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Youth within Transition:

Recent Developments in Education and Employment in Yogyakarta

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Yogyakarta as a parameter for the development of national education offers potential young and educated human resources. It is hoped that this potential will trigger youth's productivity to contribute in the demographic bonus and national development. From the perspective of economic growth, Yogyakarta tends to have an increasing trend when compared to that of national economy which tends to decline. However, the increasing trend can become a problem when the educated youth are unproductive and fails to transition from education field to working field. The data of Yogyakarta's GDRP from 2003 to 2013 shows a dependency on the trading, tourism and services sectors. Optimism towards those three sectors do show a percentage increase, but it is not in sync with the education potential and employment for the youth. There is a transition from young labour who are self- or family-employed into low-rank employees and paid labor. There are at least two effects of this phenomenon. First, the data shows that the number of unemployed youth become stagnant with high school as the highest completed education. This indicates a hindrance for transition among youth from secondary education to higher education. Second, this obstacle prevents youth from moving into a higher income bracket and traps them in below-average wages. In reality, economic growth is still reliant on the services and consumption sectors, thus a transitory approach is needed that can involve the youth not as an object but as a main feature of Special Region of Yogyakarta is needed.

Keyword: Youth Transition, Bonus Demography, Education, Employment, and Yogyakarta

1. Introduction

Indonesia, represented by the Ministry of Manpower has signed G 20 declaration in Beijing in July 2016, the declaration contains an agreement regarding a policy recommendation towards youth

unemployment, by increasing skills according to the labour market, increasing the quality of apprenticeship and sustainable, rational, and coherence wage policy principles. The G 20 members have agreed to achieve the goals by 2025.

Indonesia's involvement in signing the declaration is not a heedless move, until 2045 Indonesia will be in the midst of "demographic bonus" where the amount of young productive age is at its highest, this is what caused the government to come and signed the declaration. Furthermore, data from Indonesia's Central Bureau of Statistics shows that in 2014 as much as 9.5% (688.600) of the unemployed have either gone to a vocational school or even university. From that 9.5 % the highest unemployed, 495.143 persons, came from the former university student with a bachelor degree. It turns out not those who have lower than high school education that are unemployed the most, but those with vocational and college degree. On the contrary, there's a surplus of the worker for those with common middle and high school degree. This problem has given rise to many job vacancies filled with the incompetent worker. To decrease the incident of skill mismatch is an urgent matter to strengthen the competitiveness and productivity of Indonesia's economy.

Such condition affects Indonesia's youth wage and productivity, the minimum wage growth rate according to International Labour Organization (ILO) report of 2014-2015 has risen way above the average, this trend reflects a huge dependency in establishing a minimum wage and

emphasize the need for collective bargaining to promote the average wage growth. In addition to understanding this trend regarding minimum wage and average wage, we also need to understand the wage distribution by observing the median wage. There's a disparity between Indonesia's average wage and median wage, where the average wage is around Rp1952.589 on August 2014 meanwhile the median wage is around Rp1.425.000 on the same period. It shows that distribution of permanent worker according to the wage is very uneven, there're still many workers that receive a negligible wage.

Further analysis of the ILO 2014-2015 report shows that one in three permanent workers in Indonesia is the youth (33.6%) receiving a low wage (two-thirds of the median wage), therefore, some specific policies are needed to overcome the high number of low-wage cases in Indonesia. Overcoming low wage cases is very important to strengthen productivity and competitiveness of Indonesia's workforce, low wage causes a decline in worker's skill and acts as a signal to the employer that the worker has a low productivity. Such condition affects the economic logic of domestic demand. Household expense rate for consumption that's being supported by investment from poverty reduction programme and the increase of minimum

wage promotes an increase in household income and encourage enhancement of average demand. Household expenses are 56.1% of 2014 GDP. Keeping in mind that Indonesia's citizens are predicted to increase to 271 million in 2020 and 306 million in 2035, such strong personal consumption is predicted to come from the same youth of "demographic bonus" as stated in the second paragraph of this background, they're the one who will be the driver of Indonesia's economic growth.

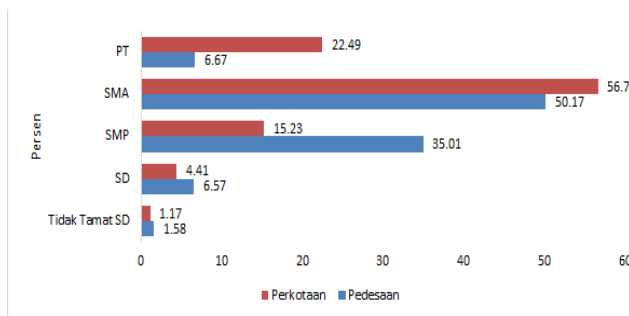
The development of Yogyakarta City and the toughening of higher education industry should show a relation between the youth, education, and workforce in Yogyakarta as a barometer of youth education and workforce based "demographic bonus" development. Yet, the reality is not that different from other cities. The low-income trap is still a problem for Yogyakarta, substantively Yogyakarta still has a fundamental problem. Special Region of Yogyakarta held the title as the most unequal province in Indonesia. Indonesia's Central Bureau of Statistics states that Yogyakarta's gini ratio as September 2016 is 0,425, higher than it was in March 2016 and September 2015, which was 0,42. From all 10 of the most unequal province in September 2016, five of them are located on the island of Java, including Special Capital District of Jakarta. From that list, six

provinces have above 0,4 gini ratio. That is to say that the six of them categorised as having moderate inequality. Gini ratio is an indicator to illustrate inequality with a range of 0-1. The number 0 means perfect equality and the number 1 means perfect inequality. If the number is <0,4, it's considered as low inequality, in the range of 0,4-0,5 considered as moderate inequality, and >0,5 considered as high inequality.

Furthermore, on praxis level, Yogyakarta is having a youth workforce surplus with high school degree, which is more than half of the percentage of youth working in the city (56.7%) and the village (50.17%). Such great number is what makes Yogyakarta's condition is pretty much the same as what's happening on the national scale, even if Yogyakarta held a high potential of youth studying in higher institution. Even in the village area, the number of youth working with a middle school degree is still very high, 35,01%, the same goes with the number of youth working in the city, only 22.49% of them have a higher education degree. This matter shows that First, the number of youth unemployed or seeking for work is stagnant, and the highest educational attainment is high school. It shows a failure of educational transition from high school college. Second, this is what's been making the youth unable to move to a higher income bracket and

stuck at the lower than national average income. As can be seen in diagram 1.1.

Diagram 1.1. Percentage of Youth working and Latest Education Special Region of Yogyakarta 2015



Source: Badan Pusat Statistik (2016), processed

The statement above is becoming interesting to review considering the occurrence can't be seen with the naked eye in a short period of time but the impact can be felt in the long run. As for the impact, there have been an emerging of unemployed person with high educational degree which is felt the most by the youth in productive age, the abundant of workforce with high school degree causes lower minimum wage, forcing workforce with a higher educational degree to follow the flow of high school graduates. As a result, a brain drain occurs, potential and productive workforce left their place of origin to seek better opportunities and prosperity. This condition is counterproductive with the spirit of regional development and the speciality concept of Yogyakarta. Even though as tangible force

the youth has a very strategic role in the development of Indonesia in general and Yogyakarta in particular. Furthermore, this research will answer two main problems. First, is youth become subject or object into development practice especially in Yogyakarta region, and second, what is the education effect in term of youth employment in Yogyakarta region.

2. Research Method

Methodologically, to go over such problematic has a strategic value to review and beneficial for stakeholders in the region to manage demographic bonus. To respond such matter has become relevant if this review emphasize literature reviews that refer to secondary data generated by governmental institution that's being supported by Act No. 14 year 2008 regarding public information disclosure act. The passion of this review also disseminate the trace of studies that refers to governmental institution itself in this case the Indonesia's Central Bureau of Statistics (BPS). Therefore, researcher deliberately limiting the data from the year 2003-2013, as for the data used obtained from Indonesia's Central Bureau of Statistics namely *Statistik Pemuda Indonesia*, in order to convince the policy maker. Therefore, literature study and secondary data analysis are the right choice to trace back the dynamics of educational and youth

employment data in Special Region of Yogyakarta.

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This research uses secondary data analysis to be tested quantitatively. The reason is to see the complete and consistent condition according to existing situation (Kuncoro, 2013). This research uses three sources taken from Survei Sosial Ekonomi

Nasional (Sunsenas) that have been processed in Statistik Pemuda Indonesia, Survei Tenaga Kerja Nasional (Sakernas), that have been processed in Indikator Tenaga Kerja, and data from Indonesia Family Life Survey (IFLS). In the other side, secondary data analysis is used for cost effectivity and time-saving (Kuncoro, 2013).

The use of IFLS's data in this research is to see the status of workers education and wages received. Moreover, IFLS also has a growing number of samples since its release. On the other hand, IFLS covers more or less 70 thousand individuals that are spread mainly across 13 provinces. The number of individuals are equivalent with 83% of Indonesia's population. The advantage that BPS doesn't have is that IFLS has a very long range and served as panel data, enabling to analyse changes in the same individual.

Furthermore, the operational of secondary data literature review is done by processing secondary data using descriptive study. Descriptive study is a form of analysis to deduce raw data so that it's able to be interpreted especially using central tendency measurement. In the occurring phenomenon, researcher also uses graphical method to see the relation between one variable with another variable.

Researcher believes that there are more limitation in conducting this secondary

data literature review. Some of that are the lack of periodical youth survey done by BPS, until now there's no youth survey with a long range. This then became the reason for researcher to use five years interval starting from 2003. With the result that this research has a different value-added with other researches.

3. Approach and Previous Study

From sociology side, the youth face social changes, both cultural and political, that can't be avoided in their lifetime. The risk of changes even has become the part of youth's life in their social transition phase (France, 2007; Furlong & Cartmel, 2007, in Rahadianto & Meiji, 2014). Special Region of Yogyakarta intentionally chosen as the location of study in this article because it's known as an education city, beside that Yogyakarta also developing into industrial that attracts youth job seekers just like Jakarta. As an educational city, it turns out that it still has a relatively high amount of youth open unemployment reaching 17,38% in 2010. This condition changed at 2015 into 11,95%. The decline of open unemployment doesn't mean that workforce were absorbed into a productive sector corresponding to their education.

The perspective of the youth transition, explains two aspects which are the transition itself is a space and time, and the youth as

the doer of such transition. Certainly, there are differences in responding changes between the youth and other generations, this condition shows that the youth is the creator and at once the doer of the change itself, then came the term do it yourself (DIY) that become the differentiator of culture among generation (Luvaas, 2012). Referring to said explanation, the youth try to create embeddedness of value, norm, knowledge, status and its role in a social system. For instance, the youth created slang, fashion, music, and the use of new social media as an effort to create their own world and react to variety of changes happening in the society.

Referring to the explanation of transition approach and embeddedness, this article's theoretic argumentation started with discussing the relation between the youth as an actor of transition with the concept of value and norm embeddedness that it has. Despite sociologically the youth often positioned as an object rather than a subject. This matter then traps us to discuss pathological dimension instead of its productive dimension.

From economic side, education, skills, and experiences affect individual income level, especially if the individual categorised into several levels (Lemieux, 2006). This caused by education that gives skills towards the individual, enabling it to

process output effectively and efficiently. Moreover, skill difference can happen among the group of educational level as well as inside an educational level group.

However, education is not the sole factor that affects individual income. Income can be affected by experiences or the work hour spent dealing with the job (Juhn, 1993). In the other side, income also affected by the quality of education received by the individual.

Past studies about income and productivity, one has been done by Tadjoeddin (2016). In the study, it's explained that productivity and income are not directly proportional. In the case of Indonesia, productivity encounter increase from year to year, whereas income experience stagnant increase. Indicating that workers don't get the benefit of increasing their productivity.

Furthermore, the second study done by Wenth in Klinken & Berenschot (2016:141-167) about entity and work ambition of youth in Pontianak. Shows that there is work segregation based on entity, this caused by culture and work orientation of the youth referring to identity construction that affects income, and access to socio-economic resources of youth job seekers in Pontianak, East Borneo.

Third study done by Ananta & Arifin in Darwin (2010:87-118), in their paper titled Migration, Ageing, and Economic

Development in Indonesia shows the relation between the background of the paper that states demographic transition is happening in global, regional, and local level, that affects the means of migrating. Data gathered in Yogyakarta shows types of migrant between 1995-2000, which is Inter Province as much as 19.586 or 74,56% and Intra Province 67.019 or 25.42%. It indicates that Yogyakarta is dominated by Inter Province migrant, and less than 30% migration happening between districts in the province. As for the means of migration most of the part are educational and job seekers in service and trade sector

4. Finding and Discussion

Yogyakarta as an education city has various potential and strength. Generally, Yogyakarta's economic potential lies one the youth and their education. With such great potential, this province has a main force in moving the economy. As can be seen in graph 4.1, Yogyakarta's economic strength potential has gone through some change since 2008.

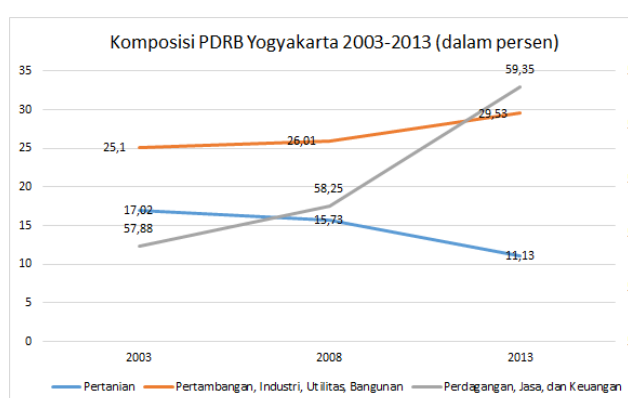
The change covers domestic income that came from the agriculture sector. Agriculture sector experienced a significant decline in the past 10 years. As a substitute, trading, financial, and services sectors have increased. Currently, the percentage has reached 60%. The change has its

explanations. Indonesia's economy has transformed structurally from manufacture into services. This transformation occurring from the field of work and type of work aspects that becoming more diverse. This raises a question because the agriculture sector that has been giving jobs to many people facing a decline in its contribution towards the economy.

Transformation of agriculture into services can be seen in graph 4.2. Whereas manufacture facing insignificant change. In 2003, 1 of 4 people working in the agriculture sector. But, the situation changed in 2013 where only 1 of 10 people working in the agriculture sector. Agriculture sector are less attractive because it has a low productivity. Including how one agricultural land can be owned by some individuals (the concept of agriculture involution).

In the period of 2003 until 2013, worker start moving to the trading sector, communication, and financial. This phenomenon caused by the fast growth of services sector giving direct benefits. In fact, in 2013, almost 7 of 10 people working in such services sector. Even though, services require high capability in order to give a better quality. Such quality will encourage services product to have an excellence that can be developed. Moreover, services sector was chosen because it's related to youth education. When the youth thrive from majority middle school to majority high school educational level, the chance to work in diverse services sector is opened. This is what drive Yogyakarta's economy.

Diagram 4.1 Gross Regional Domestic Product of Yogyakarta Province



Source: Badan Pusat Statistik (2016), processed

From employment side, agriculture doesn't attract people as a field of work.

Graph 4.2 Percentage of Youth Working by Field of Work



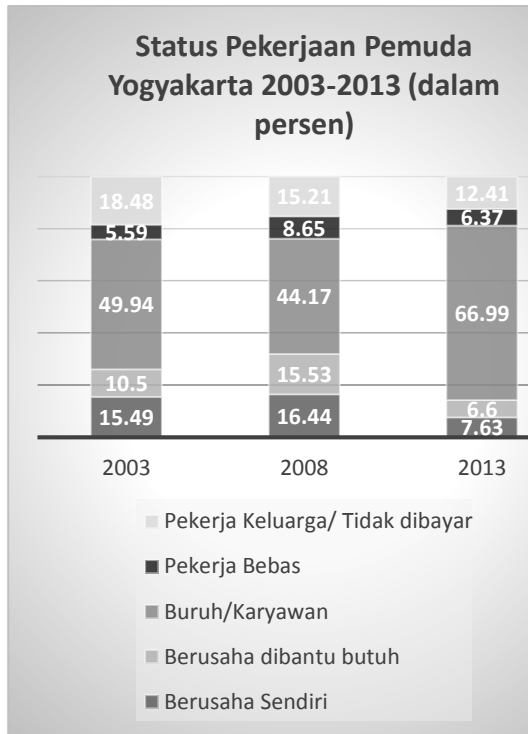
Source: Badan Pusat Statistik (2016), processed

Furthermore, the transition of employment sector in Yogyakarta must be connected into field of work or type of work that youth involved. We have analyzed that the changing of employment sector is from agriculture to service sector. Graph 4.3 shows that youth employment status in Yogyakarta has evolved from family-based worker into paid worker.

Looking at the field of work, it turns out that youth in Yogyakarta play a role in paid work. Either labour or employee depends on the wage or salary. Besides, this type of work is susceptible to the risk of inflation perceived by workers. This is caused by Yogyakarta's education system is focused on making paid worker, so that the role of the worker in power is still minimal.

Even though the type of work is at services sector, entrepreneurship sector that 's being promoted by the government doesn't appeal the youth in Yogyakarta. The youth are more attracted to be a paid worker that receives a salary. This raises a question whether or not the youth in Yogyakarta can interpret their province potential. Interestingly, family-based worker are declining since 2003. The family-based worker had a percentage of 15.4%. This condition changed at 2013, where only 7.6% worker are family-based. This shows that family doesn't become the base of economic chosen by the youth of Yogyakarta.

Graph 4.3 Yogyakarta's Youth Employment Status



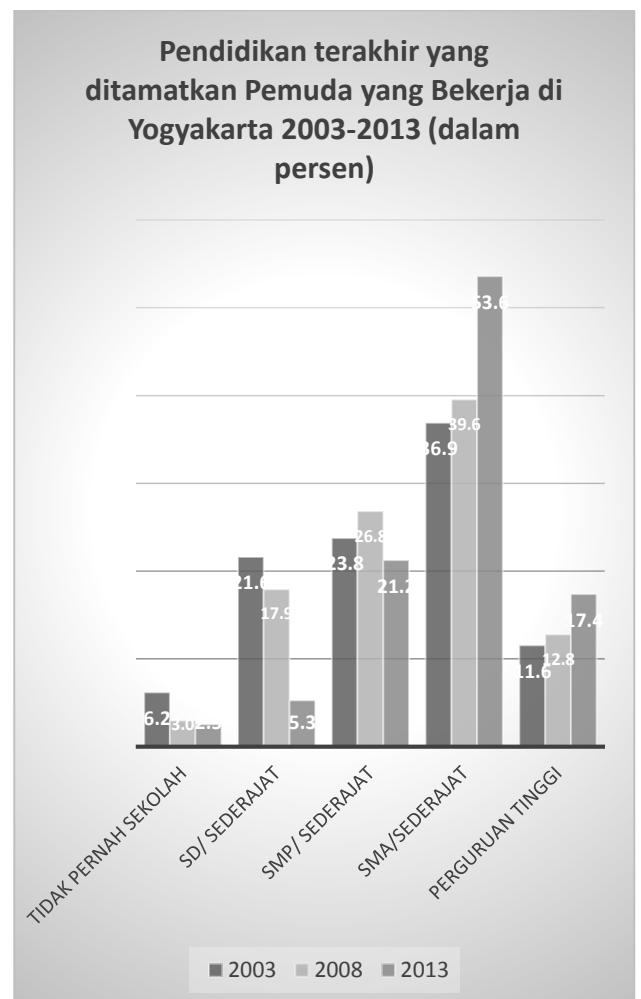
Source: Badan Pusat Statistik (2016), processed

From educational side, Yogyakarta's youth that works as an employee have equivalent to high school degree. In 2008, most of the youth that works have only elementary school degree. The massive development of education during 2008-2013, enabling the worker to obtain middle until high school degree. But, the increase of middle school degree percentage is not significant in promoting worker skills.

During 2008 until 2013, the youth in Yogyakarta have succeeded to achieve higher education. Almost half of the youth working have high school degree. But, as seen on graph 4.4 the percentage

of the worker with middle school degree doesn't decline significantly. It means that there is youth that trapped in middle education and haven't been able to continue to a higher level of education. If they're trapped in lower education, they have lower potential to receive earnings.

Graph 4.4 Yogyakarta's Youth Education Accomplishment



Source: Badan Pusat Statistik (2016), processed

When the youth failed to make an educational transformation, the education reciprocal, or the percentage of earnings received due to accomplishing certain education can be lessened. Even though, with educational transformation, potentially, there're changes of income composition of the youth in Yogyakarta. With the gradual transition, the youth are able to have a higher level of income. Generally, nominal of income level has been increasing from year to year during 2008 until 2013. But, most of the income still ranging from 500 thousand until 1.5 million rupiahs.

Only in 5 years, nominal income has been increasing in a remarkable way. In 2008, only 10% of the youth have higher income than 1.5 million rupiahs, in 2013, almost 25% of the youth have higher income than 1.5 million rupiah. This maybe causes inequality between Yogyakarta citizens that's becoming bigger each year.

Looking at income composition, people who have lower than 1 million income on 2008 are less than 80%. But, in 2013, that income reduced but bigger than 50%. If people don't run into changes of income composition there will be a decrease in purchasing power.

Graph 4.5 Income Composition



Source: Badan Pusat Statistik (2016), processed

Further analysis using IFLS data, the salary that earned by the worker in Yogyakarta per month encounter an increase. Graph 4.5 shows the average income based on education accomplished. Based on cross tabulation, income received by elementary school graduates are only 160 thousand rupiahs in 2007. This condition changed into 518 thousand in 2014. The change in those two years is 2.2 times compared to base year.

Different with elementary graduates, middle school graduates have a higher average income, but not much different from elementary graduates, counted 234

thousand rupiahs. In 2014, such condition changed into 670 thousand rupiahs. The change of income in those two years are 1.8 times compared to base year.

Besides, high school graduates receive an average of 333 thousand rupiahs in 2007. This condition changed at 2014, where the average income received became 936 thousand rupiahs. This shows a change of income as much as 2.5 times compared to base year.

From the graph, it can be analysed that the highest nominal increase occurs to the high school graduates. This condition is quite unique because the increase of nominal income doesn't slow down at a higher level of education, data shows that high school level has great increase of income.

Besides that, only those who have higher than undergraduate degree enjoy higher than 5 million rupiahs per month. This condition is happening and shows an increasing income inequality. But, the data from IFLS haven't covered worker in the informal sector so it can be biased. On one side, the worker will be more interested in income changes in high school level. So that after high school, the worker doesn't feel a great increase of income. In the reality, income

generated enlarge nominal differences among worker.

Graph 4.5 Cross Tabulation of Yogyakarta's

Accomplished education	Average income (thousand rupiahs)	Average indome (thousand rupiahs)	Change of income
	IFLS 2007	IFLS 2014	In ratio
Elementary	160	518	2.23
Middle	234	670	1.86
High	333	936	2.57
Undergraduate (S1)	660	1.410	1.13

Average Income

Source: IFLS (2009); IFLS (2016), processed

Nominally, the reciprocity of education due to worker accomplishing higher education will be lower than before. But, this doesn't happen in Yogyakarta. The biggest change lies with high school degree, which is the precondition on many fields of work Yogyakarta is a mix of education and services economy city, with such great potential the youth should have opportunities for higher education, and opening up entrepreneurship. But, what's happening is the opposite. The youth are more interested with jobs with fixed

salary. This group is vulnerable to the risk of inflation, or the up and down of economic cycle. Resting with solely salary, the youth employees don't have a share in the company and becoming only an object of services economy.

Furthermore, responding the data, the public policy orientation that should strive. The government should realise the importance of services economic structure in the youth of Yogyakarta. The youth should be invited to contribute in entrepreneurship, and becoming the subject or doer of regional development. The second thing is to facilitate the educational transition from middle to high school, certainly with necessary skills to contribute to the workforce market. Therefore, the composition of the worker in Yogyakarta have to be changed so that the youth workers don't depend solely on salary. Failure of transition will make Yogyakarta trapped in low income.

5. Conclusion

The educational transition towards youth work is an important aspect to be noticed by the policy maker in the current competitive era. The effort to encourage the educated youth is not enough in preparing competitiveness of the productive human resources of

demographic bonus. A transition road map is needed towards youth work that meets educational needs with available work on the regional and national level. Then, why is a road map needed? The absence of road map will furthermore blur the independency of the youth that are considered able to decide its own way out in the concept of *do it yourself* (DIY). On the contrary in 2035 this country will harvest the ageing generation of current demographic bonus.

The educational sector does hold a central role in giving employment opportunity especially the youth. The reciprocity of educational sector has to be reviewed furthermore because the youth of Yogyakarta is still an object, not yet a subject or doer of regional human resource development. The failure of educational transition towards employment of the youth in Yogyakarta shows that they're still trapped in nominal wage and vulnerable towards the financial risk.

On the other side, government policy in giving a smooth transition towards the youth have to be done, so that the worker in Yogyakarta have a higher income level compared to unskilled worker. Therefore, this study takes a position as reflective study due to the use longer

data interval. Although only three junctures, the changes can be caught in the dynamic of education and income development.

This research has the risk and opportunity of development, using a multidisciplinary approach, combining the concept of sociology and economy at once. It's expected to give variation in literature study. On the other hand, educational transition shift towards work can use study of a more complex quantitative research method. However, this research only includes and refers to quantitative data, from secondary literature analysis that doesn't represent all phenomenon occurring in the society.

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