

# Chapter 11

## Jobs and Wages Recovery of Multigenerational Workforces in Indonesia Post COVID-19

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### **ABSTRACT**

*The Covid-19 pandemic has had various impacts on the employment sector in Indonesia, such as the loss of millions of jobs, reduced working hours, termination of employment, increased unemployment and decreased income. Recovery from the impact of Covid-19 on employment is an important issue that needs attention. This study aims to analyze the recovery of the labor conditions in Indonesia post-Covid-19. The data used for the analysis is the World Bank survey data “High-Frequency Monitoring of COVID-19 Impacts 2020-2022,” which was conducted in May 2020, March 2021, and April 2022. The data was analyzed using descriptive analysis. The results of the analysis show that the condition of the workforce has started to recover after collapsing during the Covid-19 era. This can be seen from the decrease in the number of layoffs due to the Covid-19. The labor wage conditions have also improved from May 2020 to April 2022. However, the increasing number of workers in the informal sector demonstrates that while the condition has improved, it has not yet fully recovered.*

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## **INTRODUCTION**

The Covid-19 pandemic that occurred since the beginning of 2020 had a large impact to the employment condition. The International Labour Organization (ILO) estimated that approximately 25 million jobs in the world could be lost due to the Covid-19 pandemic (International Labour Organization, 2020a). Furthermore, in the second quarter of 2020, ILO predicted that the working hours of most workers would decrease by 10.5% or the equivalent of 305 million full-time workers. Assuming the full-time working hours are 48 hours per week (International Labour Organization, 2020b). In Indonesia, a wave of layoffs and a decrease in income of workers/employees during the large scale social restrictions period occurred as well. Ngadi et al. (2020) found that the percentage of layoffs in Indonesia at the end of April 2020 was 15.6%, consisting of 1.8% layoffs with severance pay and 13.8% without severance pay.

At the national level, Statistics Indonesia (BPS) predicted that the Covid-19 generated massive layoffs in Indonesia, making the unemployment rate increased sharply (7.07%) in 2020. However, in 2021, the Indonesian economy appeared to have improved. This was marked by an increase in the number of the work force (131.05 million) followed by a decrease in the unemployment rate to 6.49% (Badan Pusat Statistik, 2022). In 2022, the employment condition was better than during the Covid-19 period. The unemployment rate was 5.86% in 2022 with the younger generation of workers were more affected by the Covid-19 (Ngadi et al., 2020). BPS also recorded that the young age group, specifically the millennials, were more impacted on the Covid-19.

There were various efforts conducted in order to develop better working conditions for the labor market in Indonesia, included the policy on wages and tax subsidy for companies (Asiati et al., 2021). Through the supporting policies and normal population mobility, the condition of employment started to recover. The statistical data shows that in 2018, the total informal workers were amounted to 56.98%, with 43.02% of them were formal workers. The Covid-19 had a real impact to the increasing proportion of the informal workers in Indonesia. In 2022, the proportions of informal employment reached 59.31%. This happened because a large number of formal workers were layoffs and switched jobs to doing more informal activities. The circumstances in the work force were also marked by the high proportions of underemployed and part time workers that are 6.32% and 25.22% respectively (Badan Pusat Statistik, 2022).

Although the amount of unemployment after Covid-19 has gradually decreased, the shift of employment in Indonesia was characterized with the enhanced proportion of workers in the informal sector. One issue that arises from the condition of employment in Indonesia was how the job conditions and wages of cross generation workers. In this case, the Baby Boomers, the Generations X, Y, and Z post Covid-19. This paper aims to study the job conditions and wages of workers in Indonesia post Covid-19. This is in line with Glass (2007) that said that Generations X and Y had different perspectives on the working world if compared to the Baby Boomers. Each generation has different characteristics based on their basic life events and therefore forms their values of work based on what they believe in (Smola & Sutton, 2002; Strauss & Howe, 1991). Aside from that, the discussion in the article also connected to variables of social demographics.

In 2021, around 131 million work force from Indonesia were cross-generation (Badan Pusat Statistik, 2022). The state of the work force showed the dominance of workers from Generation X, namely those born from 1965 to 1980 or currently aged 41-56 years (39.88%). The second is Generation Y (also known as Millennials) which was 34.31% of the work force. Most of the Baby Boomers have retired or passed away, making the proportion low (16.24%). The Generations X and Y's domination

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