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MINIMUM WAGE DETERMINATION


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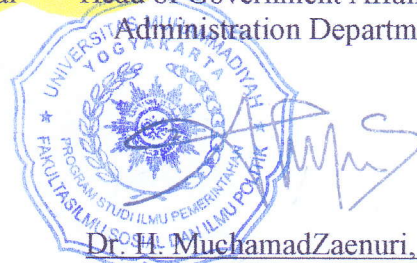
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THE IMPLEMENTATION OF GOVERNMENT REGULATION NUMBER 78 YEAR 2015
WAGE POLICIES TOWARDS THE SEMARANG CITY MINIMUM WAGE
DETERMINATION

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ABSTRACT

Basic life needs must be met for human survival. Life needs such as clothing and food. Since a long time ago humans worked to get money. The money is used to buy necessities. An individual must work to earn money and make ends meet. These needs can be for individuals or families. If it does not work, a person cannot meet the necessities of life and will not be able to survive. One of a person can get a job is by becoming a laborer in an industry. Although being workers may not be their first goal, but at least this is what they can do. There are many cases where workers are paid under the portion of their work. This results in the exploitation of human resources. This can happen because entrepreneurs hold full power in the industry. This can result in workers working with a heavy portion but getting a minimum salary. This is where the role of government is expected by the workers. The government is expected to play a fair role in protecting workers and maintaining the continuity of industry. The government acts as an intermediary between labor conflicts and industrial owners. Therefore the government makes and regulates laws concerning the determination of minimum wages. This research will discuss how the determination of minimum wages can be set.

Keywords: minimum wage, labor, industry, government.

Background

This study is analyze the review the implementation of wage policies towards the minimum city wage in Semarang based on the Government Regulation of the Republic of Indonesia Number 78 year 2015 concerning Wages. The industrial sector in this Sophisticated era is one of the important things for the development of the country, especially in developing countries. In general, industry is very important for developing countries because it can help improve economic conditions in the country. Like other developing countries, the industrial sector is one of the important components in Indonesia to support economic conditions, the value of currencies in the eyes of the world, welfare, and many others.

The term UMR is no longer used because the government has regulated wages. The UMR is moreover replaced with the UMK (City Minimum Wage) or UMP (Provincial Minimum Wage). The term change is contained in the Decree of the Minister of Manpower and Transmigration of the Republic of Indonesia Number: Kep-226 / Men / 2000 concerning Amendments to Article 1, Article 3, Article 4, Article 8, Article, 11, Article 20, and Article 21 of the Minister of Manpower Regulation Number Per-01 / Men / 1999 concerning Minimum Wages (R. & Izati, 2013).

In this thesis, the author intentionally observes between districts that have many industries and districts that have few industrial sectors. The scale of the industry can affect economic progress in a region. According to data from BPS Semarang City,

large-medium scale industries reached 307 companies until the period of 2017.

According to the data announced, the Central Java governor's decision number 560/94 year 2017 about the UMK on 35 Districts/City in Central Java Province Semarang city in the 2018 period reached Rp 2.310.087. There are several large to medium scale industries in Semarang city.

If this is related to the number of UMK, an opinion can be drawn that industrial development can affect UMK, even economic growth in a district. According to Central Java Governor Ganjar Pranowo (2018, 4) the industrial sector contributed 3.56 million workers, equivalent to 20.73 percent of the total labors in Central Java. The total number of workers in Central Java is based on the same source of 17.18 million people. The data was last updated in August 2017.

Administratively, Semarang City is divided into 16 sub-districts and 177 *Kelurahan*. The area of Semarang City was recorded at 373,70 KM^2 . The existing area consists of 39,56 Km^2 (10.59%) of paddy fields and 334.14 (89.41%) others. According to its use, the largest land area of paddy is rainfed lowland (53.12%), and only around 19.97% can be planted 2 (two) times. Based on the 2016 population projection calculation, the population of the city was recorded at 1,729,428 people with population growth in 2016 of 1.66% (BPS, 2018).

Gross Domestic Product also affects economic growth in a region. It is the number of products and services produced

by a region in a certain period of time, however generally the calculation is every year. Gross Domestic Product is one of the most important indicators for the rate of economic growth in a region. Gross Domestic Product or hereinafter abbreviated as GDP is for the national level meanwhile for the city level is the Gross Regional Domestic Product or hereinafter abbreviated as GRDP (Boediono, 1999).

In writing the review of UMK determine policy, per capita income of the average population and production activities of Semarang city data are needed. Various determinants of UMK are also one of the things that shall be explained by the authors in this study so that the data obtained can be synchronized with the results obtained. Therefore the data can also be synchronized with the results or output of this writing and from that the author looks for the most recent and accurate data.

Purpose of Research

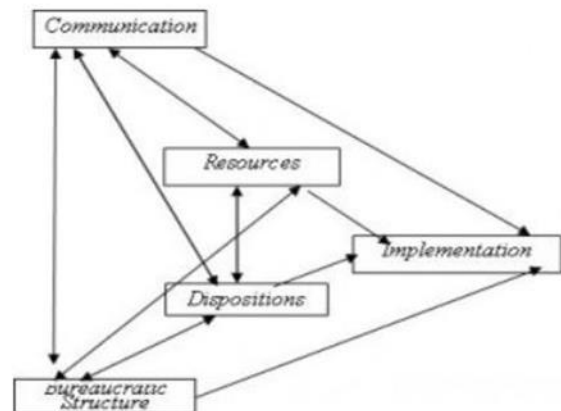
The objectives of this study is to understand the implementation of Government Regulation number 78 year 2015 about UMK in Semarang City and what factors that affect the policy are.

Benefits Of Research

This study has the benefit of knowing the implementation of wage policies towards the minimum city Wage in Semarang. In addition, the determination of UMK is very important for the community and the workers so that they understand the minimum salary standards in an area.

Theoretical Framework

There two theories theories that the author uses to establish and limit the scope of research. Implementation according to the theory of George C. Edward III defined as follows (Edward, 1984):



Communication

Communication in organizations is a very complicated process. A person can store information for unilateral purposes. In addition, communication can lead to different understandings for those who receive it. Implementation runs if all personnel receive information and understand clearly and accurately about policy goals and objectives.

Resource

This resource component includes the number of staff, and expertise of the implementers. Inadequate human resources result in the program being unable to be implemented properly because it is unable to carry out supervision properly.

Disposition

There are three forms of attitude of the implementer in addressing the policy, namely the awareness of the implementers, the direction of the implementers to respond to the program (acceptance or rejection), and the intensity of the response.

Bureaucratic Structure

Bureaucratic structure is the characteristics and patterns of relationships that occur repeatedly in executive organizations that have both potential and real relationships with what they have in carrying out policies.

The author uses the theory introduced by Ferdinand Lassalle which is called Iron wages theory. According to him, the wages received by workers are the minimum wage so that industrial sector leader can achieve maximum profits. Because workers are in a weak position they cannot do anything and forced to accept the wages. Therefore, this wage is called iron wages.

Research Methodology

The author used Qualitative research because it has many characteristics so that definitions can also vary. Therefore the term qualitative research is a type of research whose findings are not obtained through statistical procedures or other forms of calculation.

The researcher collects data from interviews with resource person who have

knowledge and understanding of everything related to the purpose of the study. The researcher also retrieves data from journals, books, e-books, articles and does library research to collect data.

To collect the data, author used interview and non-participant technique. Author interviewed actors who have knowledge and authorities about determining UMK. And also indirectly it became non-participant technique because author did not contributed to the determining of UMK.

History of Labor Associate

The Labor Associate movement in Indonesia emerged in conjunction with several Indonesian movement organizations in the early 20th century. The Labor Associate organizations of the Indonesian Labor Associate emerged as a result of an economic injustice that was too much dominated by capitalism. The influence of socialism on the struggle of the nation in Indonesia began with the arrival of Sneevliet, a Dutch socialist activist who came to Indonesia to work and spread knowledge about the ideas of Marxism, ideology and the way of socialism which then aroused the thinking of Indonesian fighters, especially among the workers. VSTP (Vereeniging van Spoor-en Tramweg Personeel) get a big influence from socialist and communist groups. The VSTP organization has roots in the radical movement against injustice created by the colonial system. This Labor Associate protest movement also became the beginning of modern social movements, replacing earlier social movements which

were more traditionally based. The Organization of Indonesian and Dutch Railroad Labor Associate was founded in Semarang in 1908.

History of APINDO

Founded on January 31, 1952, the Indonesian Employers' Association (APINDO) was originally established under the name of the Indonesian Consultative Body for Social Affairs. After the struggle for independence, development in all fields began to become a concern, one of which was in the socio-economic field. This field is also something new in the business world.

Discussion

To determine the UMK, the Mayor determines the members of the Wage Council. The Wage Board is tasked with discussing the number of UMK in the following year period. Members of the Wage Board are listed in Semarang Mayor Decree Number 561.1 / 98 of 2018 Concerning the Establishment of Semarang City Wage Council 2018-2021.

The Wage Board consists of three parties namely the Manpower Department as a representative of the government, the Labor Associate as the representative of workers and APINDO as the representative of all industrial owners in the City of Semarang.

However there are some indicators from the theory that conduct the implementation since there were conflict that occur in last UMK determination in 2017. The labors stated that di UMK for 2018 is too low if it is compared with Living Needs (KHL). So

there were a strike that has been done by Semarang City labors. Those indicators are as follows:

Communication

The form of communication above is direct communication. All data, opinions and objectives must be submitted in the UMK of Semarang City determination forum. The Department of Manpower which is neutral in nature is more accepting of opinions from each party. Whereas APINDO and Labor Associate are tasked with expressing their opinions and objectives to the Manpower Department. However, communication between APINDO and Labor Associate is indirect because of differences of opinion and goals.

Resource

In resource points, there are several types of sources namely, human resources, data resources, and legal resources. The Manpower Department prepares human resources to hold meetings as well as legal sources that will be used as guidelines in determining UMK. The Labor Associate prepares human resources to represent workers in the meeting to determine the UMK and valid data on the price of a decent living necessity. APINDO also prepared human resources to represent the UMK determination meeting and data on industry opinion and economic growth.

Disposition

This section explains the attitude of the holder of power and in this case the government. In determining the UMK last year there was a conflict between the Labor

Associate and APINDO. The number suggested by APINDO are not much different from the Manpower Department. But the number suggested by the Labor Union have quite a big difference and the difference is around Rp. 400,000.

Knowing this, the Mayor of Semarang summoned the two Labor Associate and APINDO to discuss the number of UMK to be determined. The Mayor of Semarang asked APINDO to raise a small number of UMK. But APINDO refused. Finally this was heard by the Governor of Central Java. The Governor of Central Java did the same thing and APINDO continued to refuse. Finally the Governor set the 2019 UMK to Rp. 2,498,587 as suggested by APINDO.

Upon hearing this Labor Associate assumed that they were being oppressed and held a demonstration at the Central Java Governor's Office. The attitude taken by the Governor of Central Java was to invite the Labor Associate discussion and thank the Labor Associate for giving and explaining the number of UMK versions of the Labor Associate and promised to review PP 78 in 2015.

Bureaucratic Structure

Each of these actors has a role in determining the Semarang City UMK. The Central Java Governor has the duty to approve figures agreed upon by the Wage Council. The Mayor of Semarang is tasked with electing members of the Wage Council and submitting UMK figures to the Governor of Central Java. The Manpower Department is in charge of representing the

Government in the Wage Council. Labor Associate and APINDO play the most important actors, namely delivering data and materials in determining UMK. This is because the Labor Associate and APINDO know the field conditions.

Determination of Minimum Wages

There is a formula that used by the Wages Council to determining the UMK. That formula would be explained below:

$$UM_n = U_{m_t} + \{U_{m_t} \times (\text{Inflasi} + \% \Delta \text{PDB}_t)\}$$

- UM_n is the minimum wage for the year to be determined.
- U_{m_t} is the current year's Minimum Wage.
- Inflation is year-on-year inflation calculated from the period of September last year to the period of September of the current year.
- ΔPDB_t is the growth of constant gross domestic product prices calculated from the growth of gross domestic product covering the third and fourth quarters of the previous year and the first and second quarters of the current year.

Conclusion

Now to determine the Regency or City Regional Government UMK local governments form non-structural institutions called wage councils. The Wage Council consists of three elements namely the government, Labor Associate, and APINDO. The survey should be conducted

by the Wage Council, however in the case of 2018, the survey is done the labor associate. For details, The Manpower Department did not provide clear enough information, but based on the KHL figures surveyed by Wage Council from January to September, the proposed KHL figures from each of these parties were agreed, which were the KHL figures in the following year. After the city KHL number was determined, it was discussed by the city wage council to determine the city minimum wage. After a joint discussion, it was proposed to the mayor of Semarang about how much the proposed minimum wage was from the union and from the employer. Based on the results of the city's wage council, it was the mayor's right to determine the amount of UMK for Semarang City in 2018. After the UMK was determined by the mayor Moreover the mayor submitted to the Governor the City's Minimum Wage and was determined by the Governor.

However, in this case the Government is more inclined to APINDO not to labor associate which situation can also hamper the process of determining policies and can even produce policies that do not benefit all parties, even though good policies are policies that are able to solve the problems and prosper the community.

Suggestion

1. It is expected that in carrying out the process of determining the minimum wage, the entrepreneurial element is not concerned with personal gain, because without workers the production process cannot run.

2. It is hoped that the government would be more fair as the holder of power because if not the government who else would the workers believe.
3. The emergence of demonstrations and strikes do occur due to a vote of mistrust from the workers, however it would be better if all the differences could be discussed with the government as the holder of power.
4. The Government of the city of Semarang must be able to be communicative in conveying all information in terms of establishing the minimum wage policy of the city of Semarang.
5. Hopefully that workers and employers can work synergistically and harmoniously in the determination of the Semarang city minimum wage, so that opinion would also be given in the determination of minimum wage.

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