Abstract

Wages are services that can be considered as workers rights that are received and expressed in terms of money to workers and are paid according to an employment agreement, agreement or statutory regulation. With regard to the issue of wages, in Indonesia the current standard for wage labor is with the provision of minimum regional and sectoral minimum wages. The problem occurs whether the regional minimum wage is able to buy basic needs. What is the right model for setting wage standards to fulfill a decent life in accordance with the mandate of the 1945 Constitution, paragraph 27 paragraph (2). The study uses a normative juridical approach, which is in reviewing and analyzing problems using secondary data in the field of law, in this case the laws and regulations in the field of labor law that regulates wage issues. This research then shows that the minimum wage level cannot meet the needs of a decent worker's life and is still far from the real expenditure of labor adjusted for the level of wages received. In addition to the low purchasing power of the minimum wage for living needs, this survey also proves that the minimum wage is indeed used as a benchmark for wages by employers or has been used as a maximum wage.

Keywords: Minimum wages, Workers, Welfare, and Decent Life

Introduction

All humans, whatever their social status, always try to maintain and maintain their survival both personally and collectively. Based on this thinking, it can be said that there are basic life needs that are non-negotiable (both in terms of type and volume. In short, there are basic or basic needs that must be met to maintain their survival (Howell, 2019) Human survival can not be separated from what can fulfill it. One of the means of meeting the needs of human life is money, which can be obtained from work. For workers, the fulfillment of their needs is salary or wages.

With regard to the issue of wages, in Indonesia the current standard for wage labor is the provision of minimum regional and sectoral wages, but in general regional minimum wage or UMR standards are used (Braun, 2019). With the provision of the UMR, the problem is whether the regional minimum wage is able to buy these basic needs. The basic needs referred to here are the main needs, and the problem of...
purchasing power. Speaking of basic needs and purchasing power, there should be an "agreement" between the laborers, employers and the state (Rudra, 2018). Basic human needs in order to survive, of course, are the most basic needs such as food, clothing and shelter - in order to live properly, which must be fulfilled (Debasmita, 2018). Therefore, the problem lies in the problem of the meaning of standards as what can be agreed by all parties. Furthermore, with the agreement on all of that, it is hoped that the UMR provisions can guarantee the subjective justice of each party (Espinosa, 2017). If you see a problem like that, it seems that the UMR problem is actually not difficult to overcome. However, in reality, even though these steps had been taken and had been mutually agreed upon, the issue of the UMR still surfaced.

Limited living resources faced by a community in an area, of course requires management by its leader. The presence of the State is to manage the "limited living resources" available, so that all citizens are still able to carry out their lives properly (Kis-Katos: 2015). In addition, simultaneously, the State has an obligation to prevent injustice or dominance (survival of the fittest) among its citizens while prosperity is being sought, so that an orderly social life can be realized.

Based on the nature and function of the State above, there is a serious problem in the UMR problem, which the state must resolve, namely the problem of “availability of basic needs” and “the way how citizens can obtain it”. Today's reality, prices for basic necessities are not the same in all corners of the country. The price of rice in Java, for example, is different from prices in Sumatra, another in Kalimantan, as well as in Sulawesi, Maluku and Papua. Therefore also the minimum wage in each region will be different. This fact gives the impression as if they are in different countries whereas in reality they are under the auspices of the Unitary Republic of Indonesia (NKRI). Based on the problems outlined earlier, the issues that we want to study are: 1) What is the model used to formulate the current UMR?; 2) What is the existence of the Wage Board in setting minimum wage standards that meet the standard of living that is decent for workers?.

Method

The research method used to examine the regional minimum wage problem is normative juridical research, which is research conducted based on legislation or law
conceptualized as a rule or norm which is a benchmark of human behavior that is considered appropriate. Juridical research implies that in reviewing and analyzing problems secondary data is used in the field of law, in this case the laws and regulations in the field of labor law that regulate wages. Besides that, the decisions of the Regional Wage Council also examine the role of determining the amount of the minimum wage in an area. The method of approach and data analysis is carried out qualitatively through in-depth interviews and descriptive analysis to provide an overview of the process of making the provincial minimum wage (UMP) policy in Indonesia and also about the decent wage championed.

Results and Discussions

1. Regional Minimum Wage Determination Model

Wages are a service fee that can be considered as workers' rights which are received and expressed in terms of money to workers and are paid according to a work agreement, agreement or legislation including benefits for workers and their families for a job or service that has or will done (Article 1 number 30 of Law No. 13 of 2003). Every worker has the right to earn a decent income for humanity (Article 88 paragraph (1). The appropriate size is relative. However, the determination of the minimum wage is determined based on the UMR. Regional Minimum Wage) is a minimum limit size used by the government, companies or industry in the provision of wages or salaries to workers or employees (Manning, 1998). These UMRs differ from each region and are determined by the regional government, namely DPD (Regional Wage Council) based on Minister of Manpower Regulation No. 05/Men/1989 May 29, 1989 concerning Minimum Wages.

Labor Minimum Wage or Regional Minimum Wage (UMR) is still a “sacred” concept for workers, and “scourge” for employers and state managers. Neither of these parties can guarantee that in the future this “minimum wage” will no longer be a problem. No one can guarantee that there will be no more “demos” about the minimum wage for workers. Therefore, efforts to increase the minimum wage are still considered a powerful weapon to reduce problems for employers and state managers, often even considered synonymous with improving labor welfare. Likewise, what is understood by the workers themselves. Without realizing it, the above conditions cause this problem
has never been seen in a more comprehensive or holistic manner (Wong, 2018). As a result, the root of the problem has never been identified, so that alternative solutions have never actually been formulated. However, certainly all parties whether workers, employers and other elements of society, want the state not to want to have a “demonstration of demands for an UMR increase” every year. In this case, the state must be able to control the prices of basic necessities and other necessities of life. When the minimum wage for workers rises, it will certainly push up the prices of basic necessities and other needs. If the state is unable to control the prices of living necessities, then the increase in the minimum wage will not have an impact on increasing the purchasing power of workers. In fact, lest it decreases their purchasing power. It could be that the increase in the prices of necessities of life, was not comparable to the increase in wages (inflation). Not only that, those who are non-workers but are classified as mediocre income will also be affected by the increase in labor wages.

Workers as human beings and as social beings will tend to form their own social unity, which is different from other social units. In this context, that is, even to meet their daily needs, they also do not leave their social unity, such as buying food at a food stall, buying clothes at a street vendor or at flea markets, which of course is different from non-poor citizens. When controlling, for example, eviction of traders, workers who usually eat in stalls, are forced to eat in restaurants or foods such as fried chicken. Then the wages for one month have run out in a week, encouraging them to seek loans, and so their salaries are deducted from debt, life becomes dependent on debt (Desai, 2018). Certainly there is an unconscious role of the state resulting in lower purchasing power of workers at the lower levels.

Purchasing power is a matter of net income. Meanwhile, so far, the UMR has more to do with gross income. On the other hand, as citizens, workers also have an obligation to pay taxes. The problem is, they do not pay taxes at all. When they spend their money, they are always taxed too. In short, when they want to spend money that has been taxed or deducted, it turns out they still have to pay other taxes for every need they buy. Thus, we actually never know how much their net income. That is, we also never really know how much their buying ability or purchasing power. Not to mention the problem of living costs which are borne by those who have children; some still bear
their younger siblings or parents, making our understanding of their purchasing power even more obscure.

In the matter of minimum wages, the State or State manager must hold to the nature and function of the state (for what country is present). If not, it will be difficult to understand that the minimum wage problem is a real purchasing-power problem. This means that the UMR must be able to represent real purchasing power (real purchasing power). To achieve this, the State's ability to control the prices of living necessities and understand the social networks of low-income citizens (the problem of availability and how citizens can obtain it) is needed, so that the State is able to formulate a minimum wage that is closer to the real purchasing power of the workers.

Minimum wage policy is a wage system that has been widely applied in several countries, which basically can be seen from two sides. First, the minimum wage is a protection tool for workers to maintain that the value of wages received does not decrease in meeting the needs of daily life. Second, as a protection tool for companies to maintain worker productivity (Howeel, 2019).

Based on the theory of bargaining wages theory, labor market balance is a certain position that is formed by the interaction of labor demand and supply. Wage theory, according to Fossum (1995) in "Bargaining Theory" with the negotiating theory states that there are upper and lower limits for wage levels, and that the level of actuality between the two limits is determined by the level of interests of workers to receive work, so they can earn income to meet life necessities. Therefore, the level of wages determined by the agreement of the workers with the employer depends on the ability or bargaining power (bargaining power).

The condition of laborers' wages in Indonesia, if laborers' wages rise but are still below the inflation rate, this means that workers' real wages fall. And that is what continues to happen today. Provincial Minimum Wage (UMP), a group supporting minimum wage policies argues that minimum wages will redistribute resources and have the potential to increase the income of workers in the formal sector (Lustig and McLeod, 1996).

There is an opinion that the minimum wage will encourage an increase in the income of informal sector workers in three ways (Desay, 2018), namely: first, a higher level of formal workers' wages will increase the demand for goods and services
produced by informal sector workers, so that the income of informal workers will also increase; second, the minimum wage policy has a “lighthouse effect” on the unprotected distribution of informal workers' wages, so that the minimum wage can be a benchmark for a fair payroll system; third, minimum wages will encourage more labor-intensive investment relocation.

According to research conducted by Akatiga (2015), the concept of a living wage appears to bridge the debate that always arises regarding the issue of labor minimum wages in Indonesia, if from workers, the problem is the minimum wage is not enough to meet the necessities of life while the employers state that an increase in the minimum wage every quite burdensome year. The definition of a living wage refers to wages for a worker with standard working hours who can meet the needs of a decent living and provide the ability to save. For Indonesia, standard working hours are 40 hours per week.

Whereas the definition of decent living needs according to Permenaker 17/VIII/2005 is a standard of needs that must be met by a single worker to be able to live properly, both physically, non-physically, and socially for the needs of 1 (one) month. Version of a study conducted by Akatiga (2015), the definition of decent living needs refers to the necessities of life that must be met so that a worker and his family can live properly and be able to reproduce their energy so that it becomes more productive.

This research then shows that the minimum wage level cannot meet the needs of a decent worker's life and is still far from the real expenditure of labor adjusted for the level of wages received. In addition to the low purchasing power of the minimum wage for living needs, this survey also proves that the minimum wage is indeed used as a wage benchmark by employers or has been used as a maximum wage. The minimum wage is no longer given to workers with tenure under one year but is given to all workers with ten years of service. This issue needs to be examined by unions, employers and the government as it has broad implications for the performance of the industry and the workforce as a whole.

The inability of the minimum wage to meet the needs of a decent life implies several things that directly touch the interests of workers, employers, and the government as well. From the labor side, the low purchasing power of the minimum wage...
wage against the necessities of life causes workers to make savings and live in a circle of debt. Workers who live in such conditions will certainly affect the performance and productivity. Low labor performance and productivity is the direct interest of employers which will also affect the performance and productivity of the company which will ultimately affect the competitiveness of the company (Morin, 2018). Aggregately, low productivity and competitiveness of companies reflects low national competitiveness. In that framework, the increase in labor productivity needs to be done through wage improvements, and the concept of living wages is an idea to improve wages that can increase productivity.

One component to meet the needs of decent living is wages. Another component is social security which is the duty and responsibility of the government to provide and guarantee access to workers. This means that fulfilling the necessities of a decent life is not only the responsibility of employers but also requires the implementation of government obligations and responsibilities. In relation to the concept of a living wage, the value of living necessities is not the value of a living wage. In the concept of a living wage, what is offered is a wage concept that takes into account the interests of workers and employers and divides the responsibilities between the government and employers. In this concept the role of trade unions is to maintain and improve the performance of members so that they can have strong arguments in the event of deviations from the implementation of decent wages.

Thus the concept of a living wage is an idea to improve wages that can increase worker productivity. For example the determination of the amount of wages in accordance with the number of dependents of workers, multiplied by 2 if it has a dependency of 1 person and multiplied by 3 for the number of dependents 2 people and multiplied by 4 for dependents of 3 people or more.

2. Extension of the Wage Board

The Regional Minimum Wage (UMR) is determined by the Wage Board. Wage council is a tripartite non-structural institution whose job is to provide advice and consideration to the Regional Head in setting minimum wages and implementing wage systems and preparing wage formulation material. This board consists of a tripartite with a balanced representation model that negotiates annually to determine the value of
the minimum wage. The main basis for obtaining the proposed rate of increase in the minimum wage at present is the market price survey for Living Needs (KHL).

The Wage Board experienced significant changes, both in terms of membership composition and the mechanism for determining wages. This is related to the implementation of regional autonomy policy and freedom of association. Currently the Wage Board uses a balanced composition of representation model. Each tripartite element has the same number of representatives on the Wage Board. Increasing the number of trade union representatives in the Wage Council in relation to the ratification of the ILO Convention 87/98 on Freedom of Association. Only trade unions registered with the Provincial Manpower Office can become members of the Wage Council; the more registered trade unions there will be the more trade union representatives on the Wage Council. The increasing number of trade union representatives will be accompanied by an increase in the number of employers and government representatives so that the composition of the existing representation remains balanced. This change provides an opportunity for workers to participate in decision making at the Wage Council so that workers can use the Wage Council to fight for improvements in their conditions.

Decree No.226/2000, this regulation has delegated the authority to determine the UMP and UMK to the governor as a form of actualization of the regional autonomy policy so that the governor is expected to determine wages in accordance with the aspirations of local communities whose results are expected to be in accordance with the real conditions. If all elements in the Wage Board play a fair role, then the possibility of workers will be faced with something that is fair, but if there is a coalition between the government and employers then it will certainly complicate the position of workers, especially if there is a voting mechanism in making decisions. Workers must face a strategy that can hinder their participation in decision making. Voting mechanisms, on the one hand, can be one of the tools of workers' struggles to include their interests but, on the other hand, can be detrimental to workers. If all parties in the Wage Board play their respective roles, while the government functions as a facilitator and mediator between workers and employers, then workers are faced with something that is fair. This must also be supported by good negotiation skills so that workers can balance the capacity of the employer. However, if the government has an interest in
favoring the capital holders, namely employers, it will be difficult for workers to fight for their interests because they have to deal with an alliance between employers and the government.

In this era of regional autonomy, governors or regents / mayors actually have the opportunity to improve the conditions of workers in their area because they can better know the capabilities of the region and also the ability of the company and thus can set minimum wages in accordance with existing capabilities. The governor or regent / mayor can use his authority to return the minimum wage proposal submitted by the Wages Board to be reformulated. If within 14 days there is no response, the governor or regent or mayor has the authority to set minimum wages.

In fact, this role is not fully utilized. What happens is that the governor or regent or mayor instead becomes the legalisator of the existing weaknesses and the most feared thing is proven that the executive can make the labor struggle blocked. Thus, even though trade union representatives have exerted their ability in the process of increasing the minimum wage in the Wage Council, if the decision maker is more aspirational to the interests of capital, then the workers' struggle is still not in line with workers' expectations. It really depends on who is the governor or regent or mayor and what interests he has. If the executive does not have the good will to improve the conditions of existing workers, the existence of this policy makes it even more difficult for workers' positions.

In principle, the Wage Council which is a triptite institution is still needed, but it is better if the Wage Council is more focused on matters relating to employment policies at a macro level, namely the minimum wage as a safety net to provide minimum protection and guarantees for workers against the arbitrary possibility of business people.

Still according to him again, the existence of tripartite institutions is also a communication and consultation forum between Trade Unions, the government, and employers' associations in order to solve the labor problems included in its supervision, so as to create business peace and calm work. For this reason, the naming of the Wage Board should be changed to the Minimum Wage Assessment and Determination Board. Its role and function is to determine a minimum wage policy based on sector types of industry at a macro level to reflect a sense of fairness and objectivity. So the minimum
wage policy will be realized as a safety net and provide protection for new workers, then he continued, the minimum wage should only be applied to companies that do not or do not have a union organization, whereas for those with an existing union union, the minimum wage rate as wages the lowest is determined based on a bipartite agreement and then set forth in a Collective Labor Agreement (CLA). And certainly not to be lower than the minimum wage set by the government. This will also help to regulate the wage system in the company which has been in trouble with the existence of header wages.

With this, according to him, it will create a system or structure of wages that is fair and encourages labor productivity, because workers or laborers who have a longer work period, let alone have a family, must proportionally get better wages and welfare for their future and family. The Wage Council is still needed, but it is directed at matters relating to employment that are macro in nature, namely minimum wages as a safety net for minimum protection for workers, wages should be determined in bipartite as stipulated in the Collective Labor Agreement (CLA).

Conclusion

The current regional minimum wage setting model is based on a decent standard of living. The existence of the Wage Board is still not aspirational, it does not really represent the interests of workers. In the future, the Wage Council is still needed but it is directed at matters relating to employment that are macro in nature, namely the minimum wage as a safety net for minimum protection for workers, wages should be determined in bipartite as stipulated in the Collective Labor Agreement (PKB).

References


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