

## **Labor Informalization and Social Problems in Indonesia in Gender Equality Study (Case Study of Layoffs as the Effect of Digitalization in Cirebon City in 2019)**

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### **Abstract**

*As of March 31, 2019, the Cirebon City Giant Hyper market has been declared closed and does not carry out trading activities. Employees who are dominated by women are threatened with being dismissed and this creates widespread social problems in the community. As a result of these layoffs, it has led to the growth of labor informalization with the proliferation of street workers (PKL) or independent workers which will cause chaos in the arrangement of big cities, which will have an impact on social problems. This study tries to analyze the gender equality study of the Marx model with an ethnographic approach, trying to trace the causes and effects of the informalization that afflicts female workers in the city of Cirebon.*

**Keywords:** Informalization, Labor, Gender.

### **A. Introduction**

The Indonesian Labor Institute or the Institute for Alternative Labor Policy Development noted that there were five labor problems in 2018 that were still a challenge for the government. In fact, this is a major challenge in 2019 which is a political year. Executive Secretary of the Indonesian Labor Institute, Andy William Sinaga, revealed that the five problems were Termination of Employment (PHK) due to digitalization or automation, labor informalization, BPJS, high accidents and occupational safety (K3), and outsourcing. According to him, layoffs due to digitalization or automation

occurred in 2018 as a result of the movement of the digital economy (Chang, 2009). Sectors such as retail, banking, transportation, manufacturing, automotive, textiles, and electronics are sectors that are prone to layoffs due to digitalization and automation.

The Indonesian Labor Institute predicts that in 2019, layoffs in these sectors will become even more massive, and the government needs to anticipate this by making a blueprint for a strategy for job creation in the digitalization era. As a result of these layoffs, it has led to the growth of labor informalization with the proliferation of street workers (PKL) or independent workers which will cause chaos in the arrangement of big cities, which will have an impact on social problems (Muzni, 2004).

Along with the massive layoffs, it will cause problems with the withdrawal of Old Age Security (JHT) funds at BPJS Ketenagakerjaan. In addition, the data collection system at BPJS Ketenagakerjaan and BPJS Kesehatan will experience chaos due to the increased membership migration from BPJS Ketenagakerjaan to BPJS Kesehatan, it is feared that the equipment and resources in the 2 BPJS are not ready to make adjustments.

## **B. Problem**

This cultural sociology-based research will analyze How the Gender Equality Study on the problem of Informalization of Indonesian Workers in the Study of Gender Equality and Social Sciences.

## **C. Theoretical Framework**

### **Marx's Study of Socialist Feminism**

Marx looked at the problem of women in the Economic and Philosophical Manuscript of 1844, which is recognized as the first work to systematically elaborate political economy problems from the standpoint of dialectical and communist materialism. Marx's analysis of the gender problem in this work is quite valuable. The position of women can be used to measure the development of society in general. Society is a collection of individual women and men who must achieve consistent development as a society. The

relationship of the individual and society is dialectical, in which the development of the individual becomes an indicator of the development of society, and the development of society creates the conditions for the full development of the individual (Tularak, 2013). Under capitalism, the development of the individual is determined by his relation to production, so for the working class, including women, their value is seen as worthless. Especially regarding the position of women, they must be able to achieve development as individuals based on who they are, and not based on their social status category.

Marx and Engels (1845), Marx pointed out the facts about how the individual position of working class women is valued or valued by the bourgeoisie. Marx made a sharp critique of the oppression of women in capitalist societies. At the same time Marx showed his partiality for the plight of women in the sex working class.

In *The German Ideology* (1846) which he also wrote with Engels, they looked at the gender division of labor which led to the oppression of women and children. Men rule over women because they have the privilege to control property, namely wealth, their wives and children (Iyanatul, 2001). Women became the equivalent of wealth, and then became the private property of men, or in other words became men's slaves. The enslavement of women will create contradictions in the working class family, and in turn become seeds of antagonisms that threaten the stage of development of society. Marx criticized the concept of the bourgeois family which was formed on the basis of boredom and money as the binding link.

"Private Property and Communism", the relationship between gender and human emancipation, that 'the immediate, natural, and necessary relation of human being to human being is also the relation of man to woman', boy and girl). Marx emphasized that the relationship between women and men can be used as a basis for assessing the development of society. Marx's use of the term 'natural' in describing the sexual division of labor has drawn much criticism from feminists (Dibyendu, 2012). Marx affirms that oppression in the sexual division of labor is natural. Whereas the use of the term natural, according to Marx, refers to 'spontaneity' or something that is not planned, and is not related to immodesty.

Mirror of Society which discusses suicide. This article is in fact mainly a translation of an essay by Jacques Peuchet from French to German, which was later supplemented by Marx's thoughts on family oppression in bourgeois society. By taking facts about the women of the bourgeois family, Marx emphasized that equality in gender relations is important in the development of society. Then the model of the bourgeois family must undergo a transformation free from oppression based on gender.

The Manifesto of the Communist Party (1848) found significant discussion of gender and family in it. There it is explained that the development of household equipment technology causes a reduction in domestic work, so that the time for women is allocated to work in factories. This is beneficial for the owners of capital, because at that time women were paid much less than men just because they were women. On the other hand, Marx also provides a positive analysis on the increasing role of women in work outside the home, which can lead to changes in gender relations in working class families (Tjandraningsih, 2010). By earning a salary like men, women have influence within the family sphere because they also contribute to the welfare of the family. This has an impact on husbands or men because they no longer dare to act arbitrarily or treat women as mere slaves. Thus, the positive side of women working outside the home is that it creates a "higher form of the family", where women have the same rank as men.

"Program of the Parti Ouvrier" (1880), with Paul Lafargue and Jules Guesde, clearly shows Marx's view of how women should get their rights, "that the emancipation of the productive class is that of all human beings without distinction of sex or race", (that the emancipation of the productive class is for all humans regardless of sex or race). At the time of Marx, the concept of emancipation that was put forward was somewhat revolutionary.

At that time, Marx actually tried to liberate women and instill a revolutionary spirit in them so as not to become victims of oppression. The real revolutionary spirit never becomes obsolete, because as long as the oppression of women still exists, the resistance also takes place. Marx's criticism of the bourgeois family, if reflected

in the current situation, can serve as a guide for building a family that is not based solely on relationships based on money, wealth, or individual wages. So, not to build a family based on unequal gender relations, but on humanity that bases family life on love and intimacy.

If the model of the bourgeois family whose gender relations are not egalitarian makes the developmental stage of society flawed, then the existence of a working people's family which refers to the concept of the bourgeois family will exacerbate the disability of social development. Under capitalism, societal developmental disabilities (developing inequality based on gender and oppression of women) are more likely to be exploited for the benefit of maximizing profits.

### **The Origin of the Formal and Informal Work Dichotomy**

“Distribution, Gender, and Labor Market Informalization: A Conceptual Framework with a Focus on Homeworker, Beneria and Floro have examined changes in the informalization of the labor market in countries such as Bolivia, Ecuador, Thailand and the Philippines, through an analysis unit for women home workers. Beneria and Floro's research was conducted in the 2000s and correlates with precarious jobs, vulnerability and gender relations in the corridor of urbanization.

This proves that there is a change in the dichotomy of formal and informal work in the global labor market which has an impact on former colonial countries, including Indonesia. This change requires a review of the high growth paradigm which is assumed to be able to absorb poor informal workers and have no job security in the informal sector. In fact, high economic growth has actually increased the informalization of work and informal labor, so that this fact reversed all hopes during the decade 1970-1980 (Leah, 2003).

Harris and Todaro use Lewis's theory of the 1950s labor market dichotomy. Lewis analyzes the emergence of duality in the rural-urban transitional economic system, namely the modern economic sector (industrial sector) and the traditional economic sector (agricultural sector). The modern sector has the character of capital accumulation and increasing (quantity) economic growth, while the

traditional economic sector is subsistence without economic growth. Former colonial countries, such as Indonesia, which had a high population development in the rural-urban transition developed as a storehouse that contained an abundance of unskilled labor. They are landless bankrupt farmers who do not have the skills required by modern industry so that they are not absorbed into them.

Harris and Todaro then used Lewis's analysis to allocate workers who are not absorbed in the modern sector into the informal sector and informal work. Jobs in the household sector outside the medium enterprise unit are allocated to the informal sector. Harris-Todaro's theory is rejected by supporters of economic growth who argue that the workforce in the informal sector will be absorbed by the modern sector as long as (if) the economic growth rate is high. That is, if in a country there are many informal workers in the informal sector, it indicates that the country's economic growth rate is low.

### **The Breakdown of the Formal-Informal Dichotomy in the Global Supply Chain System**

Beneria and Floro explained that the dichotomy of the formal and informal sectors has been used by the ILO since 1972 in the development mission in Kenya formulated by Keith Harris. The collapse of the formal-informal work dichotomy, according to Beneria-Floro, is correlated with: first, the crisis (within capitalism) of the 1980s changed the global economic system towards neoliberal policies that must be implemented by Third World countries such as privatization, market deregulation, and economic restructuring. domestic of the country. Second, specifically regarding market deregulation, it is aimed at opening up the widest possible market expansion so that it breaks through the boundaries of formal-informal work. In Indonesia, there has been an informalization of the distribution of goods (marketing) by mobilizing informal workers to go around crediting manufactured products to enter villages / wards throughout Indonesia. A specific daily "night market" model in the city center of a sub-district or *kelurahan* to sell manufactured goods through this informal workforce. Third, informal work is no longer

seen as an anomaly when the dynamics of the informal economy increases and absorbs informal and even formal workers. Fourth, that is why since the implementation of outsourcing and subcontracting for formal sector workers and the occurrence of mass layoffs, informal economic activity has been like a magnet that has absorbed a variety of workers into it.

The neo-liberal policies have blurred the boundaries of the formal and informal labor markets, and there are even many manufacturing companies, for example in Indonesia, that have formalized the process of production and distribution of goods (marketing) to consumers. The breakdown of the dichotomy between formal and informal in daily practice was demonstrated by Beneria and Floro with an increase in female homeworkers in Third World countries. The increase in the number of female homeworkers is correlated with the informalization of the capitalist production process which utilizes the abundant energy of housewives, whose productive work has been categorized as informal. The capitalist company imposes the production process on the household of women workers, while the means of work are borne by the workers themselves. This means that the implementation of a part of the production process that should have been carried out in factories has been transferred to households. The production process is connected to and ultimately overlaps with the social reproduction process of the workers' household. The dynamics of the labor market to accumulate profits then infiltrate and intervene in the dynamics of social reproduction to accumulate love (nurture and care). The dichotomy of formal and informal work is truly unified in the female home workers.

The survey research involving a number of research institutions in North Sumatra and Java under the sponsorship of the ILO during 2014-2015 showed that 99 percent of homeworkers were housewives in the suburbs of large cities (sub-urban) and they thought that home work was more feasible for mothers household. Because, they can work while raising children, cooking, and others. It should be noted that these homeworkers are not domestic workers (PRT) who do domestic work in the employer's household. These female home

workers receive work orders from subcontracting companies that receive orders from domestic and international buyers (trademark owner companies). So the working relationship between homeworkers and employers is very blurry, because the first people that the homeworkers know as employers are intermediaries.

Female homeworkers are linked to global supply chain schemes without them knowing. In Indonesia, the lowest supply chain consists of makloon-makloon, namely SME level companies (small and medium enterprises) that produce by receiving service orders from companies above it (subcontractors). For example, makloon specifically for shoe soles or others for sewing shoes, special makloon for sewing t-shirts, etc. The order giver of makloon is usually a "formal" company (has a business license) that operates domestically and also handles orders from international companies. For example, Nike (center in US) and Adidas (center in Germany) shoes, Zara (center in Spain) brand clothing and jackets. These makloons then give work orders to female home workers through intermediaries. A work intermediary can function as a homeworker working coordinator who takes orders to the workers and then hands them back to the makloon.

Field surveys and interviews show that the female home workers carry out work orders in their respective households or in the house of a work broker. They work while raising children, cooking, washing dishes and more. Usually they start work at 9 a.m. after the morning household chores, including taking their children to school and shopping. They take a break at 12.00 to cook or pick up school children. After that, work again until the afternoon and "take a break" to complete household work. Then will continue work after dinner at 19.00 until sleepy and sleep. In between, they watch dangdut music programs or watch telenovelas on television while breastfeeding or feeding their children food. Sometimes older girls help their mothers with work after school or between breaks. The document study supports the results of observations and interviews as the theory put forward by Beneria and Floro that the social production and reproduction sector is connected to no clear boundaries and is clearly reflected in the daily work of the women home workers.



### **Changing the Perspective of the Labor Movement: Beyond the Dichotomy!**

The use of "informal" in the work they do is no longer relevant, as is the use of "formal" for workers who work in factories. Those in the factory and at home are the productive forces themselves which experience exploitation under capitalism. If this dichotomy is still the perspective of the labor movement, tensions will grow which can erupt into conflict between workers in the formal sector and the informal sector due to competition in work orders. Such tensions were revealed when formal labor unions prohibited work intermediaries from taking orders to be given to homemaker housewives. Meanwhile, no orders for homeworkers meant no work and no money to prepare meals for families and pay credit installments for goods. Presumably such tension occurs because the perspective of trade unions is still trapped in the dichotomy of formal and informal.

The results of observations and interviews show that the trade union federation needs to broaden the definition of workers that are not only for those who work in manufacturing companies / factories, and the definition of a trade union that is not only based in the factory. It is time, along with the development of the working mode of capitalism and patriarchy in the perspective of the labor movement, which is still dominated by manufacturing trade unions, to revisit the basic assumptions regarding the productive forces and the relations of production in them. During this "digital revolution", there have been major changes in the relations of production and production forces, for example the growth of on-line transportation workers, although there has also been a "handicraft" mode of work similar to that of the homeworkers. At the same time, plantation workers, especially oil palm, also grew in the transition from subsistence farmers to wage labor.

The main thing that the union should pay attention to is their character as working housewives. In contrast to manufacturing workers in factories, these homeworkers are more directly related to social relations than production relations. Their relationship with employers (intermediaries) is more of a social relationship than a

production one. Generally, the employers (male and female) are the neighbors they know very well. Therefore, job recruitment is more based on social rather than economic relations. They are also more controlled by their husbands than by the bureaucratic structure of the factory.

The results of surveys and interviews with female home workers in Cirebon City, West Java Province, show that around 95 percent of housewives consider home work to be the best for themselves (as housewives). "I can earn money while doing household chores", said one female home worker. There are four reasons why they consider home work to be the best for themselves: (1) earning money, (2) doing productive work while taking care of reproductive work (taking care of the household and caring for children), (3) getting permission from the husband (husband more allowing his wife to work at home or with female neighbors around the house rather than in a workplace that is more than 1 km from the house), and (4) to work "casually" without being chased by production targets. In addition, they argue that this home work is done with neighbors so as to create closeness to one another, including owing money to each other to meet daily needs.

Behind the views of the homeworkers it shows that patriarchyism and capitalism have worked well together in shaping their social and personal awareness as female home workers. Patriarchy controls women's sexuality (body, reproductive organs and other sexual characteristics), their social relations (with whom they may or may not have social relations), and their social mobility (only within a radius of 0-1 km from the house, and if that distance is exceeded) permission from husband). Meanwhile, capitalism mobilizes female workers in the household as a reserve army of labor through a putting out system model (removing part of the production process outside the factory) which is not covered by state protection either through regulation or as a political-economic labor policy. These female domestic workers are the representatives of the current proletariat in Indonesia. Uniquely, some of them face the domination and exploitation of capitalism-patriarchy by building neighborhood social relations. In this unit of relations, they can tell each other

about their daily problems and help each other solve them while working on orders given by the work broker.

By paying attention to the specifics of women home workers, their organization into labor unions should be based on neighborhood social relations without uprooting the rhythm of their daily life (the everyday life). This is because there are many trade unions that organize female workers (in general) without paying attention to the daily life rhythm of women or housewives who are caught in the dichotomy of productive and reproductive work. Of course the double burden dichotomy is a challenge to be overcome as is the dichotomy of formal and informal work. Going beyond these dichotomies means that the struggle of the labor movement should lead to a unification of demands, namely normative demands related to labor regulations, livelihood demands related to security guarantees for basic needs such as water, food, clothing, medicine, housing, education, and others to build the capabilities of the working family itself. Thus the workers' struggle is not only in the normative dimension of labor but also in social protection to ensure that the livelihood takes place in a quality manner.

#### **D. Research Methods**

Researchers used an ethnographic approach which is a social science research method. This study strongly believes in the closeness, personal experience, and participation that are possible, not just observations, by researchers trained in the art of ethnography. These ethnographers often work in multidisciplinary teams. Where the focal point of research can include intensive study of culture and language, a single field or domain, or a combination of historical methods, observation, and interviews.

Ethnography has its roots in the fields of anthropology and sociology. The ethnography in this study conducted a study of the female workers community affected by layoffs in the city of Cirebon, the development of their economic and social life, the consumption patterns which were approached from a point of view more as a descriptive effort than an analytical one. The researcher chose ethnography to focus his research on the community of women

workers as part of society, which geographically limits the research area in Cirebon City, taking into account the type of work, since when had they been laid off and became unemployed, and other aspects of society. Along with the selection of informants who know and have a view or opinion on various community activities.

This research refers to Emzir's (2011: 143) theory which states that ethnography is a form of research that focuses on the meaning of sociology through closed field observations of sociocultural phenomena. While Harris (in John W. Creswell; 2007) explains that ethnography is a qualitative design in which the researcher describes and interprets the shared and learned patterns of values, behaviors, beliefs, and language of a culture-sharing group. As both a process and an outcome of research (Agar, 1980), ethnography is a way of studying a culture-sharing group as well as the final, written product of that research. That is, ethnographic research is a qualitative study in which the researcher describes and interprets shared patterns and learns the values, behaviors, beliefs, and language of various groups. Both as a process and as a research result, ethnography is a way of studying groups in a culture, both as an end, in the results of research writing. So, this ethnographic research is a qualitative study that focuses on the meaning of sociology by describing, analyzing and providing an interpretation of a certain cultural pattern.

The scope of this ethnographic research is based on culture and observation and conducting interviews is a basic standard in ethnographic research, so it is necessary to develop several assumptions that become the main basis for researchers before conducting research. Some of the basic assumptions of ethnographic research put forward by Emzir (2011: 148-149) are as follows: 1) Ethnography assumes that research interests are mainly influenced by the cultural understanding of society. 2) Ethnographic research assumes an ability to identify people that are relevant to their interests. 3) With ethnographic research, the researcher is assumed to be able to understand the cultural advantages of the society under study, master the language or technical jargon of the culture and have findings based on comprehensive knowledge of the culture. Gall and Borg in their book "Educational Research an Introduction" states

that ethnographic researchers have several views about cross-cultural research which are the object of their research, including: 1) Ethnology: includes basic cultural theories which are comparative data from several different cultures. 2) Cultural acquisition: which focuses on the concept, cultural values, abilities and behavior that are common cultures that occur in each culture. 3) Cultural shift: which focuses on research on how much the social structure intervenes in a person's life in a particular case.

## **E. Discussion**

### **The effect of digitalization of businesses and massive layoffs**

The reality on the ground shows that there are five employment problems in 2018 which are homework for the government. The five problems must be resolved by 2019. The five problems are termination of employment (PHK) due to digitalization or automation, labor informalization, social security (BPJS Ketenagakerjaan and Health), high accidents and occupational safety (K3), and outsourcing problems as notes from the Indonesian Labor Institute or the Institute for Alternative Labor Policy Development delivered by the Executive Secretary of the Indonesian Labor Institute, Andy William Sinaga (2019).

Layoffs due to digitalization or automation still occurred in 2018 as a result of the movement of the digital economy in Cirebon City. Sectors such as retail, banking, transportation and manufacturing, especially automotive, textile and electronics, are sectors that are prone to termination of employment due to digitalization and automation. It was recorded that approximately 180 workers lost their jobs in 2018 due to digitization in this sector.

The Indonesian Labor Institute predicts that in 2019, layoffs in these sectors will be even more massive, and the government needs to anticipate this by making a blueprint for a strategy for job creation in the digitalization era. As a result of these layoffs, it has led to the growth of labor informalization with the proliferation of street workers (PKL) or independent workers. The negative impact will cause chaos in the arrangement of big cities, so the potential for social problems. This condition can be seen by the increasingly

massive number of street vendors in Cirebon City. Approximately 100 people have grown in 2018.

Along with the massive layoffs, it will cause problems with the withdrawal of Old Age Security (JHT) funds at BPJS Ketenagakerjaan, besides that the data collection system at BPJS Ketenagakerjaan and BPJS Kesehatan will experience chaos due to membership migration from BPJS Ketenagakerjaan to BPJS Kesehatan which is getting higher and it is feared that the equipment is not ready and resources are exacerbated by the problems of BPJS Health services, which until now have not run optimally and deficit problems that haunt BPJS Kesehatan.

The K3 problem which is still quite high in 2018 will also occur in 2019 because, the company's attention to K3 is still low, because the company's K3 management system (SMK3) is not running well, and there are still many companies that do not have SMK3.

Furthermore, outsourcing, labor will increasingly mushroom with the lack of protection for outsourced workers, such as the lack of protection against Social Security (BPJS), unfair work contracts, and outsourcing workers who are paid below the minimum wage. The government is demanded to immediately design an exit strategy from the five labor problems. The government is expected to be able to anticipate the emergence of an increasingly massive social upheaval because this manpower problem is not handled and anticipated properly.

### **Gender Equality Study on the Problem Solving of Informalization of Workers in Cirebon City**

There have been at least five Indonesian labor or employment problems that have occurred lately, which are still homework for the government, employers, workers and other stakeholders. The problems in question are the occurrence of termination of employment due to digitalization, labor informalization, BPJS problems, high accidents and occupational safety (K3) and outsourcing problems. Termination of Employment (PHK) due to massive digitalization or automation began to occur in 2018 thanks to the movement of the digital economy. Workers affected by layoffs

are generally in vulnerable sectors such as retail, banking, transportation, electronics, textiles and manufacturing, especially automotive. The government has tried to anticipate it by creating a blueprint for a strategy for job creation in the digitalization era.

The K3 problem which is still quite high in 2018 will also occur in 2019 because, the company's attention to K3 is still low, because the company's K3 management system (SMK3) is not running well, and there are still many companies that do not have SMK3.

Furthermore, outsourcing, labor will increasingly mushroom with the lack of protection for outsourced workers, such as the lack of protection against Social Security (BPJS), unfair work contracts, and outsourcing workers who are paid below the minimum wage. The government is demanded to immediately design an exit strategy from the five labor problems. The government is expected to be able to anticipate the emergence of an increasingly massive social upheaval because this manpower problem is not handled and anticipated properly.

Because, the impact of the layoffs, there is a concern that there will be a growth in the informalization of the workforce or the proliferation of street workers or independent workers which can cause chaos in the arrangement of the city of Cirebon, and also have an impact on social problems. As we know, the level of competence and competitiveness of workers in Cirebon City is still below standard. Therefore, Cirebon City Government hopes that Cirebon Human Resources (HR) can exceed the competency standards applicable in the world of work in West Java.

The goal is that the human resources of Cirebon City can really compete with the human resources from other cities. As previously stated by the Manpower Office, the Cirebon City Government continues to strive to strengthen the competence of Indonesian human resources in several ways. The most important thing is strengthening access and quality of vocational training (vocational training) and retraining. If productivity increases and competitiveness increases, which results in the growth of company profits, then wages increase, the welfare of workers will also increase.

Workers are able to cope with change by making themselves as qualified and competitive human resources, through education, training and career development.

### **Labor Settlement in Indonesia**

Some operational regulations that are made are not in accordance with the provisions of the law mandating them, and there are mandates in Government Regulations that are also not implemented by the Government. One of the highlights was related to the handover of the JKK and JKm program management for ASN, namely PNS and PPPK (Government Employees with Work Agreements) to PT Taspen. This is not in accordance with the mandate of Article 92 paragraph (2) of the Law and Article 106 paragraph (2) of ASN Law No. 5 of 2014 concerning ASN and Presidential Decree No. 109 of 2013 and Article 75 paragraph (2) PP No. 49 of 2018. Referring to these provisions, the JKK and JKm programs for ASN should be submitted to BPJS Ketenagakerjaan. Likewise, the JKK and JKm programs for PPNPNS for non-PNS government employees should also be managed by BPJS Ketenagakerjaan, not by PT Taspen.

As a result of this regulatory and operational mismatch, many ASN and PPNPNS experience difficulties in financing when they experience work accidents, and of course the 0.72 percent contribution to JKm in Taspen will potentially lead to APBN and APBD inefficiencies considering the JKm contribution in BPJS Ketenagakerjaan is only 0.3 percent. In its letter, the KPK stated that it urged the Government not to immediately issue a PP on procedures for the transfer of the Social Security program as required by Article 66 of Law Number 24 of 2011 concerning BPJS.

Then the Corruption Eradication Commission also stated that all those concerned had not obeyed the road map, resulting in deviations from the Law in the form of issuing legal products that were not in accordance with what was needed.

The social security program needs to be readjusted in accordance with the three principles and nine principles of the SJSN, and all workers, both private and ASN and PPNPNS, work together



and get the same benefits, just like all private workers and ASN and PPNPNS work together in the JKN program. "For the short term, the Government must continue to ensure the implementation of JKK and JKM for all PPNPNS at BPJS Ketenagakerjaan, no more tugging at PT. Taspen

### **Transfer of Technology and Social Life of Workers in Cirebon City**

In the era of globalization marked by advances in science and technology, it has a major impact on social life. The promise of technology for mankind indeed needs to get extraordinary appreciation. The entire human race deserves a thumbs up and thanks to technology. Because humans are able to explore the universe with technology, until finally humans are able to explore outer space thanks to the good services of technology.

However, technology is not always able to fulfill its promises to make society easier. Sometimes technology brings bad dreams to some people in the world. This nightmare is present in the lives of our workers who are threatened with losing their livelihoods, the rampant cases of layoffs that have occurred in workers because their roles have been replaced by the presence of machines that have more power than humans. Thousands of people have become unemployed because companies prefer to use technology instead of having to pay quite expensive labor wages. So that it gave birth to an increasing number of poverty and social inequality.

Along with the fragility of global economic conditions, many investors have made strategies to minimize risks to their businesses. One of them is by providing production & labor market flexibility to replace the labor market situation which is considered too rigid with government intervention, complete with all the regulations that must be implemented in the context of their business manpower. This is known as the informalization of the workforce, by employing people independently without a work bond, which creates new problems, namely the loss of aspects of labor protection.

Opportunities for work are generally accepted as a way out of poverty. Unfortunately, the increasing use of informal employment relationships threatens work security and security. Having an

informal working relationship, makes workers deemed unfit to receive the same benefits as workers who work under formal relationships, even though the work is carried out the same. This phenomenon particularly affects women workers who have never been called the breadwinners of the family, even though in general, they are the breadwinners.

The Constitutional Court has made a decision on judicial review of article 164 paragraph 3 of Law number 3 of 2013 concerning manpower by making a clear interpretation of efficiency where employers can only choose the way of layoffs if the company is permanently closed.

To anticipate layoffs en masse, employers are required to make an employment plan and map out what positions will be lost and what new positions will be needed in the company. From there, the skills and skills transformation plan can be identified and prepared through training and development planning for each individual worker.

Employers can no longer focus too much on increasing production and ignore training and development programs, to be able to face the industrial revolution 4.0 and avoid layoffs en masse, both workers and employers must be able to change their mindset, work patterns, and make time for training programs, because if the transformation of skills cannot run quickly then layoffs cannot be avoided.

Our labor regulations have not been able to accommodate agreements between employers and workers outside of employee contract agreements, such as cooperative agreements or partnerships. As a result, most workers do not get worker rights such as proper wages, leave rights, holiday allowances, social security and other rights listed in Law number 3 of 2013 concerning Manpower.

The ease of internet access nowadays also means that workers cannot be separated from their jobs. It's so easy for colleagues, superiors and clients to contact workers without knowing the time and sometimes with high demand for answers and follow-up on the spot. This condition can make workers unable to get enough rest time

and if not anticipated it can cause mental health problems for workers.

However, not all of them are negative, the ease of internet access and technological advances have made it possible for workers to work from anywhere and anytime they can work from home, from a coffee shop, from a co-working space. This condition makes it easy for working mothers and workers who live in sub-urban areas so they don't have to be stuck in traffic every day.

Facing labor problems like this, the government, through its various policies, is basically trying to move or attract those who work in the informal sector into the formal / industrial sector. This action was taken because of the assumption that the formal / industrial sector is better off than the informal sector. As is well known, working in the informal sector is synonymous with high uncertainty, without social security (health, education, housing, old age, etc.), untouched by bank credit, no capital assistance / investment and so on. The question is, through various labor policies made by the government, is it true that various assumptions attached to the informal sector can be eliminated when they are 'pulled' into the formal sector? Is it true that through the existing labor policies there has been a formalization of employment?

So far, the government has seen the informal sector as a less productive economic sector, therefore it also generates low income. The low income of people who work in this sector makes them vulnerable to falling into poverty. In fact, the number of those who work in this sector is more than 60 percent of the entire workforce, a very large number. This vulnerability is marked by the difficulty of their access to basic social security such as housing, education, health and nutritious food. The characteristics of the informal sector in general are usually described as follows:

- Capital is not required to enter too much
- Easy to enter and exit the economic activity
- Does not require high professionalism
- Small scale business
- Skills are generally acquired outside formal education
- Using simple technology

- The use of labor is labor intensive
- How to obtain raw materials is relatively easy

The perspective on the informal sector generally gives an unsupportive image of its very large role as a safety valve against the high unemployment rate in Indonesia. These views include:

So far it is known that in making the informal economy actors enter into modern economic activities which are seen as more productive and have a contribution to reducing poverty, the government has put forward the policy of labor market flexibilization. The government believes that this policy will provide wider employment opportunities and can increase income and in turn reduce poverty.

### **Employment policy**

The enormous burden of unemployment and the still dominance of the informal sector in the nation's economy has prompted the government to create policies that encourage the labor market to become more flexible. Policies that reflect this spirit appear to have been adopted by Law no. 13 of 2003 concerning Manpower in article 56 paragraph 2 concerning Fixed Time Work Agreements (contract work system) and article 64 concerning companies that contract jobs and provide worker services (outsourcing). Likewise, the implementing regulations Kep.100/Men/VI/2004 concerning Provisions for the Implementation of Fixed-Time Work Agreements, Kep.101/Men/VI/2004 concerning Licensing Procedures for Employer/Laborer Service Providers and Kep. 220/Men/X/2004 regarding the Terms of Submission of Part of the Work Implementation to Another Company.

The controversy behind the passing of Law 13/2003 involving various interest groups also reflects their battle of interests over the substance of the Manpower Law. The rejection of workers' groups is mainly due to the ease of the layoff process when compared to Law No. 12 of 1964 which is considered to provide more protection for workers. Apart from that, the accommodation of provisions on fixed-time work agreements or contract work systems and labor or

outsourcing service providers Workers' resistance to this provision continues until now because workers consider the Government to favor the interests of capital and have abandoned their responsibilities as guarantor of their rights to security and job security.

Evidence that the government's interests are more accommodated by the government is evident in reality, it is not even one year since Law 13/2003 has been in effect, the government is also nervous about concluding that Law 13/2003 is still not flexible enough to accommodate capital interests. Director of Manpower and Economic Analysis of Bappenas, Dr. Ir. Bambang Widianto, MA in a paper presented at the Seminar on the Application of the Contract Work Relations System organized by the Cisadane Labor Committee on April 28, 2004 stated that

“..... regulation of the use of labor through contracts, outsourcing, and the use of labor services that are only limited to certain jobs, if implemented rigidly will potentially reduce labor market flexibility”

Basically, the government wants through a policy of labor market flexibilization so that workers and employers as far as possible have the freedom to bargain regarding wages and other working conditions without interference from third parties, including the government. Workers are given the freedom to make choices regarding the working conditions offered by the employer so that workers will find optimal conditions that can be achieved according to their level of competence; Likewise, for employers, such conditions will make it easier to recruit and dismiss workers according to their needs, commensurate with the working conditions they offer.

## **F. Closing**

### **Conclusion**

Referring to the facts in the field, the labor market flexibilization policy which was intended to reduce unemployment and move informal sector workers into the formal sector did not meet expectations. The working conditions experienced by contract

workers and outsourcing workers are almost no different from the working conditions of informal sector workers, in fact some aspects are still better for informal sector workers. What distinguishes the two, if contract workers exist in the formal production system which is closely related to formal economic policies; formal workers in the informal production system whose existence is not taken into account in terms of formal economic policies.

What distinguishes the two, if contract workers exist in the formal production system which is closely related to formal economic policies; formal workers in the informal production system whose existence is not taken into account in terms of formal economic policies.

Thus, substantially what happened in this era of labor market flexibilization policy was, not the formalization of the informal sector, on the contrary what happened was the informalization process of the formal sector. Contract / outsourced workers are informal workers in the formal sector. This reality is certainly concerning, policies that are intended to have a positive impact on the labor sector but in fact create new problems that are more complicated than before.

The role of government which tends to be eliminated in a flexible labor market must be returned. Consistent law enforcement is a prerequisite that must not be abandoned, apart from providing officials who can work professionally and effectively in dealing with the rampant violations of law committed by employers, particularly regarding the practice of contract work systems and outsourcing.

### **Suggestion**

Market liberalization as a key feature of today's world economy also marks the labor market. The increasing vulnerability of the global economy, which is marked by increasingly frequent crises, has made the main determinant of the market, namely the owners of capital, try to make strategies so that economic shocks do not cause too much harm to their business. One of the strategies adopted is to implement both production and labor market flexibilization.

Labor market flexibility is needed to replace an overly rigid labor market characterized by government intervention in worker protection which makes labor costs inflexible because the number and types of workers used cannot adjust to fluctuations in competitive pressure in the commodity market. A flexible labor market is promoted by the World Bank because the rigid job market is believed to be no longer suitable for the increasingly competitive and liberal global economic conditions. The World Bank considers that a flexible labor market is a market system that is considered the most appropriate for any social group (Nugroho & Tjandraningsih 2007).

Liberalization of the labor market and the growing inequality among market players - especially between employers as buyers of labor and workers as sellers of labor - are Faisal Basri's main concerns in his writing. This paper intends to respond to these concerns by describing what happens when the government and employers make vigorous efforts to flexibilize the labor market through labor policies and practices.

Workers are a large part of the Indonesian nation and must be seen as citizens who need to be protected, especially when viewed from the quality of the workforce of which 48% only have primary school education and 18% have junior high school education. Manpower development and investment policies need to be more justice oriented.

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