Towards Inclusive Employment – Practice Experience from Indonesia

Introduction

Increasing the labour-market participation of persons with disabilities is essential to their inclusion in all parts of societal life. While the Indonesian Government has introduced a 1% quota for the employment of persons with disabilities in companies with more than 100 employees in 1997, adherence to and the enforcement of this law remains highly unsatisfactory. People with disabilities still face significant barriers and discrimination in the labour-market, including negative attitudes among employers and co-workers, inaccessible work environments, fewer (vocational) training opportunities and poor public support. While structural discrimination against people with disabilities in the Indonesian labour market is a major concern, recent research also unveiled some positive examples of companies in the private sector that employ people with disabilities. Similarly, affirmative action at different policy levels shows promising results regarding inclusive employment.

This policy brief is organized as follows: firstly, it summarizes evidence from a recent survey, undertaken by the GIZ-supported Social Protection Programme, to illuminate employment determinants for persons with disabilities in Indonesia and illustrates how inclusive corporate cultures can benefit both employers and employees. Secondly, it elucidates the role of vocational training as a key precondition for decent employment, drawing on the case of BBRVBD Cibinong. Thirdly, the discussion will demonstrate how social protection promotes the labour-market inclusion of persons with disabilities. Fourthly, the relevance of inclusive employment in policy-making by the Indonesian Government will be assessed. Instead of approaching labour-market inclusiveness in a normative way, the policy brief identifies and links key determinants and implementation experiences concerning the employment of persons with disabilities in Indonesia.

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Employment determinants for persons with disabilities in Indonesia

The Indonesian Government, as well as actors from the private sector and civil society, have recognized the need to improve labour-market participation of persons with disabilities as a key measure towards the promotion of human rights, inclusive growth and sustainable poverty reduction. A number of laws have been passed in succession of the UNCRPD ratification, and statistical surveys provide an increasingly detailed account of economic inclusion. However, actual labour-market participation remains a challenge for the heterogeneous group of persons with disabilities in Indonesia. Recent research on the matter indicates that persons with disabilities in Indonesia are far less likely to be able to access decent, formal employment. Even a mild disability reduces their chances to decent employment by about 35% (Adioetomo et al. 2014). Consequently, persons with disabilities are mostly self-employed in precarious - and frequently hazardous - working conditions.

Given the strength of Indonesia’s emerging economy, it seems suitable to not only identify public-sector approaches to address persons with disabilities’ labour-market disadvantages, but to additionally incur a private sector perspective. Therefore, the GIZ-supported Social Protection Programme conducted research within eight companies which employ a significant number of persons with disabilities (at least 1% of the total employees). The companies selected for the study are as follows: CV Sogan Jaya Abadi (Yogyakarta), PT Adi Satria Abadi (Yogyakarta), PT Indosiar Visual Mandiri (Jakarta), PT Magenta Mediatama (Jakarta), PT Omega Plastik (Sidoarjo), PT Rajawali Mulia Perkasa (Bogor), PT Wangta Agung (Surabaya) and Shangri-La Hotel (Jakarta). The number of persons with disabilities employed at the eight companies ranged from 1.3% to 37%. Data collection was carried out from 18 to 26 June 2014 using in-depth interviews.

1 This policy brief incorporates the UNCRPD definition of disability, stating that “disability is an evolving concept and that disability results from the interaction between persons with impairments and attitudinal and environmental barriers that hinders their full and effective participation in society on an equal basis with others.”
2 Balai Besar Rehabilitasi Vokasional Bina Daksa – Center for Rehabilitation and Vocational Training
4 A copy of the report in Indonesian language can be obtained from the author.
The research suggests that hiring people with disabilities can benefit employers in a number of ways. People with disabilities make important contributions to their companies due to their hard-working mentality and technical skills. All companies investigated also greatly valued their extraordinary reliability, loyalty and sociability. Senior management further maintained that complying with the 1% quota – though not effectively enforced at present – provides an advantage over competitors due to enhanced corporate citizenship and therefore presents companies with an additional incentive for employing people with disabilities.

In terms of recruitment, it was found that almost all companies participating in the research recruited persons with disabilities for practical reasons and were not aware of the regulations that apply to the employment of persons with disabilities. Some companies have indicated that they never intentionally planned to recruit persons with disabilities in the first place. Limited numbers of workers and the intention for adopting a “trial and error” approach in employing persons with disabilities were among the reasons for hiring them. Over time, however, companies observed that employees with disabilities were able to perform as well as those without disabilities. In many cases, persons with disabilities have shown better productivity than employees without disabilities. This has encouraged companies to keep hiring persons with disabilities and increasing their numbers for certain positions that relate to their types of disabilities. Particularly among small enterprises, anecdotal evidence and examples from other companies on the employability of persons with disabilities seem to be more relevant to recruitment policies than the enforcement of laws.

The qualifications required for jobs differed greatly among companies; however, there was a general separation between operational tasks demanding a vocational education background and managerial tasks demanding academic qualifications. Concerning job descriptions assigned to employees with disabilities, it appeared that there were numerous operational employment possibilities such as telephone operations, sewing and handcraft. However, employees with disabilities were clearly underrepresented in management positions at the companies under investigation.

Even though all companies were confident about the performance of their disabled employees, they reported reluctance concerning workplace adjustments. Not all companies were able to afford providing special facilities for employees with disabilities (e.g. a special toilet or a ramp). In some cases, companies had to cancel the recruitment of persons with disabilities due to the unavailability of special facilities that would provide accessibility for these people in the workplace.

Asked about the challenges faced when hiring persons with disabilities, companies indicated that they did not have sufficient information about where and how to recruit persons with disabilities, especially in terms of those who possessed the skills required by the companies. This situation was due to a lack of institutionalized relationships between companies, government and education centres. There was also a lack of specific government support regarding the employment of persons with disabilities, i.e. subsidies for employment or workplace adjustments. Companies generally expressed dissatisfaction with the quality of vocational training in Indonesia as it related to both specific training for persons with disabilities, as well as to the standard curriculum. This has led to very limited numbers of persons with disabilities that are ready for the formal labour force.

The findings therefore suggest extending the outreach and quality of special vocational training institutions for persons with disabilities in order to enable them to be absorbed by the formal labour market. It is also necessary to increase the number of job fairs that are able to bridge the communication gap between persons with disabilities, vocational training institutions and companies. Additionally, there is a general need for innovative solutions in order to foster the creation of inclusive work-places. It can be concluded that these efforts will not only benefit employees with disabilities, but similarly also companies themselves.

The findings have led the Indonesian Government to request further support toward suitable vocational training for persons with disabilities. On behalf of the Indonesian Ministry of Social Affairs, a tailored technical assistance programme in support of the BBRVBD Cibinong was designed that focused on the labour-market access of its graduates. Some emerging lessons of the ongoing capacity building are presented below.

Promoting labour-market readiness – the case of BBRVBD Cibinong

Given the fact that persons with disabilities in Indonesia are virtually excluded from mainstream training and placement opportunities, there is an interest in the experiences gained from specialized vocational training schools designed for persons with disabilities. BBRVBD Cibinong is a unique institution in Indonesia that accepts approximately 120 students per year from all across the archipelago. It was founded by the Japanese and Indonesian Government in 1996, and is subordinated to the Ministry of Social Affairs. It offers vocational training in six subjects that are in sustainably high demand in the labour-market (sewing, IT, graphic design, electronics, metalwork and the automotive industry) to persons with physical and sensory impairments aged 18 to 35 years. The 12-month training includes a two-month internship at one of the cooperating companies that offer employment to people with disabilities. BBRVBD Cibinong graduates generally have a good reputation, explaining in part why placement rates for its graduates are deemed satisfactory.

Against this background, an in-depth review regarding tuition at the centre was conducted in 2014, focusing primarily on three curricula (IT, sewing, metalwork). The curricula form the basis of all training activities and entail guidance to the overall teaching approach. Upon
finalization of the curriculum review, a series of technical trainings on the curricula, the didactic approach and cooperation with the private sector were conducted, involving management staff and trainers from BBRVBD Cibinong, as well as representatives from local companies. This helped to examine shortcomings and identify solutions against the background of international vocational training experience. As a result, curricula have been revised, ensuring consistency and the indication of learning objectives. The curricula now include mid-term evaluations and enable instructors thereby to rigorously assess learning progress. While a full account of the curriculum review and training cannot be delivered within the limitations of this policy brief, a number of lessons emerged about the overall quality of vocational training for persons with disabilities in Indonesia.

First and foremost, a constant exchange with private sector stakeholders/employers is crucial for ensuring the labour-market relevance of training. Curricula should be developed with and accepted by the industry. As the Indonesian economy continues to grow rapidly, so do labour-market requirements, making investigations into the relevance of training an ongoing task. Whereas jobs in the garment sector still abound in Indonesia and are among the target sectors for persons with disabilities looking for employment, this might change quickly over the coming years.

Keeping up skills upon the completion of training is therefore the second core element of sustainable labour-market preparation. The competency-based curriculum (CBC) applied at BBRVBD Cibinong, however, is not perfectly suited to this. In general, training conducted under CBC principles is in accordance with the ‘four-step method’ conventionally used in (outdated) industrial training: (i) instructor explains the task; (ii) instructor demonstrates the work; (iii) trainees reproduce and emulate the work; (iv) instructor and trainees correct and practice.

It therefore appears problematic that the outcomes achieved are found only at the level of reproduction, rather than at the level of an individually driven application and the extension of knowledge. As a result, it is nearly impossible for the student to move from the level of a semi-skilled worker to that of a skilled worker and technician. Minor adjustments in manufacturing, technical developments or modifications to operating work flows require constant retraining and may endanger the worker’s employability.

Enhancing entrepreneurial skills goes beyond the application of technical knowledge in a quickly changing economic context. It involves the abilities to create and design new products and to successfully place them on the market. The experience from BBRVBD Cibinong shows that students with disabilities do not only aspire to become employees, but often wish to translate their ideas into real world business. Hence, managerial skills, sales talent and language competency need to be emphasized. For the Indonesian context, close collaboration with the business chamber KADIN5 and the employers association APINDO6 is recommended.

As a matter of course, experiences from specialized institutions such as BBRVBD Cibinong are to be adopted throughout the Indonesian system of vocational training in order to facilitate access to mainstream training, delivered at vocational secondary schools under the Ministry of Education and Culture (SMKs)7 and vocational training centres under the Ministry of Manpower (BLKs)8. These training centres admit students with disabilities; however, they do not focus properly on the specific abilities and needs of these students.

Beyond the level of training, the challenge of school-to-work-transition comes into play and requires effective coordination between various actors from the public and private sector. This relates primarily to the graduation from training to work, as well as to long-term continuance at a company. Both job fairs and integration subsidies are suitable, yet remain underexploited tools for addressing the abovementioned challenges in Indonesia. Integration subsidies in particular can be a vital instrument for facilitating employment on the formal labour market. Depending on the specific job requirements and skills of the applicant, a significant share of the salary could be subsidised by the public sector for a period of up to two years.

Finally, the involvement of civil-society organizations (CSOs) in vocational training and employment promotion is a much debated issue, in Indonesia and elsewhere. A number of Indonesian CSOs focus their advocacy on labour-market participation by engaging with local employers and government representatives. In several cases, they also conduct basic training within their own business environments; this is usually the case in the garment and handicraft sector. While this is often an opportunity for first skills training, it does not substitute professional tuition and risks a career in low-salaried, informal conditions.

The contribution of social protection to inclusive employment

It has long been acknowledged that social protection plays a crucial role in promoting inclusive, broad-based growth by reducing catastrophic expenditures in case of illness, as well as by contributing to meeting consumption needs in times of income shocks. In Indonesia, both social assistance and social insurance schemes have been significantly expanded over the past decade, covering more than 3.2 million families with the cash transfer PKH9 and approximately 60% of the population with health insurance through the newly established national health carrier BPJS Kesehatan10, which envisages universal health coverage until 201911. Neither of these schemes pays sufficient attention to persons with disabilities as

5 Kamar Dagang dan Industri – Chamber of Commerce and Industry
6 Asosiasi Pengusaha Indonesia – Employer’s Association of Indonesia
7 Sekolah Menengah Kejuruan – Vocational Training School
8 Balai Latihan Kerja – Vocational Training Center
9 Program Keluarga Harapan – Family Hope Program
10 Badan Penyelenggaraa Jaminan Sosial – National Social Security Carrier
11 There is a variety of other social protection schemes which may benefit persons with disabilities, however, they are mostly characterized by a limited coverage
it concerns benefits, registration and enrolment. As an example, persons with mobility impairments find it hard to collect their monthly benefits from the post office, even though they are entitled to payments under PKH. Similarly, BPJS Kesehatan often does not cater to the needs of persons with disabilities at local health units (Puskesmas), despite the benefit package being generous on paper and including medical aid, rehabilitation and cataract surgery. It can, therefore, be concluded that these general social protection schemes do not yet fulfil their role in facilitating the labour-market participation of persons with disabilities in the way of preventing catastrophic health costs and income shocks.

In addition to this broad facilitating role of social protection regarding the labour-market participation of persons with disabilities, the current establishment of a Return-to-Work programme at BPJS Ketenagakerjaan creates a direct link between disability and labour-market participation. BPJS Ketenagakerjaan\(^\text{12}\) is the newly established national social security carrier that caters for employment-related social risks. It became fully operational in July 2015, offering pension benefits, old age benefits, death benefits and employment-injury benefits. This policy brief will focus on the latter.

Crucially, the Return-to-Work programme at BPJS Ketenagakerjaan will combine cash benefits (compensation) with in-kind benefits (medical treatment, functional rehabilitation). Contributions will be paid entirely by employers at rates ranging from 0.24% to 1.74% of the monthly salary. As there is no government contribution for this scheme, an expected 11.5 million workers will initially benefit from the insurance. Hence, the programme may not benefit non-formal workers in the near future, even though possibilities to include them are currently being investigated by BPJS Ketenagakerjaan.

Key to the Return-to-Work programme is the disability case management\(^\text{13}\), which facilitates the workplace reintegration of persons who experience a decreased working capacity due to an occupational or non-occupational disease (ISSA 2013). The case manager will coordinate with the employer, the hospital and the (vocational) rehabilitation centre, in active communication with the individual concerned. In addition, case management involves prevention tools and specifies risk factors to occupational health. Case management is a standardized approach and is applied by numerous social security carriers worldwide.

Given the fact that treatment and rehabilitation will be uncapped, the introduction of the Return-to-Work programme arguably presents a major advance for Indonesia. It establishes a much closer link between social security membership and workplace attachment than other social protection schemes. There are clearly institutional and financial challenges to overcome as work-related injuries are currently likely to be underreported and initial demand for medical treatment and rehabilitation services might be overwhelming. Furthermore, collaboration between providers of medical services and vocational rehabilitation is in its early stages. In summary, the Return-to-Work programme is the latest important addition to an increasingly consistent assistance framework that facilitates inclusive employment in Indonesia. It is more likely to impact on persons with disabilities’ labour-market prospects compared to general social protection schemes and will therefore receive significant attention over the coming years.

The broad picture: inclusive employment in Indonesian policy-making

In this section, the policy brief aims to relate scattered developments in the area of inclusive employment as described above to policymaking at the central government level in Indonesia. To begin with, employment for persons with disabilities in Indonesia is stipulated by a number of international treaties and conventions (Priebe & Howell 2014). For example, Article 27 of the UNCRPD, the most widely cited human rights treaty in this area, requires states parties to promote employment for persons with disabilities in the public and private sector by providing vocational training, rehabilitation, opportunities for entrepreneurship and affirmative action programmes. The UNCRPD is a key point of reference for all inclusion policies in Indonesia; however, it has not yet been translated sufficiently into measurable affirmative action. Similar implementation challenges apply to the Incheon Strategy - a disability rights strategy developed under the auspices of UNESCAP - and several ASEAN declarations and frameworks such as the Strategic Framework on Social Welfare 2011-2015 (Priebe & Howell 2014).

Low enforcement also applies to several domestic laws regulating the employment of persons with disabilities in Indonesia. Article 14 of Law Number 4 from 1997 determines that at least “1 out of 100 employees” in government offices, state-owned companies and private firms must be a person with a disability. Quite remarkably, however, this provision was subsequently limited to private businesses, exempting the government and state-owned companies from the 1% quota. This is a highly significant shortcoming – both because the state is the most important employer in Indonesia and because it should act as a role model for the private sector in providing decent employment and working conditions.

In addition, a National Action Plan on Human Rights for the years 2015 to 2019, RAN HAM\(^\text{14}\), which has been elaborated with support from GIZ, was enacted per Presidential Regulation (PP 75/2015) in the second quarter of 2015. This action plan will facilitate more specific affirmative action and the achievement of measurable indicators. Furthermore, it will complement those parts of the medium-term development plan RPJMN\(^\text{15}\) which elaborate on inclusive employment. RPJMN stipulates equal opportunities for persons with disabilities to work and their active role in economic activity. It stresses their economic potential and does not portray them as supplicants to private businesses. RPJMN highlights the essential role of inclusive employment towards a society of equal opportunities and solidarity.

While it is too early to evaluate the contribution of these action and development plans to inclusive employment, it has become clear that practical matters dominate the debate. Policy-makers have committed themselves to enhanced employment for persons with disabilities, but it is often the day-to-day implementation that requires innovative solutions.

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12 As a result of the transformation of PT Iamsostek to the non-profit, public legal entity BPJS Ketenagakerjaan. PT Taspen and PT Asabri members will be integrated by January 1, 2029

13 Disability Case Management has been developed and certified by the National Institute of Disability Management and Research (NIDMAR)


Towards Inclusive Employment - Synopsis

Preparation for the labour-market requires, firstly, sound education. This involves access to mainstream education at vocational training schools and universities, and at specialized institutions where these can make a difference. Labour-market relevance of training, as described above, is an ongoing concern due to Indonesia’s fast changing economy. Secondly, supporting inclusive employment involves a number of simple measures to reduce barriers and give incentives, such as workplace adjustments and integration subsidies with shared responsibilities for the public and private sector. Thirdly, rehabilitation and general risk protection promotes the preservation of productivity and prevents people from leaving the labour market where possible.

Further Reading

