

DECENT WORK PROGRAMME IN INDONESIA

by

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I. Country Profile

Indonesia is an archipelago country which is consist of more than 20.000 islands with five biggest islands namely Jawa, Sumatera, Kalimantan, Sulawesi and Papua. We are a unity country with 36 provinces and 480 districts. Profile of Indonesian population and labor force as follows :

A. Manpower

- total number of population (Th. 2002) 212 million peoples
 - ✓ The number of working age population : 152.65 million (age ≥ 15 old).

- total number of labor force : 100,3 million.

- The composition of labor force by sex as follows :
 - male : 64,8 million
 - female : 35,5 million

- Characteristic of labor force by educational attainment in 2003 showed that most of labor force graduated from primary school and below educational attainment was 54,8 million (55%), and from

senior high school to upper educational attainment was 45,49 million (45%).

Tabel : The Number of Labor Force by Sex and Education

No.	Sex/ Education	2003		
		Male	Female	Total
1	No Schooling	2.356.925	2.709.058	5.065.983
2.	Not yet completed	6.953.807	5.635.142	12.588.949
3.	Primary School	23.812.702	13.356.255	37.168.957
4.	Junior High School (general)	13.344.706	5.721.818	19.066.524
5.	Junior High School (vocational)	1.026.976	475.557	1.502.533
6.	Senior High School (general)	10.144.881	4.010.975	14.155.856
7.	Senior High School (vocational)	4.255.846	1.881.022	6.136.868
8.	Diploma	1.122.507	810.051	1.932.558
9.	University	1.818.836	878.943	2.697.779
	Total	64.837.186	35.478.821	100.316.007

Data source : The HR Profile in Indonesia 2004.

- The Labor Force Participation Rate (LFPR) in 2003 was 65,72 percent consist of 85,33 percent of male and 46,28 percent of female (in 2002 : 67,76 percent);

- There are different of LFPR structure among provinces are :
 1. Province of East Nusa Tenggara : 76,15 percent out of 1.969.933 population
 2. Province of Papua : 76,03 percent out of 1.151.888 population
 3. Province of Bali : 75,83 percent out of 1.877.422 population

- The number of open unemployment in 2003 was 9,53 million people which is divided as 4,9 million male to 4,6 million female;
- The number of underemployment in 2003 was 28,47 million people;
- The total number of labor at formal sector in 2003 was 26,54 million people and at informal sector was 64,25 million people.

B. Government System

In the beginning of 1999, Indonesia started a new era in the governing system, through the adoption of a new law on Regional Government i.e. Act No. 22/1999 as Revised by Act No. 32/2004 . This law based on decentralization concept therefore, local government has the autonomy to manage their internal affair. However there are five issues which still under the control of central government. These issue are foreign affairs, finance and monetary system, legislation and law enforcement, religion as well as defence and security. As a consequences, labor and industrial relations issues covered under the competency of local government. However in dealing with labor and industrial issues, local government supposed to comply with policies determined by central government such as articulated in national labor regulations.

II. Industrial Relations

Industrial Relations in Indonesia are principally based on :

1. Common interest among employers, workers and government.
2. Partnership between workers and employer;
3. High Productivity ;
4. Improvement of Workers' Welfare.

Through all above principles it is expected that employer will do the business fairly and workers will earn their fair remunerations.

These principles reflected in various instruments as follows :

1. Company Regulations;
2. Bipartite Cooperation Institutions;
3. Trade Unions;
4. Collective Labor Agreement (CLA);
5. Employer Organizations;
6. Tripartite Cooperation Institutions;
7. Industrial Relations Dispute Settlement mechanism.
8. Statutory Manpower Laws and Regulations;
9. Industrial Relations Education.

(Source : Industrial Relations Management, Dr. Payaman J. Simanjuntak, 2003).

General information of these above instruments as follows :

1. Company Regulations

These are obligation for enterprise with minimum 25 workers to have company regulation. This company regulations contains right and obligation of employers and workers. To date there are 36.301 company regulations registered in manpower office through out Indonesia.

2. Bipartite Cooperation Institutions

According to Act No. 13 of 2003 on Manpower and Ministerial No. Kep-255/Men/2003 concerning The Procedure for Establishing the Bipartite Cooperation Institutions, company with 50 workers or more are expected to have a Bipartite Institution. This institution shall function as a forum for communication and consultation on labor issues within the enterprise. Member of this cooperation body consist of employer and representatives of workers, regardless there is a union or no union exist in the enterprise.

Up to September 2004, there are 7.866 registered bipartite cooperation institutions.

3. Trade/Labor Unions

According to Act No. 21/2000 on Trade Union, the minimum requirement to establish a union at the plant level is ten workers. Nowadays there are 86 federations and 3 confederations with total number of 8.599.877 unionized workers.

The adoption of Act No. 21/2000 is a significant step to built a new paradigm in the world of industrial relations in Indonesia, which is based on democratization at plant level. Prior to reformation era, there are only a single union in Indonesia.

4. Collective Labor Agreement (CLA)

As widely known a Collective Labor Agreement (CLA) as instrument for workers to fight for their interest. To date the number of Collective Labor Agreement registered in the Ministry are 9.128.

III. The Implementation of Decent Work in Indonesia

“Decent Work” concept which is formulated by ILO in the year 1999, in fact it is in line with philosophy built in Indonesia Constitution of 1945, which article 27 subsection (2) stated that *“every citizen is entitled to a proper work and living condition”*.

Following “Decent Work” agenda, Indonesia adopted Tripartite Action Plan for the year 2002 – 2005. This Action Plan adopted all pillars as taken by the ILO “Decent Work” i.e. :

1. The Fundamental Principles and Rights at Work;
2. Employment Creation;
3. Social Protection;
4. Social Dialogue.

The adoption of four pillars of Decent Work in Indonesia as following :

1. Fundamental Principles and Rights at work.

Steps taken by Indonesia especially in this field began when Indonesia ratified eight ILO core convention and started a “labor laws reform”. Following the ratification and as part of “labor law reform”, we have adopted three major labor laws i.e. Act No. 21 of 2000 on Trade Union, Act No. 13 of 2003 on Manpower and Act No. 2 of 2004 on Labor Dispute Settlement. Labor law reform program in Indonesia supported by ILO especially ILO Jakarta office through USA/ILO Declaration Project.

The principles built in these regulations as follows :

a. Act. No. 21 of 2000 on Trade Union

This Act is a manifestation of principles contained within the Convention ILO No. 87. There are mentioned in various articles that :

1. A minimum ten workers as a standard to establish a union;
2. There is no standard format of the organization it self;
3. Union shall be free, open, independent and democratic;
4. No parties allow to interfere union's internal affair;
5. Only court decision that can suspend or disassociate union activities.

b. Act No. 13 of 2003 on Manpower

This Act mainly dealing with right and obligations of workers and employers at enterprise level. Various articles cover areas of :

1. Principle of non discrimination at any ground in the working relation;
2. Minimum age to work (15 year old);
3. Working conditions :
 - ✓ 7 or 8 hours and 40 or 54 hours per week;
 - ✓ resting during working hours;
4. Weekly rest and annual leave;
5. Menstrual leave and maternity leave;
6. Negotiating procedure of Collective Labor Agreement;
7. Protection of wages;
8. Prohibitions of the worst forms of child labor;
9. Principles on employment termination;
10. Principles on strike and lock out;
11. Principles on labor inspections.

c. Act No. 2 of 2004 on Labor Disputes Settlement.

Based on this Act, there are two ways of labor dispute settlement mechanism. First, through mediation, conciliation or arbitration or usually called as alternative dispute resolutions and the other is through the court i.e. special labor court.

For Indonesia, the establishment of labor court is a significant step in industrial relations field. This labor court will replace a tripartite committee established in 1957, which exist in every provinces and at the national level. The committee in national level has the function as an “appeal” body and also a body which issues permit for termination of employment involving ten workers above.

Since the decision taken by the committee can be challenged through the Administrative Court, the procedure to have a legal status on the industrial relations dispute takes a lengthy process. Therefore under the labor law reform agenda, based on Act No. 2 of 2004 Indonesia established a special court with the function is to decide a labor cases. The decision of this court will be legally binding. Based on this new system, there is no appeal to higher court however for some cases there are chances to be discussed at the Supreme Court.

This act supposed to be effective at January this year, but due to technical reason the government has issued a government regulation No 1 of 2005 in lieu of Act No. 2 of 2004 on Labor Dispute Settlement, within which postponed it effectiveness until January 2006.

2. Employment Creation

The principles adopted for employment creation are intensifying domestic employment opportunities as well as taking advantage to maximum level the employment opportunity in foreign countries. The creation of domestic employment opportunity depend on the growth of economic activities, therefore our goal is to maintain and create a harmonious industrial relation, so that there will be a conducive investment climate.

Supplementing the principle of employment creation, we have adopted :

- a) Indonesian Youth Employment Action Plan 2004 – 2007.
- b) Indonesia Youth Employment Network based on Joint Statement between Coordinating Minister for Economic Affairs and Minister of Manpower and Transmigration.

Recently, Indonesia has enacted a new law in the field of Indonesian migrant workers' i.e. Act No. 39 of 2004 on Protection and Placement Indonesian Workers Overseas.

This Act meant to facilitate Indonesian citizen who want to work abroad with a simple procedure yet with special attention to assure their safety. Through clear and simple procedure, it is expected Indonesian workers would be protected from human trafficking.

To date there are around 1.450.000 Indonesian workers work in Asia, Middle East, America and Europe.

3. Social Protection

The main regulation of workers social protection contain in Act No. 3 of 1992 on Social Protection for Workers. This program is mandatory for employers and workers and covers four programs: Employment Accident Benefit, Death Benefit, Old Age Benefit and Health Care Benefit. To date four programs cover 19.194.307 workers in 116.394 enterprises.

Recently, Indonesia adopted Act No. 40 of 2004 on National Social Security System. This Act covers five programs i.e. :

- a. Health Benefit;
- b. Employment Accident Benefit;
- c. Old Age Benefit;
- d. Pension Benefit;
- e. Death Benefit.

This law meant to integrate all existing government institutions that provide social protection program, so that all Indonesian citizen would be covered by a social security system. And it is mandatory that all these existing government providers should make adjustment in line with the Act in five years.

4. Social Dialogue

Indonesia has ratified ILO Convention No. 144 concerning Tripartite Consultation. And to strengthened the role of Tripartite Consultation recently President issued Government Regulation No. 8 of 2005 on Tripartite Cooperation Body. The said regulation dealing with the procedure of establishment the tripartite cooperative bodies in various

level, requirements of to be appointed as members and working mechanism of these bodies.

In January 2005, Indonesia organized a National Tripartite Summit. This summit concluded recommendations as follows :

1. In order to realize a harmonious industrial relations, and in facing globalization, we need to establish action program that lead to widely create employment opportunity and increase the welfare of workers and their families.
2. Industrial relations should be based on common interest partnership and mutual respect, therefore dialogue between parties should be intensified in order to avoid the involvement of irrelevant parties.
3. To effectively implement a harmonious relationship all parties should improve its competency.
4. Regarding with membership, Tripartite bodies should be based on a proportional representativeness either from union or employer side.
5. A fair working condition at the enterprise level should be established through a collective agreement between employer, workers and supported by Bipartite bodies.
6. There should be various “conventions” which is dealing with various issues as following :

- a. Mechanism on wages negotiation and determination of minimum wages;
 - b. Wages system and Competitiveness ;
 - c. Human Resources Development which is aimed to productivity , and worker welfare;
 - d. Corporate social responsibility;
 - e. Elimination of high cost economy.
7. Organizing annual tripartite summit with specific agenda.
 8. Review of labor regulations which impede the creation of conducive investment climate.

IV. CONCLUSION

1. Started with new era, Indonesia has adopted a labor law reform which principally based on all ILO core Conventions and the other fundamental principles as widely accepted in Indonesian society and regulations.
2. In the field of industrial relations this new era resulted a new paradigm which uphold democratization at the plant level.
3. The four pillars elaborated in decent work conception will be useful to identify the action programme that should be taken by Indonesia as well as a yardstick to evaluate the programme concerned.

Strike

As mentioned earlier, those various instruments are aimed to create a harmonious industrial relations. Though there are many factors influence indicator the harmony in the field industrial relations, but the table below may give indications that there is a development in building a harmony between the actors of production process..

Tabel : Strike and Dismissal

Year	Number of strike	Number of workers Involved	Number of Lost of Working Hours
2001	174	109.845	1.165.032
2002	220	97.325	769.142
2003	161	68.114	648.253
2004	103	44.280	499.544

Data Source : Board of Research, Development and Information

Based on the above data, it shows the decrease an number of strikes occurred in the last four years.

1. Sosial Ekonomi

Tahun 2003, sektor pertumbuhan ekonomi yang tumbuh cukup signifikan adalah sektor angkutan dengan laju pertumbuhan sebesar 10,69% dan sektor bangunan mengalami peningkatan sebesar 6,7%.

Dengan terjadinya peningkatan laju pertumbuhan tersebut, maka sumbangan sektor pertanian dalam perekonomian pada tahun 2003 sebesar 15,83%.

Dengan demikian Produk Domestik Bruto (PDB) di Indonesia pada periode 2002 - 2003 meningkat menjadi 4,10%, dibandingkan dengan tahun 2001 - 2002 sebesar 3,69%.