



## The Probability of Migrant Workers Becoming Participants of BPJS for Employment

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### Abstract

Protecting migrant workers' right to social security is essential, not only to ensure equality of treatment in social security for migrant workers but also to extend social security coverage to currently unprotected populations. Migrant workers have become one of the pillars of national economic growth and contributed significantly to state revenues and economic productivity, through high remittances. Therefore, the organizers of employment social security need to increase the probability of migrant workers becoming BPJS Employment participants. By using the logistic regression method and Sakernas data for August 2021, it was found that migrant workers with work contracts and BPJS for health membership have a higher tendency to become participants in employment social security. Recommendations for membership extension for migrant workers can be made with several alternatives such as, (1) justifying or adjusting payment schemes for migrant workers who work in the informal sector abroad (2) encouraging the expansion of the coverage of migrant workers, BPJS for Employment can carry out socialization of the program by collaborating with BP2TKI and Indonesian Migrant Worker Placement Agency (P3MI) (3) It is necessary to encourage employers to register their workers in employment social security, through document requirements for the distribution of migrant workers.

## INTRODUCTION

Migrant workers have become one of the pillars of national economic growth and contributed significantly to state revenues and economic productivity, through high remittances or income sent into the country. These remittances are not only able to provide financial benefits for the welfare of working families but also act as a catalyst in increasing the country's foreign exchange. Based on the data from the World Migration Report 2020, Indonesia is included in the top 10 countries in Asia that receive remittances from its migrant workers. Remittances obtained from Indonesian Migrant Workers (IMW) in 2017 reached US\$ 8.78 billion and increased to US\$ 10.97 billion in 2018 or equivalent to 6.91 percent of the State Budget revenue 2019. This increase in remittances is directly proportional to growth in the number of IMW (Ukhtiyani & Indartono, 2020). This condition is strengthened by a significant increase in the number of PMI in 2022 which reached 170% compared to the previous year, where the proportion of growth of Indonesian female migrant workers is higher than male migrant workers. In 2022, BP2MI recorded a total of 200,761 IMW placements, of which 61% were women or 122,147 people.

As of September 2019, there were around 2 million migrant workers documented in Malaysia, compared to the national workforce of 15.8 million people (Malaysia, Department of Statistics Malaysia 2019). Migrant workers in Malaysia are only allowed to work in six sectors, which are manufacturing, construction, plantations, agriculture, services, and domestic work (Hofhuis et al., 2015). PMI records around 35.2 percent of the total migrant workers documented in Malaysia which is the largest compared to all countries. Of the six economic sectors, the plantation sector is the largest contributor of migrant workers from Indonesia. A total of 201,050 Indonesians were reported by the Malaysian Ministry of Human Resources working in the sector. The plantation sector in Malaysia includes commodities such as palm oil, rubber, and timber. Apart from the plantation sector, the palm oil industry also includes the manufacturing sector (palm oil factories and refineries). Documented migrant

workers in both economic sectors are significant, with a total of 273,079 documented migrant workers in plantations and 699,430 in manufacturing across all industries, as of June 2019 (ILO 2020). The majority of the workforce on oil palm plantations in Malaysia are migrant workers, with industry estimates placing the figure at 77 percent of all employees (Azman et al. 2018).

The placement categorization of migrant workers in Malaysia is in the high-risk category. Therefore, social security schemes must be able to protect migrant workers, especially for work accident insurance and death security. Workers must be protected from work situations that refuse to fulfill basic rights at work or jobs that risk the life, health, freedom, and security of workers. Social protection can play an important role in freeing people from the fear of poverty and fulfilling the promises of the Universal Declaration of Human Rights. The extension of social protection, which is based on a basic social protection foundation, is an important part of achieving justice and inclusiveness. In addition, social protection can contribute to improving human capital and stimulate greater productivity.

International migration flows are recently becoming more complex and diverse, with changes in the form, status, direction, and duration of the migration experience. In contrast to the trend of permanent displacement, temporary migration is becoming more prominent. International migrants are currently a very diverse group, including many dominated by seasonal workers, temporary contract workers, skilled migrant workers, and workers with illegal status. International migration is currently included on national, regional, and global policy agendas because the movement of labor across borders has become an important and enduring global phenomenon related to growth and development.

The greater flow of people across national borders and the more diverse forms of migration create new challenges as migrant workers face many disadvantages in doing work, including low rights to legal certainty, discrimination, and a lack of social security. This is since the territorial nature of social security and the diversity of systems make it difficult for migrant workers to obtain allowance. Specific difficulties relating to social security can arise when workers migrate from one country to

another. As migrant workers play an increasingly important role in the model of increasing economic integration, more workers will face the risk of losing their right to social security. In fact, of the nearly 200 million migrant workers and members of their families recently, only a minority may enjoy social security benefits. In addition, the more workers move from one country of work to another, the higher the vulnerability of workers will be.

Protecting migrant workers' right to social security is essential, not only to ensure equality of treatment in social security for migrant workers but also to extend social security coverage to currently unprotected populations. Improving social security coordination between countries can be done through bilateral and multilateral agreements and ratification. Relevant international conventions must be a top priority for social policy because the welfare of million migrant workers and their families is staked. Moreover, the portability of social security rights is not only important for workers and their families but undoubtedly facilitates the free movement of labor within and across economic zones, therefore, it is highly needed for the functioning of a well-integrated labor market.

In the last 20 years, Indonesia has made significant progress in promoting social protection for workers, including vulnerable groups (Zastrow & Hessenauer, 2022).

Indonesia supports the realization of effective and inclusive social protection for all, which includes vulnerable groups including women, children, and migrant workers, as well as the promotion of the transition from the informal to the formal economy. Through this commitment, the ILO and the Government of Indonesia will focus the expansion of social security on an inclusive and better managed social security system for all workers and inclusive and easily accessible services (Suryahadi et al., 2014). The output of these policy priorities is in line with the Sustainable Development Goals (SDG) on social protection systems and on eradicating forced labor, modern slavery, human trafficking, and child labor. Based on the conditions mentioned above, this research would be looked at the probability of migrant workers receiving basic social security, and the probability that low-educated migrant workers are

protected to remain prosperous after returning to Indonesia through special old-age insurance for migrant workers.

## RESEARCH METHODS

The subject of this research is migrant workers who become members of BPJS Employment (Employment Injury Security, Death Security, and Old Age Security) based on the data from the National Labor Force Survey conducted by the Indonesian Central Bureau of Statistics in August 2022.

The subject of migrant workers in this study is based on the convention that defines a migrant worker as someone who will, is, or has been engaged in activities for which he is paid in a country where he is not its citizen. The UN Convention excludes certain categories of workers from the definition of migrant workers, in particular civil servants and other representatives of a country who are placed in another country in a diplomatic, consular, or other official capacity on behalf of the sending country. Social security agreements also exclude these categories of workers from applying their provisions or have specific provisions regarding the social security coverage of these workers.

The data related to the variables and indicators that have been determined, collected and analyzed using the logit method. The result of this step is to know the characteristics of migrant workers who become members of the Employment BPJS through 3 schemes namely employment injury security, death security, and old age security)

To answer the research objectives, this study uses a quantitative research method with a logistic regression model, to determine the factors that influence the probability of agricultural sector workers becoming social security participants in the field of employment. The equation used is as follows:

$$\text{Logit}(Y) = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + \beta_7 X_7 + \beta_8 X_8 + \varepsilon$$

Logit (Y) is Status of Participation in Employment Social Security (Yes/No),  $\beta_0$  is Intercept,  $\beta_1, \dots, \beta_8$  is the slope of the regression model,  $X_1$  is Working Status (1=Formal, 0=Informal),  $X_2$  is Mastery of skills (1 =skilled,

0=unskilled),  $X_3$  is work contract (1=has a work contract, 0=does not have a work contract),  $X_4$  is work contract (1=has a work contract, 0=does not have a work contract),  $X_5$  is membership in National Health Insurance (JKN) program (JKN participant=1/ Non-JKN participant=0),  $X_6$  is working hours (under employment=1/ full employment=0),  $X_7$  Marital status (1=married, 0=not married),  $X_8$  is gender (1=male, 0=female). The tests used are the statistical g test to examine the role of explanatory variables simultaneously and the Wald test to examine the effect of the variable coefficients partially, while the odds ratio is used to interpret the binary logistic regression equation. The odds ratio is the ratio of the chances of success and failure of the response variable.

The following is a logistic regression model or formula by adopting from Ghozali which is used to examine the hypothesis based on the variables to be studied:

$$Ln \frac{P}{1-p} = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + \beta_7 X_7 + \beta_8 X_8 + \varepsilon$$

The determination of the probability in each research model is calculated by Marginal Effect (Lüdemann & Schwerdt, 2013). In the Linear Probability Model (LPM), the direction coefficient directly measures the change and probability of an event occurring as a result of a one-unit change in the independent variable, assuming the other independent variables are constant. The direction coefficient (slope) or regression coefficient measures the average change in the value of the independent variable if the other independent variables are constant.

In a logit variable, the direction coefficient of a variable shows the magnitude of the change in value in 'the log of the odds' due to a one-unit increase in the variable if the other variables are constant. In the logit model, the rate change in probability of an event happening is given by  $B_j \frac{P_i}{1-P_i}$ , where  $B_j$  is the partial regression coefficient of the independent variable or regressor to j. However, in calculating  $P_i$ , all the variables involved in the analysis must be included. Thus, all independent

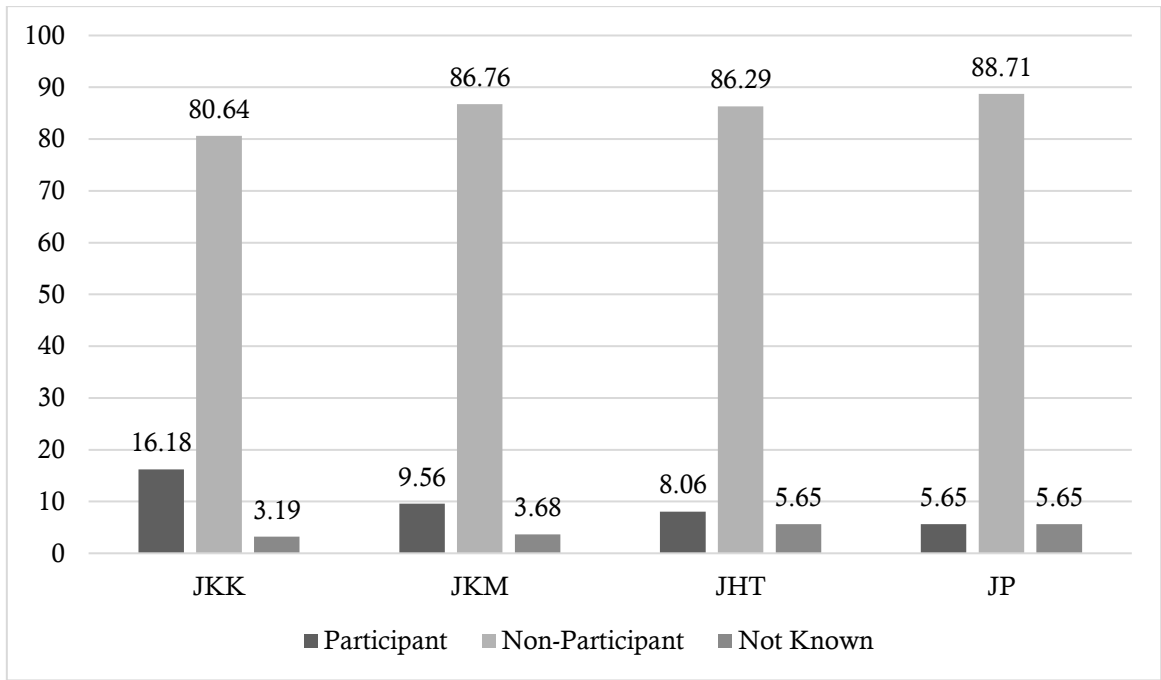
variables will be involved in the calculation of probability changes. Though in LPM, only the j-th regressor is involved. To overcome this, in the logit model analysis, the marginal effect (dy/dx) is used to measure the variable X to Y.

## RESULTS AND DISCUSSION

The following is a descriptive description of the respondents of migrant workers who in the last 5 years have gone abroad to work based on the data of the National Labor Force Survey August 2021.

Employment BPJS Membership		
Non-Participant	260.636	90.48%
Participant	27.412	9.52%
Skill Type		
Unskilled	173,086	60.09%
Skilled	114,962	39.91%
Contract Status		
No contracts, verbal agreements	103.615	73.45%
PKWTT, PKWT	37.452	26.55%
Health Care Membership Status		
Not having JKN	116.072	82.28%
Having JKN	24.995	17.72%
Working Hours		
Full employed	179.873	62.45%
Under employed	108.175	37.55%
Marital Status		
Single	72.205	25.07%
Married	215.843	74.93%
Gender		
Female	80,396	27.91%
Male	207,652	72.09%

Based on Indonesian workers who have gone abroad for 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% are in the unskilled labor category. In addition, the work contract agreements made tend not to be based on work documents. However, compared to employment insurance, 17.72% of Indonesian workers who have gone abroad for work in the last 5 years have national health insurance. Most of them or 62.45% are full-time workers with marital status dominated by married workers and men.



The membership of BPJS for Employment of Indonesian workers who in the last 5 years have gone abroad to work only 16.18% who have become JKK participants. Employment Injury Security is a protection program with benefits in the form of cash and care or treatment for Indonesian Migrant Workers (PMI) who experience accidents before, during, and after work, including accidents that occur on their way to or from work. As for JKM, 9.56% of Indonesian workers who have gone abroad to work in the last 5 years are JKM participants. Death Security is a protection program with cash benefits given to heirs when participants die, not as a result of work accidents or work-related illnesses (Megasari, 2022). Benefits from JKM are in the form of cash which is given as periodic compensation, death security, funeral expenses, and children's education scholarships. In addition to protection, individual PMI participants will receive protection starting 1 month after registration and payment of dues until the participant departs for the destination country of placement.

For migrant workers who have social security in old age, only 8.06%. Old Age Security is a protection program with benefits in the form of cash when participants have entered retirement age, experienced permanent total disability, or passed away. The form of social security that prioritizes old age for migrant workers is pension

security. There is 5.65% of workers have pension security.

Based on the result of logistic regression from the Sakernas data in August 2021, the variables of work contracts and BPJS Health membership significantly influence migrant workers to have a greater probability of becoming BPJS Employment participants. The result of the logistic regression shows that the variables of employment status, mastery of skills, under-employment, marital status, and gender do not affect the probability of migrant workers becoming BPJS Employment participants.

VARIABLES	(1) General Model
1.formal_new	0.0481 (0.0300)
1. skilled	0.00272 (0.0261)
1.contract	0.118* (0.0642)
1.healthcare	0.595*** (0.123)
1.underemp	-0.0355 (0.0225)
1.marital	0.0201 (0.0216)
1.gender	-0.0128 (0.0332)

Observations	408
Standard errors in parentheses	
*** p<0.01, ** p<0.05, * p<0.1	

Based on the result of the logistic regression, migrant workers who have work contracts have a greater probability of 11.8% than those who do not have work contracts to become participants of BPJS for employment. The diversification of employment arrangements reflects the diversity of emerging forms of employment, reflecting the needs of both businesses and workers (Boccagni, 2015). BPS distinguishes four types of work including (1) PKWT is an abbreviation of a Specific Time Work Agreement, (2) PKWTT is an Indefinite Time Work Agreement (3) Oral Agreement (4) No contract.

Migrant workers who do not have work contracts in this study are those who work with an oral agreement or without a work contract. Migrant workers often face disadvantages in social security protection and rights 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 contracts binding workers.

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

The social security right of migrant workers can also be influenced by the principle of citizenship. Though a number of countries recognize the equality of 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 the right to social security benefits, or to apply less favorable treatment to such groups under this principle.

Regarding the payment of benefits abroad, many countries have suspended the payment of benefits for migrant workers who are abroad. Some countries completely prohibit the payment of benefits abroad, while others can still receive benefits depending on the social security agreement of the country of residence or with the employer company. Some countries offer benefits as well as a substitute for pension if the insured leaves the country. Such restrictions can be caused by financial limitations or administrative problems (for example fringe benefits such as medical services cannot be provided directly by an authorized social security agency outside its area of competence), but can also be based on the underlying conception that a State is only responsible for people living in the territory of its country.

In the case of employment social security, one of the requirements for the registration documents of BPJS for Employment includes (1) Identity Card (KTP) (2) Photocopy of Passport Photocopy of Family Card (3) Photocopy of Work Agreement (4) Photocopy of BPJS for Employment participant card for registration previously enrolled participants. The requirements of employment agreements then become significant for migrant workers to access employment social security protection (Taha et al., 2015).

On the other hand, if it is closer, the existing bilateral and multilateral agreements reveal that very few agreements have been made between migrant-sending countries and migrant-receiving countries. This is mainly since the social security systems of migrant-sending countries are not sufficiently developed and, in many cases, do not have the administrative capacity to implement or enforce such agreements (Olivier, & Govindjee 2016), which prevents them from making social security agreements with migrant-receiving countries (Low, 2021). In summary, most countries provide equal treatment of national and non-national workers regarding social security coverage. However, many of them make the maintenance of social security rights acquired by migrant workers and their rights during the acquisition process dependent on the existence of social security agreement with the worker's country of origin (Fornalé, E. (2017). In practice, only a few

migrant-sending countries, usually developing countries, have made such agreements or are bound by social security conventions. With the absence of social security agreements, only a minority of migrant workers can realize their right to social security benefits upon return to their country of origin (Hennebry, 2017).

In addition to work contracts, the result of the logistic regression that has a significant effect on the membership of migrant workers to become the participants of BPJS for Employment are those who previously had BPJS for Health. The experience of being a BPJS for Health participant has a positive and significant influence on BPJS for Employment membership (Efendy et al., 2022). The variable of the membership in the National Health Insurance has a greater probability of becoming a BPJS for Employment participant, compared to migrant workers who are not participants in the BPJS for Health, with a relatively large marginal effect value of 0.595. This means that workers in the agricultural sector who are already members of BPJS for Health have a 59.5% higher probability than migrant workers who do not have BPJS for Health to become participants of the BPJS for Employment. Although it has a higher probability, it cannot be concluded that migrant workers consciously and actively participate in social security (Yihan, 2017). This is because there is no further question of whether migrant workers are registered as Contribution Assistance Recipient participants, in which participation is automatically given by the government or agricultural sector workers become independent participants in the form of Wage Recipient Workers (PPU) or Non-Wage Recipient Workers (PBPU).

## CONCLUSION

Protecting migrant workers' right to social security is essential, not only to ensure equality of treatment in social security for migrant workers but also to extend social security coverage to currently unprotected populations. Migrant workers have become one of the pillars of national economic growth and contributed significantly to state revenues and economic productivity, through high remittances.

Migrant workers who have work contracts have a greater probability than those who do not have work contracts to become participants in BPJS for Employment. Migrant workers who do not have work contracts in this study are those who work with an oral agreement or without a work contract. Migrant workers often face disadvantages in social security protection and rights 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 contracts binding workers. Therefore, migrant workers need to require clear employment contracts for migrant workers.

On the other hand, migrant workers are considered to have a lack of awareness of social security, and high costs and complexities from an administrative side. The result of the logistical analysis actually shows that workers' membership in other social security programs (JKN) is the biggest factor in increasing the tendency of workers in general and in the agricultural sector to become employment social security participants.

Recommendations for expanding participation for migrant workers can be made with several alternatives, such as, (1) justifying or adjusting payment schemes for migrant workers who work in the informal sector abroad (2) In an effort to encourage the expansion of the coverage of migrant workers, BPJS for Employment can carry out program socialization by cooperating with BP2TKI and Indonesian Migrant Worker Placement Agency (P3MI) (3) It is necessary to encourage employers to register their workers in employment social security, through document requirements for the distribution of migrant workers.

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