

STRATEGY FOR REDUCING THE RATE OF OPEN UNEMPLOYMENT BY INCREASING LABOR-INTENSIVE JOBS IN CILACAP REGENCY

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Abstract

Unemployment is a complex problem that has a significant impact on people's welfare. In Cilacap Regency, Central Java, Indonesia, the open unemployment rate is still a challenge that needs to be overcome. The Open Unemployment Rate in Cilacap Regency is still above the Central Java Province and National values. This makes it important to formulate strategies to reduce the open unemployment rate in Cilacap Regency. This study aims to examine various strategies that can be applied to reduce the open unemployment rate in Cilacap Regency by increasing the labor-intensive employment sector. Increasing the labor-intensive employment sector is one potential solution to overcome the unemployment problem. Through a comprehensive literature review, this study aims to identify effective strategies in developing the labor-intensive employment sector in Cilacap Regency, as well as analyzing the factors that influence the successful implementation of these strategies. The results of the study indicate that increasing labor-intensive employment has great potential in absorbing labor, especially in rural areas. Some strategies that can be adopted include the development of the agriculture, fisheries, tourism, and small and medium industries (SMEs) sectors. In addition, comprehensive policy support is needed, such as providing access to capital, skills training, and infrastructure development.

Keywords: Rate of Open Unemployment, Labor-Intensive Jobs, Cilacap Regency

Introduction

Unemployment is a global phenomenon that is a problem for the individual, the society and the economies. Cilacap Regency, like other regions, is confronted with high unemployment rates where a large number of people are searching for jobs but no success has been achieved in terms of securing one. The unemployment problem is a description of the status of the economic development level of a country or region. The lower the unemployment level in the region indicates the optimal level of development of the economy of that region. (Putri & Ash Shidiqie, 2023).

It is necessary to focus on the National Open Unemployment Rate (TPT) in the context of neighbouring ASEAN nations. As reported by the World Economic Outlook Database 2024, Indonesia is projected to have the highest unemployment rate at 5.2%. The failure of development in Indonesia mirrors the high rate of unemployment as unemployment entails poverty. Besides, poverty is also caused by the lack of job opportunities and is often regarded to as poor when they are unemployed (Zurisdah, 2016).

As reported by BPS, the Survey of Unemployment Rate (TPT) in February 2024 reached 4.82 percent. This indicates an improving situation compared to the past three years, namely 2021 – 2023 which still recorded rates higher than 5% brought about by the effects of the Covid-19 pandemic. This is due to the fact that the Covid-19 pandemic has an effect in decreasing labor agar jobs with enforcements and regulations on community action (Yuliyanti & Handayani, 2022).

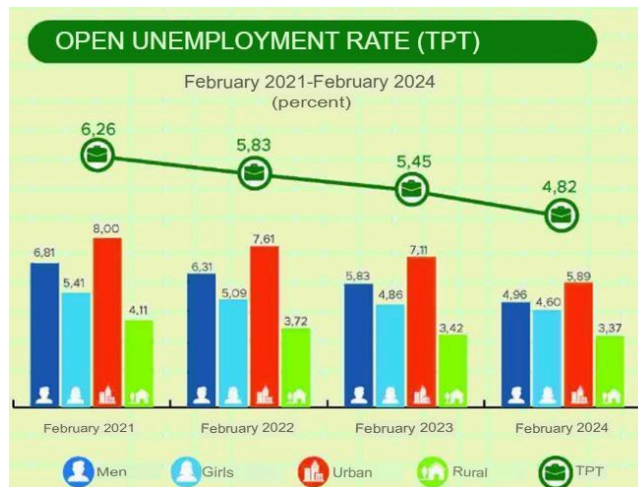


Figure 1
Indonesia Open Unemployment Rate 2024

The problem of open unemployment is a matter of ensuring the well-being of the people, which is a responsibility of the state. As outlined in Article 27, paragraph (2) of the 1945 Constitution, every Indonesian citizen shall obtain the right to decent work and living (Nasution, 2017). Solving the issue of unemployment helps in raising the community's standard of living through enhanced per capita income with employment opportunities. Labor-intensive industries and sectors that are reasonably labor-dependent promise to generate many job opportunities for low and medium skilled personnel. By promoting the expansion of these sectors, Cilacap Regency can improve the rate of open unemployment in the region and the welfare of the people in the region (Jalil, 2017).

The document "Cilacap Regency Long Term Regional Development Plan 2025-2045 (*Rencana Pembangunan Jangka Panjang Daerah/RPJPD*)" makes handling unemployment the main issue and calls for efforts to create jobs commensurate with the capabilities of the workforce. Unemployment occurs because there is still no link between education and market demand. Apart from that, Indonesian migrant workers are people who have reached working age but do not yet have the appropriate skills. Reducing unemployment must be achieved through various initiatives and actions that can be implemented by the government, the private sector and society as a whole. One of the missions of Cilacap Regency for 2025-2045 stated in the document is Community Protection and Welfare, namely the realization of reduced unemployment.

The Cilacap Regency offers a large natural resource and economic potential, however, it is still confronted with a classic issue which is a high level of open unemployment. The open unemployment rate in Cilacap Regency is 8.74. Data from the Central Statistics Agency (BPS) places Cilacap Regency as the second area with the highest open unemployment rate after Brebes District. Such situation is surely a worrying factor to the local government, scholars and people of all walks of life. The goal of this research is to examine the determinants of the high rate of open unemployment in Cilacap Regency and develop appropriate policy responses.

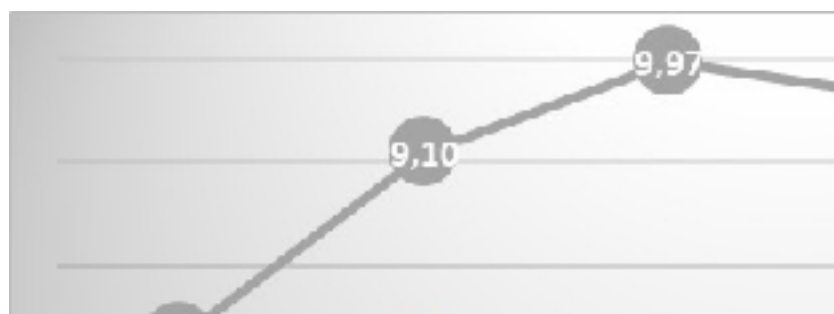


Figure 2
Open Unemployment Rate of Cilacap Regency 2024

The purpose of the study is to describe the current state of unemployment in Cilacap Regency, its causes, as well as its effects on the local economy and society. In addition, this study will provide a roadmap with relevant measures and policies for promoting labor-intensive industries and jobs. Labor-intensive refers to a project development task that relies more on human effort than on machinery. Utilizing significant quantities of human labor. The primary goal of the labor-intensive initiative is to generate job opportunities for impoverished or disadvantaged families who have faced income loss or permanent unemployment. Labor-intensive initiatives are a government scheme via National Development Planning Agency of the Republic of Indonesia (*Badan Perencanaan Pembangunan Nasional Republik Indonesia/Bappenas*) aimed at creating job opportunities, particularly for individuals who have been unemployed during challenging periods. The growth of labor-intensive industries is needed because currently there is a surplus of unskilled human resources in Indonesia. Thus, it has the potential to reduce unemployment rates. The suggested approach would take numerous accounts, such as local resources, market demand, and government assistance. With the application of the desired strategy, Cilacap Regency is expected to find on the reducibility on the open unemployment rate, leading to improved living standards, increased economic activity, and a more prosperous future for its citizens.

Methods

This research utilized literature study methods as its main approach. This study is not primary data collection. Instead, the purpose of the study is to collect, analyze, and synthesize offers of the relevant literature (scientific journals, research reports, and government documents, books). The in depth analysis of those sources can find how these things contribute to educate about factors, which influence the request of job vacancy in Cilacap Regency and how these factors as a role can enhance the number of labour intensive work. Furthermore, the SWOT analysis was used to create and identify the best strategy of increasing labourintensive work in Cilacap district.

Results and Discussions

SWOT analysis is a tool that can be used to analyze the situation facing an organization or project. In this context, the SWOT analysis was used to identify internal and external factors that could influence efforts to increase labor-intensive work in Cilacap Regency.

The strength factor for Cilacap Regency is having abundant employment with a relatively large population, which results in having great potential labor. The next strength is the Abundant Natural Resources in the form of potential natural resources such as fisheries, agriculture, and plantations that can be used as the basis for labor-intensive industries. From the point of view of strengths, the Strategic Location can be a potential strength because Cilacap has a strategic position due to the availability of air and sea modes of transportation, therefore potentially offering advantages in the industry and trade development. Other strengths are from government support, which involves incentives, subsidies, and developing infrastructure to motivate the growth of labor-intensive industries.

One factor contributing to weakness in enhancing the labor-intensive sector in Cilacap Regency is low workforce skill levels. As stated in the population data, the highest education level attained in this area is elementary school. It shows that most of the workers have low education and skills; therefore, they need training. The next weakness is the Limited Infrastructure, which is still inadequate, such as transportation and utilities, that can hinder industrial development. The next weakness is Limited Access to Capital. It is difficult for small and medium enterprises to access capital or credit to develop their businesses. The less-than-optimal connectivity and regional interaction, caused by uneven access to public services, are also certain weaknesses, especially for the Cilacap Regency area, which is farther from the city center.

The opportunity factor for increasing job opportunities to reduce unemployment in Cilacap Regency is the development of tourism from the perspective of Cilacap's natural and cultural tourism potential, which can be developed to create community-based jobs in the tourism sector. The next opportunity is Agroindustry in the form of developing the agricultural processing industry, which opens up wide job opportunities in processing, packaging, and distribution and can absorb many workers. The next opportunity is the Maritime Industry, where the potential of Cilacap's marine resources can be developed for a more massive fishing, aquaculture, and marine tourism industry with the support of various development sectors.

Apart from opportunities, threats to the growth of the labor-intensive sector have to be considered. There are different types of threats, including Global Economic Fluctuations, such as a global economic slowdown, which will affect the demand for products and services produced by labor-intensive industries. Besides, there is a threat of competition from other regions that offer cheaper labor costs or a better

investment climate. Another constraint pertains to the Environment Issues that impose rigid environmental regulations and the threat of climate change on industry development. There is also the aspect of Climate Change, affecting agricultural and fishing industries and tourist trades and diminishing opportunities for employments.

Based on the SWOT analysis above, here are some strategies that can be implemented to increase labor-intensive jobs in Cilacap Regency:

- a. Improving Human Resource Quality: This can be done through training and vocational education programs.
- b. Infrastructure Development: Building and upgrading of infrastructure that supports economic activities such as roads, ports, and electrical networks.
- c. Economic Diversification: Encouragement of new sector development that is more labor-intensive, such as tourism, agro-industry, and renewable energy.
- d. Partnerships with the Private Sector: Building partnerships with business actors to create new job opportunities.
- e. Support for MSMEs: Providing support to Micro, Small, and Medium Enterprises or MSMEs through access to capital, training, and marketing.

Table 1. Analysis SWOT

INTERNAL FACTORS	<u>STRENGTH (S)</u>	<u>WEAKNESS (W)</u>
	<ol style="list-style-type: none"> 1. A large population makes it easier to get workforce 2. Huge natural Resources such as fisheries, agriculture, and plantations that can be used as the basis for labor-intensive industries 3. Strategic Location can be a potential strength because Cilacap has a strategic position due to the availability of air and sea modes of transportation 	<ol style="list-style-type: none"> 1. Most of the workers have low education and skills; therefore, they need training 2. Limited Infrastructure, which is still inadequate, such as transportation and utilities, that can hinder industrial development. 3. Limited Access to Capital 4. The distribution of regional development that is not yet optimal
EKSTERNAL FACTORS	<u>SO STRATEGY</u>	<u>WO STRATEGY</u>
<u>OPPORTUNITY (O)</u> <ol style="list-style-type: none"> 1. The development of tourism from the perspective of Cilacap's natural and cultural tourism potential 2. Agroindustry sector in the form of developing the agricultural processing industry, which opens up wide job opportunities 3. Maritime Industry, where the potential of Cilacap's marine resources can be developed for a more massive 	<ol style="list-style-type: none"> 1. Development of jobs in the community-based tourism sector 2. Strengthening the agricultural sector and processing of agricultural products 3. Increasing regional connectivity, both within the region and with other regions 	<ol style="list-style-type: none"> 1. Community-based tourism management training 2. Strengthening infrastructure supporting agriculture and agricultural product processing 3. Improving supporting facilities for community, goods and services mobility

<u>THREAT (T)</u>	<u>ST STRATEGY</u>	<u>WT STRATEGY</u>
<ol style="list-style-type: none"> 1. Global Economic Fluctuations, such as a global economic slowdown, which will affect the demand for products and services produced by labor-intensive industries 2. Threat of competition from other regions that offer cheaper labor costs 3. Climate Change, affecting agricultural and fishing industries and tourist trades 	<ol style="list-style-type: none"> 1. Skills and entrepreneurship training for the community 2. Encourage the community to work and manage local natural resources 3. Increase tourism that attracts foreign tourists 	<ol style="list-style-type: none"> 1. Digital entrepreneurship training with mastery of information technology 2. Increasing access and information to recruit workers in villages 3. Increasing the distribution of public services throughout Cilacap Regency

Above, the SWOT analysis has shown a great potential for Cilacap Regency to be able to increase the availability of labor-intensive jobs. The existing weaknesses and threats need to be overcome through various efforts of collaboration and integration between and within the development sectors involved. With a proper strategy, Cilacap can create more jobs and improve the welfare of its people.

Cilacap Regency has enormous potential to develop labor-intensive sectors, such as the following:

- a. Agriculture Sector: Organic farming, agro-industry, and fisheries can provide a lot of job opportunities
- b. Tourism Sector: The development of new tourist destinations, such as marine tourism, agro-tourism, and cultural tourism, opens up job opportunities in service.
- c. Construction Sector: Road construction, bridges, and public buildings can absorb quite a large workforce.
- d. Craft Sector: The development of local handicrafts increases the added value of local products and opens up broader market opportunities.

Though labor-intensive jobs have many advantages, there are several challenges that must be addressed, such as:

- a. Budget Constraints: Local governments must allocate adequate budgets for the implementation of labor-intensive programs.
- b. Workforce Skills: Training is required to enhance the skills of the workforce to make them more productive.
- c. Insufficient Infrastructure: There is a need for improvement in supporting infrastructure, like access roads and public facilities.

To alleviate these challenges, synergy between government, private sector, and society is required. Certain solutions to be implemented include:

- a. Increasing Private Sector Participation: Expanding opportunities for the private sector to participate in labour-intensive programs through partnership schemes.
- b. Development of Cooperatives: Organization of cooperatives to manage community-based productive enterprises.
- c. Improving Local Product Promotion: Helping to market the products of labor-intensive work.

One of the effective solutions to decrease unemployment in Cilacap Regency is labor-intensive work. The strategy needed is strengthening local community-based resources. Community participation can play an active role in planning and development and can also be a direct actor in development. If it is well-planned and supported by various parties, then labor-intensive work can bring broad benefits to the community and regional development.

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