

## CHARGES OF INDONESIA LABOR / WORKERS AGAINST PROPER LIVING NEEDS THAT CAN MEET THE MINIMUM WAGE

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**ABSTRACT** - *The Proper Living Needs (PLN) is a standard requirement that must be fulfilled by an employee or single worker to live both physically and non-physically and socially in a proper condition for the needs of one (1) month.*

*PLN is as a basis in determining the minimum wage as an increase of the minimum necessities for workers life. Wage is one of the instruments that can directly improve the living standard of the worker and his family. The high or low level of wage received by a worker will directly influence the welfare changes experienced by a worker.*

*What drives the worker to be passionate to work effectively? Seeing the different interests among those involved in wages policy, it is not surprising that the wages policy is the result of bargaining the interests from the governments, the employers and workers who directly receive a wage increase.*

**keywords:** Minimum wage

### 1. INTRODUCTION

Spectrum of employment issue which is related to wages and its derivatives is not a minor issue. The facts show that the issues of labor wages dominate the employment's polemic.

The labor wages issue appears not only from the ruling reform era in order; where all the information access is open, every dissatisfaction can be expressed through street actions, but it has been since the decade of the 1980s, in the era of the New Order regime, a refusal that is shown openly, let alone to go down to the street is a disgrace for the government at that time who proclaimed stability so that they deserve to be slaughtered because it can be destructive to the economy and slow the economic growth.

Labor issues are not only grown since the reform of the ruling order; where all the information access open, everything can be expressed dissatisfaction through street actions, but it has since the decade of the 1980s, in the era of the New Order regime, a refusal that is shown openly, let alone to go down to the street is a disgrace for the government at that time proclaimed stability they deserve to be slaughtered; because it can be destructive to the economy and slow economic growth.

Minimal living conditions were constantly experienced by workers, not in spite of wage political force since the new order. The level of wages is determined not by the law of demand-supply of labor in the market, but by an institution called the National Wage Research Council (DPPN), and subsequently also formed Regional Wage Research Council (DPPD) since 1969. Membership of the Council includes most of government (Depnakertran), Universities, Trade Unions elements and elements of APINDO (Employers' Association of Indonesia). National Wage Research Council (DPPN) located under the Department of Labour, while the Regional

Wage Research Council (DPPD) is under Governors as heads of regions.

The minimum wage is a political form of wages, labor costs are very significant benchmark to set, given the state making low worker wages as a comparative advantage in attracting foreign investment.

There are still many companies who think that the implementation of the wages of workers merely normative obligations, despite the fact that the company is able to pay more. Wisdom is ambivalent between the interests of improving the welfare of workers, and attracts investment for economic development is the dilemma that often sacrifices the interests of workers in the continuity of development. (Rudiono, 1992: 61).

Another problem in the minimum wage is the criterion to determine the minimum wage. It is determined by considerations, namely:

1. The basic needs of workers with family.
2. The level of wages in the sectors of industry and other endeavors.
3. The state of the economy in general and the companies, especially those associated with the development of regional and national development.

The ability of companies in the sector concerned (Muryati, 1994: 216-217; Tjiptohariyanto, 1994: 226-227)

### 2. DISCUSSION

Wages have a strategic position, good for governments, employers, and workers themselves with their families and the national interest broadly (Murwati, 1994: 213).

For the government, the wage is a means of income generation and improvement of people's welfare. Therefore, the balance of wages to the minimum subsistence of workers with the progress of the company is important because efforts to equitable

distribution of income and welfare through increased labor productivity and progress of the company is one of the activities to overcome poverty.

For rulers wages affect production costs and price levels which in turn result in production growth as well as expansion and employment opportunities. The higher wages are issued, the higher production costs. Thus it will also improve the price of the products that ultimately affect the company's competitiveness in the market and productivity growth. Low competitiveness and low productivity of the company will re-define the size of the job opportunities that could be provided by the labor market

According to Government Regulation No.8 / 1981 article 1, wage is acceptance as a reward from the employer to the employee for a work or service which has been or will be made, and expressed or valued in terms of money which is determined on the basis of an agreement or laws invitations, and paid on the basis of a labor agreement between the employer and employee, including benefits, both for the employees themselves and for their families.

Economically, wage is the price or remuneration for labor achievements. Workers are one of the factors of production and as well as in theory about the price, then the price of labor, among others, in the form of wages. It is the interaction of the forces of demand and supply. Labor demand by employers is intended to improve profits. An increase in wages is caused by the demand of production together with the increase of demand for labor.

According Karta Saputra et al (1986: 34):

Wages are the purchase of services that are deployed by manpower to the interests of employers, ranging from the time specified by employers to their workers at a workplace until the time set for the end of the job. It is called the purchase of services because of the fact that it is involved, such as: (1) prior to the employment agreement as if they do materialize bargaining agreements where workers will perform a job to pay the agreed amount. (2) The possibility to be taken into account by the employer, a few days workers were absent, and those days will be done anyway in wage cuts. (3) No wages paid to a worker who does not perform the promised work, unless it's really sick workers (Article 1602-b KUHS). (4) In the case of disadvantaged workers, for example, wages are not given at the time that has been promised / set, or wages are not in accordance with the agreement, the workers concerned can make demands (Government Regulation No.8 of 1981, article 31, 32 on the protection of wages).

Different formula is set in determining the minimum wage in each country. However, according to the International Labor Organization (ILO, 1970: 65-70), there are three components that must be considered, namely: (1) basic needs of workers and the family, (2) ability to pay employers, (3) wages paid for work comparable in different economic sectors and places. In addition to these three factors, the change in the cost of living and productivity changes will affect the minimum wage

Perspectives of PLN necessarily indicate that wage increases do not describe the purchasing power; the GPID method may be used as an alternative of minimum wage. It is of course based on the main objective in determining the minimum wage, namely:

1. Highlighting the significance and important role of labor as a creative sub-system in a working system.
2. Protecting workers in order to avoid very low wages and materially unsatisfactory condition.
3. Pushing the possibility to be given wages in accordance with the value of the work performed by workers.
4. Ensuring the work organization or company to have the tranquility or peace, there is no congestion due to interference by the labor done in connection with wage improvement demands.
5. Ensuring the impetus for an improvement in living standards normally. (Kartasaputra, et al, 1986: 40-41).

Wages problems constitute the most vulnerable in the employment relationship because the wage problem is not just how much wages should be paid, but the issue of the rights and obligations of a person. If a system of wages has been established in a company, then the system must guarantee two interests; they are the interests of the company and the interests of workers. On one hand the company must ensure smooth operations, survival, and even the survival of the company development. Wages by employers is the cost to be incurred / paid to the worker and taken into account in determining the total cost. On the other hand the rights of the worker must be met in order that they are passionate in doing the job, so it can increase its productivity.

In the wage system on a time basis, if the company does not perform the operation or stopped production, for example due to the scarcity of raw materials, the workers continued to receive a large reward which is called as the *Guaranteed Minimum Wage* (Minimum Wage Assurance), so to avoid the risk of not receiving wages. According to Kartasaputra (1986: 60-61) that is the most widely used system because:

- a. Easily wages paid because from the beginning it has been determined
- b. Giving assurance to the workers, because wages do not depend on factors of work efficiency.
- c. Skills of the workers are relatively easy to improve in terms of working time that is not too pressed for time.

However, this system has the drawback / losses due to the following matters:

- a. Possible losses because wages are not associated with tangible results of production.
- b. Intensive supervision is necessary to maintain the stability of production.
- c. This system tends to increase inputs (costs of production).
- d. The application of this system on a casual worker / lazy will hurt the company.
- e. Psychologically the application of this system may affect active workers who become less

motivated when working with lazy workers.  
(Kartasaputra, 1986: 60-61)

Wages bulk (piece rate wage) is the wage system made by the company to its employees according to the number of physical output produced by each worker. In this system the employers will avoid the risk of payment of wages which are higher than the level of productivity of their workers. In practice the piece rate usually provides incentives or stimuli for workers to work harder. The risk for employers is that the result of the pursuit of a target number of physical output; the workers will be working on the basis of the quantity that can degrade the quality of its products. The workers with the repetitive nature of work expect more on enactment of this system because it can give them the opportunity to increase revenue through the accumulation and knowledge of the job.

There are several reasons this wholesale tariff system applied:

1. Easy execution and jobs as well as calculation of wages.
2. Workers can be stimulated to increase production, thus can reduce the overhead per unit of production and in addition other advantages to the possibility of price reduction so that it can more increase purchasing power.
3. May guarantee a good working relationship between workers and employers.
4. Allows easily to find out the cost of the work of each unit of work.
5. workers are guaranteed with payment in accordance with the services that have been issued.
6. Working time can be fully utilized, so that no time is wasted as the time day rate.
7. Not required close supervision because workers can be guided by the ability of the individual in a responsible way.

With this contract system, the production can be increased and developed. The workers will always try to avoid the occurrence of damage or defects in material and production facilities, say to the engine so that optimal working conditions can be created.  
(Kartasaputra, and Setiadi, 1986: 63-64).

### 3. CLOSING REMARKS

Wages have a strategic role because wages are one element of well-being in addition to social security, and the provision of other facilities. In line with the Government's commitment in the fight against poverty and unemployment reduction, then the determination of minimum wage policy is a social safety net as a safeguard so that wages are not plunged to dangerous levels of nutrition and health of workers.

As the command of Article 89 paragraph (4) of Law No. 13 of 2003 on employment, the Regulation of the Minister of Manpower and Transmigration No. PER-17 / MEN / VIII / 2005 dated August 26, 2005 on Components and Implementation Phases Achievement Living Needs.

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