



BADAN PUSAT STATISTIK



INFORMAL ECONOMY IN INDONESIA

Presented at the 2022 Meeting of the Group of Experts on National Accounts

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- 1) *units engaged in the production of goods or services; operate at a low level of organization; with little or no division between labour and capital as factors of production; small scale*
- 2) *have the characteristics and features of household enterprises*
- 3) *not necessarily performed with the deliberate intention of evading the payment of taxes or social security contributions, or infringing labour or other legislations or administrative provisions; should be distinguished from the concept of activities of the hidden or underground economy*

(source: 15th ICLS)

DEFINING INFORMAL SECTOR: A SUB-SECTOR IN THE NATIONAL ACCOUNTS



IDENTIFYING INFORMAL SECTOR

17th ICLS Conceptual Framework on Informal Employment

Production units by type	Jobs by status in employment								
	Own-account workers		Employers		Contributing family workers	Employees		Member of producer cooperative	
	Informal	Formal	Informal	Formal	Informal	Informal	Formal	Informal	Formal
Formal sector enterprises					1	2			
Informal sector enterprise ^(a)	3		4		5	6	7	8	
Households ^(b)	9					10			

(a) As defined by the 15th International Conference of Labour Statisticians (excluding households employing paid domestic workers)

(b) Households producing goods exclusively for their own final use and households employing paid domestic workers



Characteristics of IS activities

1

Not registered

2

Scale of operation:

1. small;
2. low levels of organization,
3. low levels of productivity and income

3

Self-employed worker with no or very few regular paid employees

4

Place of business:

1. 'invisible' places– small shops;
2. at home;
3. no fixed location



COLLECTING DATA FOR INFORMAL SECTOR IN INDONESIA

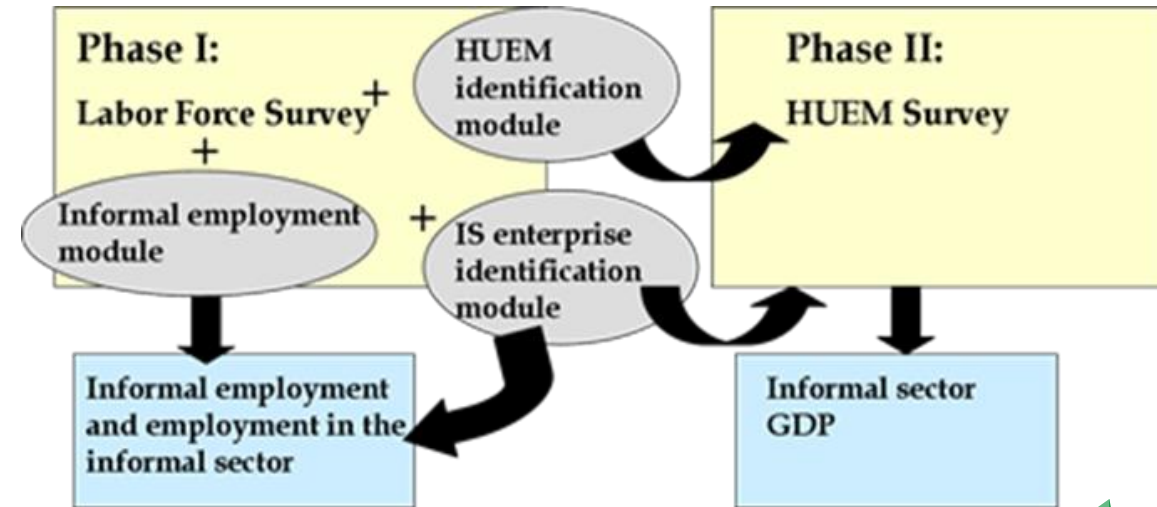
There are two types of informal sector production units: informal own account enterprises and enterprises of informal employers, both are owned by households.

Screening for Household Unincorporated Enterprises with some Market Outputs

Mixed (Household-Establishment) Survey

Household Enterprises			
Producing at least some goods & services for market		Producing goods & services for own final use	
Non-agricultural		Agricultural	
Formal sector	Informal sector	Formal sector	Informal sector
		Goods	Services
		Agriculture, forestry, fishing	Paid domestic services
		Other activities	Owner occupied dwelling services

Household Unincorporated Enterprises with some Market Outputs (HUEM)

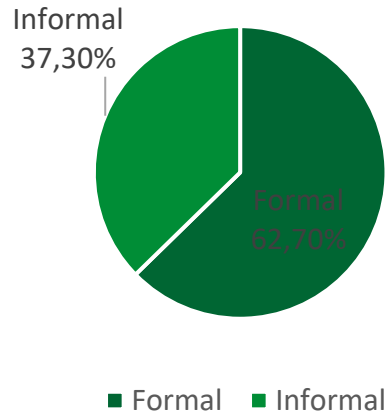




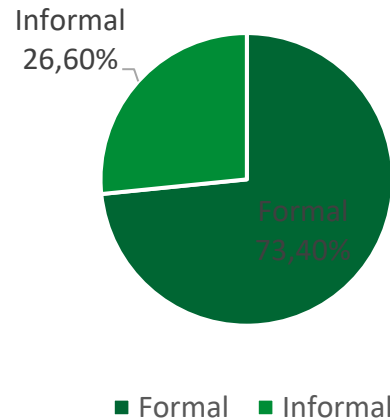
INFORMAL SECTOR IN INDONESIA, 2009

IS CONTRIBUTION

DI YOGYAKARTA



BANTEN

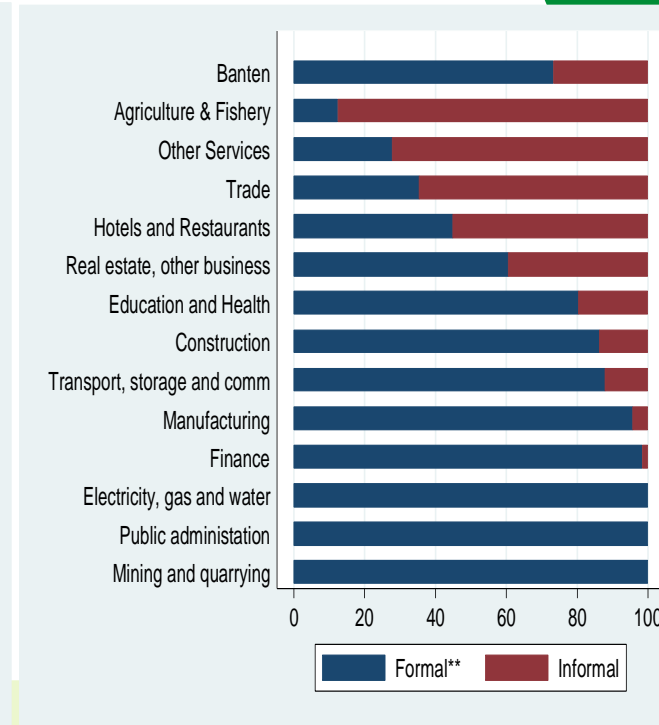
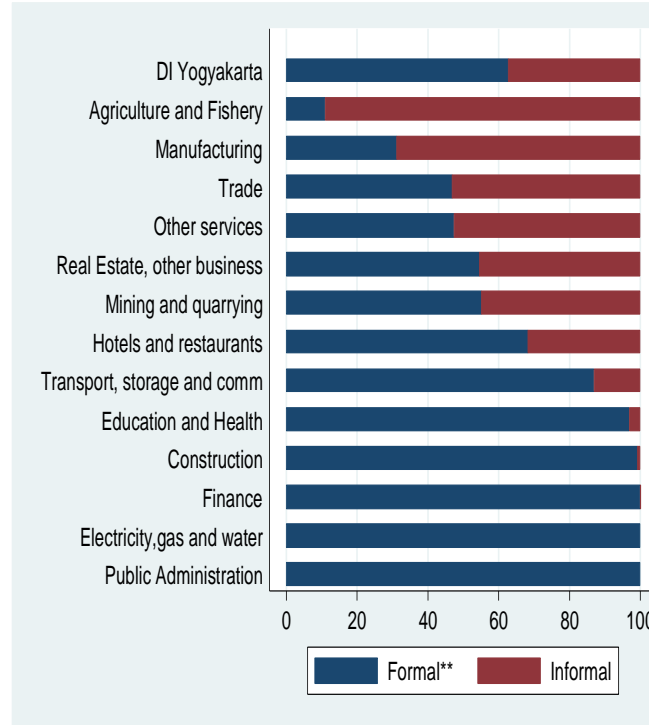


Source: BPS



Informal sector in DI Yogyakarta contribute 37.3%; while in Banten contribute 26.6%.

IS BY INDUSTRIES



In Yogyakarta these industries noted high contribution of IS: Agriculture (88.95%); Manufacturing (68.78%); Trade (53.11%); Other services (52.55%).

In Banten these industries noted high contribution of IS: Agriculture (87.43%); Other services (72.16%); Trade (64.54%); Hotel & restaurant (55.02%)

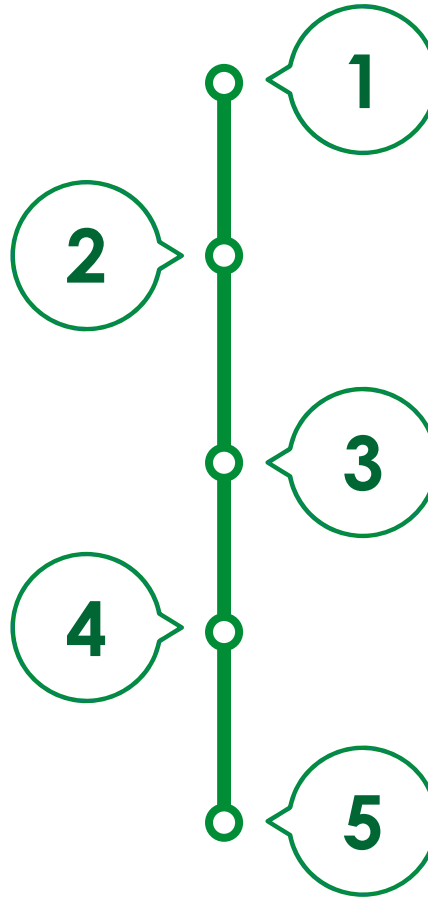




CONCLUSIONS

The informal sector survey is the first survey from the social statistics point of view that uses the concepts of the national accounts, thus, it was very difficult for the enumerators to ask several questions related to the national accounts, thereby affecting the quality of data collected from the ISS Form 2.

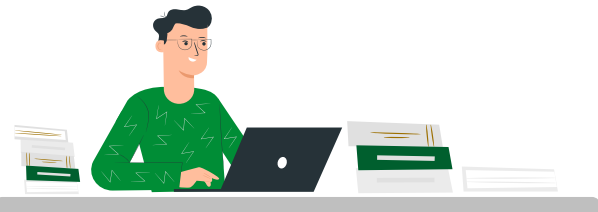
The sampling design, when adopted for national coverage, should be reviewed to ensure that all economic activities are adequately represented in the sample and that the design effects at the national accounts sector level.



This study has provided concrete evidence that the informal sector contributes substantially to the nation's outputs and that informal employment is an integral part of the labor market.

The cost-effective data collection strategy that was implemented in the two provinces calls for the first phase of the survey to be undertaken as a rider to the National Labor Force Survey (Sakernas).

A data dissemination plan should be developed to convey this very important set of statistics to the public on a timely basis.





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Terima Kasih!
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