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Employment Social Protection for Indonesian Migrant Workers in South Korea: Probability and Policy Review

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Abstract

The Government-to-Government (G2G) program significantly increases the number of Indonesian Migrant Workers (PMI) in Korea. As a developed country, South Korea is committed to protecting all workers in its territory, including migrant workers from Indonesia. However, the employment social security of the South Korean government is not fully able to cover the risks and needs of PMI. Protecting migrant workers' rights to social security is important. It is also the responsibility of the Indonesian government through BPJS Employment, not only to ensure equal treatment in social security for migrant workers but also to expand social security coverage for populations that are currently unprotected. Therefore, it is important for employment social security administrators to increase the probability of migrant workers becoming BPJS Employment participants. Using the logistic regression method and Sakernas data for August 2021, it was found that migrant workers who work in the formal sector, with work contracts, and have BPJS Health membership have a higher tendency to become Employment Social Security participants.

Keywords: Employment Social Security, Logit, PMI, G2G, South Korea

INTRODUCTION

Higher economic growth in an area provides higher opportunities for the workforce. This condition drives migration which is described as the movement of population from areas with low economic growth to areas with higher economic growth (Wijayanti & Turgel, 2021). Migration is influenced by driving factors from the area of origin due to decreased employment opportunities, political stability, conflict, natural disasters, and so on. On the other hand, the attractive factors of the destination area also have an effect, such as the hope of better opportunities, a high standard of living, a comfortable living environment, and better education.

The term of migrant worker itself is defined in different contexts. According to the UN Convention, a Migrant Worker is someone who will be, is, or has been engaged in gainful activities in a country of which he is not a citizen. Meanwhile, the ASEAN consensus defines migrant workers are people who work abroad and are *paid in the country where they work*. Indonesia is a country that has a relatively high number of migrant workers.

In 2021, the number of global migrant workers increased more than twofold from 101 million to 272 million (IOM, 2021). Where women constitute almost half of all international migrants. In Indonesia, it is counted almost 68-78 percent of migrants are women and 90 percent are domestic workers in private homes (Pasadilla & Abella, 2012). The World Bank itself in its projections estimates that the number of Indonesian Migrant Workers (PMI) abroad reach 9 million people, where according to the BP2MI report in 2020, it shows that 79% of migrant workers placed to work abroad are women, it increases from the previous year which reached 69 % and dominates the informal sector. However, both informal and formal PMIs have relatively regular salaries or incomes that are much better compared to similar professions in the country.

Table 1. Salary Range for Indonesian Migrant Workers Abroad

Country	Formal	Informal
Singapore	N/A	Minimum salary (new migrant workers): 689 SGD (6.89 million) – 9 million (for old ones)
Hong Kong	N/A	Minimum salary: 4,630 HKD (8.52 million) Average: 5,144 HKD (9.5 million)
Taiwan	22,000 NT (11.3 million) – 24,000 NT (12.36 million)	18,000 NT (9.2 million) - 20,000 NT (10.3 million)
South Korea	15-30 million (including overtime)	NA
Malaysia	1,498 MYR (minimum wage) or 5 million	1,200 MYR (4 million)
Saudi Arabia	N/A	1,000-1,500 SAR (3.8-5.7) million

Source: DJSN (2023)

This research focuses on Indonesian migrant workers in South Korea. Based on the data, South Korean formal workers are able to provide salaries in the range of 15-30 million including overtime. The relatively high salary offer compared to other Asian countries has caused Indonesian migrant workers to start considering South Korea as a destination country for working abroad. Based on the data, in 2023, there are around 12,580 Indonesian citizens working in South Korea. This number increased from the previous year, where migrant workers from Indonesia working in South Korea reached 11,550 workers.

The increasing number of Indonesian citizens working in South Korea must be accompanied by labor protection, considering that based on the data, PMI or Indonesian migrant workers have the potential to face various work risks such as (1) Salaries below the provisions (underpaid), (2) Salaries paid late, (3) Withheld salaries, (4) Not receiving overtime or allowances according to provisions, (5) Long working hours, (6) Physical violence, (7) Sexual violence, (8) Psychological violence and so on. Report from ILO 7 related to the conditions of migrant workers in ASEAN, including Indonesian migrant workers.

The following are PMI cases from August 2017 to November 2021 based on the type of risk and cases experienced:

Table 2. PMI cases in August 2017

Type of Risk	Cases
Medical costs resulting from employment injury	127
Disability compensation	69
JKK Death Security	59
JKM Death Compensation before and after work	63
JKM Death Compensation while working	187
JKK program scholarship for PMI	40
JKM program scholarship for PMI	150
Repatriation assistance due to employment injury	19
Assistance for layoffs due to employment injury	16
Transportation costs due to employment injury	17

Source: Indonesian Ministry of Manpower in DJSN (2021)

The high risk experienced by PMI requires the government to provide social protection for migrant workers. Protecting migrant workers' rights to social security is important, not only to ensure equal treatment in social security for migrant workers but also to expand social security coverage for currently unprotected populations. Improving social security coordination between countries through bilateral and multilateral agreements as well as ratification of relevant international Conventions must be a top priority of social policy, considering that the welfare of millions of migrant workers and their families is at stake. Moreover, the portability of social security rights is not only important for workers and their families but also undoubtedly facilitates the free movement of labor within and between economic zones, making it essential for the functioning of labor markets to be integrated well.

In the last two decades, Indonesia has achieved extraordinary progress in developing social protection for workers, including vulnerable groups. The Indonesian government is committed to creating an inclusive and effective social protection system, covering women, children, and migrant workers, as well as supporting the transition from the informal to the formal economic sector. In line with this goal, the International Labor Organization (ILO) and the Government of Indonesia are

focusing on expanding inclusive social security and its better management, ensuring easy and inclusive access to services for all workers.

This policy is in line with the Sustainable Development Goals (SDGs), especially in building a social protection system and eliminating forced labor practices, modern slavery, human trafficking, and child labor. In this context, this research aims to evaluate the probability of migrant workers receiving basic social security and examine the possibility of low-educated migrant workers remaining prosperous after returning to Indonesia through special old age security for migrant workers.

This paper emphasizes the probability of Indonesian migrant workers being protected by employment social security, as well as explaining the conditions of PMI in South Korea who are protected by employment social security. Next, this paper discusses the unilateral steps that have been adopted by South Korea to protect PMI. The paper concludes with a summary of the challenges and possible ways to achieve better protection for Indonesian migrant workers.

Since social security benefits are usually provided based on periods of employment, economic activity, or residence, registration with a national social security scheme is a prerequisite for obtaining social security rights. Therefore, this paper focuses primarily on the social security rights of “regular” migrant workers (i.e. migrant workers with formal and legal employment contracts), rather than those described as migrant workers with “informal” status.

METHODS

This research targets migrant workers who are registered as BPJS Employment participants, including in Employment Injury Security (JKK), Death Security (JKM), and Old Age Security (JHT) schemes, based on the data from the National Labor Force Survey conducted by the Indonesian Central Bureau of Statistics in August 2021. The definition of migrant workers used in this research follows the convention that describes migrant workers as individuals who will, are, or have worked for wages in a country of which they are not citizens. The UN Convention excludes some categories of workers from this definition, particularly civil servants and official representatives of a country posted abroad in a diplomatic capacity. Social security agreements also exclude these categories of workers from coverage or provide special provisions regarding social security for them.

The data regarding predetermined variables and indicators are collected and analyzed using the logit method. The aim of this analysis is to identify the characteristics of migrant workers who are BPJS Employment participants through three insurance schemes: Employment Injury Security (JKK), Death Security (JKM), and Old Age Security (JHT). The following is the operational definition and formation of variables in this research:

Variable	Information	Type of Variables	Question Number
Dependent Variable of Logit Model			
Employment Social Security	Probability of PMI Covered by Employment Social Security 1=Yes, 0=No	Varies between observations	r23b; r23c; r23d; r23e
Independent Variable of Logit Model			
formal	Employment Status 1=Formal 0=Informal	Varies between observations	r12a
Tki_skill	Skill mastery 1=skilled 0=unskilled	Varies between observations	r6
cont	Work contract 1=having a work contract 0= not having a work contract	Varies between observations	r24
healthcare	Membership in the JKN program 1=Already a JKN participant 0=Not a JKN participant	Varies between observations	r23a
underemp	Working hours 1=under employment 0=full employment	Varies between observations	r16a
mar	Marital Status 1=married, 0=not married	Varies between observations	r4
gen	Gender 1=male 0=female	Varies between observations	K4

To achieve the objectives of this research, a quantitative approach is used with a logistic regression model. This model is used to identify factors that influence the probability of Indonesian migrant workers becoming employment social security participants. The equation used in this analysis is as follows:

$$\text{Logit}(Y) = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + \beta_7 X_7 + \varepsilon$$

Logit (Y) is Participation Status in Employment Social Security (Yes/No), β_0 is Intercept, β_1, \dots, β_8 is the slope of the regression model, X_1 is Employment Status (1=Formal, 0=Informal), X_2 is skill mastery (1=skilled, 0=unskilled), X_3 is work contract (1=having a work contract, 0= not having a work contract), X_4 is membership in the JKN program (Already a JKN participant=1/Not a JKN participant=0), X_5 is working hours (under employment=1/full employment=0), X_6 is Marital Status (1=married, 0=not married), X_7 is gender (1=male, 0=female). The tests used are the g test statistic to test the role of explanatory variables simultaneously and the Wald test to test the effect of variable coefficients partially, while the interpretation of the binary logistic regression equation uses the odds ratio. The odds ratio is the ratio of the odds of success to failure of the response variable.

The following is the logistic regression model or formula adopted from Ghazali which is used to test hypotheses based on the variables to be studied:

$$\begin{aligned} \ln \frac{P}{1-p} &= \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + \beta_7 X_7 + \varepsilon \end{aligned}$$

The determination of the probability in each research model is calculated using the Marginal Effect. In the Linear Probability Model (LPM), the direction coefficient directly measures the change and probability of an event as a result of a change of one unit in the independent variable, assuming the other independent variables remain constant. The direction coefficient (slope) or regression coefficient measures the average change in the value of the independent variable if the other independent variables remain constant.

In logit variables, the direction coefficient of a variable shows the magnitude of the change in the value of *'the log of the odds'* because there is a one-unit increase in that variable if the other variables remain constant. In a logit model, the *rate change in the probability of an event happening* is given by $B_j P_i(1 - P_i)$, where B_j is the partial regression coefficient of the independent variable or the j th regressor. However, in calculating P_i , all variables involved in the analysis must be included. Thus, all independent variables would be involved in calculating probability changes. Whereas in LPM, only the j th regressor is involved. To overcome this, in the logit model analysis, the marginal effect (dy/dx) is used to measure variable X against Y.

RESULTS AND DISCUSSION

Based on Indonesian workers who have gone abroad to work in the last 5 years, based on Sakernas 2021, it can be seen that 90.48% of them do not have BPJS employment membership; 60.09% fall into the unskilled labor category. Apart from that, work contract agreements tend not to be based on work documents. However, compared to employment security, 17.72% of Indonesian workers who have gone abroad to work in the last 5 years already have national health insurance. Most of them or 62.45% are full-time workers with marital status dominated by married and male workers.

Article 28 H of the 1945 Constitution stipulates that "Every person has the right to social security which enables his/her full development as a dignified human being." In addition, Article 34 paragraph (2) of the 1945 Constitution mandates the state to develop a social security system that covers all people and empowers the weak and underprivileged people in accordance with human dignity, in order to ensure that every citizen receives adequate social security. This includes migrant workers,

Indonesian Migrant Workers (PMI) are Indonesian citizens who must be protected by social security which includes the National Health Insurance (JKN), Employment Injury Security (JKK), Death Security (JKM), Old Age Security (JHT), and Pension Security (JP). The following are the results of the logit analysis regarding the participation of PMI in the employment social security program.

Dependent Variable: Social Security employment	
(1)	
VARIABLES	General Model
1.formal	0.0551* (0.0320)
1.tki_skilled	0.00272 (0.0261)
1.cont	0.118* (0.0642)
1.healthcare	0.595*** (0.123)
1.underemp	-0.0355 (0.0225)
1.marital	0.0201 (0.0216)
1.gen	-0.0128 (0.0332)
Observations	408

Based on the result of the logistic regression, migrant workers who work in the formal sector have a 5.51% greater chance than those who work in the informal sector to become BPJS employment participants. In this case, workers in the formal sector have a higher commitment from both the company and employee side to becoming members of BPJS employment. However, the 1945 Constitution mandates that social security is the right of all Indonesian people, including PMI. Referring to one of the principles of SJSN, namely mandatory membership, PMI as Indonesian citizens must be included in SJSN.

The logit regression result further shows that PMI who have work contract have a 11.8% greater probability than those who do not have work contracts to become BPJS Employment participants. Diversification of employment arrangements reflects the diversity of emerging forms of employment, which reflect the needs of the business world and workers. BPS distinguishes four types of work (1) PKWT is an abbreviation for Certain Time Work Agreement, (2) PKWTT is Indefinite Time Work Agreement, (3) Verbal Agreement, and (4) No contract.

Migrant workers who do not have work contracts in this study are those who work with a verbal agreement or no work contract. Migrant workers often face disadvantages in social security protection and entitlement to benefits compared to national workers who reside and complete their entire working period in one country. Many of these problems are rooted in programs embedded in national laws and regulations or in contracts that bind workers.

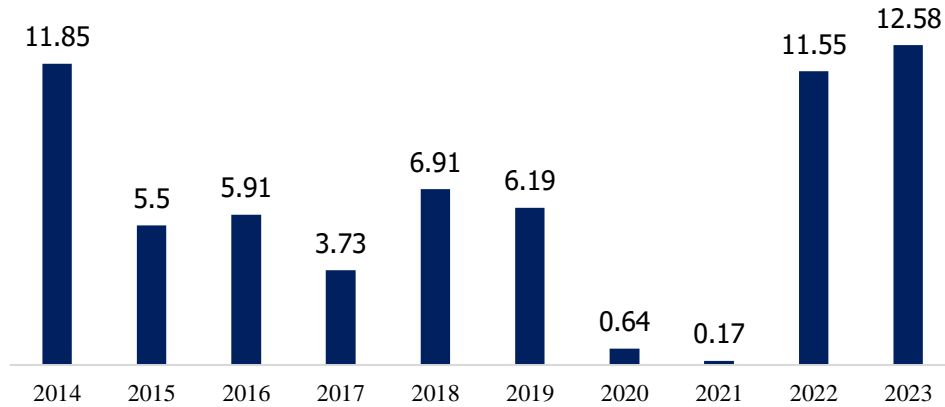
One of the factors that hinders the protection of migrant workers is the territorial principle (Hall, 2012). Where the scope of application of social security laws, such as national laws, is limited to the territory of the country where the law is passed. As a consequence of this principle, migrant workers may not only lose coverage under the national social security system in their country of origin, but also face the risk of limited or no coverage in the country where they work (Levitt, Viterna, Mueller, & Lloyd, 2017)

Migrant workers' social security rights can also be influenced by citizenship principles. Although a number of countries recognize equal treatment between national and non-national workers in their social security laws, some countries discriminate against migrant workers through national laws that exclude certain categories of migrants, or in more extreme cases, all foreign nationals from coverage or right to social security benefits, or apply less favorable treatment to such groups based on this principle (WHO, 2017).

Social Security for Employment of Indonesian Migrant Workers in South Korea

South Korea has become a popular destination for Indonesian migrant workers in recent years. This is also encouraged by the Government-to-Government (G2G) program. Based on the data, in 2023, there are around 12,580 Indonesian citizens working in South Korea. This number increased from the previous year, where migrant workers from Indonesia working in South Korea reached 11,550 workers. Indonesian migrant workers to South Korea have increased quite rapidly in the last 2 years. This is happening partly because Indonesia and South Korea are intensively implementing the Government-to-Government (G2G) program.

Number of Indonesians in thousands



Cooperation between Indonesia and South Korea in the context of migrant workers is carried out through a Government-to-Government (G2G) mechanism to ensure the protection and welfare of Indonesian migrant workers in South Korea. This program aims to facilitate the legal and orderly placement of Indonesian workers in South Korea, as well as ensure that the rights of migrant workers are protected. One of them is through the Employment Permit System (EPS). South Korea operates a Work Permit System (EPS) which allows low-skilled workers from Indonesia to work in various sectors such as manufacturing, construction, fishing, and agriculture. This EPS program is carried out through G2G collaboration between the Ministry of Manpower of the Republic of Indonesia and the Ministry of Manpower and Welfare of South Korea.

The implementation of G2G between Indonesia and South Korea also includes employment social security. Where the insurance membership status for migrant workers in Korea depends on their visa status and the type of visa they have. There are four relevant types of insurance: work accident compensation insurance, national health insurance, national pension, and employment insurance (Park & Kim, 2016; Seol, 2012)

First, all migrant workers are entitled to employment injury compensation insurance. This insurance provides benefits to workers if an accident, illness, or other incident occurs during their employment (Seol, 2012). Although irregular migrant workers can also take advantage of this insurance, in reality, they tend to be reluctant to report work accidents for fear that the report could reveal their whereabouts in Korea and threaten their residence status (Seol, 2012)

Second, national health insurance is one of the main social insurance programs that covers medical costs for insured participants (Yi, 2013). If the workplace participates and pays the insurance costs, the worker can become an insured participant. However, workplaces for small business employees, personal caregivers, and housekeepers do not cover employment injury compensation insurance. Workers in this category can join independent insurance. However, if migrant workers have other health insurance that covers their health benefits, they can opt out of national health insurance (Seol, 2012)

Third, national pension benefits are available to foreign workers based on the principle of reciprocity (Kwak & Wang, 2022). Citizens from Indonesia, where Korea has social welfare agreements, are required to participate in the national pension as employees or self-employed. However, citizens from Indonesia are not eligible for the self-employed national pension. Meanwhile, citizens of other countries such as Vietnam, Cambodia, Pakistan, Bangladesh, Nepal, Myanmar, and East Timor cannot participate in national pensions. Fourth, employment insurance is voluntary and not mandatory for all migrant workers (Kim, 2002; Kwak & Wang, 2022)

In addition, there are special insurance programs designed for low-skilled foreign workers through the Employment Permit System (EPS), such as Departure Guarantee Insurance (DGI), Wage Payment Guarantee Insurance (WPGI), and Return Cost Insurance (RCI). Through DGI, payments can be claimed when migrant workers return to their home country at the end of their contract or after changing their place of employment after one year of working in Korea. WPGI allows low-skilled migrant workers to file administrative litigation regarding unpaid wages with Seoul Guarantee Insurance. They can receive unpaid wages up to a maximum of 1780 USD (two million KRW), in accordance with the provisions of the Standard Employment Contract. RCI, which is purchased by the

worker himself, covers the costs of the worker's return to their home country. The cost of this insurance varies depending on the country of origin, airfare costs, and other related costs. A worker can claim payment after their employment contract ends upon departure.

In Indonesia itself, special labor protection for PMI has been implemented by BPJS Employment with protection benefits including Employment Injury Security (JKK), Death Security (JKM), and Old Age Security and special benefits such as losses due to actions of other parties, layoff assistance, up to 1 month before the work agreement ends, placed not in accordance with the work agreement, assistance for PMI victims of rape, assistance for failure to leave, placement failure, problematic PMI repatriation, and placement not in accordance with the work agreement. In this case, PMI will receive a protection program when PMI is placed by the Placement Implementer and has paid contributions to receive protection before, during, and after work, or individual PMIs have paid contributions to receive protection before, during, and after work. Where the protection provided by BPJS Employment to PMI has a protection period starting a maximum of 5 months before employment. If the participant has not left for the placement country after 5 months, the participant is required to register for the protection program and pay back the contributions before starting work. Plus, the period of the participant protection program while working is a maximum of 25 months with certain conditions.

Currently, the programs run by BPJS Employment for PMI are only limited to the JKK, JKM, and JHT programs and several special benefits. Meanwhile, other benefits such as protection due to unpaid salaries, and legal issues are not part of the duties carried out by BPJS Employment. Based on the DJSN report (2021), when PMI experiences illness or a work accident, neither the JKN program managed by BPJS Health nor the JKK program managed by BPJS Employment cannot cover the curative financing. Certainly, the limitations in guaranteeing curative costs when PMI are sick or have a work accident are caused by the provision that BPJS Employment and BPJS Health can only provide curative financing benefits within the country. However, PMI social security participation in BPJS Employment is still relatively low, when compared with the number of PMI who work abroad. Referring to the report result from the World Bank, it is estimated that there are 9 million PMI abroad, both those who departed procedurally and non-procedurally.

CONCLUSION

Cooperation between Indonesia and South Korea in the context of migrant workers is carried out through a Government-to-Government (G2G) mechanism to ensure the protection and welfare of Indonesian migrant workers in South Korea. Protecting migrant workers' rights to social security is important, not only to ensure equal treatment in social security for migrant workers but also to expand social security coverage for currently unprotected populations. Migrant workers have become one of the pillars of national economic growth and contribute significantly to state income and economic productivity.

South Korea is specifically committed to protecting all workers who work in its country, including migrant workers from Indonesia. On the other hand, the Indonesian government through BPJS Employment is also committed to protecting PMI. Based on the results of the logistic analysis, formal migrant workers who have work contracts have a greater probability than those who work informally and do not have work contracts to become BPJS Employment participants. Migrant workers without work contracts are defined as PMI who work with a verbal agreement or no work contract. Such migrant workers often face a loss in social security protection and their rights to benefits in one country. Many of these problems are rooted in programs embedded in national laws and regulations or in contracts that bind workers. Therefore, it is important for migrant labor suppliers to require clear work contracts for migrant workers. On the other hand, the results of the logistical analysis show that PMI with participation in other social security programs (JKN) is the biggest factor in increasing the tendency of workers to become participants in social security employment.

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