THE IMPACT OF THE COVID-19 PANDEMIC ON LAYOFFS, INCOME AND SOCIAL PROTECTION OF WORKERS IN INDONESIA

Wayan Gde Wiryawan

ABSTRACT

**Purpose:** This study aims to analyze the effects of the pandemic on worker layoffs and income in Indonesia.

**Method:** An accidental sampling method was employed, using an online survey as the research tool.

**Results and conclusion:** The results revealed that COVID-19 has led to a considerable increase in worker layoffs and a significant decrease in income, particularly during periods of social distancing. The findings indicate that the rate of worker layoffs in Indonesia reached 15.6 percent. Regarding income, approximately 31.0 percent of workers reported a decrease of less than 50 percent, while 8.6 percent experienced a decrease of over 50 percent.

**Research implications:** The implications of this research highlight the importance of strict government supervision over companies in each region. It also emphasizes the need for community involvement to address these challenges by exploring new strategies that incorporate technology and seek alternative job opportunities, while still adhering to health protocols.

**Originality/value:** The findings of the study contribute to the existing body of knowledge by quantifying the extent of worker layoffs and income reduction in Indonesia. This information can be valuable for policymakers, government agencies, and organizations in formulating targeted interventions and policies to mitigate the negative effects of the pandemic on workers' livelihoods.

**Keywords:** COVID-19, Income, Indonesia, Layoffs, Workers.

---

O IMPACTO DA PANDEMIA DE COVID-19 NOS DESPEDIMENTOS, NOS RENDIMENTOS E NA PROTECÇÃO SOCIAL DOS TRABALHADORES NA INDONÉSIA

**RESUMO**

**Objetivo:** Este estudo tem como objectivo analisar os efeitos da pandemia no despedimento de trabalhadores e nos rendimentos na Indonésia.

**Método:** Foi empregue um método de amostragem acidental, utilizando um inquérito em linha como instrumento de investigação.

**Resultados e conclusão:** Os resultados revelaram que a COVID-19 conduziu a um aumento considerável dos despedimentos de trabalhadores e a uma diminuição significativa dos rendimentos, em especial durante os períodos de distanciamento social. Os resultados indicam que a taxa de despedimentos de trabalhadores na Indonésia atingiu 15,6 por cento. Relativamente aos rendimentos, cerca de 31,0% dos trabalhadores comunicaram uma diminuição inferior a 50%, enquanto 8,6% registaram uma diminuição superior a 50%.

**Implicações da pesquisa:** As implicações desta pesquisa destacam a importância de uma supervisão governamental rigorosa sobre as empresas em cada região. Também enfatiza a necessidade do envolvimento da comunidade para enfrentar esses desafios, explorando novas estratégias que incorporem a tecnologia e busquem oportunidades alternativas de trabalho, sem deixar de seguir os protocolos de saúde.

---

1 Mahasaraswati University, Denpasar, Bali, Indonesia. E-mail: iwayangdewirayawan@gmail.com

Orcid: https://orcid.org/0000-0003-1952-2629
1 INTRODUCTION

The COVID-19 pandemic in Indonesia led to the implementation of Large-Scale Social Restrictions (PSBB) policies in several regions. These policies have significantly impacted the socio-economic activities of the community, resulting in limited transportation, closure of shopping centers, and recreation and entertainment venues. Consequently, the livelihoods of many individuals have been affected, with a decrease in employment opportunities and income. In the initial stages, the International Labor Organization (ILO) estimated that approximately 25 million jobs worldwide could be lost due to the pandemic (ILO, 2020a). Furthermore, the ILO predicted that in the second quarter of 2020, the working hours of all workers would decrease by 10.5 percent, equivalent to 305 million full-time workers, assuming a 48-hour workweek (ILO, 2020b). Within Indonesia, numerous companies have experienced declining revenue, leading to employee layoffs. For instance, on April 7, 2020, CNBC Indonesia reported layoffs at companies such as Bukalapak (100 employees affected), Indosat (677 employees), Krakatau Steel (1,300 employees), Surabaya (2,000 employees), and Batam - Unisem (2,500 employees) (ILO, 2016). These examples highlight the potential for other companies to undertake similar measures given the unstable condition of the Indonesian economy. The Ministry of Manpower reported that as of April 16, 2020, the formal sector witnessed 229,789 workers affected by layoffs due to COVID-19, along with an additional 1,270,367 workers laid off. Furthermore, the informal sector experienced layoffs of 443,760 workers, bringing the total number of affected workers to 1.9 million. Globally, there have been 2,601,774 confirmed cases of COVID-19, with a death toll of 183,803, and 674,413 recoveries. In Indonesia, as of April 20, 2020, there were 6,760 confirmed cases. The increasing number of COVID-19 cases prompted the Indonesian government to issue various policies, including the social distancing movement known as #dirumahaja, in an effort to mitigate the spread of the virus.

This is done to reduce and break the chain of COVID-19 infections. Individuals are required to maintain a safe distance of at least 2 meters from others and avoid direct contact. To enforce these measures, the government issued PP Number 21 of 2020, implementing the Large-Scale Social Restrictions (PSBB) policy. This policy serves as a government strategy to prevent further spread of the coronavirus. According to the Indonesian Ministry of Health (Kemenkes), “PSBB does not completely restrict all community activities but applies only to specific activities in areas suspected of being infected with COVID-19.”

As a result, many schools, universities, and workplaces have been closed. Learning and work are being conducted remotely, religious activities are limited, transportation is restricted, public gatherings are discouraged, and certain activities related to defense and security are halted. The COVID-19 pandemic has compelled companies to reduce their workforce through layoffs as a preventive measure against the disease. Additionally, companies are taking drastic measures to sustain their businesses and mitigate losses caused by COVID-19.
According to the International Labour Organization (ILO), “nearly 2.7 billion workers, accounting for approximately 81 percent of the world's workforce, have been affected by full or partial quarantine measures.” The current situation has triggered an economic crisis across various sectors, which poses a threat to business operations and the health of workers, especially in small companies. Consequently, millions of workers are at risk of job loss, income reduction, and layoffs.

Given the background outlined above, the authors of this study seek to delve into the effects of the COVID-19 pandemic on layoffs and the social protection of workers in Indonesia. The primary objectives of this research are to examine the following key questions:

1. What are the consequences of COVID-19 on the labor market in Indonesia?
2. How does COVID-19 impact the social safeguards for vulnerable workers in Indonesia?

By delving into these inquiries, this study endeavors to offer valuable insights into the hardships encountered by workers and propose viable solutions to aid them amidst this ongoing crisis.

2 METHODS

For this study, a quantitative research approach was adopted. An accidental sampling method was employed to select participants. An online survey was used as the research tool for data collection. To gather data on the effects of the COVID-19 pandemic on worker layoffs and income in Indonesia, an online survey with structured questions was developed. The survey was administered using a secure and reliable online survey platform. This approach ensured the confidentiality and anonymity of the respondents.

Participants for the study were recruited through an accidental sampling method. The online survey was distributed across various social media platforms and online communities, allowing for a diverse representation of workers in Indonesia who were affected by the COVID-19 pandemic. The survey was made available for a specified period, during which respondents voluntarily provided their responses. The survey collected information on demographic characteristics, employment status, experiences of worker layoffs, and income changes resulting from the pandemic.

The sample size for the study was determined based on the availability and willingness of participants to complete the online survey. Efforts were made to obtain a sufficiently large sample size to ensure the representation and generalizability of the findings to the broader population of workers in Indonesia affected by the pandemic.

The collected data were analyzed using descriptive statistics. The percentages of worker layoffs and income reduction were calculated based on the responses provided by the participants. Subgroup analyses were conducted to examine variations in layoffs and income changes across different demographic and employment categories. This quantitative approach allowed for a comprehensive understanding of the effects of the COVID-19 pandemic on worker layoffs and income in Indonesia.

3 RESULTS AND DISCUSSION

3.1 The Impact of Covid-19 on Labor in Indonesia

Labor refers to individuals of working age who are capable of producing goods or services for their own needs and the community, as defined by Law No. 13 of 2003, Chapter I, Article 1, paragraph 2. The population of a country can generally be divided into two groups: labor and non-labor. Individuals are classified as part of the labor force if they have reached the working age, which ranges from 15 to 64 years old in Indonesia. However, there are differing
opinions on the age range, with some sources mentioning 17 years old or even as young as 7 years old, as street children are also considered part of the workforce (Benggolo, 2017).

The implementation of quarantine measures, disruptions to businesses, travel restrictions, and school closures have had immediate and profound consequences for both workers and companies. Those employed in precarious positions, such as shop workers, waiters, kitchen staff, baggage handlers, and cleaners, often bear the brunt of the job losses. The impact of these layoffs is devastating for millions of families, especially considering that only one in five individuals is eligible for unemployment benefits. Informal workers, who constitute approximately 61 percent of the global workforce, are particularly vulnerable during the pandemic (Romadhon, 2022). They face elevated risks to their occupational health and safety and lack adequate protection. Operating without essential safeguards like sick leave or unemployment benefits, these workers may find themselves in a difficult predicament where they have to choose between their own well-being and earning a living, thereby jeopardizing not only their own health but also the well-being of others (Salim & Sutrisno, 2008).

In addition to unemployment and underemployment, the COVID-19 crisis is expected to have an impact on working conditions, wages, and access to social protection, particularly affecting vulnerable groups in the labor market (Ilmar, 2010). The pandemic has the potential to exacerbate existing inequalities and disproportionately affect certain segments of the population, including: “1) Workers with pre-existing health conditions who may face additional challenges in the labor market; 2) Young people, who already experience higher rates of unemployment and underemployment, and may face even more difficulty finding employment during this crisis; 3) Older workers, who may be at higher risk of severe health problems and may experience increased economic vulnerability; 4) Women, who are overrepresented in frontline jobs dealing with the pandemic and may bear a disproportionate burden in terms of care responsibilities due to school and healthcare system closures; 5) Unprotected workers, such as self-employed individuals, casual workers, and gig economy workers, who often lack access to paid leave or sick leave mechanisms; and 6) Migrant workers, who may face challenges accessing their workplace in the destination country or returning home to their families.”

In addition to its impact on the health sector, the COVID-19 pandemic has significantly affected the economy. The decline in various economic activities has resulted in widespread layoffs and job losses. According to data from the Ministry of Manpower (Kemnaker) as of April 20, 2020, approximately 1.55 million formal workers had been laid off or dismissed (Massuge, 2022).

Recognizing the urgency to understand the impact of COVID-19 on the workforce, the Population Research Center of LIPI, in collaboration with the Demographic Institute of the University of Indonesia (LD-UI) and the Research and Development Agency of the Ministry of Manpower, conducted an online survey. The survey was conducted from April 24 to May 02, 2020, and involved a total of 1,112 workers as respondents. The sampling method used was Accidental Sampling with weighting, with the calculation of sample variable weights based on data from Sakernas (National Labor Force Survey) in August 2019. These weights were applied to ensure that the sample represents various demographic characteristics, such as gender and age (see Table 1).

| Table 1: Layoffs and Changes in Income of Workers/Employees by Gender, Age, and Field of Employment |
|-----------------------------------|-----------------|-----------------|-----------------|-----------------|
| Category                          | Total Layoffs (%) | Change in income (%) |
|                                   | No Severance | With Severance | Decrease <50% | Decrease ≥ 50% | Fixed/increased | No Income | n |
| Total                             | 15.6         | 13.8           | 1.8           | 31              | 8.6             | 45.3      | 15.3 | 1007 44 |
| Gender                            |              |                |               |                 |                 |           |      |            |

The Impact of the COVID-19 Pandemic on Layoffs, Income and Social Protection of Workers in Indonesia

<table>
<thead>
<tr>
<th>Age</th>
<th>Man</th>
<th>2.8</th>
<th>3.9</th>
<th>34.2</th>
<th>9.6</th>
<th>41.5</th>
<th>14.7</th>
<th>54.72</th>
</tr>
</thead>
<tbody>
<tr>
<td>Woman</td>
<td>14.2</td>
<td>0.6</td>
<td>13.6</td>
<td>27</td>
<td>7.5</td>
<td>49.8</td>
<td>15.8</td>
<td>46.07</td>
</tr>
<tr>
<td>15-24</td>
<td>34.5</td>
<td>1.1</td>
<td>33.5</td>
<td>22.5</td>
<td>8.1</td>
<td>40.3</td>
<td>29.2</td>
<td>10.70</td>
</tr>
<tr>
<td>25-34</td>
<td>13.8</td>
<td>2.1</td>
<td>11.7</td>
<td>33.3</td>
<td>7.2</td>
<td>47.5</td>
<td>12</td>
<td>33.37</td>
</tr>
<tr>
<td>35-44</td>
<td>13.7</td>
<td>2.1</td>
<td>11.7</td>
<td>33.5</td>
<td>8.6</td>
<td>43.5</td>
<td>14.4</td>
<td>26.52</td>
</tr>
<tr>
<td>45-54</td>
<td>16.2</td>
<td>0.9</td>
<td>15.3</td>
<td>29.4</td>
<td>7.5</td>
<td>43.1</td>
<td>20</td>
<td>18.67</td>
</tr>
<tr>
<td>55-64</td>
<td>7.4</td>
<td>2.9</td>
<td>4.5</td>
<td>26.4</td>
<td>11.6</td>
<td>56.1</td>
<td>5.9</td>
<td>10.50</td>
</tr>
<tr>
<td>65+</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>50</td>
<td>50</td>
<td>0</td>
<td>0</td>
<td>952</td>
</tr>
</tbody>
</table>

**Type of position/job**

<table>
<thead>
<tr>
<th></th>
<th>Leadership and management</th>
<th>Professionals, technicians and the like</th>
<th>Production, tool operators transportation and manual labour</th>
<th>Administration and the like</th>
<th>Service business</th>
<th>Sales business</th>
<th>agricultural business, forestry, hunting.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Man</td>
<td>10.3</td>
<td>7.5</td>
<td>29.7</td>
<td>7</td>
<td>52.9</td>
<td>10.5</td>
<td>15,07</td>
</tr>
<tr>
<td>Woman</td>
<td>7.9</td>
<td>16.8</td>
<td>43.8</td>
<td>12.7</td>
<td>26.5</td>
<td>17</td>
<td>1,103</td>
</tr>
<tr>
<td></td>
<td>19.5</td>
<td>6.8</td>
<td>32.6</td>
<td>6.4</td>
<td>52.4</td>
<td>8.6</td>
<td>33,09</td>
</tr>
<tr>
<td></td>
<td>15.6</td>
<td>15.2</td>
<td>27.7</td>
<td>8</td>
<td>50.7</td>
<td>13.6</td>
<td>15,12</td>
</tr>
<tr>
<td></td>
<td>28.3</td>
<td>25.5</td>
<td>23.6</td>
<td>9.8</td>
<td>38.2</td>
<td>28.4</td>
<td>18,38</td>
</tr>
<tr>
<td></td>
<td>26.4</td>
<td>23.5</td>
<td>32.3</td>
<td>15.6</td>
<td>26.3</td>
<td>25.7</td>
<td>6,352</td>
</tr>
</tbody>
</table>

**Source:** Prepared by Author, (2023).

The findings of the study revealed a significant wave of layoffs and income reduction among workers during the Large-Scale Social Restrictions (PSBB) period in Indonesia. By the end of April 2020, the percentage of worker layoffs reached 15.6%, with 1.8% of layoffs accompanied by severance pay and 13.8% without severance pay. Table 1 indicates a nearly equal percentage of male and female workers being laid off, at 16.7% and 14.2% respectively. The observed layoff rate due to COVID-19 in this study appears to be higher than the International Labor Organization’s (ILO) prediction of 10.5% for the second quarter of 2020. However, it is relatively consistent with the layoff rate in the United States, which was 14.7% in July 2020 (Ziv, 2020). Cox even predicts that unemployment in the United States will reach 32.1% as a result of COVID-19 (Cox, 2020). The severity of the impact of COVID-19 is further explained by Ozili, who suggests that the sudden economic disruption caused by the pandemic not only leads to destruction but also generates demand and supply shocks across various business sectors (Ozili & Arun, 2023).

Moreover, the COVID-19 pandemic has had a significant impact on the earnings of workers who managed to retain their employment. Among the survey participants, 31.0% reported a decrease in income of less than 50%, while 8.6% experienced a decrease of over 50%. Young workers have been identified as the most vulnerable group to job cuts and therefore require special attention. The research findings reveal a substantial number of layoffs among
workers aged 15-24, accounting for 34.5% of the total (Table 1). The International Labour Organization (ILO) has anticipated the vulnerability of young workers, estimating that one in six of them will lose their jobs during the pandemic (ILO, 2020c). Furthermore, a projected decrease in working hours of up to 23% is expected for all young workers. The high rate of job losses among young workers due to COVID-19 is not unique to Indonesia and is also observed in developed countries. According to Montenovo et al., “young workers in the United States experienced a decline 4.5 times greater during the first two months of the pandemic compared to the 2007-2008 recession” (Montenovo et al., 2022). Several programs have been implemented to enhance the resilience of young workers to economic shocks, including the establishment of the Indonesia Youth Employment Network (IYEN) in 2003, which aims to address youth unemployment and is supported by 17 ministries (Rêgo, 2022).

However, despite the implementation of the Indonesia Youth Employment Network (IYEN) program, it has not been successful in effectively reducing the unemployment rate among young workers. The impact of COVID-19 has been felt across all sectors and types of employment in Indonesia, although to varying extents. Dcode estimates that certain sectors are likely to be winners or losers in the short term due to the pandemic (DcodeEFC, 2020). Sectors such as healthcare, food processing and trade, e-commerce, and information & communication technology are considered potential winners, while tourism, transportation, and construction are identified as potential losers. Table 1 illustrates that service business personnel (28.3%) and sales business personnel (26.4%) are the job positions most affected by layoffs. Additionally, in addition to facing layoffs, a portion of workers also experienced a decline in income. Across all job positions, 24-44% of workers reported a decrease in income of less than 50%. Furthermore, 5-16% of workers experienced a decrease in income of more than 50% (Table 2).

Analyzing Table 2, it is evident that certain sectors classified as red zones had high layoff rates. The construction sector recorded a layoff rate of 29.3%, followed by the trade, restaurants, and accommodation services sector at 28.9%. The construction sector experienced the most severe layoffs, with none of the laid-off workers receiving severance pay. The trade, restaurants, and accommodation services sector exhibited a similar situation, with approximately 26.1% of laid-off workers not receiving severance pay. The majority of these individuals were non-permanent or contract employees whose wages were based on specific outputs. Closure of recreational areas and the halting of building construction activities resulted in employees ceasing work without receiving severance pay. Layoffs due to COVID-19 have also been observed in other countries worldwide, with the ILO estimating that approximately 47 million employers, representing 54% of all employers globally, have been impacted by the crisis (ILO, 2020c).

According to the International Labor Organization (ILO) in 2020, the COVID-19 pandemic has greatly affected different areas of the economy. Sectors such as wholesale and retail trade, motor vehicle repair, manufacturing, accommodation and food services, as well as real estate, business, and administrative activities, have experienced the most severe consequences. The extent of this impact varies across regions, as depicted in Table 2. Among the regions, Bali-Nusa Tenggara witnessed the highest number of layoff cases, accounting for 39.9 percent, followed by Banten at 24.8 percent. In Bali, not only did many workers lose their jobs, but a considerable number also experienced a drastic reduction in income, surpassing 50 percent for 16.7 percent of individuals (BPS Bali, 2019).

Bali’s economy heavily relies on three main sectors: tourism, manufacturing, and agriculture, with businesses such as travel agencies, transportation, hotels, restaurants, regional arts and culture, folk craft industries, and entertainment and recreation venues contributing significantly. However, due to the pandemic, the tourism sector faced a severe setback, resulting in a substantial number of layoffs. In fact, Bali has witnessed the highest rate of layoffs without severance pay in Indonesia, accounting for 35.3 percent of cases. Similarly, Banten, another
province greatly affected by the pandemic, experienced a significant number of layoffs, accompanied by a decrease in income. Approximately 10.1 percent of respondents reported a reduction in income exceeding 50 percent, while 39.2 percent experienced a decrease of less than 50 percent. Unlike Bali, Banten's economy, primarily driven by the manufacturing, construction, and trade sectors, suffered a decline in performance due to COVID-19 (BPS Banten, 2019). This province also witnessed the second-highest number of industrial relations disputes in the form of layoffs without severance pay, accounting for 19.2 percent in Indonesia. Consequently, the labor insecurity in both Bali and Banten has classified them as red zone areas in terms of industrial disputes.

Table 2: Layoffs and Income Changes of Workers/Employees by Employment Sector and Employment Location

<table>
<thead>
<tr>
<th>Category</th>
<th>Total</th>
<th>Layoffs (%)</th>
<th>Change in income (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>No Severance</td>
<td>With Severance</td>
</tr>
<tr>
<td>Employment Sector</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Processing industry</td>
<td>22.2</td>
<td>18</td>
<td>4.3</td>
</tr>
<tr>
<td>Community Services</td>
<td>7.9</td>
<td>7</td>
<td>0.8</td>
</tr>
<tr>
<td>Building construction</td>
<td>29.3</td>
<td>29.3</td>
<td>0</td>
</tr>
<tr>
<td>Financial Institutions, Real Estate, Rental Business &amp; Corporate Services</td>
<td>11.7</td>
<td>9.8</td>
<td>1.9</td>
</tr>
<tr>
<td>Electricity, Gas and Drinking Water</td>
<td>28.6</td>
<td>24.1</td>
<td>4.5</td>
</tr>
<tr>
<td>Trade, Restaurant and Mining and Accommodation Services</td>
<td>28.9</td>
<td>26.1</td>
<td>2.8</td>
</tr>
<tr>
<td>Quarrying Agriculture, Plantation, Forestry, Hunting &amp; Fishery Transportation, Warehousing and Communication</td>
<td>11.2</td>
<td>11.2</td>
<td>0</td>
</tr>
<tr>
<td>Work location</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sumatra</td>
<td>21.1</td>
<td>17.6</td>
<td>3.4</td>
</tr>
<tr>
<td>Bali and Nusa Tenggara</td>
<td>39.9</td>
<td>35.3</td>
<td>4.6</td>
</tr>
<tr>
<td>Banten</td>
<td>24.8</td>
<td>19.2</td>
<td>5.6</td>
</tr>
<tr>
<td>In Yogyakarta</td>
<td>7.6</td>
<td>7.6</td>
<td>0</td>
</tr>
<tr>
<td>DKI Jakarta</td>
<td>11.8</td>
<td>10.2</td>
<td>1.6</td>
</tr>
<tr>
<td>West Java</td>
<td>15.3</td>
<td>14.2</td>
<td>1</td>
</tr>
<tr>
<td>Central Java</td>
<td>8.5</td>
<td>8.5</td>
<td>0</td>
</tr>
</tbody>
</table>
The Impact of the COVID-19 Pandemic on Layoffs, Income and Social Protection of Workers in Indonesia

<table>
<thead>
<tr>
<th>Region</th>
<th>Cases 1</th>
<th>Cases 2</th>
<th>Cases 3</th>
<th>Cases 4</th>
<th>Cases 5</th>
<th>Cases 6</th>
</tr>
</thead>
<tbody>
<tr>
<td>East Java</td>
<td>10.4</td>
<td>10.4</td>
<td>0</td>
<td>28.7</td>
<td>8.6</td>
<td>48.5</td>
</tr>
<tr>
<td>Borneo</td>
<td>12.6</td>
<td>12.6</td>
<td>0</td>
<td>29.1</td>
<td>7.6</td>
<td>49.9</td>
</tr>
<tr>
<td>Other</td>
<td>32.3</td>
<td>27.7</td>
<td>4.6</td>
<td>38.9</td>
<td>3.4</td>
<td>32.0</td>
</tr>
</tbody>
</table>


DKI Jakarta, known as a key indicator of the Indonesian economy, has also been significantly affected by employee layoffs during the COVID-19 pandemic. Approximately 11.8 percent of employees in Jakarta have fallen victim to layoffs. Even those who have managed to keep their jobs have experienced a decline in income. Data shows that 6.8 percent of employees have seen their income decrease by 50 percent or more, while 30.8 percent have experienced a decrease of less than 50 percent. Although the wave of layoffs in Jakarta appears to be lower compared to Bali and Nusa Tenggara, the 11.8 percent figure still represents a significant and concerning event that requires immediate attention. There are fears that if the Large-Scale Social Restrictions (PSBB) continue for an extended period, the wave of layoffs may intensify, as most production activities are halted.

According to Law No. 13/2003 on Manpower, the process of layoffs must involve deliberations between employers and labor unions. If no agreement is reached, the matter may be taken to court for dispute resolution. Employers are obligated to provide severance pay, award money, or compensation to terminated employees as their responsibility (Article 156 and Articles 160-169).

Studies conducted by the United Nations University and McKeever (2020) suggest that the COVID-19 pandemic could result in 420 million to 580 million people, approximately 8 percent of the world’s population, falling into poverty (Manning et al., 1984). These findings raise concerns about the UN Sustainable Development Goal to eradicate poverty by 2030. Akhmåd Akbar Susanto, a CORE economist, stated in Agustiyanti (2020) that in March 2019, there were 25.1 million people, or 9.4 percent, living below the poverty line in Indonesia. However, approximately 66.7 million people, or roughly 25 percent of Indonesia’s total population, are categorized as vulnerable to poverty or near poverty. The COVID-19 outbreak and the implementation of PSBB measures have further increased the number of people facing job losses and declining income levels. Akhmad emphasizes that this situation will worsen if social assistance is insufficient and not delivered in a timely manner, leading to a rise in the vulnerable and near-poor population (Agustiyanti, 2020).

CORE Indonesia, as cited in Agustiyanti (2020), estimates that the number of people living in poverty will increase by 5.1 million, resulting in a total of 30.8 million individuals, or 11.7 percent of Indonesia’s total population. This projection assumes a low level of COVID-19 transmission, with only a few areas in Java and outside Java implementing the Large-Scale Social Restrictions (PSBB) policy. In a more severe scenario, where COVID-19 transmission is widespread in Java and several cities outside Java, an additional 8.25 million people are projected to fall into poverty, leading to a total of 33.9 million people, or 12.8 percent of the population. The very severe scenario assumes that COVID-19 transmission is even more widespread and severe, with strict PSBB policies implemented uniformly in Java and outside Java. In this case, an estimated 12.2 million more people would become poor, bringing the total number to 37.9 million individuals, or 14.35 percent. These scenarios are based on the assumption that the COVID-19 outbreak will peak in the second quarter of 2020 and gradually improve over time. However, if economic conditions continue to deteriorate, the number of people living in poverty will likely increase. Additionally, CORE suggests that COVID-19 has spread widely in urban areas, potentially leading to an increase of up to 6 million people falling...
The Impact of the COVID-19 Pandemic on Layoffs, Income and Social Protection of Workers in Indonesia

into poverty in urban areas and 2.8 million in rural areas. In the very severe scenario, the projection indicates an increase of 9.7 million urban poor and 3 million rural poor.

The Minister of Finance, Sri Mulyani, as mentioned by Fauzia (2020), emphasizes that if the COVID-19 pandemic is not promptly addressed, it will have a negative impact on social life in Indonesia, leading to a 0.4 percent contraction in economic growth throughout 2020. Furthermore, the economic scenario prepared suggests that the phenomenon could cause an increase of 1.1 million people, reaching a total of 3.7 million people living in poverty.

Stanislau Riyanta, a State Intelligence and Security Observer, stated in Indozone that developed countries implementing lockdowns provide insurance, labor guarantees, and monthly salaries to their workforce, even if they are not working. This stands in contrast to Indonesia as a developing country, which has been unable to provide such support, including insurance, guarantees, and monthly salaries, to its workforce amid the COVID-19 pandemic. Reductions in employment and layoffs in the formal sector will inevitably lead to decreased income, resulting in reduced household consumption and ultimately increasing poverty rates in Indonesia (Indozone, 2020).

The COVID-19 pandemic has had a dual impact on vulnerable workers and created "new vulnerable groups" such as Santosa, Jayadi, and Suniyah. The International Labour Organization (ILO) defines vulnerable workers as those facing uncertain living conditions, including income instability, irregular working hours, and a lack of health and old-age insurance. These vulnerable workers have been hit the hardest by the pandemic, as their income and quality of life have been severely affected by the decline in economic activity. Despite the government's physical distancing policy, vulnerable workers who depend on daily income continue to work, driven by the desperate need to survive. Jayadi, an independent worker, aptly describes their situation as "no work, no food." While the government's appeal for self-isolation has effectively curbed the virus transmission, it has also severed the income source for these workers.

These vulnerable workers are not only economically vulnerable but also face health risks. Due to the nature of their jobs, such as online motorcycle taxi drivers, small traders, pedicab drivers, and masseurs, they come into contact with numerous people and have a higher likelihood of contracting the coronavirus. Santoso, aware of the dangers, is forced to keep working, saying, "Yes, I know it's dangerous, but I have to stay vigilant because if I don't work, my family won't have food." Despite their continued efforts, these workers have experienced a drastic reduction in income, and some have even lost all sources of income. Jayadi, a food seller, shares that his income has plummeted by 70-80% since the onset of the pandemic due to a significant decline in customers.

Similar struggles have been faced by Johan, a 25-year-old coffee shop operator in Yogyakarta, who reports a 75% decrease in income. "Since the emergence of COVID-19, customers, especially students, have been afraid to leave their homes, resulting in a drop in sales," Johan explains. He believes that if this situation continues beyond June 2020, many coffee shop owners may be forced to close their businesses, leading to further layoffs. Dayat, a 38-year-old independent worker who operates a tourism business in Kulonprogo, shares a similar fate. Due to the pandemic, he and his fellow villagers had to cease their tourism activities, leaving them without any work. Dayat expresses sadness as he reveals that "51 managers, 4 community stalls, 3 tour guides, and 15 landowners now have no income." In the absence of income, they rely on their savings to meet their daily needs.

The Covid-19 pandemic has had a diverse impact on individuals such as Setyo, Jayadi, Giyem, and Suniyah, illustrating the varied circumstances faced by vulnerable workers. Setyo, a 47-year-old entrepreneur who owns a travel agency in Yogyakarta, experienced a significant decline in income as people became fearful of traveling. Consequently, he had to lay off all his
workers. However, due to his substantial savings, Setyo is able to support his daily life despite the absence of a monthly income.

In contrast, Jayadi, a food vendor, relies on the food he sells to meet his daily needs. When faced with monthly expenses like electricity, water, and pet food, he is forced to use capital from his stall since he lacks savings. Jayadi remains concerned about the prolonged outbreak's impact on his business, realizing that his selling capital will eventually deplete.

Giyem, a 41-year-old independent worker providing massage services, has encountered greater difficulties. With the decline in orders for her services, she is unable to sustain her daily life. Supporting a family of four, Giyem had to borrow Rp 2,000,000 from Dasawisma, a local group of mothers, to meet her basic needs. Her debt arose from the pressing circumstances she faced due to the absence of income and the necessity of providing daily meals for her family.

On the other hand, Suniyah, residing in a rural area, has managed to meet her daily needs despite experiencing a 50% reduction in income. Suniyah cultivates vegetables in her yard and still has rice from her rice fields, enabling her to rely on these resources during these challenging times.

These examples highlight the varying situations and survival strategies of vulnerable workers during the economic crisis caused by the Covid-19 pandemic. The challenges faced by urban vulnerable workers, particularly those with large family dependents and residing in rented accommodations or boarding houses, are particularly daunting. In addition to securing food, they must also grapple with the financial strain of paying rent (Syahrial, 2020).

3.2 Social Protection for Vulnerable Workers During the Covid-19 Pandemic in Indonesia

The Covid-19 outbreak has had a significant impact on vulnerable workers in Indonesia, making them one of the most affected groups. While each type of work has different conditions and needs, the uncertainty surrounding the end of the outbreak exacerbates the challenges faced by these workers. In order to mitigate the impact on vulnerable workers, the government can implement two forms of social protection: during the pandemic and after it has ended.

During the ongoing Covid-19 pandemic, it is crucial to address the basic needs of the community. Government stimulus policies should specifically target this issue. Currently, the government has introduced the "basic food card" policy, but unfortunately, not all vulnerable workers have access to it. Our research findings indicate that none of the eight vulnerable workers we interviewed received any social assistance from the government. By focusing on fulfilling basic needs, vulnerable workers will be relieved of the burden of going into debt or depleting their savings to meet daily necessities.

To achieve this, the government should take the initiative to collect comprehensive data on vulnerable workers and other groups in need of basic support, expanding the coverage of the "basic food cards" program. This policy can be implemented in red zone areas, which are the epicenters of Covid-19 transmission, as well as in regions where economic activity has experienced a drastic decline.

After the Covid-19 pandemic subsides, it will be essential to provide affordable credit options to vulnerable workers, particularly those who are self-employed and have their own businesses. By making credit accessible and affordable, small traders can continue their economic activities once the outbreak is over. Furthermore, both vulnerable workers and the "new vulnerable groups" must continue to receive support for their basic needs until the economic situation normalizes.

The Covid-19 pandemic has highlighted the importance of health insurance and social security for all people, especially vulnerable groups. In crisis situations like the current pandemic, vulnerable groups extend beyond self-employed workers, unpaid family workers, and casual workers. The crisis has created new vulnerable groups, including formally employed workers.
individuals who have been laid off or furloughed due to economic hardships. These individuals find themselves in precarious living conditions, despite potentially having more savings or skills than other vulnerable workers.

The uncertainty and hardships faced by these vulnerable groups highlight the urgent need for social safety nets, including health insurance and social security. By providing these protections, we can ensure the well-being of the most vulnerable individuals both during times of crisis and in normal circumstances (ILO, 2009). With adequate health insurance and social security, vulnerable workers can maintain good health and continue to provide for themselves and their families in the future. Without these protections, the Covid-19 crisis threatens to diminish the hopes and livelihoods of these vulnerable groups.

It is important to acknowledge that in developing countries, the true unemployment rates often exceed the official figures reported by the government. This discrepancy arises due to the substantial size of the informal sector, which serves as a means of livelihood for uneducated workers. The informal sector acts as a safety net for the unemployed population. However, the employment situation in Indonesia has reached an alarming state, characterized by a significant number of unemployed and underemployed individuals, relatively low incomes, and an uneven distribution of wealth (David, 2013). Conversely, high levels of unemployment and underemployment not only result in wasted resources and untapped potential but also impose burdens on families and communities. They become a primary source of poverty, contribute to social unrest and crime, and hinder long-term development.

Here are some labor-related issues in Indonesia: (Rokhmatussa’dyah, 2010)

1) The quality of labor in a country is often determined by the level of education of its workforce. Unfortunately, a significant portion of the labor force in Indonesia has a low level of education. This lack of education leads to a limited understanding and mastery of science and technology. Consequently, labor productivity remains low, which negatively impacts the quality of goods and services produced.

2) The growth in the labor force without corresponding employment opportunities poses a challenge to the economy. When there is an imbalance between labor supply and demand, it results in unemployment. However, the government aims to leverage the expanding labor force as a driving force for economic development.

3) The distribution of labor in Indonesia is highly uneven, with a concentration of the workforce in Java. Meanwhile, other regions, particularly those in the agriculture, plantation, and forestry sectors, face a shortage of labor. This disparity leads to high unemployment rates in Java while other regions struggle to optimize their abundant natural resources.

4) Unemployment is a significant issue in Indonesia, exacerbated by economic crises that have led to business closures and job losses. The diminishing number of viable companies further restricts employment opportunities. Meanwhile, the labor force continues to grow, resulting in a widening gap between labor supply and demand and an increase in overall unemployment rates.

5) The issue of salaries, particularly the minimum wage (UMR), directly affects workers. Many workers receive low or inadequate incomes that fail to meet their basic needs and support their dependents. The widening gap between living expenses and fixed salaries drives worker protests. In a capitalist economic system, low labor wages may be attractive to foreign investors. Additionally, the government, prioritizing revenue generation rather than the welfare of its citizens, often supports this status quo. Consequently, the government tends to align with “investors” rather than the workers themselves during labor crises. Low wages also contribute to the overall low quality of human resources. Moreover, the high cost of education hinders the improvement of human capital. Addressing the issues of minimum wages and income disparity requires...
ongoing efforts to establish more equitable and favorable conditions for workers.

Therefore, it is crucial for employers and their organizations to adhere to the advice provided by national and local authorities. This includes following guidelines on work arrangements and effectively communicating important information to workers. Employers should proactively assess the potential risks of business disruption and, based on the guidance provided by authorities, develop or review their business continuity plans. These plans should aim to enhance business resilience and provide support to workers and their families during challenging times.

Employers have a responsibility to identify and mitigate risks associated with the workplace, which may arise from the outbreak. This includes promoting workplace hygiene practices and implementing measures to protect the health and safety of workers and others involved in the workplace. Furthermore, employers should recognize their corporate responsibility regarding workers’ compensation, particularly in high-risk sectors. It is crucial for them to seek advice and support from employers and business membership organizations that can effectively relay concerns to the government. By doing so, they can contribute to shaping policy measures that foster business resilience and sustainability.

In summary, employers and their organizations must prioritize the compliance with advice from national and local authorities, while taking necessary steps to assess and address risks, promote workplace hygiene, and support their workers and their families. Seeking guidance and collaborating with relevant organizations can also help in advocating for policy measures that contribute to the overall resilience and sustainability of businesses.

4 CONCLUSION AND SUGGESTION

The COVID-19 pandemic has resulted in a 15.6 percent layoff rate among workers in Indonesia, with 13.8 percent of them not receiving severance pay. The majority of those affected are young workers between the ages of 15 and 24. Sectors such as construction (29.3 percent), trade, restaurants, and services (28.9 percent), and transportation, warehousing, and communication (26.4 percent) require special attention due to their high layoff rates. Dismissing employees without providing severance pay is a violation of Labor Law No.13 of 2003. To address this issue, the government should implement strict supervision of companies across different regions. Supervision should not be limited to labor inspections but should also include mandatory oversight. Labor inspectors, as per ILO Convention K-81, should have the authority to conduct inspections and supervision when warranted. The issuance of Circular Letter (SE) of the Minister of Manpower Number M/3/HK.04/III/2020, focused on worker protection and business continuity during the COVID-19 pandemic, calls on Governors to ensure wage protection and business continuity. Despite the substantial losses caused by the pandemic, it is crucial for individuals to devise new strategies by leveraging technology and exploring new job opportunities while adhering to health protocols. Instead of relaxing large-scale social restrictions (PSBB), it is essential to consider alternative approaches for economic growth in various sectors. This approach allows for the implementation of health protocols while facilitating limited layoffs that cannot be carried out unilaterally or arbitrarily. Layoffs without severance pay are not only illegal but also constitute a violation of workers’ human rights.

The uncertainties and challenges of life necessitate social safety nets for vulnerable groups, including health insurance and social security. These provisions protect the lives of the most vulnerable individuals, both during times of crisis and periods without crises. With access to health insurance and social security, vulnerable workers can maintain good health and continue to provide for themselves and their families in the future. Without these protections, the COVID-19 crisis will further jeopardize the livelihoods and aspirations of vulnerable groups.
Based on the aforementioned conclusions, the following recommendations can be proposed to tackle the challenges brought about by the COVID-19 pandemic:

1) Employers and organizations should adhere to the advice given by national and local authorities. This entails following guidelines on work arrangements and effectively communicating crucial information to employees. It is vital for employers to assess the potential risks of business disruption and create or revise business continuity plans in accordance with guidance from authorities. These plans should aim to bolster business resilience and provide support to employees and their families during these difficult times. Employers should also identify and mitigate workplace-related risks arising from the outbreak, while promoting and enforcing hygiene practices in the workplace. Additionally, they should evaluate their responsibilities regarding workers' compensation, particularly in high-risk sectors. Seeking advice and support from employers' associations and business membership organizations can assist in addressing concerns and shaping policy measures that foster business resilience and sustainability.

2) Workers and their organizations also have a crucial role to play in responding to the epidemic. At the workplace level, workers and their representatives should actively cooperate with employers to implement measures for prevention and protection. This includes strictly adhering to workplace hygiene practices and adopting responsible behaviors. Workers' organizations can contribute by providing up-to-date information to promote the prevention and protection of workers. Furthermore, they should advocate for solidarity and non-discrimination, particularly against sick workers and affected individuals.

REFERENCES


