figure 4. Reason for termination, PKWTT respondents (n=31)

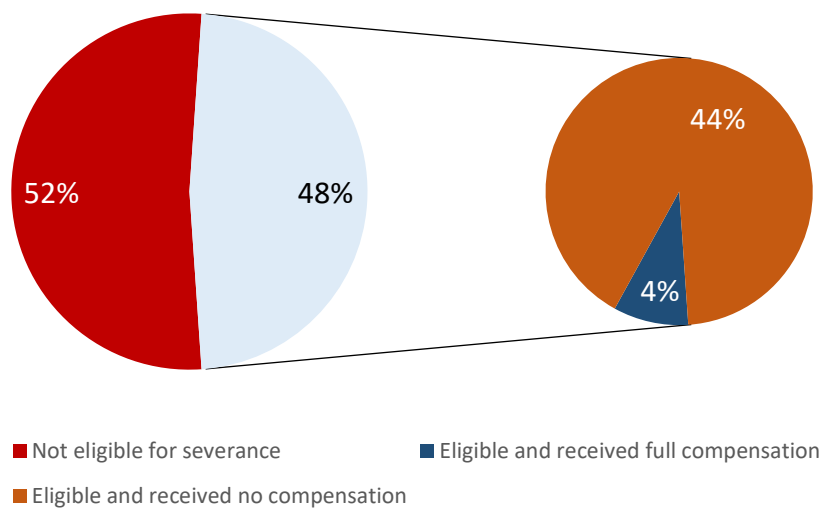


Furthermore, among the respondents who experienced termination, not all were eligible for compensation or severance pay. Temporary (PKWT) workers who were not eligible for termination compensation payment include those who got terminated due to their contract expiring (that is, they had reached the end of their contract) as well as those who requested of their own accord to terminate their contract. These workers constituted 52 per cent of the temporary (PKWT) worker respondents. In addition, among those temporary workers who were eligible to receive compensation payment,<sup>19</sup>

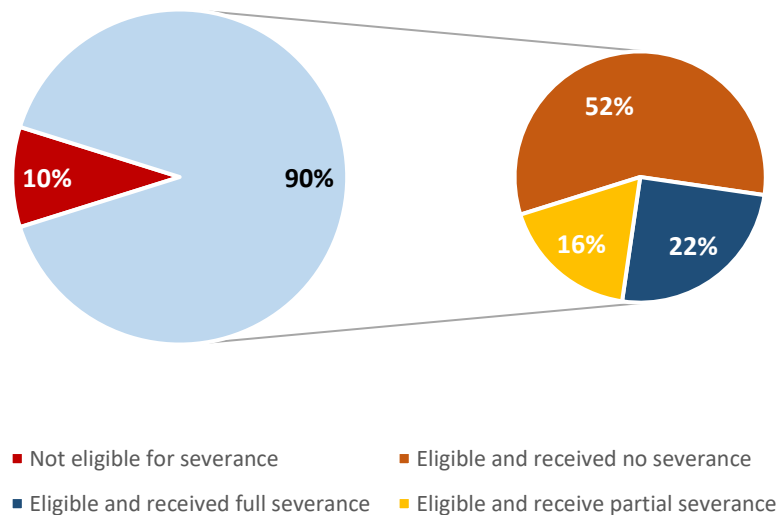
<sup>19</sup> The compensation for temporary (PKWT) workers is calculated by multiplying the remaining contract duration with the sum of monthly wage and benefits/allowances.

only a small portion (8.3 per cent, or 4 per cent of all temporary worker surveyed) received the full amount of compensation, whereas the vast majority of eligible temporary workers (91.7 per cent, or 44 per cent of all temporary workers surveyed) did not receive any compensation at all (see figure 5). In regard to permanent (PKWTT) workers, only 10 per cent of the PKWTT workers surveyed were not eligible to receive severance payments (figure 6), which may be due to several reasons, such as being terminated due to being convicted of a major offense, continuous absenteeism, or self-resignation without notice. It is therefore not surprising that permanent (PKWTT) workers were much more likely to receive at least some form of severance payment from their employers, but only about one-quarter of eligible permanent workers (24.4 per cent, or 22 per cent of all permanent workers surveyed) were paid the full amount they were owed. An additional 17.7 per cent of eligible permanent workers (or 16 per cent of all permanent workers surveyed) only received a partial severance, and a solid majority of eligible permanent workers (57.8 per cent, or 52 per cent of all permanent workers surveyed) received no severance compensation at all. These findings suggest that most workers receive either no or only reduced severance or compensation when they are terminated, regardless of their contract status.

► **Figure 5. Temporary worker respondents: Eligibility for severance compensation and compensation received (n=46)**

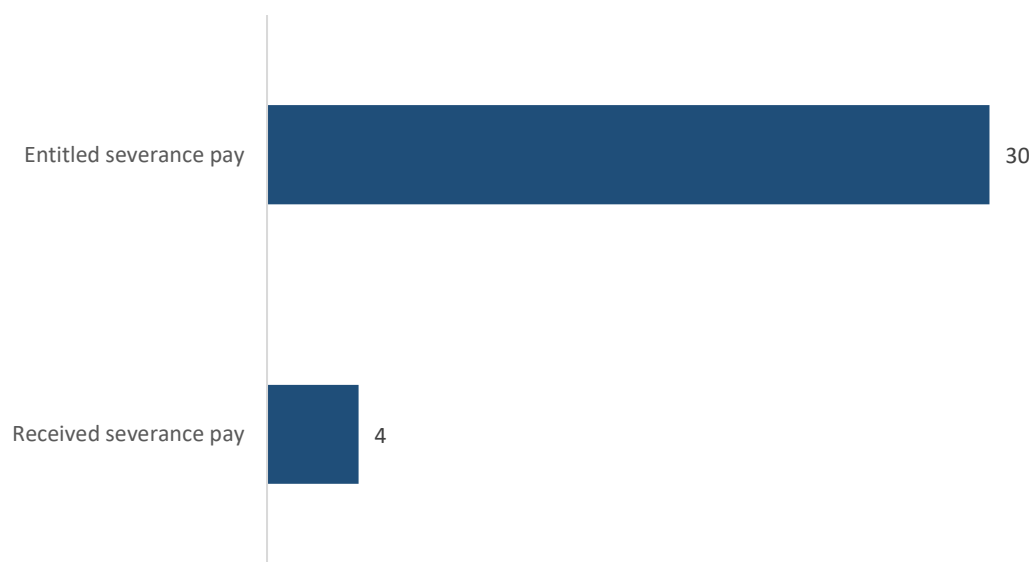


► **Figure 6. Permanent worker respondents: Eligibility for severance compensation and compensation received (n=31)**



Based on respondents' answers, permanent workers who were eligible to receive severance pay were, on average, entitled to payments worth 30 million Indonesian rupiah. However, these workers, on average, received only 3.8 million rupiah (13 per cent of the entitled amount), with most – as noted above – receiving no severance at all.

► **Figure 7. Eligible permanent worker respondents: Average amount of entitled severance pay versus average amount actually received (in millions of rupiah) (n=23)**



Source: Authors' calculation based on survey responses.

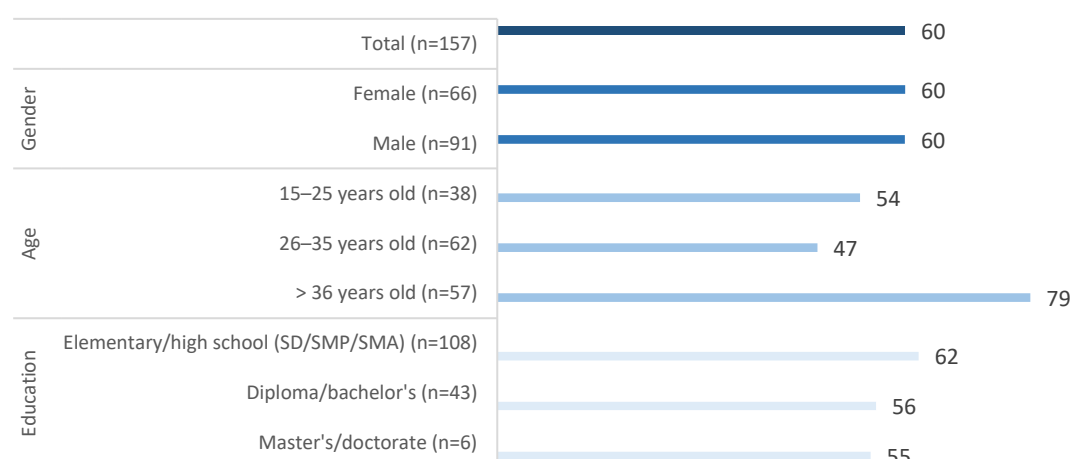
### 4.2.2. Experiences of furloughed workers

This section on furloughed workers will focus on three main aspects:

1. the total duration of the furloughs experienced by survey respondents;
2. changes in the welfare of workers who were furloughed; and
3. any wage reductions experienced during the furlough and how these wage reductions were agreed upon.

Figure 8 shows that the furloughed workers surveyed for the study had been furloughed for around 60 days on average, with some groups of workers being more affected than the others. There was no major difference in average furlough duration between male and female respondents. However, based on education level, workers in the lowest education group not only were the most likely to be furloughed (as per figure 2 above), but they also experienced the longest average furlough duration. One interesting finding is that although workers aged 36 years or older were the age group that was least likely to be furloughed, they are the ones who experienced longest average furlough durations.

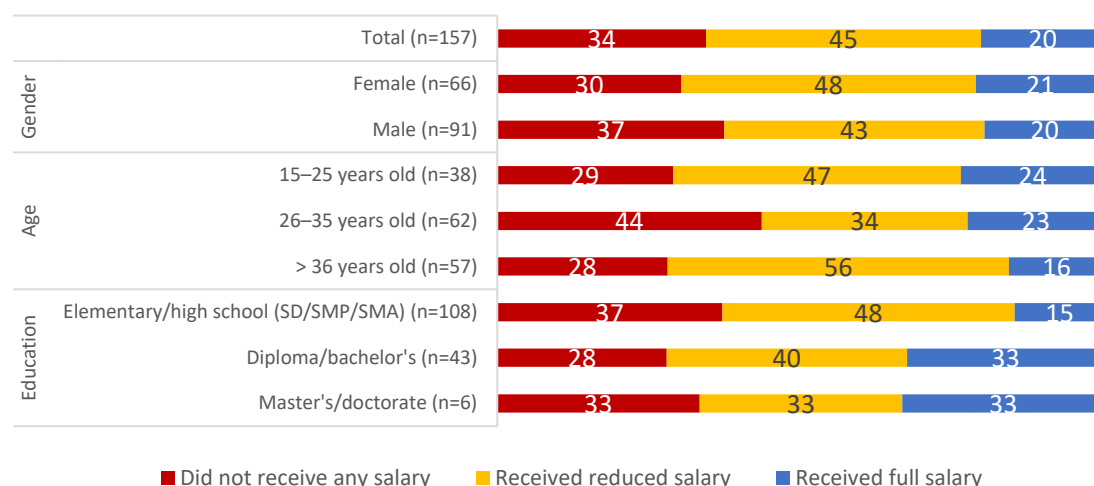
► **Figure 8. Average number of days furloughed, by gender, age and education level (number of days)**



**Note:** This figure only includes those respondents who reported being furloughed.

Beyond the duration of the furloughs, the impact on workers also depends on how their salaries may have changed as a result of being put on furlough. On average, only 20 per cent of the furloughed respondents received the full amount of their salary during the furlough period; while 45 per cent received a salary cut and the 34 per cent did not receive any salary at all. Similar to the findings on the average furlough duration, the impacts on salary were also not spread equally across various groups of workers. For instance, only 15 per cent of furloughed respondents with a high school diploma or lower received the full amount of their salary, as compared to 33 per cent of workers with at least a tertiary degree. There were differences across age groups as well, as older workers (ages 36+) were the least likely to receive their full salary; while conversely, workers aged 26–35 were the least likely to receive a reduced salary but also by far the most likely to receive no salary at all.

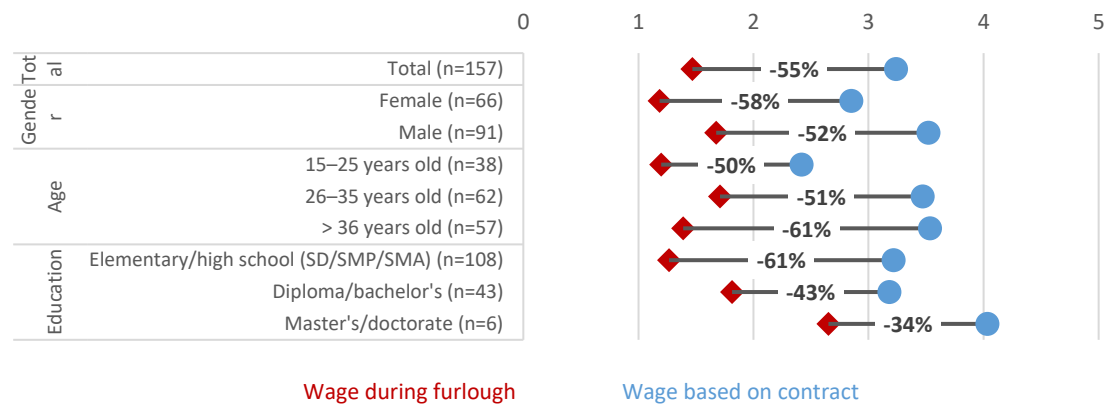
► Figure 9. Salary received while on furlough (% of respondents)



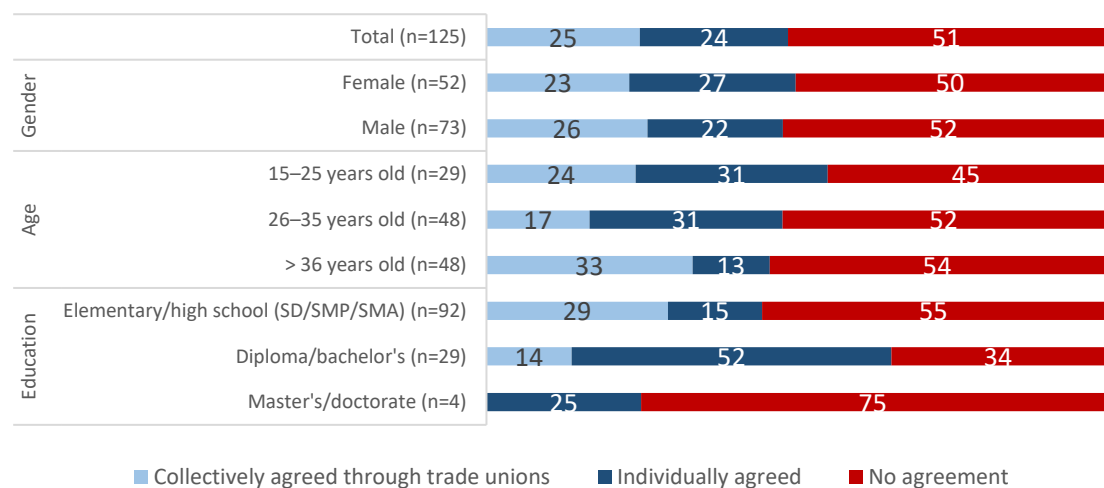
**Note:** This figure only includes those respondents who reported being furloughed.

The survey results seem to suggest that older respondents and respondents with lower levels of education not only experienced the longest furlough durations, but also were the most likely to have their salaries reduced while on furlough. Both low-educated and older workers (ages 36+) experienced average wage reductions of about 61 per cent (see figure 10). This percentage is much higher than that for the other groups. For instance, furloughed workers with a diploma/bachelor's degree on average suffered a 43 per cent reduction in their wages and furloughed workers with a master's/doctoral degree faced an average 34 per cent decrease.

The survey also identified whether reductions in wages during the furlough period was properly communicated prior to the decision through an agreement being made between the employer and the employees, either directly or indirectly via the trade union. The survey results suggest that the majority of workers had their wages reduced during the furlough without having any prior agreement in place with their employers (figure 11). Across different gender and age groups there are no major differences concerning the likelihood of there being an agreement for wage reduction. However, when we look at each of the education levels, the most educated workers (master's/doctoral degree) were the least likely to have prior agreements on wage reduction with their employers. Although the sample size for workers with master's or doctoral degrees is fairly limited, this finding may suggest that even highly educated workers can face the threat of one-sided decision-making when it comes to wage reductions during times of economic crisis.

► **Figure 10. Change in wages paid to furloughed respondents (in million rupiah)**

**Note:** This figure only includes those respondents who reported being furloughed.

► **Figure 11. Furloughed workers with wage reductions: Was a wage reduction agreement made with their employer? (%)**

**Note:** This figure only includes those respondents who reported being furloughed and having their wages reduced.

#### 4.2.3. Current working experience of respondents who experienced negative labour market shocks during COVID-19

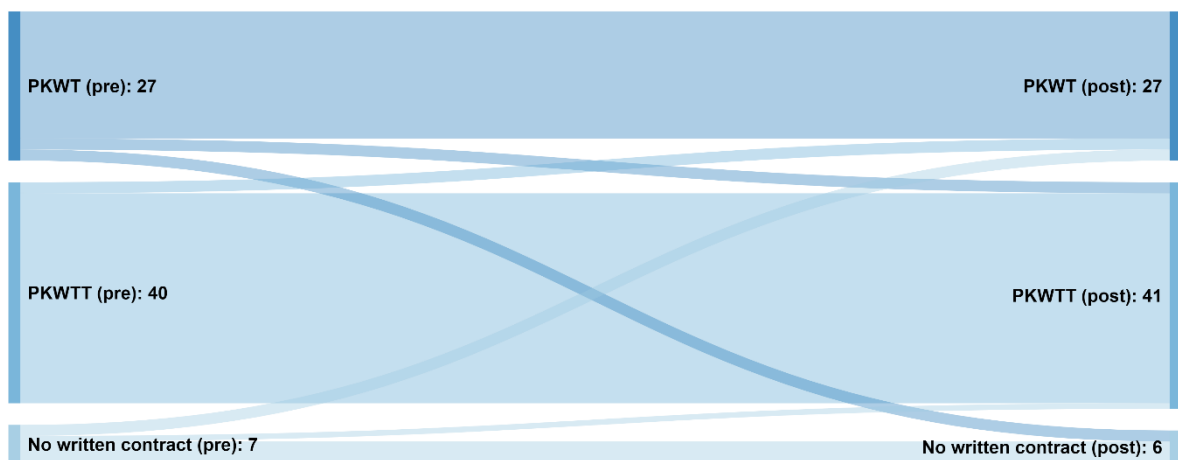
The final part in this section covers those respondents who are currently working after experiencing negative labour market shocks, that is, furlough and/or termination. The respondents focused on in this section are those that fall within the intersection of the green circle with the other circles. In total, of the 195 respondents who experienced negative labour market shocks, 74 were working at the time of the survey, including:

- 67 workers who had been furloughed;
- 3 workers who had been terminated; and
- 4 workers who had been both furloughed and terminated.



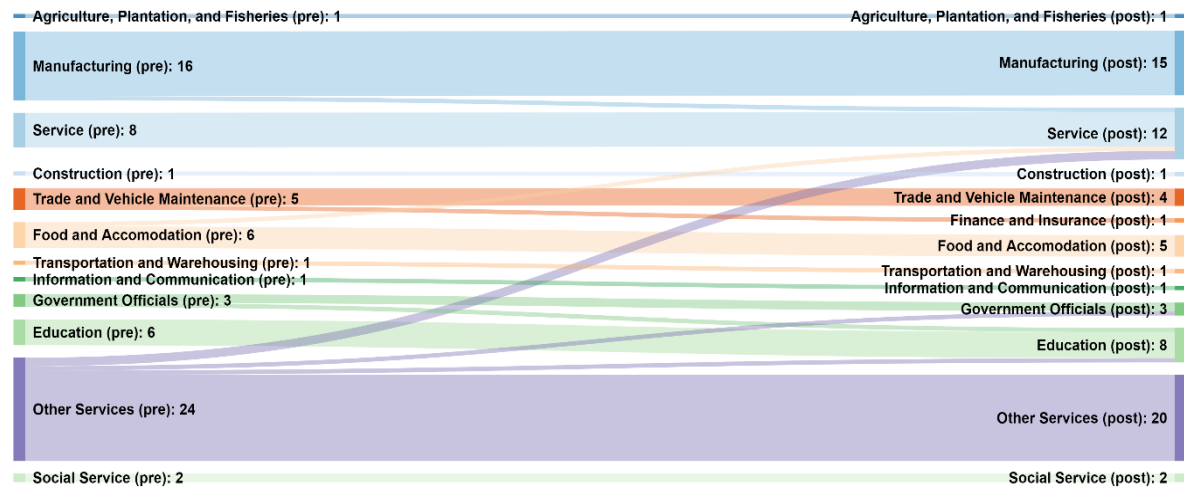
As a result of the labour market shocks suffered by workers, especially termination, some workers may be forced to move into new jobs with different characteristics. For instance, workers who had permanent contracts in their old jobs might be forced to work under temporary contracts in their new jobs. Similarly, there might be workers who move from manufacturing to the services sector as a result of termination. Figure 12 suggests that among respondents who found new work, there was little in the way of shifting between contract types. In other words, even when workers moved into a new job, the type of work contract that they possessed was usually the same as the type they had in their previous employment. Only a few workers had a different type of contract between their old and new jobs, for example, moving from a permanent (PKWTT) to a temporary (PKWT) contract.

► **Figure 12. Types of contracts held by respondents who found new employment: Old job (left) versus new job (right) (n=74)**



**Note:** This figure refers only to those respondents who had experienced a negative labour market shock but were employed at the time of the survey.

A similar pattern is found in regard to sector in which these respondents found new employment. As shown in figure 13, very few respondents who had found new employment had moved into a different industry sector from their previous employment. Even when workers did change industry sectors, they tended to move into a new job with similar characteristics, for example, moving from the “other services” sector to the “services” sector, or from “food and accommodation” to “services”. Both figure 12 and figure 13 seem to suggest that the impacts of COVID-19 have not really altered the landscape of employment. However, it is important to recall that these two figures describe labour market dynamics within a relatively short amount of time – only six months since the start of pandemic – and any such impacts may not be visible until a longer time span is under consideration.

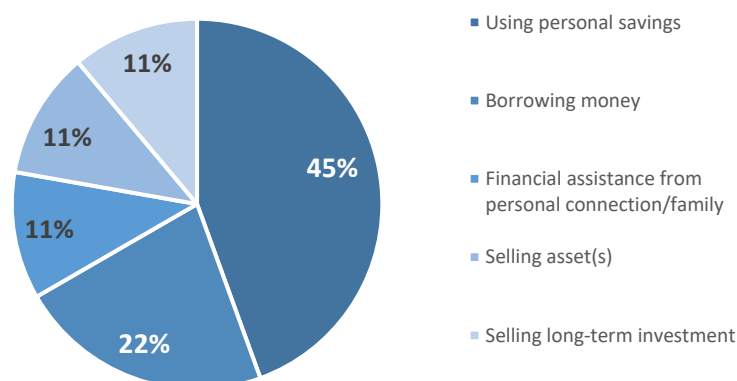
► **Figure 13. Sector of employment of respondents who found new employment: Old job (left) versus new job (right) (n=74)**

**Note:** This figure refers only to those respondents who had experienced a negative labour market shock but were employed at the time of the survey.

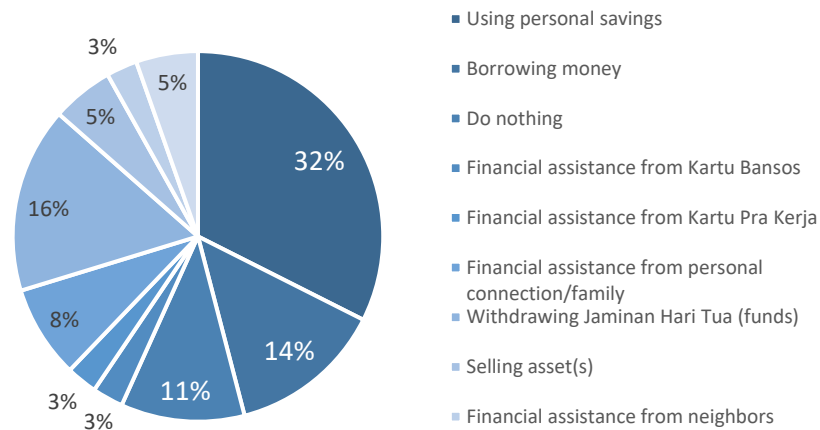
One important issue to consider is workers' welfare, particularly how they manage to cope with the changes to their incomes during pandemic. As discussed previously, the changes in terms of wages can be drastic for some groups of workers. In figure 14, we show how workers under different types of contracts reported coping with the changes in their income. In the case of permanent workers (PKWTT) and those without a written contract, the majority of respondents had been relying on their personal savings. There is an alarming sign for temporary (PKWT) workers, however; although utilizing personal savings still the leading option for these workers, many of the PKWT respondents were also relying on external assistances or have been making withdrawals from their old-age pension (JHT). Both of these coping mechanisms could place a greater burden on them in the future compared to using their own personal savings, and suggests that many PKWT respondents lacked adequate personal savings to fall back on.

► **Figure 14. Respondents who were furloughed or terminated: Coping mechanisms utilized during the pandemic**

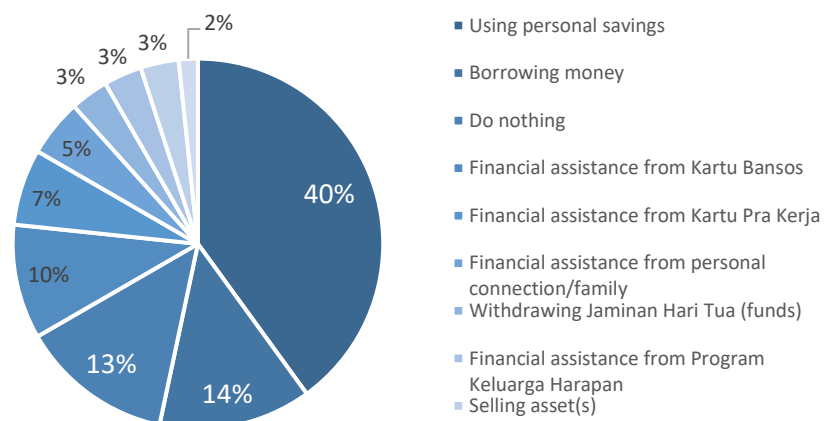
Workers without written contract (n=9)



### Temporary workers (n=37)



### Permanent workers (n=60)



**► Box. In-depth interviews**

To shed more light on the actual situations faced by employees as well as employers due to the COVID-19 crisis, the research team conducted in-depth interviews with several respondents from the survey who had experienced termination and/or furlough during the pandemic. These respondents were asked to share their experiences in more detail. In addition, to obtain a more balance story from the employers' points of view, the research team also interviewed several small-scale<sup>20</sup> business owners whose operations were adversely affected by the pandemic.

The in-depth interviews with employees demonstrated the importance of employer communication with employees, especially when deciding to shut down business operations and terminate or furlough employees. Worker "F", for instance, had worked as a branch manager with a fixed-term contract (PKWT) in a tour and travel agency since October 2019 before being put on furlough in April 2020. Worker "F" mentioned that due to border closures and lockdowns in many countries, their business operation had been disrupted since February 2020, and was ultimately forced to be halted fully (for an indefinite period) in April 2020. The company then held a meeting with the employees to explain the business situation and their decision to put the workers on furlough. During the first month of the furlough, the company still paid employees' wages in full, plus a severance payment of two times their wage rate and a special holiday allowance for Eid Fitr. Although the company did not pay any more wages after the first month, Worker "F" argued that the situation was understandable and could not be avoided. Thus, from her perspective, the company's decision fair. Up to the time of interview, Worker "F" was still actively working on her duties, even without pay, by keeping in communication with the company's clients and occasionally went to the office to check out some documents, which she argued was part of her responsibilities. Moreover, some of the clients and the company itself are expecting that business will go back to normal once the pandemic is over; thus the company has not officially terminated any of the employees.

By contrast, the termination experienced by Worker "Z" was not handled as well by her employer. Worker "Z" was an engineer in a pretty well-known and reputable hotel in West Java, who had worked with the company since 2012 (with a fixed-term PKWT contract) before being terminated in June 2020. Worker "Z" explained that due to pandemic, the hotel where she worked had to close down their operations. A meeting was held between the hotel's management and the employees to discuss the situation. At first, the employees, including Worker "Z", were put on furlough and received 50 per cent of their salaries. However, Worker "Z" and several others were terminated in June 2020 without any prior notice, nor did she receive any severance payment. Worker "Z" claimed that she did not actually know her rights to severance pay, nor did she know anything related to termination entitlements. Worker "Z" was utterly disappointed with the hotel management's lack of communication in terminating their employees, and wished that the hotel could have been more forthright with their employees.

With respect to employers' perspectives, the research team was able to interview four small- and medium enterprise (SME) employers, three of which engaged in the food and beverages service sector (such as restaurants, cafes, and small convenience stores) and one entity was engaged in urban planning and architectural consultancy. The three food and beverage SMEs were heavily affected by the pandemic, since they experienced a huge reduction in consumer demand. Employer "A" stated that their business started to slow down in March 2020 when people started getting worried about dining in groups in a restaurant. Employer "A" tried to open the business as usual, but in April 2020 the business' revenues could no longer cover the

operational costs, and thus the employer decided to close-down the business and put their workers on furlough. Employer “A” claimed that he communicated the situation to the employees, thus their employees knew the reason why they were being put on furlough. Employer “A” did not terminate the workers, as he expected the business closure to only be temporary and plans to re-open once the pandemic is over. Employer “A” paid the employees’ wages in full for the first month they were put on furlough, but he did not pay the employees’ wages after that. Moreover, Employer “A” stated that he did not prohibit his employees from getting another job should they find one during the furlough. Employer “A” argued that because he had made no written agreement with the employees, they were free to choose where they wanted to work and whether or not they wanted to keep on working with Employer “A”.

Similar stories were also found from the in-depth interviews with Employer “B” and Employer “C”, who also decided to put their employees on furlough (due to low demand) but without pay. The argument they offered was also similar, in which they decided to put their employees on furlough, instead of terminated them, because they were expecting that business will resume after the pandemic is over. Employer “C” even planned to diversify their business operation to include online services, in order to keep the business revenues flowing.

Meanwhile, the situation of Employer “D” was a bit better, although their business operations were still adversely affected by the pandemic. Employer “D” engages in the architect and urban planning consultant sector, where the business’ clients usually come from regional and district governments, as well as from some ministries. They have 23 workers in total, 12 of whom are permanent workers. Due to the pandemic, they lost two projects and demand for their service had slowed down. The biggest impact was on their cash flow. Fortunately, they did not have to lay-off or furlough their workers; all workers also received the full amount of their wages and allowances. The nature of their work also enabled them to impose a partial work from home policy, where they utilized online meetings to coordinate with each other. Although they did not reduce their workers’ salaries, Employer “D” claimed that during the pandemic their workers had to work overtime and even worked on the weekend. This is because they wanted to minimize costs associated with using external experts, thus during the pandemic they did not hire any external experts and decided to handle all work themselves.

One interesting finding from the in-depth interviews with the employers was that when asked for opinion about severance payment as per the Labour Law they all expressed agreement and were very supportive. They said that severance payment was the employees’ right, and thus severance payment must be paid to employees by employers in the event of termination. However, despite voicing support for giving proper severance payment based on the Labour Law, none of the interviewed employers were aware of or had any knowledge regarding their own obligations to pay severance to their employees. In Employer “A”, for example, he was under the impression that the severance payment regulation was applied to big firms or companies only, while micro or small businesses, such as his, were not obliged to pay severance to employees, especially because his company did not make any written agreements or contracts with the employees. In the case of Employer “D”, who currently employs 12

<sup>20</sup> It was easier to interview small-scale business owners, since they were more open to sharing their experiences without having to navigate corporate bureaucracies. Interviewing representatives of large-scale companies or businesses proved to be difficult, if not impossible, given the time constraints. Large-scale companies might require a formal written request letter in advance to conduct an interview, which could take a long time to arrange. Moreover, large-scale companies might also be more reluctant to share information regarding their business operation situation during the pandemic. Therefore, it was decided to only interview employers from small-, or medium-sized enterprises (SMEs).

permanent workers, when asked about the regulations in the Labour Law also answered that they did not know how to calculate employees' severance payment in case of termination.

In sum, from the in-depth interviews we found the following main findings:

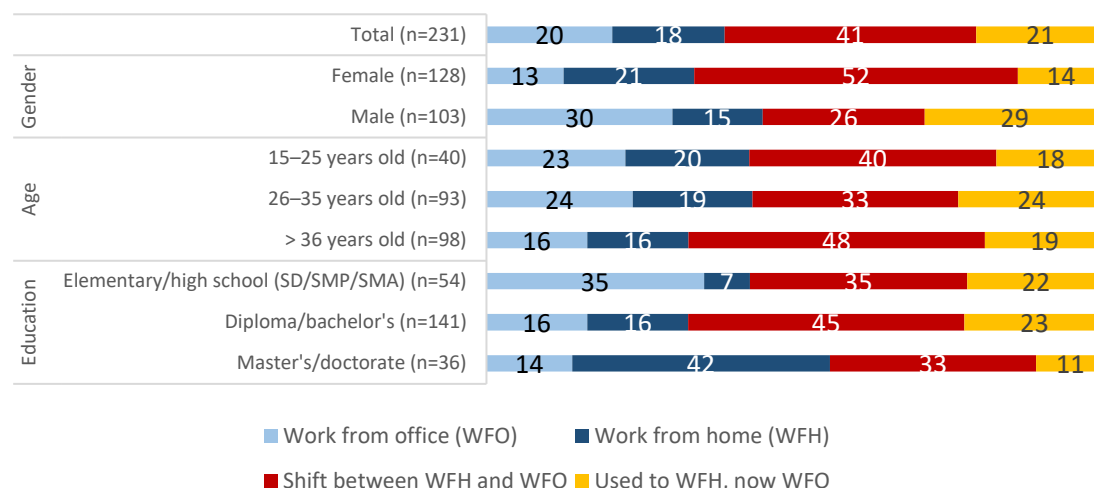
1. Employers were mostly expecting the COVID-19 crisis to be short-lived. Thus, they preferred to put their employees on furlough, instead of terminating the employees altogether.
2. Concerning workers' legal entitlements, on the one hand, employees are not aware of their rights, which indicates that they do not know about the employment regulations themselves. On the other hand, the knowledge of employers, especially among small enterprises, on the existing regulations is limited, if not wholly absent. This lack of knowledge among both parties to the employment relationship would lead to low compliance of existing regulations around severance pay.

### 4.3. Survey results concerning workers who did not experience negative labour market shocks

This section discusses the survey results related to the 231 respondents who never experienced any negative labour market shocks during the pandemic, that is, they were never furloughed or terminated and were still working at the time of the survey. The discussion will focus on a number of aspects, including the workers' working conditions, any changes in welfare (salary and allowances), as well as any agreements around wage reduction due to the pandemic.

The results regarding respondents' current place of work can be seen in figure 15. In general, the majority of the respondents who were never furloughed or terminated have a mixed working arrangement between working from home and working from the office<sup>21</sup>. One finding is that respondents with a low level of educational attainment (high school or lower) seem to have less flexibility in their working arrangements. Based on the responses, low educated workers were more than twice as likely as more educated respondents to only be working from the office, and just 7 per cent could work solely from home. This finding is unsurprising, since it is widely known that there many workers do not have the privilege of working from home simply because the nature of their jobs. These jobs typically involve menial or low-skilled work that requires only a relatively low level of educational attainment (such as cleaning service, logistic drivers, public transports' drivers, and so on). Conversely, respondents with a master's or doctoral degree were by far the most likely to be working from home (42 per cent, or six times as likely as the least educated respondents), which was also a reflection of the more white-collar work that they would be expected to be performing.

<sup>21</sup> The term "office" is used here as shorthand for any place of business or any worksite owned and/or operated by the respondents' employers. In addition to actual office environments, this would include workplaces such as factories, construction sites, retail shops, and so on.

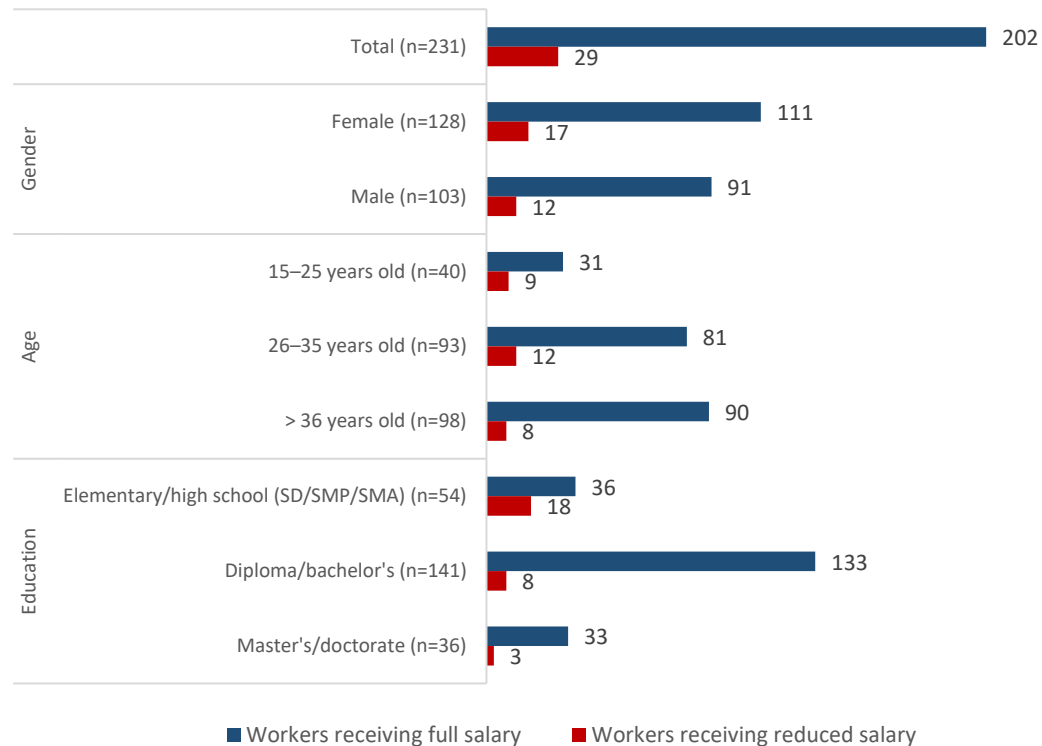
► **Figure 15. Respondents who were never furloughed or terminated: Working from home versus working from the office (%)**

**Note:** This figure refers only to those respondents who had not experienced any negative labour market shocks.

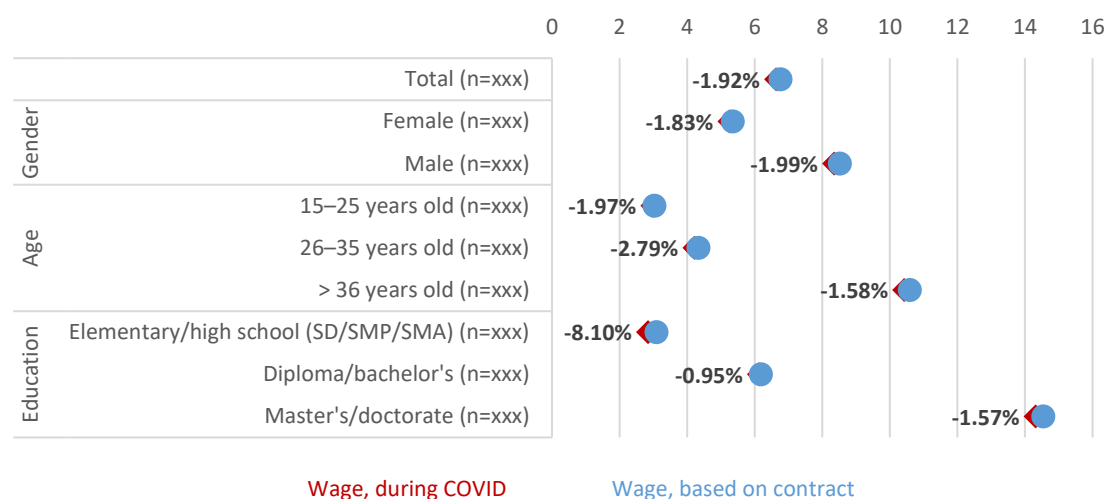
Unlike the changes in wage payments experienced by furloughed workers (see section 4.2.2), the survey findings suggest that those who remained working during the pandemic – for the most part – did not experience significant reductions in their salaries and fixed allowances. Of the 231 respondents who had never been furloughed or terminated, 29 (or 13 per cent) reported that their salaries had been reduced. Such reductions were experienced roughly equally by men and women and by all age groups, but disproportionately affected lower educated workers, 33 per cent of whom saw their wages reduced (figure 16). Respondents with a high school education or lower also experienced much steeper reductions in their wages compared to other workers, with wage reductions of roughly 8 per cent – more than four times the average for the sample (figure 17).

Respondents were also asked about whether they experienced any reductions in fixed allowances paid as part of their employment. As seen in figure 18, youth workers and workers with a high school education or lower were the most likely to experience such reductions, with about one-third of each group reporting allowance reductions. Concerning the amount by which allowances were reduced, the figures varied between men and women, age groups and education levels (see figure 19). Once again, the lowest educated workers were the ones who got hit the most in terms of amount by which their allowances were reduced (18.6 per cent).

These findings above suggest that the impact of the pandemic has ultimately been rather modest overall on workers who managed to stay employed and working. However, the effects have not been evenly distributed, with less educated workers being more likely to face salary and allowance cuts

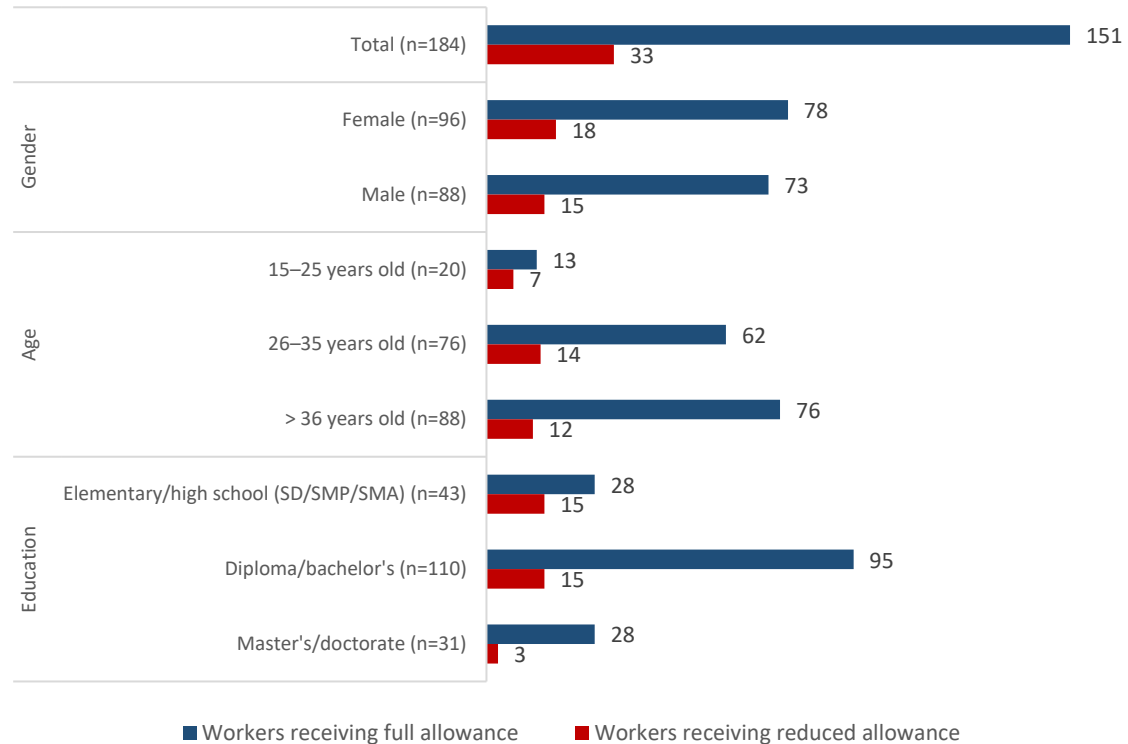
► **Figure 16. Respondents who were never furloughed or terminated: Number of workers who experienced salary reductions**

**Note:** This figure refers only to those respondents who had not experienced any negative labour market shocks.

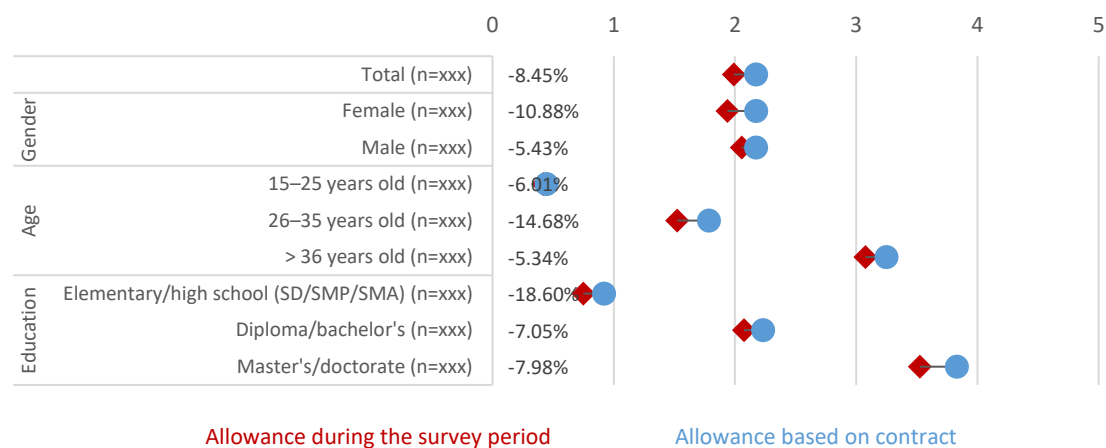
► **Figure 17. Respondents who were never furloughed or terminated: Change in wages of workers who experienced salary reductions (in millions of rupiah)**

**Note:** This figure refers only to those respondents who had not experienced any negative labour market shocks and who experienced wage reductions.



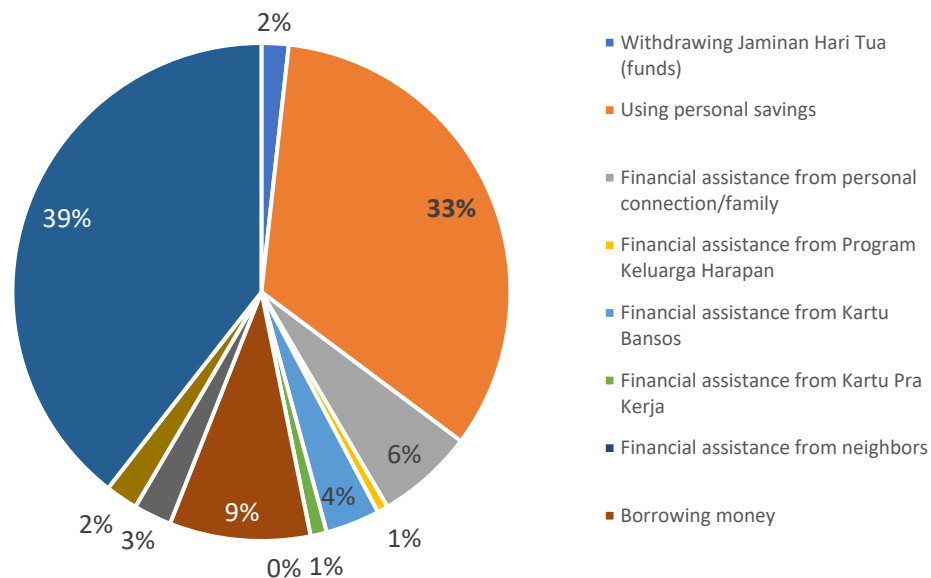
► **Figure 18. Respondents who were never furloughed or terminated: Number of workers who experienced allowance reductions**

**Note:** This figure refers only to those respondents who had not experienced any negative labour market shocks.

► **Figure 19. Respondents who were never furloughed or terminated: Change in allowances of workers who experienced salary reductions (in millions of rupiah)**

**Note:** This figure refers only to those respondents who had not experienced any negative labour market shocks and who experienced allowance reductions.

► **Figure 20. Respondents who were never furloughed or terminated: Coping mechanisms utilized during the pandemic**



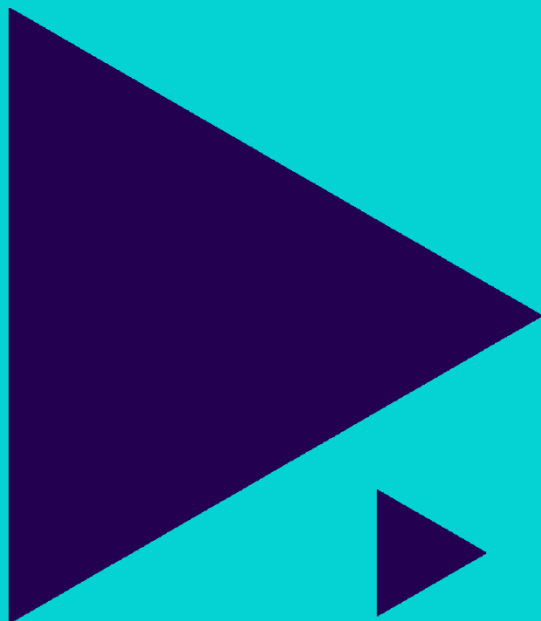
**Note:** This figure refers only to those respondents who had not experienced any negative labour market shocks.

Finally, figure 19 presents the coping mechanisms used by respondents who never experienced negative labour market shocks to deal with the reality of the pandemic. As per the findings presented in figures 17 and 19 – and unlike those respondents who had been impacted by negative labour market shocks – these respondents did not experience a lot of changes in their overall welfare. As a result, it is not surprising that a majority of these workers responded that they only using their personal savings or that they have not done anything different to cope with any changes in their welfare brought on by the pandemic, if any such changes existed.



5

Conclusion



In the COVID-19 pandemic situation, with both demand and supply in the market badly affected, adverse labour market shocks are unavoidable. In Indonesia, workers have been placed in a variety of circumstances, including being put on furlough, being terminated, or having to adjust to new working systems, such as work from home.

This study sought to conduct a small-scale primary survey to seek evidence on compliance among Indonesian employers with regard to workers' entitlements, particularly severance pay. Specifically, this study is interested in analysing whether workers are "well-protected" against negative labour market shocks due to COVID-19 pandemic under the employer liability system. Workers can be said to be "well-protected" if they receive their rights according to the prevailing regulations based on their respective situations.

From the survey we found evidence that the majority of respondents who experienced negative labour market shocks during COVID-19 pandemic were put on furlough rather than being terminated outright. This finding is related to the fact that most employers expected that the slowdown due to the pandemic would be short-lived, and that they could resume their business activities once the pandemic is over.

Concerning the terminated workers from the sample, we found evidence that the majority did not receive the entitlements that they were legally entitled to. A slight majority of the terminated fixed-term (PKWT) workers surveyed were not eligible for severance payments, but among the terminated PKWT workers who were eligible, 91.7 per cent did not receive any severance pay. The situation was somewhat better among permanent (PKWTT) workers, as 42.2 per cent of terminated PKWTT workers did receive at least some severance pay, but many of them did not receive the full amount. Based on respondents' answers, PKWTT workers who were eligible to receive severance pay were, on average, entitled to payments worth 30 million Indonesian rupiah. However, these workers, on average, received only 3.8 million rupiah (13 per cent of the entitled amount), with a majority – as previously noted – receiving no severance at all.

Meanwhile, the vast majority of workers who were put on furlough received either no salary or a reduced salary, with only a 20 per cent having received their full salary while on furlough. Moreover, the majority of the sample who experienced furloughed also claimed that their employers unilaterally imposed the wage reductions without making any agreement with the workers.

Based on demographic characteristics, the vulnerable groups, such as those with the lowest educational background or older age workers, were the ones who were hit hardest by the negative labour market shocks during the pandemic. In this case, workers with the lowest educational attainment and the oldest group of workers (ages 36+) experienced longer furloughs and suffered higher wage reductions during furlough.

On the other hand, survey respondents who never experienced termination and/or furlough also faced new challenges, as the majority of them had to either work from home or shift their work schedule between working from the office and working from home. However, respondents who were never furloughed or terminated generally experienced little in the way of wage reduction. In other words, most of these workers experienced relatively insignificant welfare changes compared to that which was suffered by those who experienced furloughs and/or termination of employment.

Furthermore, in-depth interviews suggest that there is likely a low level of legal literacy concerning the rights of employees and the obligations of employers in regard to workers' legal entitlements. Interviewed employees lacked knowledge about their rights, while employers also did not seem to fully understand their obligations to their employees' entitlements, specifically around severance pay.

As noted above, all findings in this study are not representative to the entire population and can only be presented as a descriptive overview. However, this study still serves as a baseline study that provides early evidence on "protections" (such as severance pay) for workers against negative labour market shocks in the time of COVID-19 pandemic crisis and the degree to which employers are

complying with providing these entitled protections to workers. Further study is needed to provide more representative results, which would necessarily entail the preparation of a more representative sampling frame and method, higher numbers of respondents, and a wider scope of study.

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## Annex 1. Components of severance payment calculation

► Table A.1. Reason for termination and eligibility for termination benefits

Eligible benefits	Reason for termination
UP, UPMK, and UPH	<ol style="list-style-type: none"> <li>1. The employee violates employment agreements or company regulations (article 161(3)).</li> <li>2. Termination of employment due to the employer's loss or force majeure (article 164(1)).</li> <li>3. Efficiency/redundancy/downsizing by the employer (article 164 (3)).</li> <li>4. The employee submits their resignation due to the misconduct of the employer (article 169(1)).</li> <li>5. Marriage between employees (article 153).</li> <li>6. The employee does not want to continue his contract because of the company's change of status, merger, consolidation, and change of ownership in the company (article 163(1)).</li> <li>7. The employer does not want to continue its employee's contract because of the company's change of status, merger, consolidation, and change of ownership in the company (article 163(2)).</li> <li>8. The employer goes bankrupt (article 165).</li> <li>9. The death of the employee (article 166).</li> <li>10. Employee's long-term illness and a work accident (article 172).</li> <li>11. Employee's retirement (article 167).<sup>1</sup></li> </ol>
UPMK and UPH	<ol style="list-style-type: none"> <li>12. The employee is arrested and is not able to carry out work (after 6 months) (article 160(7)).</li> <li>13. The employee is arrested and found guilty (article 160(7)).</li> </ol>
UPH and Separation Money ( <i>Uang Pisah</i> )	<ol style="list-style-type: none"> <li>14. The employee is absent for 5 days and does not come back to work after being given two notices by the employer (article 168(1)).</li> <li>15. The employee resigns voluntarily (and according to the correct procedure<sup>2</sup>) (article 162(1)).</li> </ol>
No termination benefit	<ol style="list-style-type: none"> <li>16. The employee does not pass the probation period (article 154).</li> <li>17. The end of the job contract (article 154(b)).</li> <li>18. Self-resignation without notice.</li> </ol>

<sup>1</sup> If employer also contributes for the employee's pension scheme, then employer only needs to provide severance pay if the lump sum retirement payments are less than the mandated value of the severance pay (UP) and long service pay (UPMK).

<sup>2</sup> The proper procedures for resignation are regulated under the Labour Law, article 162(3), which are: (1) The employee should submit a written resignation not later than 30 (thirty days) before the date of resignation; (2) The employee is not in an official status; and (3) The employee should continue to perform their duty in the company until the date of resignation.

**Source:** Authors' summary based on the Labour Law (Act No. 13/2003).

► Table A.2 Summary of calculation of termination benefits based on the Labour Law

Type of contract	Type of benefit	Components								
		Years of working	Reason for termination (No. of reason is based on the list in Table A.1)							
			Basic Rate (Nos 2, 6, 8)	Economic, Death (Nos 3, 4, 7, 9)	Sick, injury (No.10)	Retire (No.11) <sup>1</sup>	Minor offence <sup>2</sup> (No. 1)	Major offence <sup>3</sup> (Nos 12, 13)	Resign with notice (No. 15)	Absentee (No. 14)
			(in months of salary/wage)							
<b>PKWTT (unspecified-term employment contract or permanent employee contract)</b>	Severance Pay (UP)  Reference: article 156(2)	Less than 1 year	1	2	2	2	1	-	-	-
		1 year but less than 2 years	2	4	4	4	2	-	-	-
		2 years but less than 3 years	3	6	6	6	3	-	-	-
		3 years but less than 4 years	4	8	8	8	4	-	-	-
		4 years but less than 5 years	5	10	10	10	5	-	-	-
		5 years but less than 6 years	6	12	12	12	6	-	-	-
		6 years but less than 7 years	7	14	14	14	7	-	-	-
		7 years but less than 8 years	8	16	16	16	8	-	-	-
		More than 8 years	9	18	18	18	9	-	-	-
	Long Service Pay (UPMK)  Reference: article 156(3)	2 years or less	-	-	-	-	-	-	-	-
		3 years but less than 6 years	2	2	4	2	2	-	-	-
		6 years but less than 9 years	3	3	6	3	3	-	-	-
		9 years but less than 12 years	4	4	8	4	4	-	-	-
		12 years but less than 15 years	5	5	10	5	5	-	-	-
		15 years but less than 18 years	6	6	12	6	6	-	-	-

Severance Pay (UP) + Long Service Pay (UPMK)	18 years but less than 21 years	7	7	14	7	7	-	-	-	
	21 years but less than 24 years	8	8	16	8	8	-	-	-	
	24 years or more	10	10	20	10	10	-	-	-	
	Less than 1 year	1	2	2	2	1	-	-	-	
	1 year	2	4	4	4	2	-	-	-	
	2 years	3	6	6	6	3	-	-	-	
	3 years	6	10	12	10	6	-	-	-	
	4 years	7	12	14	12	7	-	-	-	
	5 years	8	14	16	14	8	-	-	-	
	6 years	10	17	20	17	10	-	-	-	
	7 years	11	19	22	19	11	-	-	-	
	8 years	12	21	26	21	12	-	-	-	
	9-11 years	13	22	26	22	13	-	-	-	
	12-14 years	14	23	28	23	14	-	-	-	
	15-17 years	15	24	30	24	15	-	-	-	
	18-20 years	16	25	32	25	16	-	-	-	
	21-23 years	17	26	34	26	17	-	-	-	
	24 years and above	19	28	38	28	19	-	-	-	
	Compensation of Rights (UPH)	<div>1. Compensation for housing and medical costs, approximately 15 per cent of severance payment and/or the long service pay (for those who fulfil the requirements);</div> <div>2. Compensation of annual leave that was not taken by the employee;</div> <div>3. Compensation of travel expenses for the employee and his/her family to return to the original location where the employee was first accepted or recruited to work for the company;</div> <div>4. Other matters are written in the employment agreement and company regulation.</div>								
	Reference: article 156(4)									

Separation Pay  
(Uang Pisah)

Reference:  
Article 162 (2)

The amount and mechanism are under the employer's authority. In addition, this benefit payment could be discussed with the employees and arranged by the employer in the employment agreement (*Perjanjian Kerja*), company regulation (*Peraturan Perusahaan*), and collective employment agreement (*Perjanjian Kerja Bersama*).

PKWT (fixed-term employment contract or temporary employee contract)	Termination or Compensation Pay	Reason for termination	Eligibility
		1. End of contract	-
	Reference: article 162	2. Before end of contract	The difference between the total contract amount and total paid amount (which is also equal to the monthly wage times the number of remaining working months)
<p>- = nil.</p> <p><sup>1</sup> Only if the retirees are not entitled to corporate retirement benefit or if the lump sum retirement payments are less than the mandated value of the severance pay (UP) and long service pay (UPMK). In this case, the amount of termination benefit is calculated as the difference between the sum of UP (2 times the basic rate), UPMK and UPH, and the amount of corporate pension.</p> <p><sup>2</sup> Minor offences are actions that contravene labour contracts, company regulations or clauses in collective labour agreements (such as reason no. 1 in Table A.1). In the event of these offences taking place, employees can be terminated after receiving a written warning on three occasions.</p> <p><sup>3</sup> Major offences include theft of company property or materials; violent behaviour in the workplace; causing damage to equipment; drunkenness in the workplace; and other similar behaviour (article 158).</p> <p><b>Source:</b> Summary from the Labour Law (Act No. 13/2003) and Manning and Roesad (2007).</p>			

## Annex 2. Field survey evaluations

At the beginning of the research design process for this study, the sampling method was initially meant to utilize the workers' databases of Indonesian labour union federations in cooperation with ILO, since the study required potential respondents' phone and/or WhatsApp numbers to administer the questionnaire. From this database, the plan was to use stratified random sampling based on several strata, such as province and sector of industry, to obtain a representative sample of workers by province and industry from the database. Moreover, snowball sampling was originally planned to be used only to replace any unreached or non-responsive respondents from the same strata, that is, the same province and/or the same sector of industry. However, this method of sampling was subject to the availability of the entire workers database from each labour union federation (regardless of the workers' employment status during the COVID-19 period) as the basis of the sampling frame.

Unfortunately, the original sampling strategy could not be conducted, as the database that were provided by the labour union federations consisted only of information for workers who were either terminated and/or put on furlough during the COVID-19 period.<sup>22</sup> Moreover, experience from the pilot test showed that many of the contact numbers in the databases were invalid. Therefore, to address this problem and to obtain a large enough sample to achieve the goals of this study, we modified the sampling strategy by adding (non-probabilistic) convenience and snowball sampling methods into the sampling design to complement those respondents that were obtained through the labour union federation databases. A weblink to the questionnaire was distributed through WhatsApp messages, emails and social media to our colleagues and close associates, which was then re-distributed by them to their colleagues and close associates, and so on.

Furthermore, since we could only secure respondents who had experienced termination and/or furlough during COVID-19 from the labour union federation databases, we had to actively seek out balancing information from respondents who had never experienced termination and/or furlough during COVID-19 but were still affected by the COVID-19. So, in the absence of a representative sample derived from the labour union databases, we instead changed the target of the sample by disaggregating the respondents into two categories: (1) workers/labourers/employees who had experienced negative labour market shock(s) during COVID-19 pandemic (that is, either being terminated and/or put on furlough); and (2) workers/labourers/employees who never experienced termination or being put on furlough during the COVID-19 pandemic. Taking into account the budget availability of this survey, we set the total number of respondents at 400, consisting of 200 respondents from each category.

The major issue in survey implementation was the poor contact information listed in the labour union federation databases, where we found many cases of invalid and duplicate contact numbers. Moreover, in some cases, respondents who were able to be contacted refused to answer or simply did not reply to our messages, even after multiple follow-ups. Table A.3 presents the summary of the total number of respondents given in the labour union federation databases, the number of invalid and duplicate numbers, and the number of adequately completed and returned questionnaires.

Another issue in the survey implementation was related to technical problems in filling out the questionnaire, such as poor internet connections and unfamiliarity of the respondents with filling out online questionnaires. Moreover, the complexity of the questionnaire, especially the questions in Section C regarding severance payment components, might also have affected respondents' response behaviours. We found some cases where respondents were reluctant to fill-out their information regarding wages or allowances, and left these questions unanswered. To address this issue, enumerators were assigned to conduct follow-up interviews with the corresponding respondents, in order to confirm respondents' answers or to complete any missing answers.

► **Table A.3. Summary of contact information and completed surveys for each labour union federation database**

No.	Description	KPSPI AGN	KPSPI YR	KSBSI	KSPI (SPN)	SARBU MUSI	KSPN	Total
1.	Workers in the database	2 271	–	2 631	640	–	161	<b>5 703</b>

<sup>22</sup> We did not ask the labour federations to select only those workers who were terminated and/or put on furlough during COVID-19 period.

2.	Workers contacted	1 623	–	2 566	601	–	70	<b>4 860</b>
3.	Invalid numbers	709	–	771	112	–	9	<b>1 601</b>
4.	Valid numbers	914	–	1 795	489	–	61	<b>3 262</b>
5.	Completed and returned questionnaires	58	–	74	17	–	10	<b>159</b>

– = nil.

Based on the above explanations, we propose several recommendations for such similar survey in the future:

We recommend preparing a more valid and comprehensive database, from which sampling method determination can be made. This is because the sampling frame will determine whether the sample that is obtained would be representative to the entire population or not. The more the sample represents the population, the more unbiased the results would be.

The computer-assisted questionnaire administration method is already effective for conducting a survey without face-to-face contact with respondents. Although the complexity of the questionnaire itself still needs to be considered, and the availability of enumerators is still crucial, especially for following up with respondents to address any missing or incomplete responses.

Nevertheless, conducting an online survey (either through the internet, emails, or phone) will still create selectivity issues, as the respondents who can participate in the survey will be those who possess the tools or equipment needed to answer the survey. Thus, the results would still be biased towards this group of respondents. In order to obtain unambiguous results from a representative sample, an offline direct face-to-face interview is needed where possible.

## Annex 3. Survey questionnaire

### 1. Background

Since February 2020, the Coronavirus Disease 2019 (COVID-19) pandemic has hit Indonesia, forcing some companies to lay off or terminate their workers due to declining revenues. This International Labour Organization (ILO) survey aims to analyse the effectiveness of existing schemes to protect workers against unemployment and income security during the COVID-19 crisis. Specifically, this survey tries to identify the situation of workers with employment relationships by estimating the number of partially and fully unemployed workers, as well as the entitlement of severance pay and wages to laid off and unemployed workers. We guarantee that this survey is anonymous, all personal information is confidential, and the survey results will not be used anything other than the purpose of this study.

### 2. Questions

#### A. (Employment) Filter questions

A1. Were you an employee/labour ON 28 February\* 2020?

- a. Yes (I was an employee)
- b. No → STOP (i.e. self-employed or unemployed before COVID-19)

A2. Did you experience a termination of contract (unemployment) between 1 March and 30 June 2020?

- a. Never
- b. Once
- c. Twice or more

A3. Did you experience furlough (temporary leave) between 1 March and 30 June 2020 because of the reduction in business activities? (Furlough means you were still employed but asked not to work by your employer.)

- a. Yes
- b. No

A4. Are you currently working?

Note: this question serves as a validating question; revisit question A2 or A3 if the answer in this question is contradicting with the previous question(s)

- a. Yes, I am currently working
- b. No, I am unemployed
- c. No, I am in furlough

Note: Respondents are eligible to participate in this survey if and only if they answer A/B/C in at least one of the questions between A5-A7

A5. What kind of written contract did you have for the job when you had your contract terminated (with the company that hired you)?

Note: Only if A2 != a

- a. PKWT (example: contract workers/seasonal worker/daily workers/freelance)
- b. PKWTT (fixed-term workers)
- c. No written agreement

A6. What kind of contract did you have for the job when you are furloughed?

Note: Only if A3 == a

- a. PKWT (example: contract workers/seasonal worker/honoror/daily workers/freelance)
- b. PKWTT (fixed-term workers)



- c. No written agreement

A7. What kind of contract do you have for your current job?

Note: Only if A4 == a

- a. PKWT (example: contract workers/seasonal worker/honorar/daily workers/freelance)
- b. PKWTT (fixed-term workers)
- c. No written agreement

## B. Demography

B1. What is your gender?

- a. Female
- b. Male

B2. How old are you?

- a. 15-25
- b. 26-35
- c. 36-55
- d. 56-60
- e. > 60

B3. What is your highest level of education completed?

- a. Lower than Elementary/No Education
- b. Elementary School
- c. Junior High School
- d. High School
- e. Diploma/Bachelor's
- f. Master's degree
- g. Doctoral degree

B4. What is your marital status?

- a. Never married
- b. Married
- c. Divorced
- d. Widowed

B5. Where is your province of residence (according to ID Card)?

- |                              |                       |                        |
|------------------------------|-----------------------|------------------------|
| a. Nanggroe Aceh Darussalam  | m. Central Java       | w. East Kalimantan     |
| b. North Sumatera            | n. DI Yogyakarta      | x. North Kalimantan    |
| c. West Sumatera             | o. East Java          | y. North Sulawesi      |
| d. Riau                      | p. Banten             | z. Central Sulawesi    |
| e. Jambi                     | q. Bali               | aa. South Sulawesi     |
| f. South Sumatera            | r. West Nusa Tenggara | bb. Southeast Sulawesi |
| g. Bengkulu                  | s. East Nusa Tenggara | cc. Gorontalo          |
| h. Lampung                   | t. West Kalimantan    | dd. West Sulawesi      |
| i. Kepulauan Bangka-Belitung | u. Central Kalimantan | ee. Maluku             |
| j. Kepulauan Riau            | v. South Kalimantan   | ff. North Maluku       |
| k. DKI Jakarta               |                       | gg. West Papua         |
| l. West Java                 |                       | hh. Papua              |

B6. Where is your regional (district) of residence (according to ID Card)?

Will be given selection of Regional Residence (Kab/Kota) based on Province

## C. Employment termination

Note: Skip if A2 == a or A5 == d

Note: If you experienced your contract terminated more than once between 1 March and 30 June 2020, tell us about the first termination.

C1. In which province was your workplace (before terminated) located?

- |                                     |                              |                               |
|-------------------------------------|------------------------------|-------------------------------|
| <b>a.</b> Nanggroe Aceh Darussalam  | <b>m.</b> Central Java       | <b>w.</b> East Kalimantan     |
| <b>b.</b> North Sumatera            | <b>n.</b> DI Yogyakarta      | <b>x.</b> North Kalimantan    |
| <b>c.</b> West Sumatera             | <b>o.</b> East Java          | <b>y.</b> North Sulawesi      |
| <b>d.</b> Riau                      | <b>p.</b> Banten             | <b>z.</b> Central Sulawesi    |
| <b>e.</b> Jambi                     | <b>q.</b> Bali               | <b>aa.</b> South Sulawesi     |
| <b>f.</b> South Sumatera            | <b>r.</b> West Nusa Tenggara | <b>bb.</b> Southeast Sulawesi |
| <b>g.</b> Bengkulu                  | <b>s.</b> East Nusa Tenggara | <b>cc.</b> Gorontalo          |
| <b>h.</b> Lampung                   | <b>t.</b> West Kalimantan    | <b>dd.</b> West Sulawesi      |
| <b>i.</b> Kepulauan Bangka-Belitung | <b>u.</b> Central Kalimantan | <b>ee.</b> Maluku             |
| <b>j.</b> Kepulauan Riau            | <b>v.</b> South Kalimantan   | <b>ff.</b> North Maluku       |
| <b>k.</b> DKI Jakarta               |                              | <b>gg.</b> West Papua         |
| <b>l.</b> West Java                 |                              | <b>hh.</b> Papua              |

C2. In which district was your workplace (before terminated) located?

C3. In which province did you live when working in that company (before terminated)?

C4. In which district did you live when working in that company (before terminated)?

C5. What sector was your company categorized (before terminated)?

- |   |   |
|---|---|
| <b>a.</b> Agriculture, Forestry, and Fishing  | <b>i.</b> Accommodation and Food Service Activities                     |
| <b>b.</b> Mining and Quarrying  | <b>j.</b> Information and Communication                                 |
| <b>c.</b> Manufacturing   | <b>k.</b> Financial and Insurance Activities                            |
| <b>d.</b> Electricity and Gas Supply  | <b>l.</b> Real Estate Activities  |
| <b>e.</b> Water Supply, Sewerage, Waste Management, and Remediation Activities      | <b>m.</b> Business Services   |
| <b>f.</b> Construction  | <b>n.</b> Public Administration and Defence; Compulsory Social Security |
| <b>g.</b> Wholesale Trade and Retail Trade; Repair of Motor Vehicles and Motorcycle | <b>o.</b> Education   |
| <b>h.</b> Transportation and Storage  | <b>p.</b> Human Health and Social Work Activities                       |
|   | <b>q.</b> Other Service Activities                                      |

C6. Have you ever had a PKWT contract with the company before you had a PKWTT contract?

Note: asked only if A5 != a

- a.** Yes
- b.** No → Skip to C8

C7. When did the above PKWT contract ended?

[ ] [ ] month / [ ] [ ] [ ] [ ] year

Note: If respondent change type of contract from PKWT to PKWTT, then C8 to C12a or C12b are based on PKWTT contract experience

C8. When did your contract (PKWT if A5==a, otherwise PKWTT) start? (If you had your contract extended, please answer the starting date of the initial contract)

[ ] [ ] month / [ ] [ ] [ ] [ ] year

C9. When did you get terminated?

[ ] [ ] month / [ ] [ ] [ ] [ ] year

C9a. When was your PKWT contract supposed to end according to your contract?

Note: asked only if A5 == a

[ ] [ ] month / [ ] [ ] [ ] [ ] year

C10. Who decided to terminate your contract?

- a. Myself → (Skip to C11a and C12a if A5==a, otherwise Skip to C11c if A5==b or A5==c)
- b. My employer → (Skip to C11b and C12b if A5==a, otherwise Skip to C11c if A5==b or A5==c)

Note: C11a and C12a\* will only be asked if C10 == a & A5==a (Only if PKWT & self-termination)

C11a. Did you have to pay your employer compensation for the early resignation of the contract?

- a. Yes
- b. No (Skip to C15)

C12a. How much did you pay your employer for compensating for the early resignation of the contract?

IDR [ ] [ ] [ ]. [ ] [ ] [ ]. [ ] [ ] [ ]

Note: C11b and C12b\* will only be asked if C10 == b & A5==a (Only if PKWT & employer-termination)

C11b. Did your employer pay you for compensating for the early termination of the contract?

- a. Yes
- b. No (Skip to C15)

C12b. How much did your employer pay you for compensating for the early termination of the contract?

IDR [ ] [ ] [ ]. [ ] [ ] [ ]. [ ] [ ] [ ]

Note: C11c and C12c will only be asked if A5==b or A5==c

C11c. Did your PKWTT contract or letter of appointment state a probationary period?

- a. Yes
- b. No → Skip to C13
- c. I did not have either employment agreement or letter of appointment in a written form for my contract → Skip to C13

C12c. How long did your PKWTT contract or letter of appointment have a probationary period?

[ ] [ ] [ ] Days

C13. Did you experience a pay cut before terminated?

- a. Yes
- b. No → Skip to C16

C14. How much monthly basic wage did your employer pay you in a regular month based on your work contract? Do not include seasonal or religious lump-sum bonus.

IDR [ ] [ ] [ ]. [ ] [ ] [ ]. [ ] [ ] [ ]

C15. How much monthly fixed-allowance did your employer pay you in a regular month based on your work contract? Do not include seasonal or religious lump-sum bonus.

IDR [ ] [ ] [ ]. [ ] [ ] [ ]. [ ] [ ] [ ]

C16. How much monthly basic wage did your employer pay you in the last month before terminated? Do not include seasonal or religious lump-sum bonus.

IDR [ ] [ ] [ ]. [ ] [ ] [ ]. [ ] [ ] [ ]

C17. How much monthly fixed-allowance did your employer pay you in the last month before terminated? Do not include seasonal or religious lump-sum bonus.

IDR [ ] [ ] [ ]. [ ] [ ] [ ]. [ ] [ ] [ ]

C18. How many days did you usually work in a week for your company before termination?

- a. < 5 days
- b. 5 days
- c. 6 days
- d. 7 days

C19. Did your employer pay you severance when you had your contract terminated?

- a. Yes
- b. No (Skip to Question C21)

C20. How much did your employer pay you severance in total? (Please report the amount of severance pay package only. Do not include your regular wage amount such as basic wage and fixed-allowance for the month that you had your contract terminated. Do not include compensation for the early termination of PKWT.)

IDR [ ] [ ] [ ]. [ ] [ ] [ ]. [ ] [ ] [ ]

C21. Why did you have your contract terminated?

- a. I did not pass a probation period.
- b. My contract reached to the end of fixed-term contract (PKWT).
- c. I resigned because company broke an employment agreement.
- d. I resigned after consecutively being absent from work for over 12 months due to employment injury.
- e. I resigned due to company's merger or acquisition.
- f. I resign with my own will → Skip to C21a
- g. I was fired due to grave wrongdoings.
- h. I was fired due to unexplained absence for 5 consecutive working days.
- i. I was fired for contract breaches after 3 warnings.
- j. I was fired due to bankruptcy or closedown.
- k. I was fired due to downsizing business activities.
- l. I was fired due to company's merger or acquisition.
- m. I reached at a retirement age → Skip to C21b
- n. I was detained by authorities.
- o. I was legally guilty and jailed.
- p. I do not know why I was fired.

C21a. Did you make a notification to your employer before you resigned?

Note: asked only if C21==f

- a. I resigned without giving a 30-day advanced notice to my employer.
- b. I resigned with a 30-day advanced notice to my employer.

C21b. Did your company give you any retirement benefit programme (this is a corporate programme but NOT BPJS programmes)?

Note: asked only if C21==m

- a. Yes
- b. No

C22. How many unspent paid leave entitlements did you have when you had your contract terminated?

[ ] [ ] days

C23. Did your employer provide you and your family members with transports benefit to the place you were recruited?

- a. Yes, in cash (lump sum, reimbursement etc.).
- b. Yes, in kind (train, bus ticket etc.)
- c. No

C24. Do you think your employer paid you the right amount of severance pay package that you were entitled?

- a. Less than the amount I am entitled to
- b. Correct amount
- c. More than the amount I am entitled to
- d. I do not know what my entitlement is

C25. Were you a member of trade union?

- a. Yes
- b. No

#### D. Temporary leave (Furlough)

Note: Skip if A3 == b (never furloughed) or A6 == d (Apprenticeship contract)

Note: If you experienced furlough more than once between 1 March and 30 June 2020, tell us about the first furlough.

D1. In which province was your workplace located (where you experienced furlough)?

- |                              |                       |                        |
|------------------------------|-----------------------|------------------------|
| a. Nanggroe Aceh Darussalam  | m. Central Java       | w. East Kalimantan     |
| b. North Sumatera            | n. DI Yogyakarta      | x. North Kalimantan    |
| c. West Sumatera             | o. East Java          | y. North Sulawesi      |
| d. Riau                      | p. Banten             | z. Central Sulawesi    |
| e. Jambi                     | q. Bali               | aa. South Sulawesi     |
| f. South Sumatera            | r. West Nusa Tenggara | bb. Southeast Sulawesi |
| g. Bengkulu                  | s. East Nusa Tenggara | cc. Gorontalo          |
| h. Lampung                   | t. West Kalimantan    | dd. West Sulawesi      |
| i. Kepulauan Bangka-Belitung | u. Central Kalimantan | ee. Maluku             |
| j. Kepulauan Riau            | v. South Kalimantan   | ff. North Maluku       |
| k. DKI Jakarta               |                       | gg. West Papua         |
| l. West Java                 |                       | hh. Papua              |

D2. In which region was your company located (where you experienced furlough)?

D3. In which province did you live when working in that company (where you experienced furlough)?

D4. In which district did you live when working in that company (where you experienced furlough)?

D5. What sector is your company categorized?

- |   |  |
|---|--|
| a. Agriculture, Forestry, and Fishing                                   | g. Wholesale Trade and Retail Trade; Repair of Motor Vehicles and Motorcycle |
| b. Mining and Quarrying   | h. Transportation and Storage  |
| c. Manufacturing  | i. Accommodation and Food Service Activities                                 |
| d. Electricity and Gas Supply   | j. Information and Communication   |
| e. Water Supply, Sewerage, Waste Management, and Remediation Activities | k. Financial and Insurance Activities  |
| f. Construction   | l. Real Estate Activities  |
|   | m. Business Services   |

**n.** Public Administration and Defense;  
Compulsory Social Security

**o.** Education

**p.** Human Health and Social Work  
Activities

**q.** Other Service Activities

D6. How many working days were you put on furlough for in total?

[ ] [ ] [ ] days

D7. How much basic wage did your employer pay you per month before furlough? Do not include seasonal or religious lump-sum bonus.

IDR [ ] [ ] [ ]. [ ] [ ] [ ]. [ ] [ ] [ ]

D8. How much fixed-allowance did your employer pay you per month before furlough? Do not include seasonal or religious lump-sum bonus.

IDR [ ] [ ] [ ]. [ ] [ ] [ ]. [ ] [ ] [ ]

D9. Did your employer pay you during furlough?

- a.** Yes, my employer paid me full wage → Continue with the next Section
- b.** Yes, my employer paid me reduced wage.
- c.** No, my employer did not pay me at all → Skip to D11

D10. How much did your employer pay you per working day during furlough?

IDR [ ] [ ] [ ]. [ ] [ ] [ ]. [ ] [ ] [ ]

D11. Did you agree a reduction in wage during furlough with your employer?

- a.** Yes, I agreed a wage reduction with my employer.
- b.** Yes, my trade union representative signed a collective agreement to reduce wage with my employer on behalf.
- c.** No, I did not reach an agreement to reduce wage with my employer.

D12. Were you a member of trade union?

- a.** Yes
- b.** No

## E. Current working condition

Note: Skip if A4 == b or A7 == d

E1. Which province is your current workplace located?

- |                                     |                              |                               |
|-------------------------------------|------------------------------|-------------------------------|
| <b>a.</b> Nanggroe Aceh Darussalam  | <b>l.</b> West Java          | <b>w.</b> East Kalimantan     |
| <b>b.</b> North Sumatera            | <b>m.</b> Central Java       | <b>x.</b> North Kalimantan    |
| <b>c.</b> West Sumatera             | <b>n.</b> DI Yogyakarta      | <b>y.</b> North Sulawesi      |
| <b>d.</b> Riau                      | <b>o.</b> East Java          | <b>z.</b> Central Sulawesi    |
| <b>e.</b> Jambi                     | <b>p.</b> Banten             | <b>aa.</b> South Sulawesi     |
| <b>f.</b> South Sumatera            | <b>q.</b> Bali               | <b>bb.</b> Southeast Sulawesi |
| <b>g.</b> Bengkulu                  | <b>r.</b> West Nusa Tenggara | <b>cc.</b> Gorontalo          |
| <b>h.</b> Lampung                   | <b>s.</b> East Nusa Tenggara | <b>dd.</b> West Sulawesi      |
| <b>i.</b> Kepulauan Bangka-Belitung | <b>t.</b> West Kalimantan    | <b>ee.</b> Maluku             |
| <b>j.</b> Kepulauan Riau            | <b>u.</b> Central Kalimantan | <b>ff.</b> North Maluku       |
| <b>k.</b> DKI Jakarta               | <b>v.</b> South Kalimantan   | <b>gg.</b> West Papua         |
|                                     |                              | <b>hh.</b> Papua              |

E2. In which region is your current company located?

E3. In which province do you live when working in your current company?

E4. In which district do you live when working in your current company?

E5. What sector is your current company categorized?

- |   |   |
|---|---|
| <b>a.</b> Agriculture, Forestry, and Fishing  | <b>i.</b> Accommodation and Food Service Activities                     |
| <b>b.</b> Mining and Quarrying  | <b>j.</b> Information and Communication                                 |
| <b>c.</b> Manufacturing   | <b>k.</b> Financial and Insurance Activities                            |
| <b>d.</b> Electricity and Gas Supply  | <b>l.</b> Real Estate Activities  |
| <b>e.</b> Water Supply, Sewerage, Waste Management, and Remediation Activities      | <b>m.</b> Business Services   |
| <b>f.</b> Construction  | <b>n.</b> Public Administration and Defense; Compulsory Social Security |
| <b>g.</b> Wholesale Trade and Retail Trade; Repair of Motor Vehicles and Motorcycle | <b>o.</b> Education   |
| <b>h.</b> Transportation and Storage  | <b>p.</b> Human Health and Social Work Activities                       |
|   | <b>q.</b> Other Service Activities                                      |

E6. Can you describe your current working arrangement situation?

- a.** a. I am working from home (WFH) since March 2020 until now
- b.** b. I am partially work from home (WFH), and going back to the office but with shift
- c.** c. I was previously work from home (WFH), but now fully back to work at the office
- d.** d. I never working from home (WFH)

E6a. How many working days do you usually work in a week in your current job?

- a.** < 5 days
- b.** 5 days
- c.** 6 days

- d. 7 days

E7. How much monthly basic wage do your current employer pay you based on the work contract?

IDR [ ][ ][ ]. [ ][ ][ ]. [ ][ ][ ]

E8. Did you experience a reduction in your salary in the current job (between 1 March - 30 June 2020)?

- a. Yes
- b. No → Skip to E10

E9. How much basic wage per month do you currently receive after reduction?

IDR [ ][ ][ ]. [ ][ ][ ]. [ ][ ][ ]

E10. How much fixed-allowance per month do your current employer pay you based on the work contract?

IDR [ ][ ][ ]. [ ][ ][ ]. [ ][ ][ ]

E11. Did you experience a reduction in your fixed-allowance in the current job (between 1 March - 30 June 2020)?

- a. Yes
- b. No → Skip to E13

E12. How much fixed-allowance per month do you currently receive after reduction?

IDR [ ][ ][ ]. [ ][ ][ ]. [ ][ ][ ]

E13. Did you agree a reduction in wage and/or allowance with your employer?

- a. Yes, I agreed a wage reduction with my employer.
- b. Yes, my trade union representative signed a collective agreement to reduce wage with my employer on behalf.
- c. No, I did not reach an agreement to reduce wage with my employer.

E14. Are you a member of trade union?

- a. Yes
- b. No

## F. Livelihood

F1. How did you fulfil your household daily needs during this Covid-19 pandemic period? (Please select all that applies → Checkbox)

- a. I withdrew my old-age saving (JHT).
- b. I used my bank saving.
- c. I received cash assistance from my family (relatives, children etc.).
- d. I received cash assistance from PKH.
- e. I received cash assistance from Kartu Bansos.
- f. I received cash assistance from Kartu Prakerja
- g. I received cash assistance from the society (neighbour, NGOs, trade unions etc.)
- h. I loaned or borrowed money.
- i. I sold my (hard) assets (house, lands).
- j. I sold soft assets (insurance, stocks/bonds)



- k.** I did not take any of these actions.

F2. Does your current income and/or severance pay sufficient to fulfil your household daily needs?

- a.** Yes
- b.** No

### **G. Administrative information**

G1. Are you willing to be contacted by the ILO survey team in the future?

- a.** Yes, via email (email: \_\_\_\_\_)
- b.** Yes, via phone/WhatsApp (Phone number for WhatsApp: \_\_\_\_\_)
- c.** No



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