

## Good news or bad, it's time to keep it real.

With more bailouts and stimulus packages in the offing, the bill to taxpayers everywhere has already crossed the US\$ 3 trillion mark. As the Indonesian government prepares its own battle-plans, businesses big and small need to pause and contemplate their own way forward. It cannot any longer be business as usual.

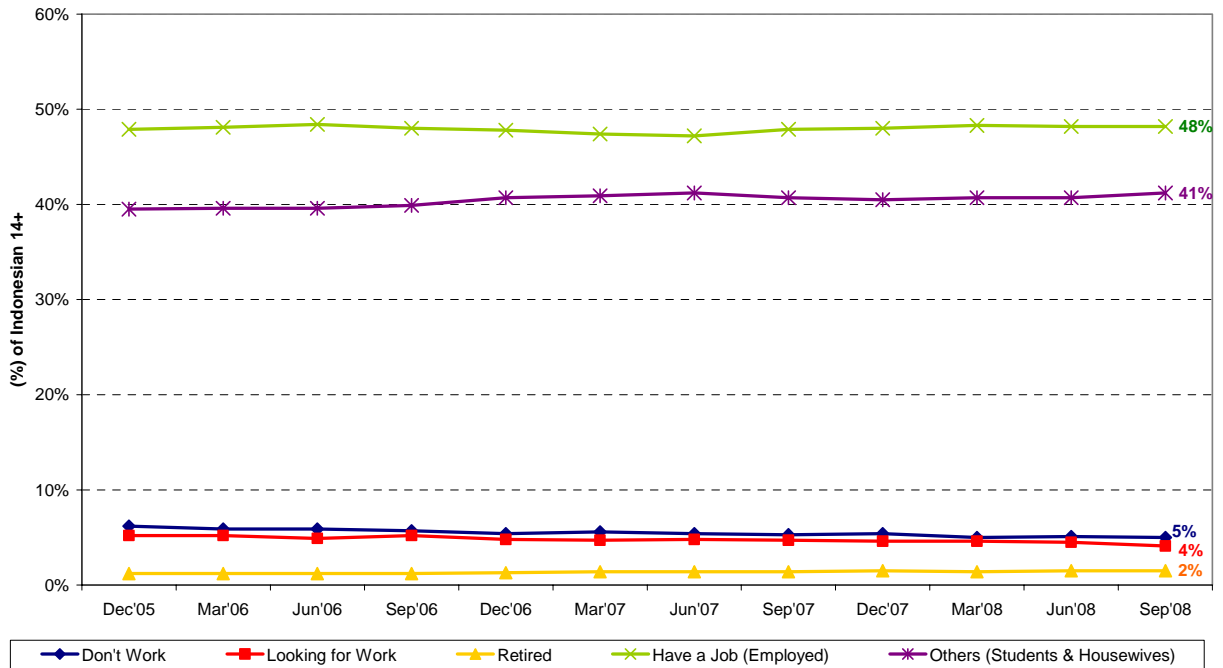
Now is not the time to talk the stock up, or the economy down. Some old-fashioned honesty will help keep all concerned on a charted course in these unpredictable times. Working with the truth would help. With job-cuts expected to continue at alarming rates for some time around the globe, Indonesian workers too will inevitably be affected. Last week, Ericsson stock shot up by 13 per cent, as soon as the pre-emptive retrenchment of 4000 workers worldwide was announced in an industry that has yet to show signs of slowing down. More CEOs will conduct similar surgery, seeking the same result. The collective impact of these retrenchments will accelerrate the decline in consumer spending, affecting share prices yet again. The downward spiral will continue. Ironically, it is the workers and their families who are going to pay the heaviest price, not the shareholders.

The present situation in Indonesia however isn't as grim as it is made out to be. A look at the local unemployment scenario is a case in point. While Central Statistics Agency (BPS) estimates based on accepted methodology puts current unemployment at around 9 per cent, Roy Morgan Research has always believed that the real picture is considerably lower, now at 4 per cent. The major reason for this significant difference we believe is because one cannot be considered unemployed if he or she is not actively looking for a job. By that qualification, there is a rather large 5 per cent of Indonesians, 14 years and older, who simply "don't work". The individual reasons for not working may vary, but the reasons don't change the reality. With 8.5 per cent of households nursing the view that there is at least one member currently looking for a job, the truth is about half of them are not. They compound the economic burden, adding to the other reality of under-employment of workers.

Just because someone is of employable age doesn't make the person unemployed. If he or she hasn't been out job-hunting at least once in the last four weeks the individual does not qualify to be labelled jobless. Our data, garnered weekly from over 25,000 interviews each year consistently shows about half the workforce employed, currently at 48 per cent. A sizeable 41 per cent are housewives and students 14 years and older, reflecting Indonesia's cultural and youthful facets. The remaining 2 per cent have "retired".

It is for similar methodological reasons that our numbers are at odds also with the Australian Bureau of Statistics (ABS) but to opposite effect. While we are certain that unemployment is at 6.2 per cent presently, ABS numbers lag behind at around 2 percentage points lower while masking the growing under-employment in that country. As the crisis mounts there, all concerned are taking notice. If the numbers are so significantly different, they question the very basis upon which our leaders in government, bureaucracy and business take vital decisions. After all, these are not just social factoids, they are at the very core of decision-making. It would be reassuring for us all if we knew that our leaders know what they're doing and why they're doing it. Watch this space for the October-December results.

**UNEMPLOYMENT ON THE DECLINE, TILL RECENTLY**



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