

THE IMPACT OF THE MORATORIUM POLICY ON THE SENDING OF INDONESIAN MIGRANT WORKERS AND REMITTANCES IN INDONESIA IN 2010-2019

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ABSTRACT

The research objective was to determine the impact of the moratorium policy on sending Indonesian migrant workers and receiving remittances in Indonesia. The data used are secondary data, namely the number of incoming remittances, the number of placements for Indonesian migrant workers (IMW), during the period 2015 to 2019 by analyzing IMW transfers and remittances five years before and 5 years after the implementation of the moratorium policy. The research data is processed from data from the Central Bureau of Statistics, Bank Indonesia and BPN2TKI by using data on the placement of Indonesian migrant workers by country and remittances of Indonesian migrant workers. Research with a quantitative approach that is processed using the paired t test analysis method and normality test to determine the difference test there is no difference in sending IMW and remittances before and after the implementation of the moratorium policy. Meanwhile, the paired t test results show that there is a significant difference in the sending of Indonesian migrant workers before and after the implementation of the moratorium policy and there is no difference in remittances before and after the implementation of the moratorium policy.

Keywords: IMW Moratorium Policy, IMW Sending, Remittances.

INTRODUCTION

Data from Bank Indonesia and BNP2TKI (*Badan Nasional Penempatan dan Perlindungan Tenaga Kerja Indonesia*/National Agency for Placement and Protection of Indonesian Migrant Workers) in 2019 show that the number of Indonesian Migrant Workers (IMW) placements by country of placement is 3,742,000 people, the majority of whom work in the informal/domestic sector. Malaysia and the Middle East have long been the destination countries for Indonesian Migrant Workers. In 2019 who worked in Malaysia 1,883,000 people and the Middle East 1,071,000 people. In particular, IMW in Saudi Arabia from 2015-2019 has experienced a decline. In 2015 it decreased to 23,000 people after experiencing a peak of shipments in 2014 of 44,325 people, then a decrease in 2016 of 13,538 people continued with a significant decline in 2017 of 6,471 people, in 2018 of 5,894 people and the end of 2019 there was an increase of 7,014 people. The positions most requested by IMW are as domestic workers and the least desirable for servants (BNP2TKI, 2019). In Malaysia, based on data, the placement of Indonesian migrant workers from 2015-2019 also experienced a decline. It reached its peak in 2014 amounting to 127,870 people then decreased significantly in 2015 amounting to 97,748 people and in 2016 amounting to 87,623 and in 2017 amounting to 88,991 and an increase in 2018 amounting to 90,671 then the decline again in 2019 amounted to 79,663 people (BNP2TKI, 2019).

The decrease in the placement of IMW is one of the results of the implementation of a moratorium by the government, the aim of the moratorium regulation is to prevent new informal IMWs from leaving for the Middle East, with the exception of IMW who are not included in this moratorium during their leave. The moratorium is motivated by the absence of a law on IMW protection in the placement country, there is no mechanism for resolving IMW problems in the placement country, the number of cases that occur in the placement country, and the lack of optimal IMW management in Indonesia.

Problems arise with fraud by PPTKIS (*Tugas Pelaksana Penempatan Tenaga Kerja Indonesia Swasta/Duties of Implementing the Placement of Private Indonesian Migrant Workers*) sending IMW illegally and difficulties for families in Indonesia to communicate with IMW abroad. From the data processed by Migrant Care based on data from the Ministry of Foreign Affairs and SBMI, there are IMWs who have been convicted, executed and free in Saudi Arabia. On this basis, the Indonesian government signed an MoU between Indonesia and Saudi Arabia to protect the rights of Indonesian workers in the domestic sector and employers in accordance with the laws and regulations in force in both countries. Indonesia by the Minister of Manpower of the Republic of Indonesia issued a moratorium on "Decree of the Minister of Manpower of the Republic of Indonesia Number 260 of 2015," concerning the termination and prohibition of the placement of Indonesian workers to individual users in Middle Eastern countries. The Middle East region is Saudi Arabia, Algeria, Bahrain, Iraq, Kuwait, Lebanon, Libya, Morocco, Mauritania, Egypt, Oman, Palestine, Qatar, Sudan, Syria, Tunisia, United Arab Emirates, Yemen and Jordan. The moratorium was issued because of the many problems IMW has worked on for individual users and the lack of guarantees imposed by the government in Middle Eastern countries. The decision will take effect on 1 July 2015 (BNP2TKI, 2015) Remittances are all types of remittances of money and goods where the sender is not in the country via banking or postal services. Indonesian Migrant Workers are a blessing for the State of Indonesia in terms of foreign exchange earnings. Bank Indonesia data shows that the total IMW remittances in 2015 reached 119 trillion, in 2016 reached US \$ 8.85 billion, in 2017 amounted to US \$ 8.76 billion, increased in 2018 by US \$ 10.97 billion and 2019 (May) by 4, 64 US \$ billion (Bank Indonesia, 2021) Remittances by Indonesian migrant workers will increase foreign exchange reserves because of IMW's contribution, IMW is called a hero of foreign exchange. Foreign exchange is used as a means of foreign payment, especially to finance imports, guarantor of the rupiah exchange rate, pay foreign debt installments, and other international transactions. The optimal foreign exchange reserve is a high foreign exchange reserve, thereby reducing the possibility of a crisis, reducing borrowing costs and reducing the emphasis on changes in market sentiment. Foreign exchange reserves in Indonesia are the policy authority held by Bank Indonesia in its function as a regulator of international payment traffic. Foreign exchange reserves are the most important monetary indicator because they show the fundamental strength of a country's economy. In addition to foreign exchange reserves, it is one of the guarantees for the achievement of monetary and macroeconomic stability in a country (Tambunan, 2001; Riswanto, 2021). The small foreign exchange reserves cause the international trade balance to be unable to make payments and the rupiah exchange rate will drop.

In addition to reducing domestic unemployment, Indonesian Migrant Workers (IMW) are also a source of foreign exchange income. When IMW sends its income to the country, there is a contribution of foreign exchange from the State because IMW exchanges rupiah for the foreign currency of that country. By exchanging foreign currency for rupiah currency, it will result in a

source of foreign exchange, namely foreign currency deposits to increase and the value of the rupiah currency to strengthen because the need for the rupiah increases.

Based on data from the Central Statistics Agency, Indonesia's foreign exchange reserves in 2018 were at US \$ 120,654 million, this figure shows a sharp decline because the previous year, namely 2017 foreign exchange reserves showed the figure of US \$ 130.196 million with the position of foreign exchange reserves showing the highest figure for five last year. In 2019, foreign exchange reserves were in the position of US \$ 126,183, up 9.5% from the previous year. In developing countries, especially Indonesia, remittances are an alternative source of foreign exchange that is used as a source of external financing in addition to government loans and private investment. Remittances, as an important source of foreign exchange earnings for Indonesia, consequently affect the balance of payments position. The inflow of remittances to the currency exchange rate of the recipient country is seen from the context of the role of the remittances themselves.

The IMW moratorium policy results in a decrease in IMW placements abroad and in turn will affect remittances sent to Indonesia so that remittances that are a source of foreign exchange earnings will record the current account balance and reduce foreign exchange reserves, which means a reduced supply of foreign currency and affects the rupiah exchange rate. against foreign currencies, especially US dollars. Various previous studies related to this research are the research of Prihanto, (2013) which concluded that the moratorium policy on sending Indonesian workers that was enforced by the Indonesian government had a significant impact on the decrease in the average number of IMW who worked abroad. For IMW in the informal sector it has a significant impact on the average decrease in total informal IMW, while for the formal sector it is not statistically significant. The moratorium policy on sending IMW has resulted in a decrease in the number of informal TKI but has not been able to increase the number of IMW who work in the formal sector. Afriska et al. (2018) in their research also show that IMW and Remittances have a positive and significant effect on Indonesia's GDP per capita. Remittances increase, so the government must try to create jobs in Indonesia so that IMW do not have to work abroad. The moratorium policy imposed by the government aims to provide protection for Indonesian migrant workers in the Middle East after receiving pressure from various parties.

Nizar, (2014) concluded that the inflow of remittances has a positive effect on the real exchange rate of the rupiah. The strengthening of the rupiah exchange rate will result in an increase in the inflow of remittances in the long term, while in the short term, on the contrary, it will not increase remittances to Indonesia. Based on this background, it is interesting to study the impact further Moratorium on the sending of Indonesian Migrant Workers (IMW) and Remittances in Indonesia in 2010 - 2019. Based on the description of the background of the problem and the results of previous research, the formulation of the problem in this study is there a significant difference between remittances before and after the IMW moratorium policy. The purpose of this study was to determine the significant difference in remittances before and after the implementation of the moratorium policy. The practical benefit of this research is that it provides information and takes into account the stakeholders in making decisions on moratorium policies. The theoretical benefit of this research is that it is useful as a reference that can provide knowledge and understanding of remittances before and after the enacted moratorium policy.

THEORETICAL BASIS

Indonesian Migrant Worker Moratorium Policy

The definition of a moratorium according to KBBI means a delay or suspension. So, the IMW moratorium is the temporary suspension or delay of sending IMW to certain countries. The IMW moratorium policy was issued by a ministerial regulation in 2009 for Malaysia, followed by 2011 for Saudi Arabia. Furthermore, Ministerial Regulation Number 260/2015 concerning the termination and prohibition of the Placement of Indonesian Workers for Individual Use is based on the high number of cases that have befallen Indonesian Workers in the Middle East region. With this regulation, the sending of Indonesian Migrant Workers to the informal sector, especially the domestic worker sector, to all Middle Eastern countries is stopped. The Indonesian government hopes for the placement of Indonesian Migrant Workers as long as the moratorium policy is enforced.

The moratorium policy on sending Indonesian Migrant Workers is not the first decision because the Indonesian government has imposed it on countries such as Malaysia in 2009, Saudi Arabia in 2011 (Susiana, 2011). This policy affects Indonesian citizens (WNI) who wish to work abroad by illegal means, namely unofficial channels that are difficult to control by the government.

Interdependence theory can explain the cooperative relations and dependence of one State with another, which is shown by the simultaneous activities depending on one another. This is indicated by the reciprocity between countries that carry out cooperation. The existence of interdependence is a strength for the actors involved because it is able to make duplicated issues so as to achieve the desired results and become a soft power, namely economic cooperation such as free trade and world markets (Ulwan, 2021). In interdependence, there are several economic sectors between countries, namely the trade, investment and financial sectors. The trade sector is an important sector in economic dependence, the investment sector increases the risk of interdependent actors caused by changing investment patterns.

Dual labor market theory put emphasis on IMW in the informal sector because of the demands that cause migration. The emergence of migration is influenced by push factors and pull factors. Dual labor market theory is used at the macro level structure, namely differences in income and opportunities in employment (Hagen-Zanker & Lajoie, 2008; Soetjipto et al., 2021). This theory can be seen from the demand for IMW by developed countries with high wages, prestige and status ownership. The availability of jobs in the primary and secondary sectors provides opportunities for labor demand, namely IMW (Todaro & Smith, 2004).

The moratorium policy has positive and negative impacts on the destination countries. The positive impact of reducing problematic IMWs is that there is a halt in the issuance of work permits for Indonesian citizens (WNI) who intend to work abroad. The negative impact is the difficulty of having to do household chores by yourself (Juandea, 2014).

The Impact of the Moratorium on Remittances

According to the International Monetary Fund (IMF) remittances are divided into 3 categories. First, transfer of remittances by migrants in the form of cash and the like from migrants to their families in the area of origin. Second, compensation paid to workers in another State where legally exists against work or income, salary in cash or the like. Third, transfer of

money made by a foreigner from a financial asset as a transfer of that person from one country to another and has a residence for more than one year.

Data shows that Middle Eastern countries and Malaysia have contributed the largest remittances to Indonesia since 2011. If you look at the moratorium policy, it does not affect remittances sent by IMW to Indonesia, due to the increase in salaries received by IMW (BPN2TKI, 2013; 2015).

Remittances have a positive and significant effect on economic growth in Rwanda with the influence of institutional and government roles, in research Edwar Kadozi's (2019). IMW remittances to Indonesia provide a significant amount of foreign exchange which is listed in the Indonesian balance of payments. Remittances have a positive impact on the region of origin and the government (Evasari, 2006). Remittances from the formal and informal sectors including export activities in the service sector are the same as other export activities, even this export will provide foreign exchange for a country, based on the Indonesian Balance of Payments, (2019) stated foreign exchange from IMW abroad remains the main supplier of the current transfer surplus.

RESEARCH METHODS

Comparative research because research is comparative (Sugiyono, 2016). This study compares the sending of IMW and remittances before and after the moratorium. The research subject is data on the placement of IMW by country and IMW Remittances for 2010-2019 by examining the impact of the moratorium policy imposed by the government in 2015 in accordance with the Ministry of Manpower regulation no 260/2015. IMW sending data before the implementation of the 2010-2014 moratorium policy and after the 2015-2019 policy implementation, IMW remittance data before the implementation of the 2010-2014 policy and after the 2015-2019 moratorium policy implementation. Data is drawn from the annual reports of Bank Indonesia and BPN2TKI and the Central Statistics Agency. Statistical testing with normality test and hypothesis testing using Pair-sample T-test with hypothesis testing criteria. The probability value is greater than the significant level (Sig. 2-tailed > 0.05), so H_0 is accepted and H_1 is extracted. This means that IMW and Remittance transfers do not differ significantly between before and after the implementation of the moratorium policy. Conversely, if the probability is smaller than the significant level (Sig. 2-tailed < 0.05) then H_0 is rejected and H_1 is accepted.

RESULTS AND DISCUSSION

	Mean	N	Std. Deviation	Std. Mean Error
Pair 1				
IMW_Before	509906,2000	5	69525.13158	31092.58407
IMW_After	266656.0000	5	19494,54090	871822373

The output of SPSS Paired Samples Statistics shows that the average IMW sending before the moratorium policy was 509,906 people, higher than the average IMW sending after the moratorium policy of 266,656 people. This means that before the moratorium policy, more IMWs were sent abroad than after the moratorium policy was implemented.

Paired Differences	Mean	243250,2000
	Std. Deviation	79536,63538
	Std. Mean Error	35569,86468
	95% Confidence lower	144492.4233
	Internal of the difference Upper	342007.9767
t		6,839
df		4
Sig. (2-tailed)		0.002

The result of Sig.2-tailed is smaller than 0.05 ($0.002 < 0.05$), so H_0 is rejected and H_1 is accepted. This means that there is a significant difference in the average IMW delivery compared to before the implementation of the moratorium policy. These results indicate that the average IMW delivery ratio has decreased significantly after the implementation of the moratorium policy.

The change in the average IMW sending after the moratorium policy to 266,656 people was caused by the moratorium policy in which the sending of Indonesian Migrant Workers to the informal sector, especially the domestic worker sector, to all Middle Eastern countries was stopped. Because based on data.

		Mean	N	Std. Deviation	Std. Mean Error
Pair 1	Remitan_Before	7249800	5	672587,318	300790,193
After	Remittances	9860 800	5	1272391,135	569030,614

Based on the output of the SPSS Paired Samples Statistics, it shows that the average remittance before the implementation of the moratorium policy was US \$ 7,249,800,000, lower than the average remittance after the moratorium policy was implemented, which was US \$ 9,860,800. This means that after the implementation of the moratorium policy on sending remittances to Indonesia did not experience a decline or had no effect.

Paired Differences	Mean	-2611000.000
	Std. Deviation	762786,012
	Std. Mean Error	341128,275
	95% Confidence lower	-3558123,929
	Internal of the difference Upper	-1663876,071
t		-7654
df		4
Sig. (2-tailed)		0.002

The Paired Sample Test table shows the results of Sig.2-tailed < 0.05 ($0.002 < 0.05$), so H_0 is rejected and H_1 is accepted. This means that there is a significant difference in the average remittances between after and before the implementation of the moratorium policy. These results

indicate that the average remittance has increased significantly after the implementation of the moratorium policy

The results of this study indicate that there is a difference in the sending of IMW after the implementation of the moratorium policy because the sending of IMW in the informal sector, especially the domestic servant sector to Malaysia and the Middle East is stopped. Where Malaysia and the Middle East region are countries with the largest IMW placement in Indonesia. Remittances did not result from the moratorium policy even though IMW sending had a significant decrease in the implementation of the moratorium policy. This is because the remittances sent to Indonesia are not clearly recorded from legal or illegal IMW, after the implementation of the moratorium policy on the high dollar exchange rate throughout 2017.

CONCLUSION

Based on the discussion of the research results that have been explained, it can be concluded that the implementation of the moratorium policy has a significant impact on the sending of IMW both after and before the implementation of the moratorium policy but does not have an impact on remittances sent to Indonesia in 2010-2019 under the observation of 5 years before and 5 years after policy implementation. However, the moratorium policy resulted in the practice of sending illegal IMWs and human trafficking to increase. In fact, with the moratorium the practice of unprocedure has increased because the government has been slow in opening up the share of the labor market in Indonesia. Even the share of Indonesian workers to other countries will be filled by workers from other countries. So that Indonesia will lose the international job market.

Suggestions that can be given to the government, especially the ministry of manpower and bpn2tki, should IMW data not only legal IMW data or according to procedures so that it is hoped that illegal IMW data can be carried out so that the government knows clearly about Indonesian human resources abroad. If the government has actual data on the number of citizens working abroad illegally where the human resources are of reliable quality, the government helps IMW to work legally so that it contributes to the State, especially for foreign exchange earnings. This must be prepared from within the country to abroad, either departing alone or through PPTKIS so as to increase the State's foreign exchange. Related to the moratorium, it will have an impact on the State's foreign exchange because remittances from IMW will bring benefits to the State.

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