

THE EFFECT OF JKP ON THE PERCENTAGE OF NEET IN INDONESIA

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ABSTRACT

The NEET rate in Indonesia is the highest among other ASEAN countries and has increased in 2022, coinciding with the first year JKP benefits can be claimed. The purpose of this study is to see and analyze the effect of JKP on the percentage of NEET in Indonesia. Using August 2022 sakernas data and 2021 podes data in the form of cross-section data, this study was conducted using the Ordinary Least Square method. The analysis used in this research is descriptive analysis and inferential analysis in the form of regression analysis. The results of the analysis show that a 1% increase in the number of youth JKP recipients in the district/city reduces the percentage of NEET youth by 0.62% in 2022. Suggestions for the government are to increase JKP participation among youth aged 15-24 years. Review the requirements, claim procedures and obligations of JKP beneficiaries, to mitigate the risk of moral hazard.

KEYWORDS JKP, NEET, OLS, sakernas, youth



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INTRODUCTION

Among other ASEAN countries, Indonesia has the highest percentage of NEETs and stagnant above the twenty percent mark (D. N. Sari & Ahmad, 2021). The percentage of NEET in Indonesia tends to be above 20%, the lowest in 2017 and experienced a sharp increase in 2020. In 2021, it decreased, but in 2022 the NEET rate in Indonesia increased again. (N. R. Sari et al., 2022)

The Open Unemployment Rate (TPT) is the percentage of the number of unemployed people to the total labor force. Based on BPS data, in February 2023, the TPT in Indonesia in the young age group aged 15-24 years was the highest, reaching 16.46 percent. (Central Bureau of Statistics, 2023). Various efforts have been made by the government to overcome unemployment in Indonesia, including providing job information, organizing job training, supervising the improvement of the quality of education, etc. (Nurrahman, 2019). One of the government's efforts to overcome the problem of unemployment, especially due to termination of employment, is the

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Job Loss Guarantee program. In 2021 the government launched the Job Loss Guarantee (JKP) program through Government Regulation of the Republic of Indonesia Number 37 of 2023 concerning the Implementation of the Job Loss Guarantee Program. JKP is a social security provided to workers/laborers who experience termination of employment in the form of cash benefits, access to labor market information and job training. (Government of the Republic of Indonesia, 2021).

In Spain, workers without unemployment benefit insurance have a faster transition time back to work than workers with insurance. (Rebollo-Sanz & García-Pérez, 2015).. In general, workers who are laid off will try to find work as quickly as possible because there is no more income and deplete existing savings. Within the period of receiving and utilizing cash from the social security program, there is a risk of an increase in unemployment if they delay looking for a job because they are utilizing the benefits of the social security program. As in Spain, the duration of benefits offered by the JKP program affects the duration of the worker's unemployment (Hidayat et al., 2024).

Similarly, in Chile, workers who received the unemployment benefit scheme saw an increase in the rate of job exit, an acceleration of the time to layoff and an increase in the time with shorter duration of work (Nagler, 2013). For some employers and workers in France, unemployment benefits are seen as an early retirement scheme rather than as insurance against the risk of (long-term) job loss (Baguelin & Delphine Remillon, 2014).

This study aims to examine and analyze whether the JKP program in Indonesia has an effect on youth aged 15-24 who are NEET. The results of this study will contribute to the literature on the impact of the JKP program on the percentage of NEET. The results of this study can also serve as a consideration/reference for policy makers in utilizing the JKP program to reduce the percentage of NEET and improve the welfare of workers considering that the NEET rate in Indonesia is the highest among other Asean countries.

Employment Decision

The decision to work or not is a decision on how to use time (Ehrenberg et al., 2012) (Mankiw, 2018). If it is related to the labor force who are not working and not looking for work, then these individuals have a variety of different reasons. The decision they make has trade off, for example, if the individual chooses to relax rather than work, then they will lose the opportunity to get income and welfare. If the individual chooses work over leisure, he or she will lose time for leisure.

The indifference curve approach is used to explain two commodities that are chosen by individuals, similar to what (Kumala, 2023) & (Ridhwan, 2021) did in their research. However, in this study the author uses different categories from previous studies. Ehrenberg (2012) then explains that there are other things that influence individuals to choose work or leisure preferences, namely the income effect. The income in question is in addition to the salary earned after work. If income increases while salary is fixed and the number of hours worked is fixed, then individuals tend to want to increase hours for leisure. In line with Borjas (2013), that changes (increases) in income from work can shift the indifference curve line upwards.

The income effect is then used to analyze changes in the behavior of youth affected by layoffs. Government policies through insurance programs provide compensation to workers who cannot work, for example due to work accidents that cause workers to be temporarily unable to work or work accidents that cause permanent disability or layoffs (Ehrenberg et al., 2012). Compensation for layoffs is then paid to workers because they have lost their jobs and have not found work.

Ehrenberg (2012) explains that investment in labor knowledge and skills occurs in three stages. The first stage is during early childhood, where there is the influence of parents, the environment and elementary school. The second stage is adolescence, where the individual gains knowledge as a student in high school and public universities. The third stage is when entering the labor market (the labor force who are actively looking for work and those who are not actively looking for work) for example through on-the-job training, or training conducted in preparation before looking for work. A person's decision to improve skills is considered an investment for the future in order to more easily enter the labor market and get better income (Schultz, 1961) (Borjas, 2013) (Ehrenberg et al., 2012).

Not In Employment, Education Or Training (NEET)

Based on ILO data, there is no international standard for the definition of NEET. However, Eurostat, ILO and several other organizations interpret the definition of NEET level as: the percentage of the population of a given age group and sex who is not employed and not involved in further education or training (Elder, 2015). It can be interpreted as the percentage of the population of a given age group and sex who are not employed and not involved in further education or training. The ILO then sets indicators that meet the following: (i) those who are not working (unemployed or inactive) and (ii) those who are not engaged in education or training for at least four weeks prior to the survey.

The Indonesian Central Bureau of Statistics (BPS) defines NEETs as the youth population who are not in school, work or training, in other words, youth (15-24 years old) who are engaged in activities other than school, work or training. BPS uses NEET data as a proxy for limited access by young people to education, training and employment (BPS, 2022).

Employment Policy

Unemployment Insurance, also known as Job Loss Insurance (JKP), is part of social security. The original purpose of the program was to help the unemployed, as a way for the government to cope with the impact of a bad economy, one of which is termination of employment by companies because they have to reduce production costs. The government tries to guarantee workers' income when they are unemployed (Mankiw, 2019). With the job loss guarantee, it is hoped that it will be able to maintain the purchasing power affected by layoffs, but in a short-term context. The provisions of job loss guarantee benefits differ in each country, both the benefit period, the conditions for becoming a participant and the value of benefits received by workers affected by layoffs.

The job loss guarantee has both negative and positive effects, which can reduce the burden of layoffs but at the same time also increase the number of

unemployed (Mankiw, 2018). In addition to the income effect, the individual will utilize the job loss guarantee to not rush to accept a job or re-enter the workforce. However, according to (Mankiw, 2018) if the individual is no longer eligible to receive job loss guarantee benefits, then their efforts to find work increase dramatically so that the chances of getting a job are greater. This behavior tends to affect the unemployment rate in that period. In line with the opinion of (Blanchard, 2017) that increasing job loss insurance benefits can increase unemployment because the effect of unemployment is no longer considered as something painful because it still gets income without working and can increase the duration of a person's unemployment (Ehrenberg et al., 2012).

Another impact of job loss insurance is the reservation wage. Reservation wage is the lowest wage that workers are willing to accept in choosing a job (Kesternich et al., 2022). The individual will only not accept a job if the wage offered is below the lowest wage they set. The relationship with job loss guarantee is that there is a tendency for an individual to refuse a job that does not meet the criteria (skills or minimum expected wage) by utilizing the time lag obtained from job security benefits. Rejection of a job offer with a wage below the reservation wage is likely to increase the individual's unemployment period. (Ehrenberg et al., 2012)

Implementation of JKP in Indonesia

The Job Loss Guarantee Program in Indonesia was only launched in 2021 through Presidential Regulation No.37 of 2021, as a derivative of Law Number 11 of 2020 concerning Job Creation, Article 82 and Article 5 paragraph (2) of the 1945 Constitution of the Republic of Indonesia. The purpose of implementing the JKP Program is to maintain a decent standard of living when workers/laborers lose their jobs. The principle of implementing JKP is Social Insurance (President of the Republic of Indonesia, 2020).

Cash benefits are organized by BPJS Ketenagakerjaan, while job training and access to labor market information are organized by the central government through the Ministry of Manpower of the Republic of Indonesia. Meanwhile, the criteria for JKP beneficiaries are all participants with indefinite term employment agreements (PKWTT) and specific time employment agreements (PKWT) who experience layoffs provided that they meet the eligibility requirements (at least 12 months of service in the last 24 months before layoffs occur where 6 months of the 12 months of service are paid consecutively) and are willing to work again. In other words, workers who resign or stop working because the PKWT period has expired do not receive JKP benefits. Other criteria that do not qualify as JKP beneficiaries are stopping work due to resignation, permanent total disability, retirement age and death.

Empirical Review

The criteria for individuals to enter the labor market are influenced by several variables. Among them are demographic, socioeconomic and regional category variables. In addition, there are several variables that determine a person's chances of becoming NEET status. Previous studies generally explained the determinants of NEET at the micro level, namely individuals, but in this study it will be explained

at the macro level, namely at the district/city level due to limited information on Sakernas data for August 2022.

Gross Regional Domestic Product (GRDP) and NEET are two concepts related to the economy and labor force of a region. GRDP can be used to determine the economic condition of a region in a certain period (BPS, n.d.-b). If associated with employment opportunities, GRDP can reflect the level of economic welfare of a region. An increase in GRDP allows for an increase in employment opportunities (Chodijah, 2007), potentially reducing the NEET rate.

Youth from poor families tend to face limited access to education. Poverty is one of the reasons why people leave school early (Bardak et al., 2015). High school dropout rates that can affect youth aged 15-24 years have NEET status. In addition to access to education, youth from poor families also tend to experience limited access to training, because most training as one of the provisions to enter the world of work tends to be paid. On the other hand, youth from poor families tend to accept job offers without considering reservation wages. This is because youth from poor families tend to have no alternative sources of income other than wages, in contrast to youth from well-off families where their families can still help them with their daily needs.

One of the direct effects of education (as human capital) is a greater chance of getting a better job (Schultz, 1961). Youth aged 15-24 years who have higher education tend to have a smaller chance of becoming NEET because they have better employment opportunities, that is, the opportunity to enter the world of work by having greater human capital. Human capital in this case is the skills/knowledge gained from previous education.

A person who is married tends to have more responsibilities than before marriage. So to fulfill the needs of their household, one of them has to work and the other takes care of the household. In general, those who take care of the household are women and men go to work, but in recent decades there has been an increase in the work participation rate of married women (Ehrenberg et al., 2012) but married women are more likely to be NEET than young women aged 15-24 years who have never married (D. N. Sari & Ahmad, 2021).

The unemployment rate is the percentage of the labor force that is not working (Mankiw, 2018). In contrast, NEET status refers to a group of individuals, especially young people, who are not working, not engaged in formal education, and not in training. In other words, someone who falls into the NEET category can also be counted as part of the unemployment rate. Based on Mankiw's (2018) explanation above, unemployment benefits (JKP) can increase the number of unemployed. If it is related to NEET, the higher the unemployment rate, the higher the chance for youth aged 15-24 years to become NEET status.

Since the Covid pandemic, many activities that were previously carried out offline have now shifted to online, especially learning activities, both education and training (Organization For Economic Co-Operation And Development, 2020). The pandemic period lasts long enough, so learning activities cannot continue to stop. In the end, learning organizers made policy breakthroughs or innovations in organizing learning in the midst of the Covid pandemic last time. E-learning (online learning) has become an important learning method since the Covid pandemic

(Alhumaid et al., 2020). Training organizers also provide options for trainees to choose whether to take offline or online training.

Online activities can be carried out inseparably from the presence or absence of signals in the area of the training organizer and training participants. Compared to before, 4G/LTE signals increasingly support the performance of mobile internet services, so that video conferencing services and other features can be accessed with better internet speeds (Telkomsel, n.d.). So with the 4G/LTE signal, online learning, including training, as well as training and working from home, is increasingly possible.

In this study, the number of senior high schools in regencies/cities in Indonesia will be used as one of the control variables. One of the NEET variables is not being in school. One of the reasons the number of high schools is used as a control variable is based on research conducted (Saputri & Setyodhono, 2019), that the high school portion is the largest portion of young workers with NEET status.

Youth who work in the informal sector tend to be more likely to become NEET status, working in the informal sector should not require special skills so that it does not require high human capital so that there is no competency development through further education or training. Based on the Law of the Republic of Indonesia Number 25 of 1997 concerning labor, informal sector workers are workers who work in informal sector employment relationships by receiving wages or compensation (Government of the Republic of Indonesia, 1997).

The status of youth who are not in school, not working and not in training is closely related to the availability of adequate infrastructure, access to the labor market will be easier if there is more demand for labor in the area. In this case, in Indonesia, there are differences between Java and Outer Java, based on BPS data for industry, more are located on the island of Java. Therefore, the difference between Java and Outer Java has an opportunity for youth aged 15-24 years to become NEET status.

Data Type and Source

This research will use secondary data sourced from labor data, namely the National Labor Force Survey (Sakernas) for the August 2022 period, Podes data in 2021 and publications sourced from the Central Statistics Agency, in the form of cross-section data. Sakernas is a special survey to collect employment data to determine employment opportunities and their relationship to education, number of hours worked, type of work, employment and employment status, unemployment and underemployment as well as the population covered by the non-labor force (those who go to school, take care of the house or do other activities). (BPS, n.d.).

Unit of Analysis

The unit of analysis in this study is all districts/cities in Indonesia. This study does not use individual units of analysis because the data sources used in this study cannot capture data on participants who are not working, studying or training and have previous JKP membership.

Research Variables**Table 1. Research Variables**

No. Variables		Symbol	Measurement Scale
Dependent Variable			
1	Percentage of NEETs to total youth aged 15-24 years old	NEET	numeric
Independent Variable			
2	Percentage of youth aged 15-24 who own JKP to the total number of youth aged 15-24 years old	jkp	numeric
Control Variables			
3	Gross regional domestic product	<i>ln_pdrb</i>	numeric
4	Percentage of poor population	<i>poor_22</i>	numeric
5	Percentage of youth aged 15-24 with higher education to total youth aged 15-24	<i>educ</i>	numeric
6	Percentage of married young women aged 15-24 years to the total number of young men aged 15-24 years	<i>pr_kwn</i>	numeric
7	Unemployment rate	<i>unemp_rate</i>	numeric
8	Average villages with 4G/LTE signal in districts/cities	<i>ada_4g</i>	numeric
9	Number of senior high schools in the district/city	<i>total_sma</i>	numeric
10	Percentage of youth aged 15-24 years working in informal sector to total youth aged 15-24 years working	percentage of informal youth	numeric
11	Java and Outer Java Region	Java	<i>dummy</i>

RESEARCH METHOD**Descriptive Analysis**

Descriptive analysis is used to describe the object under study, explain or describe the sample data that has been collected but does not intend to make conclusions that apply generally because it only intends to describe the data. The presentation of descriptive analysis data in this study is in the form of tabulation.

Inferential Analysis

The inferential analysis used in this study is regression analysis, which aims to analyze the extent to which the percentage of youth aged 15-24 years who own JKP to the total number of youth aged 15-24 years affects the percentage of NEET to the number of youth aged 15-24 years. The purpose of this research is to see and analyze the extent to which the independent variable affects the dependent variable so that the most appropriate inferential analysis to use is regression analysis.

Regression Equation

The regression model to be used is multiple linear regression which is made in a model as follows:

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$$NEET_i = \beta_0 + \beta_1 jkp_i + \beta_2 \ln_pdrb_i + \beta_3 poor_22_i + \beta_4 educ_i + \beta_5 pr_kwn_i + \beta_6 unemp_rate_i + \beta_7 ada_4g_i + \beta_8 total_sma_i + \beta_9 persentaseinformal_pemudai_i + \beta_{10} jawai_i + \epsilon_i$$

Description:

<i>i</i>	= index for the <i>i</i> -th district/city
<i>NEET</i>	= percentage of NEETs to total youth aged 15-24 years old
β_0	= intercept
<i>jkp</i>	= percentage of youth who own JKP to total youth 15-24 years old
<i>ln_pdrb</i>	= gross regional domestic product
<i>poor_22</i>	= percentage of poor people
<i>educ</i>	= percentage of youth aged 15-24 years with education high against the number of youth aged 15-24 years
<i>pr_kwn</i>	= percentage of female youth aged 15-24 years old marriage to the number of youth aged 15-24 years
<i>unemp_rate</i>	= unemployment rate
<i>ada_4g</i>	= average villages with 4G/LTE signal in district/city
<i>total_sma</i>	= number of SMAs in the district/city
percentage informal	= percentage of youth aged 15-24 who are employed in informal sector youth to total youth aged 15-24 years old who works
Java	= Java and outside Java
ϵ_i	= <i>unobserved factors</i> (things that affect <i>Y</i> but are not <i>recognized</i> entered into the model)

RESULT AND DISCUSSION

Research Results and Analysis

Descriptive Analysis Results

Table 2. Descriptive Statistics

Variable	Obs	Mean	Std. Dev.	Min	Max
NEET	514	21.951	6.973	2.976	46.65
jkp	514	.477	.709	0	6.731
ln_pdrb	514	29.869	1.281	25.747	33.809
poor_22	514	11.682	7.274	2.28	42.03
<i>educ</i>	514	3.499	2.206	0	14.583
<i>pr_kwn</i>	514	9.027	3.946	.617	25.856
<i>unemp_rate</i>	514	4.324	2.28	.147	11.087
<i>ada_4g</i>	514	.754	.231	0	1
<i>total_sma</i>	514	75.095	81.535	2	731
percentage of informal~a	514	96.938	2.169	89	100
Java	514	.232	.422	0	1

Source: Sakernas August 2022, podes 2021 and BPS publications (reprocessed)

Table 2 is the descriptive statistics of the dependent and independent variables used, which consists of the number of observations, mean value, standard deviation as well as the minimum and maximum values of each variable used. The dependent variable used is the percentage of NEET to the total number of youth aged 15-24 years, symbolized NEET. The independent variable is the percentage of youth aged 15-24 years who own JKP to the total number of youth aged 15-24 years who are given the symbol jkp.

Since this analysis was conducted at the district/city level, the number of observations in this study was 514 districts/cities in Indonesia. The average percentage of NEET at the district/city level is 21.95% with a minimum value of 2.97% and a highest value of 46.65%. Meanwhile, the percentage of youth receiving JKP contributions in 514 districts/cities is 0.47% with the highest value of 6.73% and the lowest value of 0%. This means that of the 514 districts/cities in Indonesia, there are still districts/cities where youth are not yet one of the beneficiaries of JKP. In the poverty variable, the average percentage of poverty in the 514 districts/cities was 11.68% with the lowest poverty percentage of 2.28% and the highest of 42.03%.

When analyzed according to the percentage of highly educated youth from 514 districts/cities, the average percentage of highly educated youth is 3.49%, with the highest percentage of 14.58% and the lowest value of 0%. The average married female youth is 9.02% with the lowest value of 0.61% and the highest value of 25.85%. Meanwhile, the average unemployment rate in the 514 districts/cities was 4.32% with the lowest value of 0% and the highest value of 11.08%. The other two variables calculated using the 2021 Village Potential (Podes) values are the average number of villages with 4G/LTE signal in the district/city and the total number of high schools/equivalents in a district/city. In terms of the average number of villages with 4G/LTE signal in the district/city, the average number in the district/city is 0.75%, the lowest is 0 with no 4G/LTE signal and the highest is 1 with 4G/LTE signal. In addition, for the number of senior high schools, the average number of senior high schools is 75 units of senior high school/equivalent with the highest number in a district/city of 731 senior high schools and the lowest is only 2 senior high schools/equivalent. The percentage of informal workers after 15-24 years old is 96% with the highest percentage being 100%. From these results, it can be seen that young workers are still dominant in the informal sector.

The first control variable in this study is gross regional domestic product which is given the symbol \ln_pdrb . In this variable, the natural logarithm transformation is carried out to create a liner relationship, namely changing the data measurement scale to another form so that the assumptions of the analysis are met. The gross regional domestic product data used is the gross regional domestic product of districts/cities throughout Indonesia in 2022 obtained from the data of the Central Bureau of Statistics. The second control variable is the percentage of poor people in districts/municipalities throughout Indonesia in 2022 obtained from data from the Central Bureau of Statistics. The third variable is the percentage of youth aged 15-24 years with higher education to the total number of youth aged 15-24 years. From the Sakernas data for the August 2022 period used in this study, there are districts/cities where there are no youth aged 15-24 years with higher education,

namely Raja Ampat, Paniai, Puncak Jaya, Bintang Mountains, Supiori, Membrano Raya, Nduga, Yalimo, Puncak, Intan Jaya and Deiyai.

The fourth variable is the percentage of married young women aged 15-24 years to the total number of young men aged 15-24 years. The fifth variable is unemployment rate . The data used is the unemployment rate of districts/cities throughout Indonesia in 2022 obtained from Sakernas data in August 2022. The sixth variable is the average village with 4G/LTE signal in the district/city. The data source for the average village with 4G/LTE signal in the district/city uses Podes data in 2021. The 2021 Podes data is used because the Sakernas data does not yet have information about 4G/LTE in the questionnaire questions. The second reason for selecting the 2021 Podes is that at the time of the research, the last available Podes data was 2021. Based on information on the BPS *website*, Podes data collection is routinely carried out 3 times in a period of ten years to support the activities of the Population Census, Agricultural Census, or Economic Census. (Central Bureau of Statistics, n.d.). The following is the distribution of 4G/LTE signals in Indonesia based on districts/cities in Indonesia in 2021:

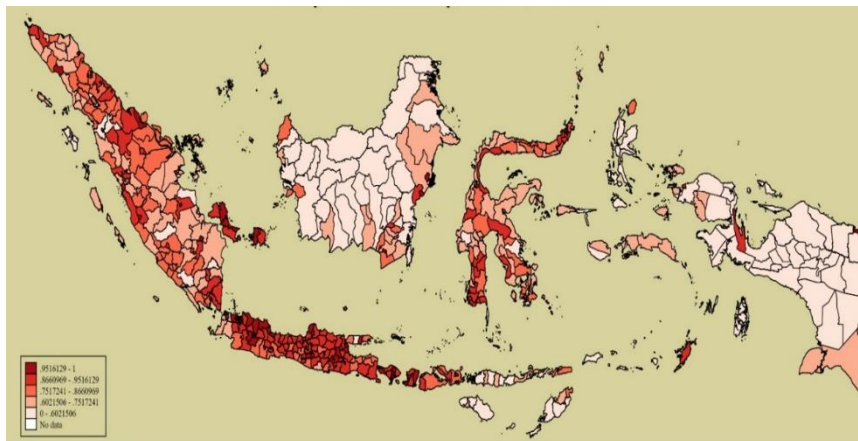


Figure 1: Distribution of 4G/LTE Signal in Indonesia by District/City Year 2021 Source: Podes 2021 (reprocessed)

The seventh variable is the number of senior high schools (SMA) in each district/city across Indonesia. The data source also uses the 2021 Podes data, then the 2021 Podes data is *merged* with the August 2022 Sakernas data. The eighth variable is the percentage of youth aged 15-24 years who work in the informal sector. The data source for this variable uses data from Sakernas August 2022. Then the ninth variable is Java and outside Java. The data source for this variable also uses data from Sakernas August 2022. Based on Sakernas data for August 2022, there are several districts/cities in Indonesia where all youth aged 15-24 years work in the informal sector.

Table 3. Percentage and Number Distribution of NEET Youth by Individual Characteristics

Variables	%	Total
Youth		

Yes	20,9%	157.442
No	79,1%	595.246
Total		752.688
Gender		
Male	51.85%	81.630
Female	48.15%	75.812
Total		157.442
Married women		
Yes	18,2%	13.694
Unmarried	81,8%	61.477
Living divorce	0,8%	589
Death divorce	0,1%	52
Total		75.812
Education		
More	82.60%	130.184
High	17.31%	27.000
Total		157.442
JKP		
Yes	0,5%	829
No	99,5%	156.613
Total		157.442
LAYOFFS		
Yes	0,3%	435
No	99,7%	157.007
Total		157.442
NEET		
Yes	21,9%	34.525
No	78,1%	122.917
Total		157.442

Source: Sakernas August 2022 (reprocessed)

Based on Sakernas data for August 2022, the number of people over 25 years old is greater than youth aged 15-24 years. There are no districts/cities where youth aged 15-24 years are more dominant. While from the total labor force, the proportion of youth aged 15-24 years is around 30.156%. The total number of JKP owners is 13,912 people, while youth aged 15-24 years own JKP 829 people. In Table 3, the number of youth aged 15-24 years amounted to 157,442 people or around 20.92%. The percentage of people over 24 years old amounted to 595,246 or around 79.08%. The proportion of youth aged 14-24 years with NEET status amounted to 34,525 or around 21.93% of the total number of youth aged 15-24 years of 157,442 people. This figure is considered high because it is above the 20% mark. The following is the distribution of NEET in Indonesia by district/city in 2022:

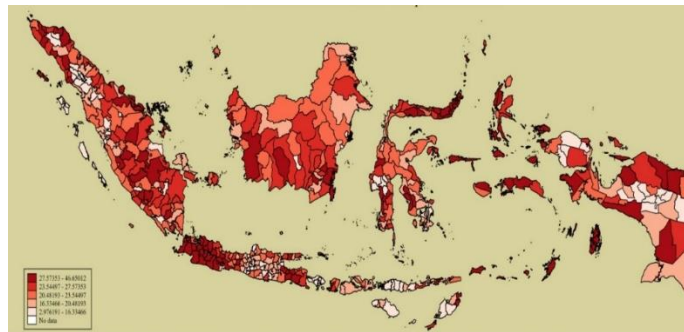


Figure 2. Distribution of NEETs in Indonesia by District/City Year 2022

Source: Sakernas August 2022 (reprocessed)

The number of males outnumbered females by 51.85% of the total number of youth aged 15-24 years, which amounted to 157,442 people. Looking at the marital status of women aged 15-24 years. Unmarried 15-24 year old females have a larger proportion of 81.09% compared to married 15-24 year old females which is 18.06%. For youth with higher education, the number is less than other education. Higher education is calculated from Diploma I and above, with a total of 27,000 people while youth who do not have higher education amounted to 130,184 people.

The number of youth aged 15-24 years who became JKP participants amounted to 829 people or around 0.53% of the total number of youth aged 15-24 years which amounted to 157,442 people. Youth aged 15-24 years who become JKP participants in 2022 are relatively small compared to the number of youth aged 15-24 years. At the age of 15-18 years, some of them are still students in high school so they have not become JKP participants, because the requirements to become a JKP participant must work, have a minimum contribution period of twelve months in the last twenty-four months and pay contributions for six consecutive months in an orderly manner before experiencing layoffs.

Based on Sakernas data for August 2022, there are youth aged 15-24 years in the district/city who have not yet participated in the JKP program. Meanwhile, youth with layoff status amounted to 435 people with a proportion of 0.5%. The following is the distribution of JKP participation of youth aged 15-24 years in Indonesia by district / city in 2022:

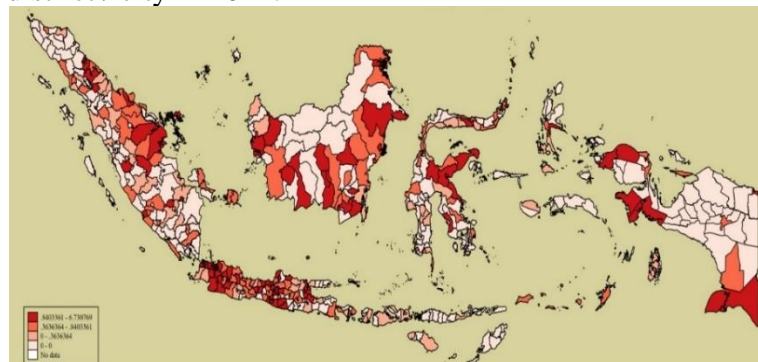


Figure 3: Distribution of JKP membership for 15-24 year old in Indonesia by district/city in 2022.

Source: Sakernas August 2022 (reprocessed)

There are 236 districts/cities in Indonesia that do not have youth aged 15-24 years participating in JKP. Then the number of districts/cities that have youth aged 15-24 years who are JKP participants is 278 districts/cities. Most of these districts/cities are outside Java. When viewed based on regional characteristics, Java has more industrial sectors, as well as more formal employment opportunities. As one of the requirements to become a participant in the JKP program, the company where you work must meet several criteria, including being a participant in at least three social security programs, where jobs that have a minimum membership of 3 programs are formal sector companies.

Results of Inferential Analysis and Discussion

Table 4. Regression Results

NEET	Coef.	St.Err.	t-value	P-value	[95% Conf	Inter-val]	Sig
jkp	-.624	.333	-1.88	.061	-1.278	.029	*
ln_pdrb	-.671	.345	-1.95	.052	-1.349	.007	*
poor_22	-.146	.058	-2.51	.012	-.26	-.032	**
educ	-.731	.148	-4.92	0	-1.022	-.439	***
pr_kwn	.636	.087	7.29	0	.465	.808	***
unemp_rate	1.597	.155	10.29	0	1.292	1.901	***
ada_4g	1.446	1.673	0.86	.388	-1.84	4.732	
total_sma	.008	.004	2.16	.031	.001	.016	**
percentage of informal~a	.526	.131	4.01	0	.269	.784	***
Java	-2.719	.716	-3.80	0	-4.126	-1.313	***
Constant	-18.218	16.073	-1.13	.258	-49.797	13.361	
Mean dependent var	21.951		SD dependent var		6.973		
R-squared	0.325		Number of obs		514		
F-test	30.269		Prob > F		0.000		
Akaike crit. (AIC)	3273.767		Bayesian crit. (BIC)		3320.431		

*** $p < .01$, ** $p < .05$, * $p < .1$

The inferential analysis used in this study is regression analysis to see and analyze the extent to which the independent variable affects the dependent variable. The dependent variable in this study is the percentage of NEET to the total number of youth aged 15-24 years. While the independent variable is the percentage of youth aged 15-24 years who own JKP to the total number of youth aged 15-24 years.

The regression results found that the main independent variable in this study, JKP, has a negative correlation with the NEET percentage. Other control variables such as the percentage of poor population, percentage of highly educated youth, and regional variables also have a negative influence on the percentage of NEET. Some control variables are found to have a positive effect such as the unemployment rate,

the percentage of the female population aged 15-24 years who are married, the number of high schools in the district, and the percentage of youth working in the informal sector. Other variables such as gross regional domestic product and number of bts were found to be insignificant.

The JKP variable as the main independent variable is found in the regression results to be significant and has a negative effect on the percentage of NEET. A 1% increase in the number of youth receiving JKP in the district decreases the percentage of NEET youth by 0.62% in 2022. This result is different from the literature review and previous research which found that JKP can increase the likelihood of a person having NEET status through increasing the probability of being unemployed (Mankiw, 2018). (Mankiw, 2018). The following figure shows the relationship between NEET and JKP based on Sakernas data processing in August 2022:

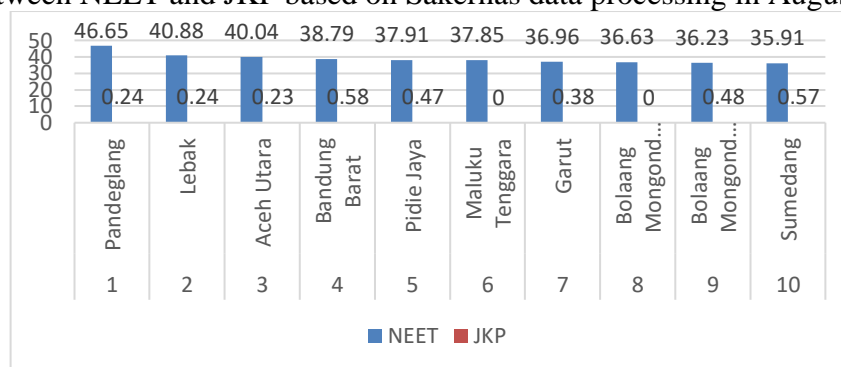


Figure 4. Percentage of NEET and JKP by District/City Year 2022

Source: Sakernas August 2022 (reprocessed)

From Figure 4, it can be seen that the ten districts/cities with the highest NEET, when looking at the percentage of youth participating in the JKP program, the districts/cities that have high NEET to districts/cities with the results of the NEET and JKP correlation test are negative. The lowest NEET does not necessarily cause the JKP participation of youth aged 15-24 years to increase as well. The regression results of the gross regional domestic product (GRDP) control variable are significant and in line with the literature review. When associated with employment opportunities, GRDP can reflect the level of economic welfare of a region. An increase in GRDP allows for an increase in employment opportunities (Chodijah, 2007) thus potentially reducing the NEET rate.

Furthermore, the variable percentage of poor people from the regression results appears to reduce the percentage of NEET, in contrast to the literature review. A 1% increase in poverty in the district/city reduces the NEET percentage by 0.14% in 2022. Poverty is one of the reasons why people leave school early (Bardak et al., 2015). A high dropout rate can affect youth aged 15-24 years to have NEET status. In addition to access to education, youth from poor families also tend to experience limited access to training, because most training as one of the provisions to enter the world of work tends to be paid. However, if examined further, individuals from lower economic families, if they get a job opportunity or job offer, tend to accept without delay because they ignore *reservation wages*.

The regression result of the variable percentage of youth aged 15-24 years with higher education in the number of youth aged 15-24 years has a negative

direction, i.e. an increase of 1% of youth aged 15-24 years in the district decreases the percentage of NEET by 0.73% in 2022. According to previous literature, one of the direct impacts of education (as human capital) is a greater chance of getting a better job (Schultz, 1961). Youth aged 15-24 years old who are highly educated tend to have a smaller chance of becoming NEET because they have better employment opportunities, that is, the opportunity to enter the world of work by having greater human capital. Human capital in this case is the skills/knowledge gained from previous education. In line with the research results (Febria et al., 2022) (Citra, 2022) (Gaffari, Abrar, 2019).

The regression result of the variable percentage of the number of female youth aged 15-24 years married to the number of adolescents has a positive direction on the percentage of NEET. A 1% increase in the number of young women aged 15-24 years married in the district/city increases the percentage of NEETs by 0.63% in 2022. In line with previous research findings that married women are more likely to be NEET than young women aged 15-24 years who have never married (D. N. Sari & Ahmad, 2021). In Model 5, there was a fairly high change in *r square* compared to the previous model, after the variable of married women was included in the model. That married women tend to be NEET *cares cared* for because they take care of the household, in line with the research of (Citra, 2022) (Febria et al., 2022).

The regression result of the unemployment rate has a positive direction on the NEET percentage. That a 1% increase in unemployment in the district increases the percentage of NEET by 1.59%. in 2022. The unemployment rate is the percentage of the labor force that is not working (Mankiw, 2018). If it is associated with NEET, the higher the unemployment rate, the higher the chance of youth aged 15-24 years to become NEET status. When conducting regression in model 6, there is a fairly high increase in *r square* compared to the previous model. The following are the results of the analysis of how JKP relates to the unemployment rate based on the graph:

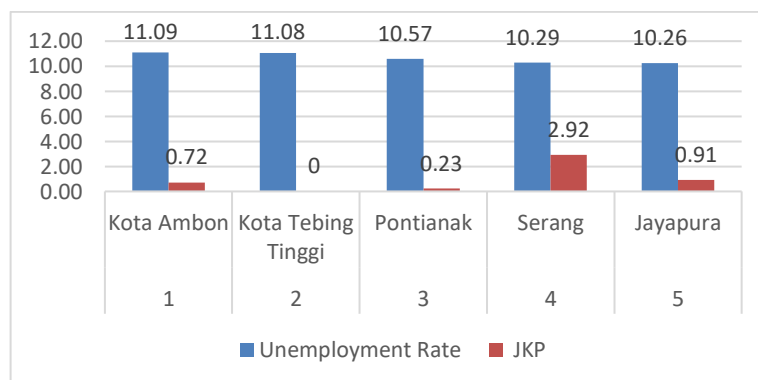


Figure 5: Percentage of JKP and Unemployment Rate by District/City Year 2022

Source: Sakernas August 2022 (reprocessed)

Figure 5 shows the top five districts/municipalities in Indonesia with the highest unemployment rates, consisting of Ambon City, Tebing Tinggi City, Pontianak, Serang and Jayapura. The correlation test is positive, but the graph shows that Serang has the highest JKP percentage at 2.92%, but Jayapura has the lowest

unemployment rate at 10.26%. Then Kota Tebing Tinggi has no youth aged 15-24 years who are JKP participants or 0%.

The regression result of the average villages with 4G/LTE signal in the district/city is not significant in the model used and has a positive direction towards the percentage of NEET. A 1% increase in the average number of villages with 4G/LTE signal in the district/city increases the NEET percentage by 1.44% in 2022. The presence of 4G/LTE signal should make it easier for individuals to participate in online activities, be it school, training or work. However, from the results of this study, the presence of a 4G/LTE signal actually increases the chances of youth becoming NEET status.

The regression result of the number of senior high schools in the district has a positive direction on the percentage of NEET. That a 1% increase in the number of high schools in the district/city increases the percentage of NEET by 0.08% in 2022. In line with research conducted (Saputri & Setyodhono, 2019), that the high school portion is the largest portion of young workers with NEET status. With more high schools in the district/city, the number of youth who experience the transition from school to work is more, although individuals who attend high school in a district/city may come from other districts/cities that have limited quotas or access to these schools. Therefore, this study uses data on the total number of senior high schools in the district/city, not the percentage of villages that have a senior high school or not and then takes the average as is used in the 4G/LTE variable.

The regional factor is also found to have a negative effect, where districts/cities in Java Island have a smaller probability of NEET percentage of 2.71% in 2022 than districts/cities outside Java Island. This illustrates the condition mentioned by BPS that the most job vacancies in Indonesia in 2021 are still dominated by Java Island. Which means, the probability of youth living in Java Island to get a job and not fall into the NEET group is greater than youth living outside Java Island.

The higher the percentage of youth working in the informal sector, found in this study, will increase the percentage of NEET. An increase in the percentage of youth working in the informal sector by 1% can also increase the percentage of NEET in the district/city by 0.52% in 2022. This result is not in line with what ILO (2017) states that in developing countries, youth cannot become unemployed without a good social security system, so they are forced to engage in work in the informal sector. This can then reduce the percentage of NEETs.

CONCLUSION

NEET is the percentage of the youth population that is not in school, work or training, in other words, youth (15-24 years old) who are doing other activities outside of school, work or training. This study examines and analyzes the effect of JKP on the percentage of NEET in Indonesia. The unit of analysis in this study is 514 districts/cities throughout Indonesia, using data from Sakernas August 2022, Podes 2021 and BPS publications. The main finding of this study is that a 1% increase in the number of youth receiving JKP in districts/cities reduces the percentage of NEET youth by 0.62% in 2022.

There are 236 districts/cities where JKP participation among youth aged 15-24 is low, including in Java including Trenggalek, Tulung Agung, Blitar, and Pati. The data shows that Java Island has a larger industrial sector and formal employment than other islands in Indonesia. Then for the eastern region of Indonesia, there are districts / cities where there is no JKP participation from all age groups, including Puncak Jaya, Yahukimo, Nduga, and Intan Jaya.

There is a control variable that has a positive effect on the percentage of NEET in Indonesia, namely the status of married women, which has been used by previous researchers with the same regression results, namely a positive effect on the percentage of NEET. In other words, this variable has been one of the causal factors that has not been resolved in reducing the NEET rate since the last few studies. Although actually based on the proportion of male gender has a larger proportion, which is 51.85%. There are 36 districts/cities where all youth aged 15-24 years work in the informal sector, that youth who work in the informal sector tend to be more likely to become NEET status.

Many studies related to NEET have been conducted both in other countries and in Indonesia but tend to use individual characteristics as the dominant variable used. This research is expected to provide another perspective for the government in making policies to reduce the number of NEETs in Indonesia. One of them is utilizing the Job Loss Guarantee (JKP) program. By maximizing the benefits of the JKP program, targeting more potential membership, especially youth aged 15-24 years. Likewise, for regencies / cities with zero JKP membership (all age groups), BPJS Ketenagakerjaan should examine the potential for membership in the region. Reflecting on the experience of other countries, one of the obstacles in implementing JKP is *moral hazard*. Participants tend to prolong their unemployment period and take advantage of the income effects of the JKP program until the maximum time limit for receiving benefits.

The percentage of NEETs who were laid off from the data is low, areas where JKP is high indicate the probability that they can get JKP, so the probability of being NEET status is lower. JKP is one of the policies that can increase the probability of someone re-entering the workforce, through the benefits of free training and labor market information. JKP benefits are provided to workers who have been laid off and are committed to returning to work. Youth aged 15-24 years old who are not yet working (unemployed), not in education and not in training and have never worked before should be given other programs that can increase their human capital in order to increase the chances of entering the labor market so that the probability of becoming NEET status can be reduced. For example, by providing competency development training with a broader scope, so that one of the NEET indicators can be reduced.

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