

## **Trend Analysis of Indonesian Migrant Worker Profiles: Redirecting Strategy on Indonesia's Demographic Bonus**

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### **ABSTRACT**

*Indonesian migrant workers (IMW) make a significant impact not only for themselves, but also for their families, and country's economy. The top destinations for PMI include Malaysia, Saudi Arabia, Hong Kong, Taiwan, and Singapore, where they find employment in various sectors. However, Indonesia is entering a demographic bonus era, characterized by a large proportion of the population being in the working-age group. This demographic shift presents opportunities for economic growth, job creation, and increased productivity if effectively managed. Meanwhile, the rise of ageing population in several developed countries open more opportunities for PMI. Using a mixed-methods approach, with push full migration, population trend and aging population analysis, this study aims to analyze the evolving trends in PMI profiles and reassess their position in the international labor market. The study highlights the importance of understanding the changing patterns and identifying Indonesia's current positioning to devise effective strategies for PMI. The study findings indicate that the characteristics of PMI have become more diverse and cannot be represented only by one single profile. Based on the analysis, Indonesia has the potential to unlock its workforce potential, drive economic growth, and establish mutually beneficial partnerships by capitalizing on the demographic bonus. Strategic leveraging of this advantage and optimizing opportunities in the international labor market can facilitate Indonesia's economic development while prioritizing the well-being of its migrant workers.*

**Keywords:** *Indonesia Migrant Workers, Demographic Bonus, Population Aging.*

## **INTRODUCTION**

Working and freedom to choose work is one of the rights of Indonesian citizens. This right is contained in the 1945 Constitution, article 27 Paragraph (2) which states that every citizen has the right to work and a living that is worthy of humanity. This right is also stated in Law Number 13 of 2003 concerning Employment, article 31 which states that every worker has the same rights and opportunities to choose, get or change jobs and earn a decent income at home and abroad. Reflecting on the 1945 Constitution and Law Number 13 of 2003, the state, in this case the government, guarantees that every citizen can obtain work and a decent living. One of the efforts made by the government to carry out the mandate of this law is by sending workers to work abroad. Sending workers abroad is carried out because of limited job opportunities and the creation of job opportunities within the country.

The limited job opportunities that exist in Indonesia encourage many Indonesian workers to migrate abroad. On average, this migration is driven by economic motives. The economic motive in question is to get a job and a decent living. Globalization, which is causing the blurring of boundaries between countries, is making it easier for people to get information about migrating. This phenomenon is one of the incentives for Indonesian workers to work abroad.

The placement of Indonesian Migrant Workers (IMW) experienced a downward trend throughout 2014-2019. Data from BP2MI shows that around 429 thousand PMI were placed in 2014, 275,737 PMI were placed in 2015 and 276,553 PMI were placed in 2019. A total of 1.76 million PMI was placed during the 2014-2019 period. PMI who worked abroad during this period were spread across 202 placement countries. Of the 202 countries, the largest placements are in countries in the ASEAN region and Asia other than ASEAN. This decline in PMI placements was partly due to the moratorium with several placement countries which was still ongoing during the period in question. Other trends also show that IMW migration preferences have also changed. While Malaysia and Saudi Arabia were popular destinations in the past, there is now growing interest in advanced industrial countries such as Australia, South Korea, Japan and European countries. This shift can be associated with better job prospects, improved social well-being, and potentially a higher quality of life.

Apart from being able to help overcome the problem of unemployment, sending workers abroad also has benefits from an economic perspective. Remittances from PMI are a source of foreign exchange for the country. Apart from that, working abroad can also help improve the welfare of PMI families in Indonesia. Throughout the 2014-2019 period, PMI remittances experienced an upward trend. In 2014, PMI remittances were recorded at US\$ 8.3 million and increased to US\$ 11.43 million in 2019 (Hennigusnia & Kurniawati, 2021). There are indications that this increase in remittances is due to an increase in PMI with better skills and competencies, considering that the number of PMI placed during that period has decreased. Therefore, it is deemed necessary to improve the quality of PMI so that it can compete in international markets and have high bargaining power.

Indonesia is in the era of demographic bonus, a period when a country's working-age population proportion is relatively high compared to dependent population which offers potential economic advantages groups (United Nations, 2015). According to the 2020 Population Census, Indonesia's productive age reaches 70.72 percent, indicating

that the country is still in the period of demographic bonus (Warsito, 2019). However, the threat of an aging population looms, and Indonesia is vulnerable if it cannot get past the demographic bonus era. The peak of the demographic bonus is expected to advance in 2030 (Otoritas Jasa Keuangan (OJK), 2022) after which the productive age population, which previously dominated, will automatically shift to an old age (Hayes & Setyonaluri, 2015). According to the coordinating minister for Human Development and Culture, Muhadjir Effendy, the state must provide up to 2 million new jobs per year to meet the challenge of the demographic bonus (Otoritas Jasa Keuangan (OJK), 2022).

In contrast, aging-population countries, particularly in East Asia and Europe, often face labor shortages due to declining birth rates and an aging workforce. As of 2019, the global population aged 65 or over amounted to 703 million individuals (United Nations, 2019). This can serve as a solution to labor shortages and create employment prospects for Indonesian workers, as highlighted by the East Asia Forum (Martinez-Fernandez & Powell, 2009). Nonetheless, in order to fully capitalize on this demographic dividend, Indonesia must also prioritize the creation of productive job opportunities for individuals between the ages of 15 and 65, as emphasized by the Asian Development Bank (Asian Development Bank, 2018). This approach will enable Indonesia to maximize the benefits derived from its demographic bonus and promote economic growth.

This is not without reason because if this demographic bonus is not utilized properly, it will actually have a negative impact on the country's economy. Utilizing the demographic bonus is not just a matter of quantity, but must pay attention to quality issues. If quality does not increase significantly, then the demographic bonus has the potential to become a demographic disaster in 2045 because this year, Indonesia is predicted to experience a demographic bonus. First, Indonesia's HDI (Human Development Index) score is relatively low. According to the Central Statistics Agency (BPS), Indonesia's HDI in 2022 will reach 72.91. During 2010-2022, Indonesia's HDI increased on average by only 0.77 percent per year. HDI is an important indicator for measuring success in efforts to build the quality of human life. HDI is formed by 3 (three) basic dimensions, namely a long and healthy life, knowledge, and a decent standard of living (Sutawi, 2023).

Second, the intellectual intelligence (IQ) of the Indonesian population is low. Based on the World Population Review report on Average IQ by Country 2022, the average IQ score of the Indonesian population is only 78.49 and is ranked 126th in the world. IQ is a person's logical ability to reason, solve problems, learn, understand ideas, think and plan things. Even though it is not the only determinant of a nation's progress, the facts prove that people in developed countries generally have IQ scores above 100, such as Japan (IQ 106.48, world ranking 1), Taiwan (IQ 106.47, world ranking 2 ) Singapore (IQ 105.89, world ranking 3), South Korea (IQ 102.35, world ranking 6), and Germany (IQ 100.74, world ranking 10) (Sutawi, 2023).

Third, the unemployment rate for the Indonesian population is quite high. BPS recorded data for February 2023 that there were 7.99 million unemployed in Indonesia. This figure is 5.45 percent of the total annual workforce of 146.62 million workers. The unemployment rate will increase when the country's economic growth is low. Indonesia's economic growth was 5.17 percent in 2018, and 5.02 percent in 2019, then dropped drastically during the Covid-19 pandemic to minus 2.07 percent in 2020 and 3.69 percent in 2021, and increased again to 5.31 percent in 2022. This economic growth rate is still

lower than the scenario of the Ministry of National Development Planning/Bappenas in compiling the "Indonesian Vision 2045" that in the 2016-2045 period the Indonesian economy will be able to grow 5.7 percent every year. Every one percent of economic growth on average can create around 470,000 jobs. If Indonesia's economic growth can be accelerated by 5.7 percent per year, 2,679 million jobs will be created every year (Sutawi, 2023).

Fourth, Indonesian labor productivity is low. Labor productivity is the ability of the workforce to produce production goods. The more productive the workers in a country, the greater the goods or output produced by the country. Based on data from the International Labor Organization (ILO) in 2022, Luxembourg will be the country with the highest labor productivity in the world, reaching USD 128.1 per hour. This means that one worker in Luxembourg can contribute USD 128.1 (Rp. 1.8 million) per hour to the country's economy. Ireland ranks second in the country with productivity of USD 122.2 per hour. Singapore is in third place with productivity of USD 73.7 per hour. Meanwhile, labor productivity in Indonesia is only USD 13.1 (Rp. 190,000) per hour. This number places Indonesia in 107th place out of 185 countries. With such low productivity, it is very difficult for the Indonesian people to achieve a GDP of USD 23,199 per capita (Sutawi, 2023). In conclusion, this study aimed to carefully analyze the trend of the PMI labor market, reidentify the positioning PMI in the international labor market, as well as introduce new perspectives on achieving the full potential of Indonesia's upcoming demographic bonus.

## **LITERATURE REVIEW**

In previous studies, the author used several articles from scientific journals as a comparison of points of view which became the author's reference in conducting this research. The various studies selected are related to this research, such as marketing strategies for Indonesian migrant workers, legal protection for migrant workers, empowerment of migrant workers and others.

The first literature is a scientific journal with the title 'Strategi dan Program Pemasaran Pekerja Migran Indonesia (PMI) (Marketing Strategies and Programs for Indonesian Migrant Workers)' by Hennigusnia and Ardhian Kurniawati. This article examines PMI's marketing abroad which is still not handled professionally and comprehensively. What has happened so far is that the Indonesian Migrant Worker Placement Company (P3MI), as the spearhead of sending PMI, only prepares workers based on orders from users. In fact, with the industrial and economic development of PMI destination countries, there is nothing wrong if Indonesia as one of the PMI senders tries to increase the market share of a type of position in PMI destination countries, through comprehensive marketing techniques. The approach to marketing labor is not much different from the approach to marketing goods (Hennigusnia & Kurniawati, 2021).

Basically, in developing a workforce marketing strategy, it is necessary to decide which market segment you want to target, so that you can decide what position in that segment you will take. The marketing system must be determined and adapted to the ever-changing market environment and the hyper-competitive environment in marketing workers abroad. It is necessary to identify the strengths and weaknesses of the PMI delivery program that has been implemented. Apart from that, it is also necessary to identify and analyze the factors that influence PMI's overseas marketing strategy, so

Hennigusnia's research tries to develop PMI's overseas marketing strategy and program, which refers to the strengths, weaknesses, opportunities and threats to the process of sending and placing PMI abroad. This article provides important information regarding strategies for increasing PMI marketing by the government to other countries. The difference in research lies in the focus of the study discussed, where this research discusses the government's strategy in dealing with the demographic bonus through PMI and outlines PMI trend analysis using visualization which is a valuable approach in identifying migrant destination patterns.

The second article is a scientific journal with the title 'Perlindungan Hukum terhadap Pekerja Migran Indonesia di Luar Negeri (Legal Protection for Overseas Migrant Workers)' written by A.A Titah Ratihtiari. This article has a background related to legal protection for Indonesian Migrant Workers who work abroad, with the aim of analyzing legal remedies in protection of Indonesian Migrant Workers abroad and to examine in more depth what social security is for Indonesian Migrant Workers according to Law Number 18 of 2017 concerning Protection of Indonesian Migrant Workers. Using a writing method based on normative legal research, also known as library research, document study, or doctrinaire legal research. The government is pursuing legal protection for Indonesian Migrant Workers in the form of creating legal regulations which are expected to protect Indonesian Migrant Workers while working abroad. However, these legal protection efforts are still considered weak, because there are still many cases affecting Indonesian Migrant Workers. The government is obliged to protect all its citizens without exception, whether at home or abroad. In the future, the government can review regulations regarding the protection of Indonesian Migrant Workers so that there are no more cases that threaten Indonesian Migrant Workers (Ratihtiari & Parsa, 2019).

The last article is a scientific journal with the title 'Bonus Demografi sebagai Mesin Pertumbuhan Ekonomi: Jendela Peluang atau Jendela Bencana di Indonesia? (Demographic Bonus as Economic Growth: Window of Opportunity or Window of Disaster in Indonesia?)' written by Wasisto Raharjo Jati. This paper analyzes the demographic bonus and the result is that both in terms of production and consumption, the foundation is not yet strong as an engine for economic growth. Strengthening investment in human resources, such as improving educational infrastructure, improving nutritional quality, and similar things, has not received much attention. This can still be seen from the high dependency ratio between provinces and the Gini ratio index which still indicates inequality in demographics is still gaping. The large number of informal workers with inadequate work quality is not yet competitive enough to produce strategic industrialization. In terms of theoretical and practical understanding, the correlation between Indonesia's demographic bonus and economic growth is a unique case in population economic theory. On the one hand, the production aspect of the demographic bonus has not yet become a strong foundation for the demographic bonus (Jati, 2015).

However, at the same time, the consumption demographic bonus actually supports economic growth. This article provides important information regarding the impact of the demographic bonus which can actually provide positive benefits, especially from an economic perspective. However, the foundations related to regulations and the efforts of all parties, especially the government, still need to be maximized. The difference in research lies in the focus of the study discussed, where this research discusses the demographic opportunity side from the perspective of migrant workers, while the

research by Wasisto Raharjo Jati discusses the demographic bonus from a general perspective and does not focus its study on PMI.

## **RESEARCH METHODOLOGY**

In this study, a mixed-methods approach was employed to conduct a comprehensive examination of the topic. By integrating both quantitative and qualitative methods, a deeper understanding of the issues at hand was achieved. The study utilized official secondary data from reputable sources such as the World Bank, Asian Development Bank, Badan Pusat Statistik (Central Statistics Agency), The Indonesian Migrant Workers Protection Board of The Republic Of Indonesia (BP2MI), and other credible sources.

Quantitative analysis, including data visualization and its statistical interpretation, was employed to identify patterns and trends within the data. This allowed for a systematic exploration of the phenomena under investigation. Qualitative analysis, on the other hand, delved into personal experiences and viewpoints, providing rich insights into the lived realities of Indonesian migrant workers.

By combining both quantitative and qualitative approaches, a holistic perspective was attained. This comprehensive understanding of the issues surrounding Indonesian migrant workers informs potential solutions to address the identified challenges and improve their overall well-being and protection.

## **FRAMEWORK ANALYSIS**

### **PUSH-PULL MIGRATION THEORY**

Migration involves individuals permanently or semi-permanently relocating due to push and pull factors. Push factors, such as limited opportunities and poor living conditions, force people to leave, while pull factors like better jobs and living conditions attract them to specific destinations. Lee (1966) categorized migration factors into origin-related, destination-related, obstacles, and personal factors. Migration occurs when the push factors find solutions at the destination, and labor migration often results from job scarcity in sending areas and economic prospects in receiving areas. The flow of migration is affected by obstacles like distance, transportation, physical barriers, and immigration laws, and the number of migrants depends on pull factors and the presence of obstacles along the migration route.

### **POPULATION AGING**

Population aging refers to the increasing proportion of older individuals within the overall population, as defined by the UN. Differentiating between individual aging and population aging is important to avoid confusion, and alternative definitions can have varying implications for research and policy. Variations at subnational levels and the impact of globalization on population aging should also be considered. Projections indicate a rapid acceleration of population aging, prompting questions about the underlying factors (Lloyd-Sherlock, 2010).

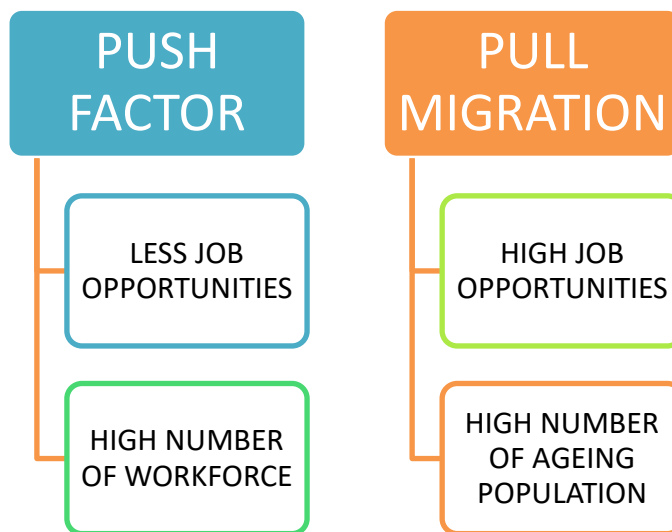
Education, health, employment, and income disparities emerge early in life. University-educated men live around eight years longer than their less-educated peers, while women experience a difference of 4,6 years. Health significantly affects earnings,

with low-educated men experiencing a 33 percent reduction compared to 17 percent for highly-educated men. The OECD emphasizes a life course approach to tackle these inequalities, focusing on prevention and affordability. In countries like Brazil, China, and India, integrating migrants into the labor force is crucial due to pronounced aging and health disparities. National policies, taxation, and integration initiatives can help manage conflicts and benefit both host and home countries (Makhroja et al., 2023).

#### PUSH PULL MIGRATION AND AGING POPULATION FRAMEWORK ANALYSIS

The connection between push pull factor migration and ageing population to analyze this issue can see on the picture below:

Figure 1. Framework Analysis



Push factors and pull factors are the main drivers of Indonesian migrant workers to work abroad. Push factors like economic opportunities, improved job prospects, and a higher quality of life significantly drive PMI seeking work overseas. The aging society in developed nations creates a demand for a productive workforce, and Asian countries like Indonesia are projected to dominate labor industries in these countries due to their young and productive workforce (Kudrna et al., 2022). This trend presents opportunities for PMI to fulfill labor force requirements abroad (**Sugiharto & Retnaningsih, 2021**).

The availability of opportunities in destination countries, including labor shortages and demand for specific skills, further encourages PMI to migrate in search of better opportunities and an improved standard of living. For instance, the lower salary and high unemployment rate are the most significant push factors for Indonesian migrant workers to work abroad. In contrast, the pull factors are higher salaries offered and numerous job demands due to the lower interest of the Malaysian population to do low-skilled work.

In summary, the push and pull factors play a crucial role in determining the supply of Indonesian migrant workers to other countries. The lack of job opportunities and high numbers of the workforce in Indonesia are the push factors, while the high job opportunities and aging population in other countries are the pull factors. These factors

have significant implications for labor markets, social services, and economic development in both sending and receiving countries. This is in accordance with the push pull up migration theory which states that migration involves the permanent or semi-permanent movement of individuals due to push and pull factors. Push factors, such as limited opportunities and poor living conditions, compel people to move, while pull factors such as jobs and better living conditions draw them to certain destinations. Lee (1966) categorized migration factors into origin, destination, obstacles, and personal factors. Migration occurs when push factors find solutions in the destination country, and labor migration is often the result of job scarcity in the sending area and economic prospects in the receiving area.

Meanwhile, trend analysis of using data visualization is a valuable approach in identifying patterns in migrant aims. Data visualization, specifically trend analysis over time, is a simple yet powerful tool in data analysis. It simplifies complex information by presenting it visually, making it easier to understand. Visual cues like line charts and bar graphs help uncover patterns and relationships in the data, as well as providing a concise and accessible means of sharing insights with decision-makers, stakeholders, and the general public. By examining data over time, recurring cycles, gradual changes, or sudden shifts in trends can be spotted, leading to valuable insights and further investigation into underlying causes.

For decision-making, trend analysis provides a strong foundation as a quantitative basis for decision-makers to understand migration dynamics and can contribute to evidence-based policy and program development. Thus, It enables them to evaluate progress, identify areas of success or concern, and make informed decisions based on the data.

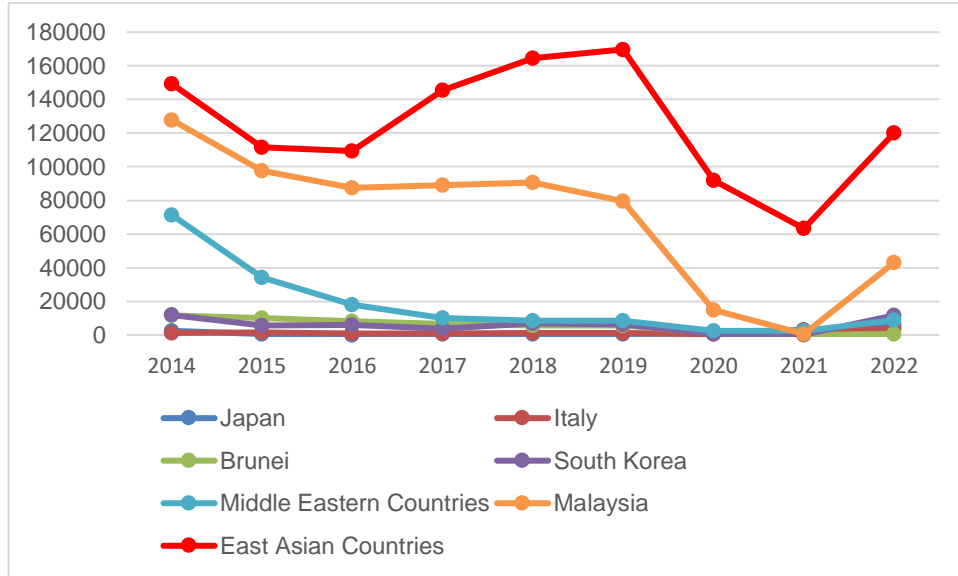
## **RESULTS AND DISCUSSION**

### **TREND ANALYSIS ON PMI PROFILES BETWEEN 2014-2022**

The characteristics of PMI have undergone changes, leading to a diversified profile that can no longer be generalized. However, analyzing labor migration data poses challenges due to insufficient and inconsistent data, lack of comparability caused by differing concepts and methods, and limited data availability, particularly with the earliest data found dating back to 2014. Employing data collected from BP2MI from 2014 to 2022, the trends of PMI profiles analyzed are presented below.

Figure 2. Trends of popular countries for PMI during 2014-2022



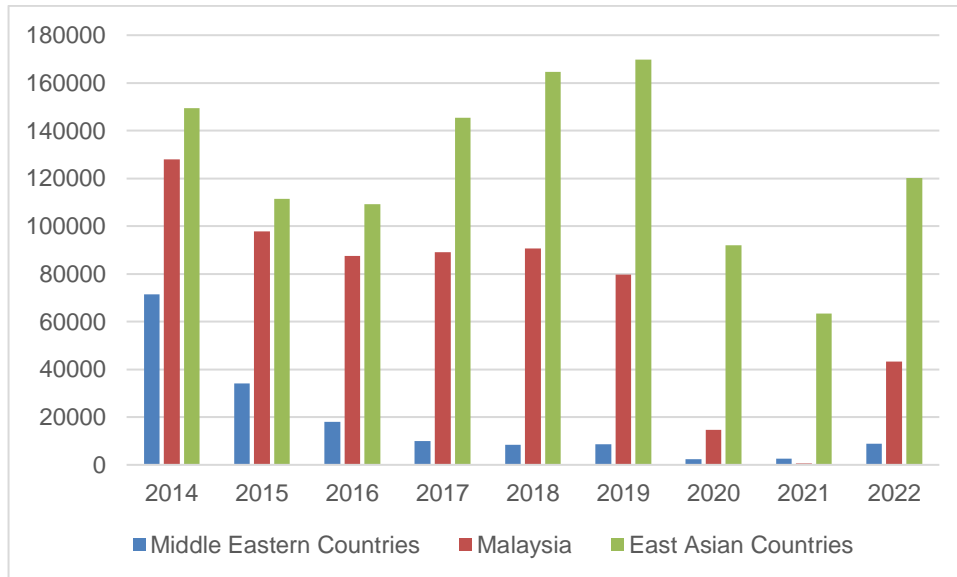


Source: (Statista Research Department, 2023)

According to report by World Bank in 2017, PMI are mainly categorized into three main groups based on destination countries, which are:

- (1) Middle Eastern countries have seen an average of 7 percent of PMI in the past decade (BP2MI, 2022). The United Arab Emirates and Saudi Arabia have been the main contributors of remittances in Asia, with the UAE sending USD 43 billion in 2020 (International Organization of Migrants, 2021).
- (2) Malaysia attracts a significant number of PMI due to its proximity to Indonesia, with agricultural and construction jobs being the most sought-after by undocumented workers (World Bank, 2017). Undocumented male workers in these sectors represent around 21 percent of the total PMI population in 2022.
- (3) East Asian countries like Chinese Taipei, Hong Kong SAR, and Singapore have accounted for approximately 59 percent of total PMI in recent years (BP2MI, 2022).

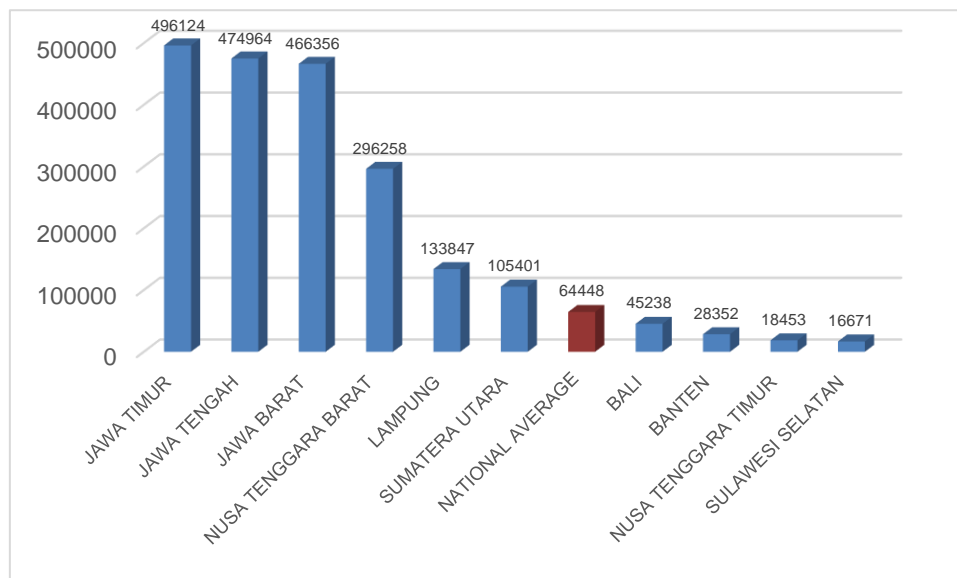
Figure 3. Top three destination group based on World Bank



Source: (World Bank, 2023)

The number of PMI from 2014 to 2022 reveals regional variations and trends. The top 10 provinces with the highest numbers include Jawa Timur, Jawa Tengah, Jawa Barat, Nusa Tenggara Barat, Lampung, Sumatera Utara, Bali, Banten, Nusa Tenggara Timur, and Sulawesi Selatan. Additionally, only the first 6 provinces surpass the national average i.e. Jawa Timur, Jawa Tengah, Jawa Barat, Nusa Tenggara Barat, Lampung, and Sumatera Utara.

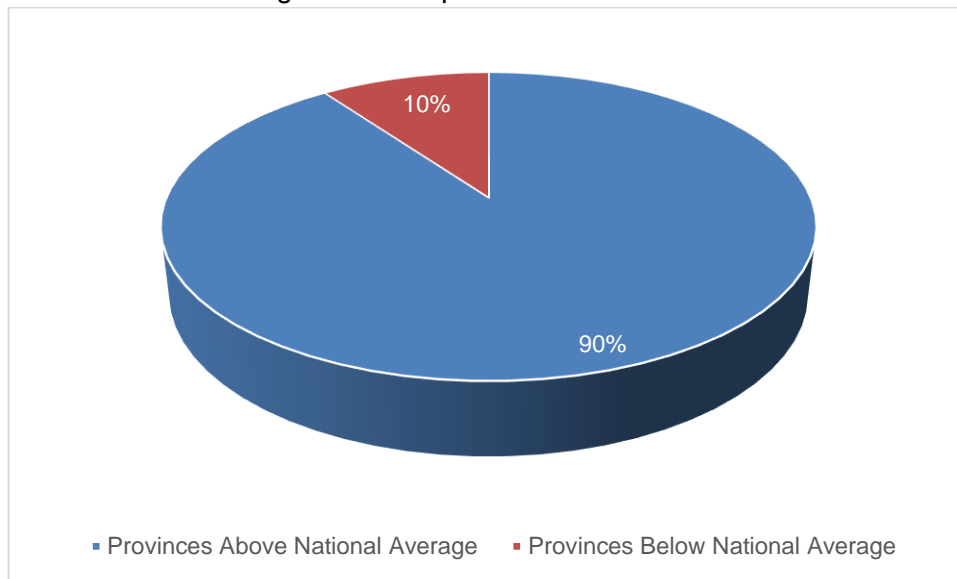
Figure 4. Total PMI Outflows by Province 2014-2022



Source: (Caroline & Pujiono, 2022)

Out of the 34 provinces in Indonesia, the six provinces that surpass the national average of PMI make a substantial contribution to the overall migrant labor force. Together, they account for approximately 90 percent of all PMI, showcasing their significant impact on international labor migration.

Figure 5. Groups of PMI contributors

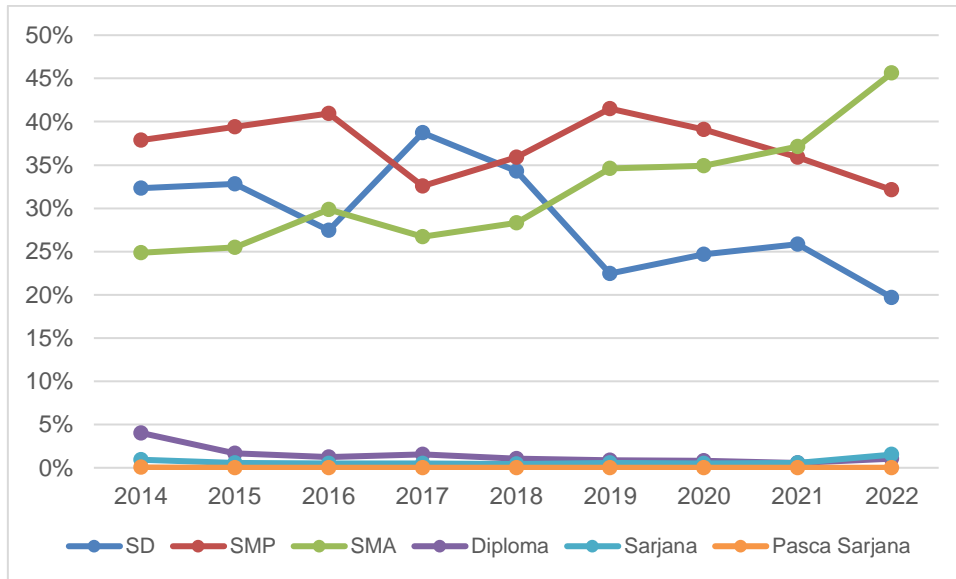


Source: (BP2MI, 2022)

Using data from BP2MI report (2022), it can be inferred that Sulawesi Tenggara, Kalimantan Utara, Sulawesi Barat, Maluku, Maluku Utara, Kalimantan Tengah, Bangka Belitung, Papua, Gorontalo, Papua Barat are on the bottom ten of PMI contributors. This concentration of PMI in a few provinces further underscores the importance of understanding and addressing the unique challenges and opportunities faced by these regions in managing migration flows and ensuring the welfare of PMI. Furthermore, beside the documented ones, there are around half of PMI work abroad without proper documentation, with a majority of them being men who migrate to Malaysia. An estimated 4.5 million undocumented migrants are currently working overseas (BP2MI, 2022).

Most PMI in Indonesia have lower levels of education, although their educational attainment has been gradually improving over time. In 2022, one fifth of them have only finished elementary school (SD), one third of PMI have completed secondary school (SMP) and nearly half of them have finished senior high school (SMA). This percentage has improved compared to the last decade when the percentage of high-school graduated PMI only approached 25 percent of total PMI population. Despite the improvement, 52 percent of current PMI are low-skilled, who never reached high school.

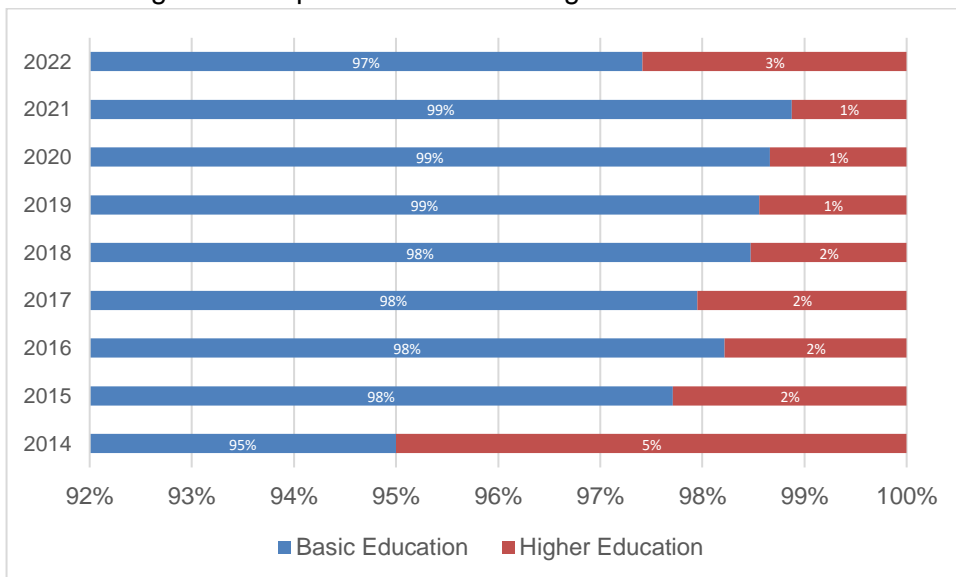
Figure 6. Trends of PMI by education 2014-2022



Source: (Uksan, 2022)

Having a closer look to the line, it can be easily spotted that the data clustered naturally into two main groups i.e. the PMI with basic education (SD, SMP, SMA) dominating the proportion, and the PMI with higher education (Diploma, Sarjana, Pasca Sarjana) having very small contribution that never exceeded 5 percent during the decade.

Figure 7. Proportion of basic vs higher education 2014-2019

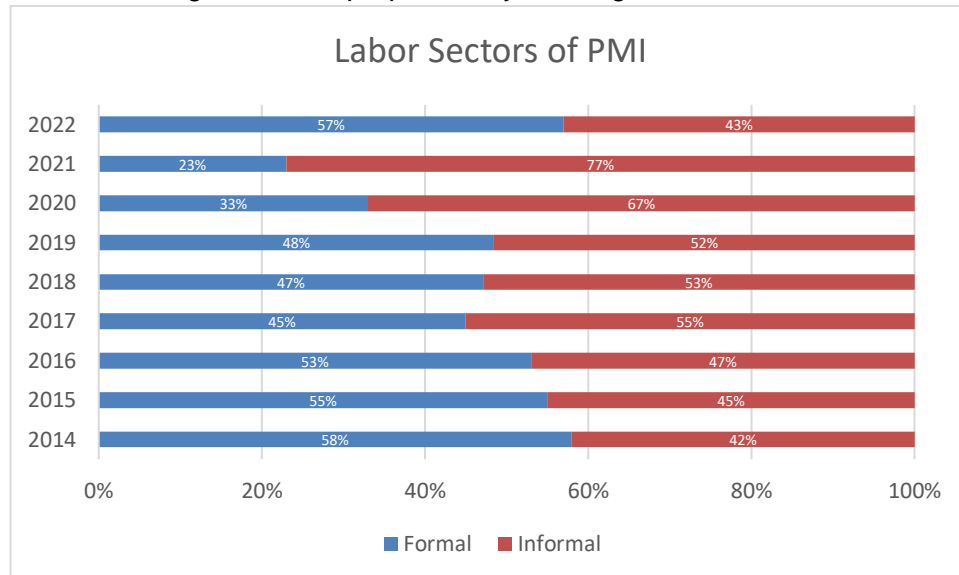


Source: (Caroline & Pujiono, 2022)

A significant number of PMI are involved in low-skilled occupations within the informal sector due to their limited education, inadequate skills, and fierce competition with foreign labor migrants. This preference for informal work arises from the lack of formal job opportunities both in their home country and abroad, making sectors such as domestic work, agriculture, construction, small-scale businesses, and informal services more accessible. However, working in the informal sector exposes PMI to precarious

conditions, insufficient wages, and a lack of social security benefits. Their limited qualifications and skills often restrict their prospects for upward mobility and accessing higher-skilled positions in their destination countries.

Figure 8. PMI proportion by working sectors 2014-2019

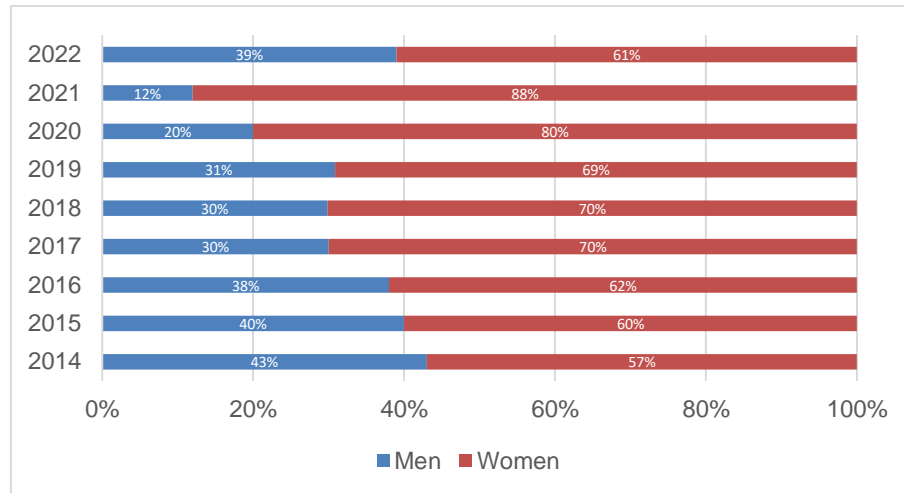


Source: (World Bank Indonesia, 2017)

The informal sector provides a source of income for PMI and their families, allowing them to contribute to the local economy and support their loved ones back home. However, the lack of formal employment protections and benefits exposes these workers to vulnerabilities and challenges such as exploitation, long working hours, and limited avenues for career advancement.

The landscape of PMI experiences shifts over time, with certain periods characterized by the predominance of female PMI. There is a significant growing demand for domestic helpers and service-oriented roles abroad where female workers are often sought after for their caregiving and household assistance skills. The phenomenon highlights the dynamic nature of migration patterns and the evolving roles and opportunities for women in the labor market.

Figure 9. PMI proportion by gender 2014-2019



Source: (Magdalena, 2020)

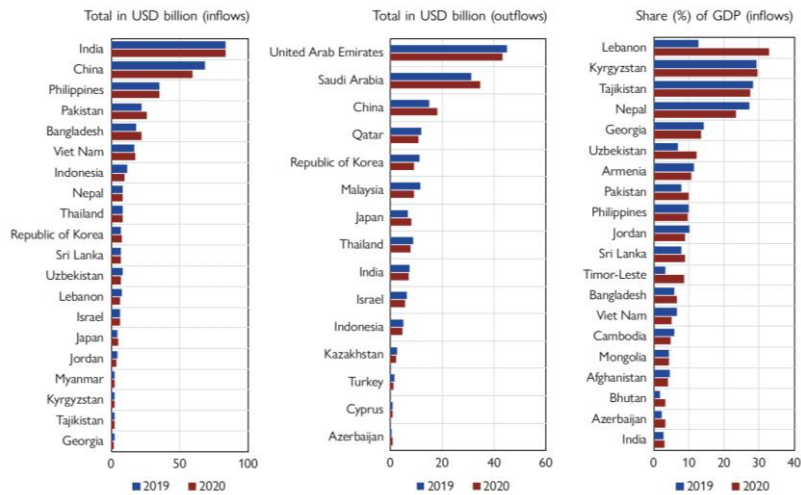
Women PMI with lower levels of education tend to secure employment in the Middle East and Malaysia, while those with higher education often migrate to developed East Asian countries. The variation in educational backgrounds reflects the minimum education requirements set by destination countries for specific job demands (RCA+, 2015).

#### RENAVIGATING INDONESIA'S POSITIONING ON INTERNATIONAL LABOR MARKET LANDSCAPE

According to UN DESA (2022), below are the key highlights in current international labor market landscape:

- (1) The number of international migrants has been steadily increasing, reaching 281 million in 2020, accounting for 3,6 percent of the global population.
- (2) Women accounted for 135 million of migrants, while men accounted for 146 million in 2020.
- (3) Remittances, which are a primary form of income for many families in origin countries, have significant economic impact and accounted for over 10 percent of GDP in many low- and middle-income countries.
- (4) Remittances have been associated with improving human development outcomes in areas such as poverty reduction, health, education, and gender equality.
- (5) International remittances have surpassed official development assistance (ODA) levels, indicating their importance in supporting economic development and welfare in developing countries.
- (6) Remittances to low- and middle-income countries reached a record high of \$589 billion in 2021, exceeding the sum of foreign direct investments (FDI) and overseas development assistance.
- (7) Despite initial forecasts of COVID-19 impacts, remittances experienced only a slight 1,7 percent drop in 2020 and are projected to increase by 7.3 percent in 2021.

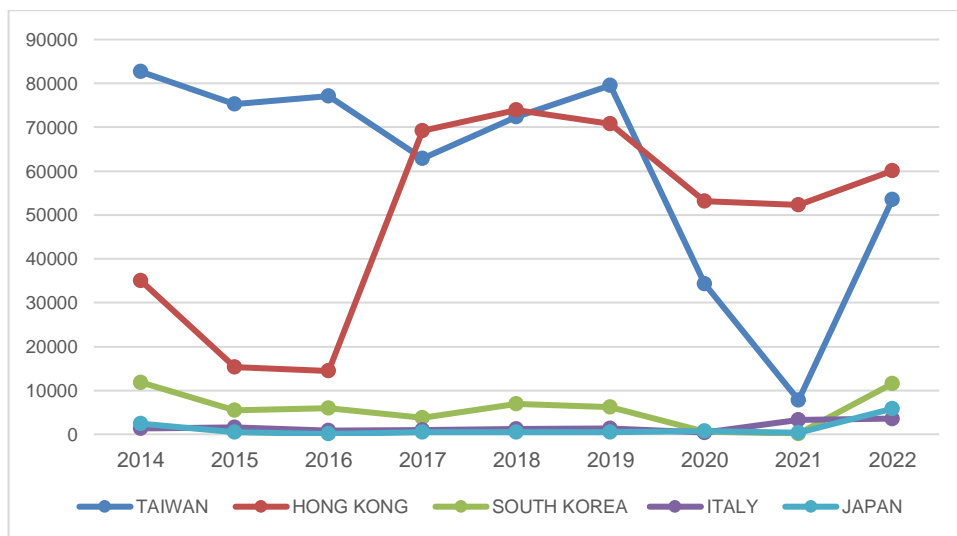
Figure 10. Top Asian international remittance recipient and source countries 2019-2020 (The Global Migration Group (GMG), 2017)



Source: (The Global Migration Group (GMG), 2017)

Indonesia possesses a considerable potential for maximizing remittance inflows by strategically leveraging its demographic bonus in relation to high-income sectors in aging population countries. Given Indonesia's large pool of working-age individuals and its abundance of skilled workers, there is an opportunity to capitalize on this advantage by directing its workforce towards sectors experiencing high demand in countries with aging populations.

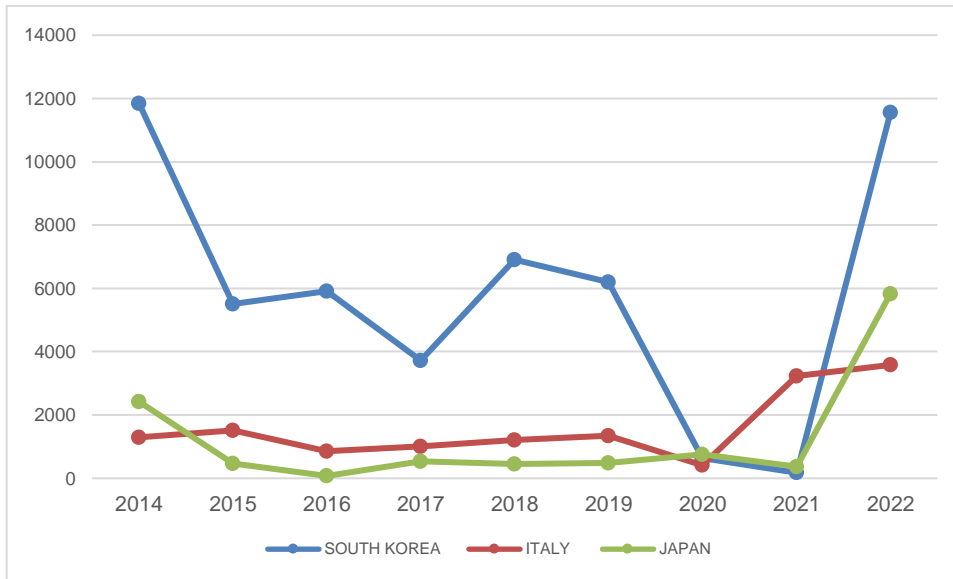
Figure 11. Trend of PMI in aging population countries



Source: (Sabri et al., 2022)

Japan, South Korea, and Italy, for instance, have a growing need for professionals in healthcare, technology, and caregiving industries due to their aging populations.

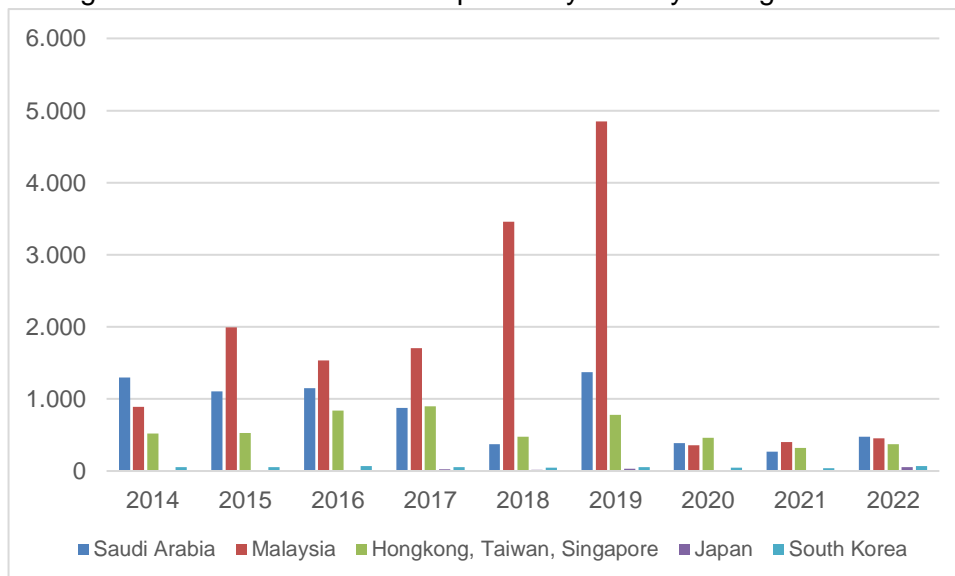
Figure 12. Trends of PMI in South Korea, Italy, and Japan



Source: (Maksum, 2021)

Japan, South Korea, and Italy are considered better choices for PMI in terms of security compared to Malaysia and Middle Eastern countries. The factors that contribute to their superior security include stable political systems, established governance structures, and strong rule of law. These countries prioritize the safety of residents and migrant workers, maintain low crime rates, and have comprehensive labor laws and regulations to protect workers' rights. They also provide support systems and resources for social integration, language training, and access to healthcare. In contrast, Malaysia and some Middle Eastern countries may have differences in legal protection, challenges in employment practices, and socio-political dynamics that could pose risks for migrant workers.

Figure 13. Number of PMI complaints by country during 2014-2022



Source: (Nugroho et al., 2023)



## REDIRECTING PMI STRATEGY FOR DEMOGRAPHIC BONUS

Taking into account the population explosion issue, Indonesia has emerged as a country of considerable potential, boasting a substantial pool of industrious workers. However, the national economic landscape in Indonesia is constrained by a scarcity of employment opportunities. In light of this, the emergence of opportunities from various industrialized nations, characterized by a significant aging population, presents a favorable scenario for Indonesian workers. This not only grants them access to new avenues for professional growth but also holds the promise of potential long-term implications for the Indonesian economy. Then, below are strategy recommendations in redirecting Indonesia's advantage on demographic bonus to achieve its full potential in the international labor market:

### (1) Harnessing the Demographic Bonus to Emerging Market

The demographic bonus in Indonesia presents an opportunity to optimize the productive working-age population. Indonesia should strategically expand its market presence to countries like Japan, South Korea, and Italy, which have aging workforces and a high demand for skilled, high-paying jobs. To increase the participation of Indonesian migrants in South Korea and Japan, where existing government-to-government (G2G) programs have yielded relatively low numbers, efforts should focus on strengthening bilateral cooperation. Regular dialogues and negotiations can expand the scope of G2G programs, enabling more PMI to be recruited in high-demand sectors. Promoting awareness through outreach campaigns, vocational training, and counseling services is vital for informing potential migrants about the benefits and opportunities available. Thus, Indonesia can foster greater participation in these markets and provide its workers with improved employment prospects and support systems. By targeting these markets, Indonesia can address its own demographic challenges, create opportunities for its skilled workforce, and contribute to the economic growth of both Indonesia and the destination countries.

### (2) Investing in Skill and Training Programs

Capitalizing on these opportunities, Indonesia must prepare its workforce by providing targeted training and education programs that enhance their skills and qualifications. This may involve language training, cultural orientation, and specialized vocational education to equip PMI with the necessary competencies for success abroad.

### (3) Recognizing Low-Skilled Occupations

Understanding the prevalence of low-skilled occupations among PMI is crucial. To improve their employment prospects, strategies should be directed towards creating formal job opportunities in sectors such as domestic work, agriculture, and construction. It is essential to improve labor protections, enforce fair wages, and provide access to social security benefits in these sectors to enhance the well-being and rights of PMI.

### (4) Promoting Ethical Recruitment Practices

Addressing the issue of undocumented migration is paramount. Promoting ethical recruitment practices and strengthening collaboration between sending and receiving countries, as well as international organizations, can establish transparent and regulated migration pathways. Emphasizing the importance of legal migration channels and discouraging irregular migration will safeguard the rights and well-being of PMI.

(5) Fostering Cross-Sector Partnerships

Collaboration between government agencies, private sector employers, civil society organizations, and educational institutions is essential. By fostering cross-sector partnerships, a holistic approach can be developed to address the needs of PMI. This includes providing skills training, job placement assistance, and entrepreneurship support. Such initiatives will enhance the economic prospects of PMI and promote their social integration within the receiving society.

Implementing these comprehensive strategies will enable Indonesia to capitalize on its demographic bonus, empower PMI, and create a more inclusive and sustainable future for its migrant workforce. Simultaneously, these efforts will contribute to the overall development of the country by utilizing the potential of PMI to drive economic growth and social progress.

## **CONCLUSION**

Indonesia's demographic bonus occurs when the working-age population surpasses the dependent population, presenting economic opportunities. With a significant portion of its population in the working-age range, Indonesia is currently experiencing this advantage. In contrast, countries with aging populations face challenges due to a declining workforce and a growing elderly population. This creates opportunities for Indonesian migrant workers (PMI) to seek employment in countries with aging workforces.

PMI's migration preferences have also shifted. While Malaysia and Saudi Arabia were popular destinations in the past, there is now a growing attraction towards advanced industrial countries like Australia, South Korea, Japan, and European nations. This shift can be attributed to better job prospects, improved social welfare, and a potentially higher quality of life.

Effectively utilizing the demographic bonus and the international labor market opportunities is crucial for supporting Indonesia's economic growth. Targeting countries with aging workforces, expanding government-to-government programs, and promoting vocational training and awareness campaigns are essential steps. Investing in skill and training programs, recognizing low-skilled occupations, promoting ethical recruitment practices, and fostering cross-sector partnerships are also vital.

By capitalizing on the demographic bonus, Indonesia can optimize its working-age population, expand market presence, and address demographic challenges. Creating formal job opportunities, improving labor protections, and establishing transparent migration pathways are important for safeguarding the rights and well-being of PMI. These efforts will enhance the economic prospects of Indonesian migrant workers and contribute to their social integration in destination countries.

In conclusion, Indonesia can unlock its workforce potential, drive economic growth, and establish mutually beneficial relationships by leveraging the demographic bonus. Strategic actions to harness this advantage and maximize opportunities in the international labor market will support Indonesia's economic development and the well-being of its migrant workers.

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