

# What has been driving work-to-work transitions in Indonesia? – Evidence from long-term longitudinal data

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## Motivation

- Individual-level transitions represent key element of labour markets around the world
- Lack of literature focusing on the shape and prominence of transitions, and the implications on decent work, career and life trajectories in emerging and developing economies
- Evidence on comprehensively defined work-to-work transitions is scant outside of a high-income country context

## Research Questions

- 1 What are the prominent transitions for people in different labour market contexts within developing and emerging economies?
  - ▶ Panel data from South Africa and Indonesia
  - ▶ Focus on work-to-work transitions
- 2 At what stage during their working lives are they happening (e.g., what are the crucial stages for transitions)?
- 3 What are the drivers of these transitions?
  - ▶ Next steps of this research

## Preliminary Findings

- 1 Higher rates of mobility across labour market indicators in South Africa than in Indonesia
- 2 Youth exhibit the highest transition rates in both countries
- 3 South Africa displays relatively higher levels of mobility across nature of employment and occupation
- 4 Indonesia displays higher levels of mobility across status of employment and sector

- Labour market is characterized by slow job growth, high levels of labour underutilization and high levels of informal employment (Allen 2016; Comola and Mello 2011)
- Recent research indicates that there are low transition rates towards permanent work
- Lack of mobility from self-employment to permanent forms of employment

*Focusing on changes across the life-cycle: age-cohorts*

## Indonesia

- Indonesia Family Life Survey (IFLS)
- Spans about 20 years, represents about 83% of the population living in 13 of the 27 provinces; about 10,000 with employment information
- IFLS1, 1993; IFLS2, 1997; IFLS3, 2000; IFLS4, 2007; IFLS5, 2014/15

**Figure:** Share of workers with an employee and formal working status in Indonesia, by age cohort

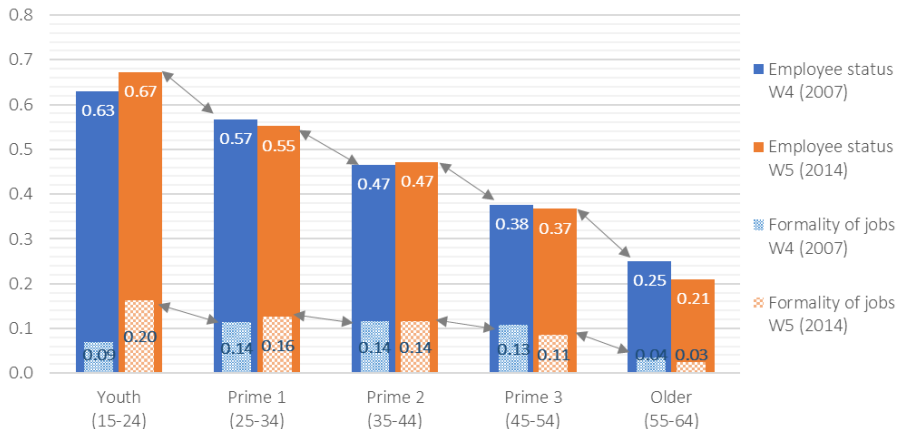
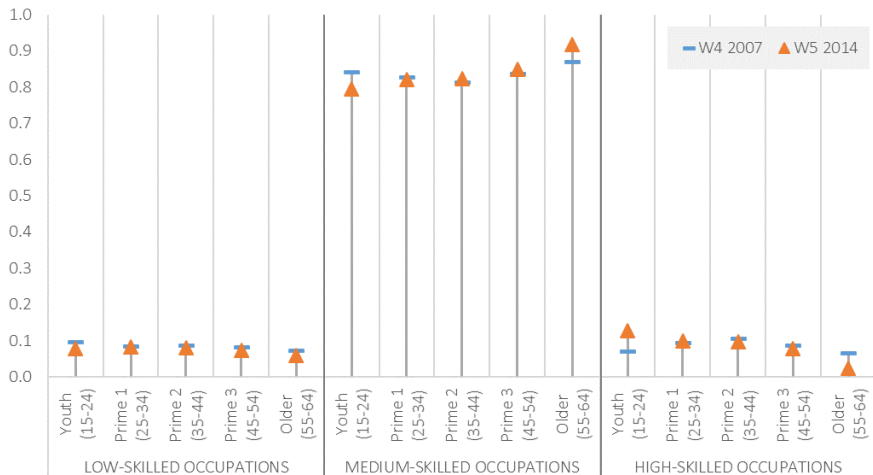


Figure: Share of workers in low-, medium-, and high-skill level occupations in Indonesia, by age cohort





**Figure:** Share of respondents who have transitioned between survey waves in Indonesia

Birth year	Cohort age in W4 ('07/'08)	Status of employment				Nature of employment: Informality	Sector (agriculture, industry, services)			Occupation (skill level)			
		W1/W2	W2/W3	W3/W4	W4/W5	W4/W5	W2/W3	W3/W4	W4/W5	W1/W2	W2/W3	W3/W4	W4/W5
1983-92	Youth (15-24)			36.19%	35.13%	14.63%		36.72%	36.75%			13.05%	20.87%
1973-82	Prime 1 (25-34)	31.97%	26.04%	32.22%	28.05%	11.07%	28.58%	33.62%	31.97%	8.57%	14.04%	17.64%	19.75%
1963-72	Prime 2 (35-44)	26.75%	24.18%	26.36%	26.03%	6.30%	26.51%	27.95%	26.24%	11.88%	16.69%	18.15%	17.63%
1953-62	Prime 3 (45-54)	21.57%	20.80%	26.04%	27.84%	4.38%	24.58%	26.75%	25.70%	12.04%	12.92%	16.31%	13.28%
1943-52	Older (55-64)	23.95%	23.63%	27.23%	30.35%	3.95%	21.62%	24.87%	22.28%	9.27%	11.10%	13.96%	12.20%
Overall		22.90%	23.14%	27.38%	28.39%	7.29%	24.04%	27.45%	27.92%	10.11%	12.70%	15.87%	16.42%

Figure: Share of individuals transitioning across status of employment in Indonesia

Birth year	Age in W4 2007/08	STE				Status of employment: Contr. Family Worker to Own Account Worker				Status of employment: Own Account Worker to Employee				Status of employment: Contr. Family Worker to Employee				
		W1/W2	W2/W3	W3/W4	W4/W5	W1/W2	W2/W3	W3/W4	W4/W5	W1/W2	W2/W3	W3/W4	W4/W5	W1/W2	W2/W3	W3/W4	W4/W5	
1983-1992	1-Youth (15-24)			36.19%	35.13%			7.44%	8.84%				2.45%	4.88%			15.90%	8.71%
1973-1982	2-Prime1 (25-34)	31.97%	26.04%	32.22%	28.05%	4.73%	4.26%	4.48%	4.16%	8.68%	5.05%	7.31%	7.70%	11.44%	3.94%	4.06%	2.96%	
1963-1972	3-Prime2 (35-44)	26.75%	24.18%	26.36%	26.03%	4.65%	2.92%	2.64%	5.16%	8.27%	5.02%	7.98%	8.17%	2.34%	1.09%	1.27%	1.89%	
1953-1962	4-Prime3 (45-54)	21.57%	20.80%	26.04%	27.84%	2.95%	2.46%	3.18%	5.43%	6.98%	4.91%	6.53%	7.86%	0.77%	0.38%	1.26%	2.01%	
1943-1952	5-Older(55-64)	23.95%	23.63%	27.23%	30.35%	3.78%	2.23%	3.18%	7.21%	8.15%	5.98%	6.03%	7.14%	0.42%	0.37%	0.98%	1.00%	
Overall		22.90%	23.14%	27.38%	28.39%	3.50%	2.88%	3.44%	5.75%	7.15%	5.23%	6.70%	7.49%	0.98%	0.99%	1.83%	2.72%	

**Figure:** Share of individuals transitioning across sectors from agriculture to industry, industry to services and agriculture to services in Indonesia

Birth year	Age in W4 2007/08	Sector (Agric, industry, services)			Sector: agriculture to industry			Sector: industry to services			Sector: agriculture to services		
		W2/W3	W3/W4	W4/W5	W2/W3	W3/W4	W4/W5	W2/W3	W3/W4	W4/W5	W2/W3	W3/W4	W4/W5
1983-1992	1-Youth (15-24)		36.72%	36.75%		9.23%	4.96%		6.10%	10.77%		6.51%	7.06%
1973-1982	2-Prime1 (25-34)	28.58%	33.62%	31.97%	1.14%	3.62%	3.90%	9.08%	9.31%	8.91%	3.01%	5.38%	5.98%
1963-1972	3-Prime2 (35-44)	26.51%	27.95%	26.24%	2.24%	2.60%	3.38%	8.10%	7.83%	7.12%	3.86%	4.10%	4.54%
1953-1962	4-Prime3 (45-54)	24.58%	26.75%	25.70%	1.99%	3.04%	3.09%	6.65%	6.15%	5.47%	3.79%	4.64%	4.92%
1943-1952	5- Older(55- 64)	21.62%	24.87%	22.28%	1.75%	2.05%	3.77%	3.71%	4.18%	3.51%	3.83%	5.27%	4.88%
Overall		24.04%	27.45%	27.92%	2.07%	3.03%	3.67%	6.10%	6.38%	6.92%	3.64%	4.84%	5.26%

Figure: Share of individuals transitioning across nature of employment in Indonesia

Nature of employment: total share of transitions	Nature of employment: informal to formal employment
W4/W5	W4/W5
14.63%	11.15%
11.07%	7.17%
6.30%	3.86%
4.38%	1.67%
3.95%	1.96%
7.29%	4.50%

## Next Steps: Permanency and drivers of transitions

- We next aim to determine the permanency of transitions studied
- Other factors may be driving the transitions we are witnessing
- As part of our next steps, we will determine whether individual characteristics aside from age, or major transformations affected transitions in both countries

## Conclusions

- South Africa displays relatively higher levels of mobility across nature of employment and occupation, while Indonesia displays higher levels of mobility across status of employment and sector
- Youth prove to have the highest rates of transitioning in both countries
- **Next steps:** What are driving the transitions we are observing?

# Thank you!

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