

Effectiveness of the Job Loss Guarantee Program (JKP) in Responding to the Phenomenon of Mass Layoffs in Indonesia in 2025

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Abstract

The phenomenon of mass layoffs by 2025 poses a serious challenge to Indonesia's workforce, impacting household economic stability and increasing social risks. In response, the government launched the Job Loss Guarantee Program (JKP) to provide social protection for formal workers. This study aims to measure the effectiveness of the JKP Program in protecting the impact of mass layoffs in Indonesia. The method used is a literature and documentation study, with thematic content analysis of various data sources such as government reports, national media, and public opinion on social media. Data were analyzed descriptively-narratively to obtain a comprehensive picture of program implementation. The results show that the JKP Program is effective in providing financial assistance and access to labor market information, but faces administrative constraints and less than optimal job training. In conclusion, administrative reforms, improved quality of market - based training, and inclusion strategies for informal workers are needed for JKP to become a fair and comprehensive social safety net

Keyword : Phenomenon, Guarantee Program, Effectiveness, Mass Layoffs

A. Introduction

Welfare, justice, and prosperity—both materially and spiritually—are the noble ideals of the nation's founders as stated in the Preamble and the body of the 1945 Constitution of the Republic of Indonesia. Article 28H paragraph (3) states that "Everyone has the right to social security that allows for the development of himself/herself as a dignified human being." This provision emphasizes the importance of a strong social protection system as a foundation for the people's welfare. To realize this mandate, the Indonesian government passed **Undang-Undang Nomor 40 Tahun 2004** concerning the **National Social Security System (SJSN)** as the legal basis for building an inclusive and sustainable social security system.

In the context of national development, the workforce has a vital role as the main driver of economic productivity. Through their contribution to the production process of goods and services, the workforce helps determine the rate of national economic growth. However, their position is very vulnerable to various social and economic risks, such as termination of employment (PHK), work accidents, and even death. These risks not only impact individual workers, but also the economic stability of their families. Therefore, the state has a responsibility to provide adequate protection through the social security system.

The SJSN program initially covered five main guarantees, namely health insurance, work accidents, old age, pensions, and death. However, in order to adjust to the dynamics of the increasingly fluctuating labor market and post-pandemic employment challenges, the government expanded the scope of protection through **Undang-Undang Nomor 11 Tahun 2020 tentang Cipta Kerja**, which then added the Job Loss Guarantee (JKP) program as a form of guarantee for formal workers affected by layoffs.

The phenomenon of mass layoffs in recent years has strengthened the urgency of the presence of JKP as a protective policy. The International Labor Organization (ILO, 2023) noted that the Indonesian labor market experienced structural shocks due to a combination of the global recession, industrial relocation, and technological automation which caused many companies, especially in labor-intensive sectors, to carry out workforce efficiency. In 2025, based on data from the Ministry of Manpower, there were **24,036 cases of layoffs until April 2025**, with the highest number coming from Central Java from the textile and manufacturing sectors. This condition has significant social impacts, ranging from increasing open unemployment rates, decreasing household purchasing power, to the emergence of potential social vulnerability in affected areas.

In response, BPJS Ketenagakerjaan launched the JKP Program with three main pillars, namely financial assistance, access to labor market information, and job skills training. In the latest regulation, namely Government Regulation Number 6 of 2025, the value of JKP assistance was increased to 60% of the last wage for a maximum of six months, as an effort to maintain a decent standard of living during the transition period of workers who have been laid off. This step is considered strategic in supporting the social safety net for affected workers.

However, the effectiveness of JKP implementation is still an issue that is discussed in depth. In a study conducted by Pane, Yos Fitraeva, (2024), several main challenges were identified, including strict participation requirements, complicated administrative processes, and the lack of effectiveness of the job training provided. General training is often not in line with the needs of the local labor market, so it does not increase the competitiveness of participants in the new job market. In addition, with more than 56% of the workforce in Indonesia operating in the informal sector (BPS, 2024), the scope of JKP protection is limited to those who have formal worker status.

Silitonga, C. O., (2022) stated that the low effectiveness of social assistance programs in Indonesia is often related to weak institutional capacity, inefficient bureaucracy, and lack of clarity in policy implementation. This has a negative impact on public trust in the sustainability and success of social protection programs, including JKP.

From an international perspective, UNDP (2021) in their report entitled “Resilient Social Protection Systems in Asia” emphasizes the importance of responsive, inclusive, and data-driven social security. Countries with more adaptive social systems have proven to be more successful in dealing with economic shocks and are quicker in restoring the welfare of workers. Therefore, the implementation of JKP in Indonesia needs to be evaluated and adapted in order to meet workers' expectations.

Considering this condition, this study is very relevant to be carried out in order to measure the effectiveness of the JKP program as a whole, including the distribution of benefits, the quality of job training, access to employment information, and public satisfaction and views on the program. Through a scientific approach based on data and thematic analysis, it is hoped that areas of policy that still need to be improved can be

identified and strategic recommendations can be provided for improving social protection in the future.

B. Research Methods

The approach applied in this study is a documentation study and literature review, with the aim of assessing the effectiveness of the Job Loss Guarantee Program (JKP) in responding to the phenomenon of mass layoffs in Indonesia. Data were obtained through official reports from government agencies and related organizations, including BPJS Ketenagakerjaan, the Ministry of Manpower of the Republic of Indonesia, as well as articles from media outlets and social platforms.

Social media was used as an additional source to collect public views and feelings about the implementation of the JKP program. Platforms such as Threads, Twitter, Facebook, Instagram, TikTok, as well as comment columns on official posts from related institutions were analyzed to explore participant complaints, testimonials of experiences, and general views of the community towards this initiative.

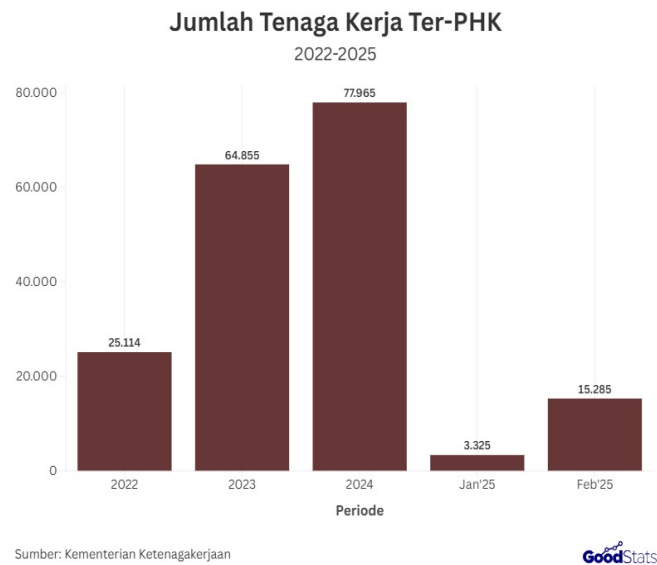
The collected data was then analyzed using the content analysis method with a thematic approach. This analysis process aims to reveal the narratives that emerge from the various sources studied. Several important aspects examined include :

1. Effectiveness of JKP benefit distribution, including cash assistance, access to information about the labor market, and job training.
2. Quality and relevance of training programs offered to JKP participants.
3. Success rate in re-placing workers into formal and informal employment sectors.
4. Response and satisfaction of the community and participants towards the implementation of the JKP program.

The results of the analysis are presented descriptively in narrative form to provide a comprehensive picture of the extent to which the JKP program has carried out its role as a form of social protection for workers affected by mass layoffs. This systematic presentation of data is expected to provide a significant contribution to the process of assessing and formulating employment policies in Indonesia in the future.

C. Results and Discussion

In 2025, Indonesia experienced a significant wave of mass layoffs (PHK), This shows economic pressure that forces many companies to make workforce efficiency. This condition also shows the importance of the role of BPJS Ketenagakerjaan in providing social protection through the Job Loss Guarantee (JKP) program, although its implementation still faces various challenges.



Picture 1. Data on the Number of Laid-Off Workers 2022-2025

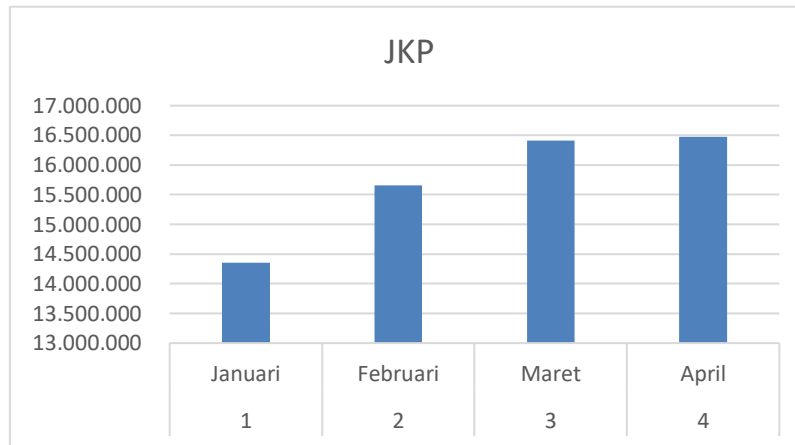
Termination of Employment (PHK) is the termination of employment due to a certain reason that results in the termination of rights and obligations between workers/laborers and employers/employers. Workers/laborers who experience layoffs are certainly in a disadvantaged condition, therefore adequate legal protection is needed to ensure the continuity and sustainability of a decent life for workers/laborers who experience layoffs. Based on the provisions of Article 156 of Law Number 13 of 2003, it is stipulated that, in the event of a layoff, employers are required to pay severance pay and/or work reward money and replacement money for the rights that should be received by workers/laborers (Hendry et al., 2025)

The JKP program was basically created to side with and assist workers/laborers who experience layoffs so that they can continue their lives properly after being laid off and workers/laborers can rise again to fight for and obtain decent work for a better life. Those who are entitled to receive JKP benefits are workers who are laid off due to company mergers, efficiency changes in ownership status, or companies that experience losses.

The budgeting of the JKP program in Indonesia has been quite effective with its funding sourced from JKK and JKM contributions from participants that have been contributed by employers and contributions from the Government's APBN. In short, the details of this JKP contribution are 0.46% (zero point forty six percent) which is sourced from 0.14% (zero point fourteen percent) of JKK contributions from the participant's monthly wages and 0.10% (zero point ten percent) of JKM contributions from monthly wages so that the total is 0.24% (zero point twenty four percent) and contributions paid by the Central Government amounting to 0.22% (zero point twenty two percent) of the worker/laborer's monthly wages so that the total contribution for JKP itself is 0.46% (zero point forty six percent) of the worker/laborer's monthly wages. Although the principles of implementing JKP have been stated in the Job Creation Law, this program cannot be implemented directly, because JKP requires more detailed technical elaboration and

regulations. There are still various issues or challenges that need to be resolved so that this program can run effectively and achieve its goals (Pane et al., 2024).

Picture 2. Accumulation of Active Workforce Participants in the JKP Program in 2025



Based on data published by various Indonesian media and BPS Indonesia, there is controversy felt by JKP recipients, this is a benchmark for the effectiveness of the program held by the government for social security for formal workers in Indonesia.

1. Implementation of the JKP Program by BPJS Ketenagakerjaan

In response to these conditions, the government through BPJS Ketenagakerjaan launched the JKP Program which was strengthened by PP No. 6 of 2025, which increased cash benefits to 60% of salary for six months (Hukumonline, 2025). Previously, the benefits provided were only 45% for the first to third months, and 25% for the fourth to sixth months. The government has decided to set the maximum salary ceiling guaranteed in this program at IDR 5 million. This increase in JKP benefits will come into effect on February 7, 2025, for new claims and for remaining active benefits. Kompas (2025) stated that this latest JKP program also offers access to the job market and vocational training for participants affected by layoffs.

Based on information from the Ministry of Manpower, between January and May 20, 2025, there have been severance pay (PHK) of 26,455 individuals. This figure shows an increase of more than 5,000 compared to the same period in 2024. The Ministry of Manpower stated that this figure came from cases of layoffs that already had permanent legal force. On the other hand, according to data from the KSPI Research and Development and the Labor Party, around 60,000 workers were laid off from January to March 2025. Meanwhile, the Indonesian Employers' Association (Apindo) noted that in the period from January 1 to March 10, 2025, the number of workers affected by layoffs reached 73,992 people. Apindo uses data from workers who have been removed from the BPJS Ketenagakerjaan program as a reference. According to data from BPJS Ketenagakerjaan (2025) and a report by CNBC Indonesia (2025), as of March 2025, more than 120,000 victims of layoffs had received JKP benefits, although the distribution was not even in various regions.

2. Effectiveness of Benefit Distribution and Administrative Barriers

Although JKP has reached many formal workers, the effectiveness of benefit distribution still faces various obstacles. Based on content analysis from social media (Detik Finance, 2025), many participants complained about delays in the disbursement of JKP funds, the long verification process, and the lack of clarity regarding the status of their claims. This indicates problems in the administrative governance and information system of BPJS Ketenagakerjaan that need to be fixed. In addition, there are several requirements that are quite difficult for workers to fulfill, thus becoming an obstacle for them to be able to claim JKP benefits. The requirements that must be met according to the Executive Director of the Trade Union Rights Center (TURC) Andriko S Otang, Wednesday (21/5/2025) are:

1. Employees must have a letter of notification of termination of employment from the company and signed by the company.
2. A letter of response not rejecting termination of employment by the worker signed by the worker himself.
3. A letter of report of termination of employment by the company addressed to the head of the local labor office and signed by the company.
4. Proof of a joint work agreement between the employer and the worker.

The difficult requirements for workers to fulfill, thus hampering the JKP program claim process, are the third and fourth requirements. Many companies are reluctant to take care of the PHK report letter to the relevant agency and are reluctant to provide a copy of the cooperation contract. These things are the triggers for the hampering of the JKP program disbursement process. On the other hand, some workers also cannot access the program because they are not registered as BPJS Ketenagakerjaan participants or because they work in the informal sector, which according to BPS data (2025), still dominates the composition of the Indonesian workforce.

3. Effectiveness of Job Training and Re-employment

One of the important components of JKP is job training and re-employment. However, a study by Pane et al. (2024) compared the effectiveness of similar programs in Indonesia, Malaysia, and Japan, and found that job training in Indonesia is still not optimal in supporting workers to get new jobs. From the results of documentation and public opinion gathering, it can be seen that the training offered is often not in accordance with current job market needs and is not competency-based. In addition, monitoring of training participants and the success of re-employment has not been measured systematically, so the effectiveness of the program in creating re-employment is still questionable.

4. Limited Coverage for Informal Workers

One of the major challenges in the implementation of JKP is the low inclusion of informal workers. Most workers in Indonesia (more than 50%) still work informally and do not have access to JKP protection because they are not registered as BPJS Ketenagakerjaan participants (BPS, 2025). This is a structural obstacle that limits the effectiveness of JKP as a comprehensive social safety net.

Overall, the 2025 Job Loss Guarantee (JKP) Program has shown significant effectiveness in providing social protection to workers affected by mass layoffs. The 2025 JKP Program has succeeded in providing financial support for affected formal workers. However, there is still room for improvement, especially in terms of the speed of benefit distribution, the effectiveness of job training, and expanding the reach of the program.

D. Conclusion

The year 2025 presents many challenges for the employment sector in Indonesia, as seen from the many mass layoffs that have occurred in various industries, especially in the manufacturing and textile sectors. This crisis underscores the importance of the government's role in ensuring the survival of workers. In this regard, the Job Loss Guarantee Program (JKP) initiated by the government through BPJS Ketenagakerjaan is a strategic step to provide social protection to affected formal workers.

The implementation of JKP has shown a significant impact, especially with the increase in cash benefits to 60% of salary for six months, the provision of access to labor market information, and vocational training programs. As of March 2025, this program has served more than 120,000 workers, helping to maintain purchasing power and maintain social stability amidst increasing layoff rates. However, the effectiveness of this program still faces a number of significant challenges. Administrative disruptions such as delays in disbursing benefits, complicated claim processes, and lack of transparency in the information system are the main complaints from participants. In addition, certain administrative requirements, such as reporting layoffs to the labor office and proof of collective labor agreements, are often difficult for workers to fulfill, hindering access to JKP benefits.

On the other hand, job training, which should serve as a tool for post-layoff career recovery, is far from ideal. Training materials that are less relevant to the needs of the labor market, a low competency-based approach, and a weak post-training monitoring system reduce the effectiveness of the program in supporting re-recruitment. Furthermore, the program's coverage that only covers formal workers shows systemic weaknesses in social protection in Indonesia.

Given that the majority of workers are in the informal sector and are not registered with BPJS Ketenagakerjaan, the unequal access to JKP creates a fairly large protection gap and reduces the systemic impact of this policy. Therefore, in order to ensure the sustainability and effectiveness of the JKP program in the future, comprehensive administrative reforms are needed, increased competency-based job training that is in accordance with industry needs, and strategies to expand protection to informal workers. These steps are crucial to making JKP a comprehensive, fair, and responsive social protection system to the increasingly complex dynamics of the world of work.

E. Acknowledgment

We would like to thank BPJS Ketenagakerjaan for the internship opportunity that has been given. The experience and learning that we gained during the internship became valuable provisions that also supported the preparation of this scientific work.

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