



Foreign Companies and Wages for Employees: A Study of Labor Law

Arief Budiono; Raffi Diaz Rasendriya; Dewi Ratrika Rinupa Sejati

Faculty of Law, Muhammadiyah University of Surakarta, Indonesia

E-mail: ab368@ums.ac.id; c100190034@student.ums.ac.id; c100200195@student.ums.ac.id

<http://dx.doi.org/10.47814/ijssrr.v6i2.1031>

Abstract

The development of an increasingly open economic system creates an opportunity for large companies to develop their business through expansion to other countries and establish these companies in the country they want to go to with various consideration factors. Indonesia is one of the countries that is a destination for foreign companies to invest or invest. Of course, this requires support from the community in the form of manpower and their performance as employees in the company. The wages paid to workers working for foreign companies in its regulations must meet the various principles contained in the Manpower Act (UUK). Seeing this, the analysis with the discussion of labor wages in foreign companies is carried out with the principle of labor law or what is now known as labor law. Using various studies to obtain the results of the analysis was carried out as a data source, because this research is said to be a qualitative descriptive analysis research. This is clear because this study only used previous studies as research data. From this study, it is intended to determine the provision of wages from foreign companies to workers through the principles of labor law. As a result, in providing wages, foreign companies have similarities with local companies because these two classifications are regulated in the law where Law No. 13 of 2003 concerning Manpower becomes the legal basis that regulates all forms of subjects regarding labour. From this study, it is intended to determine the provision of wages from foreign companies to workers through the principles of labor law. As a result, in providing wages, foreign companies have similarities with local companies because these two classifications are regulated in the law where Law No. 13 of 2003 concerning Manpower becomes the legal basis that regulates all forms of subjects regarding labour. From this study, it is intended to determine the provision of wages from foreign companies to workers through the principles of labor law. As a result, in providing wages, foreign companies have similarities with local companies because these two classifications are regulated in the law where Law No. 13 of 2003 concerning Manpower becomes the legal basis that regulates all forms of subjects regarding labour.

Keywords: *Foreign Companies; Labor; Wages*

Introduction

Playing a role in maintaining the stability of a country's condition, the function of an economic activity is important because it relies on activities both from trade, funding, to other transactions. Trading carried out in this economic sector is usually carried out by a business unit that has a goal of carrying out economic practices. The business unit is even divided into various entities both micro and macro.

In micro units, we can meet small business actors such as MSMEs or other individual businesses. Meanwhile, in the macro unit, companies in various forms such as PT or CV hold positions in this market. The large number of companies in this country cannot be separated from Indonesia's economic growth which has opened up opportunities for the majority of the public to contribute in advancing the nation's economy through the establishment of business units.

Data from the Central Statistics Agency (BPS) shows that Indonesia experiences an increase in companies every year. In 2022, the number of companies in this country will reach 300,099 companies. The number has even increased by nearly 50,000 compared to the previous year.¹ The increase in the number is also based on the number of investors who provide funding to business actors so that the growth of companies in Indonesia is getting out of control. Basically, investors or actors who invest funds in other people have been regulated in Law no. 25 years 2007 concerning Investment. Investment is indeed carried out in order to achieve economic development so that it is able to influence various other sectors in a nation. In general, investors come from borrowing capital from domestic or foreign parties.²

In this case, it is not only investors who have different sources. Not a few companies that are established in Indonesia are foreign companies that carry out economic activities in this country. The number of foreign companies in Indonesia cannot be said to be small either. Quoting electronically integrated licensing data/OSS, the number of foreign companies in Indonesia is 25,919, and this number is certain to continue to increase as the global economy opens and foreign investment (PMA).

Basically, foreign companies or better known as foreign investment (PMA) have regulations governing this scope where in Law no. 1 of 1967 concerning Foreign Investment has been explained in detail. The existence of foreign companies in Indonesia is also capable of being an economic driver for both the country and the people who are helped by the job vacancies available at these companies.

It also provides a symbiotic relationship of mutualism between foreign companies, the state and the surrounding community with this activity. Foreign companies are given regulations to carry out production activities in the destination country, countries are given taxes on payments from companies, and people are given jobs and wages for their living needs. Talking about wages, foreign companies in providing wages or salaries to employees who come from Indonesia should follow the regulations set by the Indonesian government. In labor law, the payment of wages has been regulated in such a way that it becomes a regulation that must be obeyed by every company, not only domestic companies, but also foreign ones.³

The government is required to draw up regulations on wages that protect workers and laborers based on this provision. In the explanation of the previous provisions, the term "necessary income" referred to wages that provide workers with a decent standard of living. Given that provision, workers should be able to receive a set wage that allows them to sustain themselves and their families in a

¹ <https://www.bps.go.id/indikator/170/440/1/jumlah-perusahaan-menurut-provinsi.html> (diakses 11 Februari 2023).

² <https://koinworks.com/blog/mengenal-uu-investasi-di-indonesia/> (diakses 11 Februari 2023).

³ <https://www.cnbcindonesia.com/market/20200128103948-17-133272/di-ri-ada-25919-perusahaan-asing- bkpm-dorong-2-untuk-ipo> (diakses 11 Februari 2023).

responsible manner. That includes being able to pay for food, housing, education, health care, recreation, and retirement insurance.

It is very clear that this method of decomposing the idea of wages indicates a future program rather than the actual situation in Indonesia. The scope of wages for foreign company workers in Indonesia is indeed a concern for various elements of society because it concerns the livelihoods of many people.⁴

Examining the results of Nur Aksin's research entitled "Wages and Labor (Labor Law in Islam) it was found that basically wages and labor are an inseparable unit. This is because giving appreciation to employees through wages or salaries in accordance with the nominal that has been agreed and determined is a form of fulfilling the welfare of the workforce in accordance with the regulations governing the subject matter. Seeing this, the continuity between what will be studied by the researcher in studying the problems that have been formulated becomes a unified whole of interconnected scientific understanding.

Research Methods

The research was conducted using normative juridical research methods and the approach in this study was a qualitative descriptive approach⁵ to find out the principle of labor law on the legality of foreign companies in the provision of wages for workers based on descriptive qualitative research. This was done considering that this research was a study that used previous literature reviews as a source of research data. Secondary data is used in this study considering that this study only refers to previous studies. In addition, the analysis carried out on research data is using descriptive analysis method by describing findings from reference sources, both journals, books, or other publications.

Labor Law

Laws governing individual and collective employment relations are governed by labor laws. Workers based on subordinate relations when carrying out work activities (with employers/employers) have traditionally been the focus of labor law. Legal arrangements or work agreements, rights and responsibilities of workers and employers towards reciprocity, wage setting, job security, occupational health and safety at work, non-discrimination, collective bargaining agreements, worker participation, right to strike, guarantee of income/income, and guarantees for the welfare of workers and their families are examples of problems that fall under this field of law.⁶

In the rule of labor law, it is divided into three studies with each discussion of law, consisting of:

1. Individual Employment Relations Law;
2. Collective Labor Law;
3. Social Security Laws.⁶

Labor law or what is known as labor law has principles that function as a source of law in regulating employment matters, namely:

1. Labor Law;
2. Law on Labor Unions;
3. Law concerning the Settlement of Industrial Relations Disputes.⁷

⁴Agusmidah dkk, *Bab-bab tentang hukum perburuahan Indonesia*, Denpasar: Pustaka Larasan: 2012, hal 21

⁵Khudzaiifah Dimiyati & Kelik Wardiono. 2004. *Metode Penelitian Hukum*. UMS Press. Surakarta. Pp 90

⁶Nur Aksin, *Upah dan Tenaga Kerja (Hukum Ketenagakerjaan dalam Islam)*, Meta Yuridis Vol. 1 No. 2, hal 74

Employees or Labor

Labor or employees are part of the discussion of employment which already has many definitions and regulations. Various regulations governing employment provide a legal basis. Employment or previously known as labor has a legal basis which has been written in Law no. 14

1969 concerning Principles of Manpower Provisions. The legal basis continues to grow and ends with the change into Law no. 25 of 1997 concerning Manpower. The changes that continue to be experienced by the legal basis for employment end in Law no. 13 of 2003 concerning Manpower.⁷

Article 1 Law no. 13 of 2003 concerning Manpower explains the meaning of workforce, where it is intended as individuals who have skills in carrying out activities that produce goods and/or services as fulfillment of their needs both materially and morally.⁸

Labor is generally divided into various kinds of specifications. Most of the workers mentioned are classified based on their abilities divided into three categories, namely:

1. Educated Workforce

The definition of workforce is explained if an educated workforce is someone who has special abilities obtained from the learning process from both formal and informal educational institutions, so that the level of competency in an activity can be achieved. Examples include teachers, doctors, pilots, etc.

2. Trained Workforce

The definition of a trained workforce is someone who is equipped with special abilities that are obtained from habits that are carried out repeatedly or self-taught so that they produce skills that can be used as a tool to earn income. For example, photographers, designers, mechanics.

3. Uneducated and Untrained Workforce

Meanwhile, in this sense, it is defined as someone who has no experience in being educated and trained, but is able to do a job.

For example, laborers, household assistants, and construction workers.¹⁰

Wages

In carrying out an activity such as work, a worker is appropriate get a reward that is valuable for the results of its performance in doing something. These rewards usually have a nominal and material value known as wages. In most cases, wages are money paid to workers or laborers for the time they perform the work or are seen doing it.⁹Wages are the cost of production for the entrepreneur, which must be kept as low as possible so that the price of goods does not rise too much in the future in order to make a profit. In order to negotiate with employers, he is concerned with the organization of workers and wage workers. Wages are the amount of money received by workers or laborers at a certain time or more. Another important factor is the amount necessities of life that workers with that kind of money can buy.¹⁰

⁷<https://www.cnnindonesia.com/ekonomi/20220227085135-97-766953/jenis-jenis-tenaga-kerja-beserta-penjelasan-dan-contohnya/2> (diakses 12 Februari 2023).

⁸Undang-Undang Nomor 13 Tahun 2003 tentang Ketenagakerjaan.

⁹Mustari, "Hak Atas Pekerjaan Dengan Upah Yang Seimbang", Jurnal Supremasi Volume XI Nomor 2, Oktober 2016

¹⁰Zaeni Asyhadi, *Hukum Kerja: Hukum Ketenagakerjaan Bidang Hubungan Kerja*, (Jakarta: PT Raja Grafindo Persada: 2007), hal 67

In Article 88 of the Manpower Act, several provisions are spelled out in the wages policy for workers which include the following:

1. Minimum wage;
2. Overtime pay;
3. Wages are absent from work due to absence;
4. Wages absent from work due to activities outside of work;
5. Wages for carrying out work breaks;
6. The form and method of payment of wages;
7. Fines and deductions from wages;
8. Things that can be calculated with wages;
9. Proportional wage structures and scales;
10. Wages for severance pay;
11. Wages for income tax calculation.

Discussion

The openness of the economic system today encourages a business unit to go further and try to expand outside its country. Many companies in the world have taken this step with the aim of expanding their business wings so that they become more developed and able to survive.

Indonesia is a country of the most countries in the world which is a stop for foreign companies to invest in this country. Several foreign companies that have even become big companies include Unilever, HM Sampoerna, Astra International, Maybank, Medco Energi, and many more. The number of foreign companies that exist in this country is not without reason. The natural wealth that Indonesia has and not many countries have natural resources with a very large amount makes many countries interested in investing in Indonesia. In addition, the problem of the availability of labor at lower rates is also the reason why many foreign companies are willing to develop companies in Indonesia.

The discussion referring to labor and wage matters, Law no. 13 2003 concerning Manpower has regulated in such a way regarding this problem, even for foreign companies in Indonesia.¹¹ Both foreign and local companies must follow the laws in force in the country where the company is established. The regulation was formed on the basis of regulating and guaranteeing certainty in conducting business activities. It is explained in the law that workers, even those who work for foreign companies, follow a wage system where there is a minimum nominal that follows statutory regulations. The minimum wage has even been established since the independence reform.¹²

The Standard for Decent Living Needs has been drafted annually following market analysis conducted by a third party appointed by the Regional Government. This is regulated in accordance with a ministerial regulation that workers need to meet the Standard of Decent Living Needs in such a way that they can live according to the level of human eligibility by meeting physical and non-physical needs, as well as social needs, for one month.

In the application of standard wages for workers, in accordance with Article 1 of the Manpower Act and Regulation of the Minister of Manpower No.1/Men/1999 it is categorized into several types:

¹¹Purbasari, R. Jamin, M. 2021. The Job Creation Act: Implication of National Strategic Project on Regional Spatial Planning (Study in Madiun City, East Java Province). Jurnal Jurisprudence UMS. Vol 11. No. 2

¹²Dewi Sulistianingsih, Hendri Januar Romadhon, Pujiono Pujiono. 2021. The Merging Cooperatives Based on The Regulation of Cooperatives and Job Creation. Law and Justice UMS. Vol 6. No 2

1. Minimum wage by province;
2. Minimum wage based on district/city;
3. Minimum wage based on sector in the province;
4. The minimum wage is based on the sector in the regency area.

Determination of the minimum wage by the government provides equality to most people. If there is no applicable minimum wage, the level of society will receive low wages below the nominal that should be received will be even higher.

Acceptance of the minimum wage received by workers from both local companies and foreign companies, in accordance with Law no. 13 of 2003 it is explained that the receipt of basic wages is at least 75% of the total allowances and basic wages. With this amount, the achievement of wages for workers and even for foreign companies can be an appropriate benchmark for giving appreciation for employee performance.¹³

Conclusion

Paying wages for a company's workforce is indeed a benchmark for appreciating employee performance. Both for local and foreign companies, the remuneration has even been regulated in such a way in the law which forms the basis of regulation, the Manpower Act. Law No. 13 of 2003 concerning Manpower has regulated remuneration for companies to workers so that they get a nominal appreciation which is said to be in accordance with the benchmarks set by the state, through each region.

Through the minimum wage standards for each region from the district/city to province scale, the principle of labor or employment law in acting as a bridge for foreign companies to determine nominal wages has a real legal basis.

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¹³Oki Wahyu Budijanto. *Decent Wages for Laborers In Law And Human Right`S Perspective*. 2017. *Jurnal Penelitian Hukum De Jure*. Vol 17, No. 3. Pp 398

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