

THE EFFECT OF FOREIGN WORKERS ON NATIONAL COMPANIES

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Abstract: *The presence of foreign workers has resulted in several conflicts in the field of employment in Indonesia. These conflicts are related to different problems. Problems with the local workforce are related to various matters, including the employment of existing national companies. In Indonesia, almost 38% of the absorption of foreign workers occurs so that the impact on employment of existing national companies. This is a problem that must be solved because if the absorption of local labor decreases it will become a problem of unemployment and the possibility of crime can occur, so here is examined about the influence of foreign workers on national companies. This research was conducted using qualitative research methods and applying data search methods (data collection methods) with data library (library data). So that the study used in this study also uses a literature study. Research that uses literature review is research that demands critical analysis from the researcher by analyzing each existing document and carefully connecting the various events in each finding. The method used in data collection is the method of literature that is collecting data from various related literature sourced from books and theses and using internet services. The results of the discussion show that the advantages and disadvantages that occur if Indonesia still uses foreign workers, In terms of the advantages that with the presence of foreign workers become an example for local workers to continue to be able to learn and learn the knowledge and expertise possessed by foreign workers because foreign workers to be able to work in Indonesia must pass on conditions that are so complex, that their expertise should be really good. Meanwhile, in terms of the loss with the entry of foreign workers, the absorption of local workers into national companies is getting smaller because it becomes a competition to be able to enter and work in national companies. So that the government through the Ministry of Manpower makes strategic steps to be able to protect the local workforce in relation to employment in force in Indonesia by making stipulations and requirements that must be in accordance with the expertise and what field is controlled so that only those who have the ability and expertise can work in Indonesia.*

Key Words: *Foreign Workers, National Enterprises.*

1. INTRODUCTION:

The development of globalization is driving the movement of capital flows and investments to various parts of the world, so that migration of population or labor movement between countries also occurs. The labor movement takes place because investments made in other countries generally require direct supervision by investors. To avoid legal problems and excessive use of foreign workers, the Government must carefully determine the policy to be taken in order to maintain a balance between foreign workers (foreign capital) and domestic workers against the absorption of resources by domestic companies. Basically, the higher the economic development achieved by a country, the more opportunities for employment are available to both local and foreign workers. This opinion is generally based on Say's Law which states that supply will always create demand (supply create it's own demand).

Greenwood and Mcdowell argue that the entry of Foreign Workers can encourage economic growth through increasing public demand for goods and services produced and capital formation in the country concerned. Whereas Jodge and Mancurz argued instead that the entry of Foreign Workers had an unfavorable influence on economic growth, employment opportunities, and wage rates for Local Workers. Job opportunities and wages will affect people's purchasing power; if the purchasing power of the people declines it will cause the growth of the national economy. Orman and Meikle said that the form of complementary relations between TKA and TKL had provided considerable benefits in encouraging the increase in the country's economic growth rate as Perpres Articles 26 and 27 regarding education and training as a process of transferring technology and expertise. Unlike Alfitra Salam, the entry of foreign workers like this will only cause various problems in the social, economic, and political fields of the recipient countries because many of them enter illegally. In terms of employment opportunities, foreign workers will not reduce employment opportunities for local workers because they are a complement in the production process. But from some research in the United States and Austria, it was found to bring more negative consequences due to the entry of foreign workers into a country's labor market for job opportunities for local workers. A study conducted by Lalonde & Topel (1991) and Altonji & Card (1991) using data from the population census in the United States found that the effect of foreign workers on employment opportunities for local workers was negative, with elasticity coefficients ranging from -0,038 to -0,062 . That is, every 1% increase in foreign workers will reduce employment opportunities for local workers between 0.038% to 0.062%. These findings indicate that the entry of foreign workers into the US labor market has led to reduced employment opportunities for local workers in the country. In Austria,

studies conducted by Winter and Zweimuller (1999) are not much different from studies conducted by previous experts. Using data of young workers under 35 years old during the period 1988-1991 found a relatively large and negative relationship between the entry of foreign workers and employment opportunities for local workers in the same age group. It was found that every 1% increase in the entry of foreign workers would increase unemployment of young local workers by 5%.

Meanwhile, if we compare with Indonesia, based on data from the Central Statistics Agency (BPS), the number of foreign workers in the last three years has continued to increase. In 2017 the number of foreign workers reached 69,025 people, an increase of 7.5% to 74,183 people in 2018. While in 2019 it increased 15.9% to 85,947 people. After the entry of foreign workers into Indonesia the number of unemployed people in 2018 increased by 0.14%, namely 10,000 people to 7.04 million people in August 2019 from August 2018 amounting to 7.03 million people. The number of the workforce in Indonesia in August 2019 reached 128.06 million people. The number is up 2.9% which is 2.62 million compared to August 2018 which was 125.44 million people. This means that a 15.9% increase in the entry of foreign workers into Indonesia makes the unemployment rate in Indonesia to 0.14%. As research conducted by experts and the analysis of the authors above that the entry of foreign workers more negative to a country. If we return to what was considered by Presidential Regulation Number 20 Year 2018, it was a false hope by the Jokowi regime, because the opposite happened. Increased investment must be directly proportional to the reduction in the unemployment rate, not increase foreign workers to Indonesia. In this case the government should take advantage of the ever increasing workforce by providing maximum employment opportunities. With the reduction in the unemployment rate, people's purchasing power will increase which ultimately supports the national economy. So that later the absorption of local workers can be maximally happened to companies in Indonesia and even more optimally with the absorption of foreign workers.

2. LITERATURE REVIEW:

- **Labor:** Labor is anyone who can do work both inside and outside the employment relationship to produce goods or services to meet a community's needs (According to Labor Principle No. 14 of 1969). In this connection, labor development is an increase in the effectiveness of the workforce to do work. Or it can also be said that anyone who can do work to produce goods and or services both to meet a need for themselves and for the community.
- **Foreign Workers:** Foreign workers are foreign citizens holding a visa with the intention of working in Indonesia. Foreign workers who enter Indonesia through 2 channels namely Assignment and Recruitment. Assignment is the placement of employees by multinational companies to occupy certain positions / positions in one of the branches or its subsidiaries in Indonesia. Based on the time period, assignments can be short-term and long-term (according to Law Number 13 of 2003 concerning Manpower).
- **National Companies:** Company is any form of business which is a legal entity or not, is owned by an individual, belongs to an association or is owned by a legal entity, both private and state owned, which employs workers / laborers by paying wages or rewards in other forms and social enterprises and businesses others who have management and employ others by paying wages or other forms of compensation (according to Law No.13 of 2013)

3. RESEARCH METHODS:

This research is descriptive qualitative, meaning that the research illustrates and explains matters related to using descriptive data in the form of written or oral words from people as research objects factually. According to Sinulingga (2016), descriptive research is a type of research that aims to describe systematically, factually and accurately about the facts and properties of a particular object or population. The research wants to ask or want to know about the meaning (in the form of concepts) and the phenomenon behind the detailed stories of the respondents with the background studied (Hamid, 2010) This research was conducted using qualitative research methods and applying data search methods (data collection methods) with data library (library data). So that the study used in this study also uses a literature study. Research that uses literature review is research that demands critical analysis from the researcher by analyzing each existing document and carefully connecting the various events in each finding. The method used in data collection is the method of literature that is collecting data from various related literature sourced from books and theses and using internet services.

4. RESULT AND DISCUSSION:

4.1. National Arrangements Regarding Foreign Workers:

Presidential Decree Number 75 of 1995 Concerning the Use of Migrant Workers of Foreign Citizens:

In principle, Presidential Decree Number 75 of 1995 concerning the use of migrant workers of foreign nationals is obliged to prioritize the use of Indonesian workers in the fields and types of work available unless there are fields and types of jobs available that are not yet or not fully filled by Indonesian workers, the use of migrant foreign nationals is permitted until a certain time limit (Article 2). This provision expects that Indonesian workers will be able to adopt the relevant foreign workers' skills and implement them without having to involve foreign workers. Thus the use of foreign workers is carried out selectively in the context of optimizing the utilization of Indonesian workers.

Law Number 13 of 2003 concerning Manpower:

The regulation on the use of foreign workers is no longer regulated in a separate law, but is already part of the compilation in the new Labor Law. In the UUK, the regulation on the Use of Foreign Workers is contained in Chapter VIII, Article 42 through Article 49. The regulation starts from the obligation of the employer who uses TKA to obtain written permission; has a plan for the use of TKA which contains the reasons, type of position and time period for using the TKA; the obligation to appoint Indonesian nationals as TKA assistants; until the obligation to return foreign workers to their home countries after the termination of employment. The Manpower Act emphasizes that every entrepreneur is prohibited from employing foreigners without written permission from the Minister. The definition of Foreign Workers is also narrowed, namely foreign citizens holding a visa with the intention of working in the territory of Indonesia. In this provision, it is reiterated that every employer who employs foreign workers must have written permission from the Minister or appointed official. To provide wider employment opportunities for Indonesian workers, the government limits the use of foreign workers and conducts supervision. In this framework, the Government issued a number of legal instruments ranging from licensing, health protection guarantees to supervision.

It was further explained that in order to meet the needs of the national labor market, especially in filling the vacancy of expertise and competence in certain fields which cannot be covered by Indonesian workers, foreign workers can be employed in Indonesia as long as in employment relations for certain positions and certain times. Employing foreign workers can be done by any party in accordance with the provisions except individual employer. Every employer who employs foreign workers must have written permission from the minister or appointed official except for representatives of foreign countries who use foreign workers as diplomatic and consular employees. Provisions regarding certain positions and certain times for foreign workers are stipulated by a Ministerial Decree, namely Ministerial Decree Number: KEP-173 / MEN / 2000 concerning the Period of Permit for Employing Foreign Migrant Workers.

Every application / plan for the use of foreign workers in Indonesia must be limited both in number and in the fields that can be occupied by foreign workers. It is intended that the presence of foreign workers in Indonesia is not considered a serious threat to Indonesian workers, rather their presence is a trigger for Indonesian workers to be more professional and always increase their ability to be able to compete both among fellow Indonesian workers and with foreign workers. The presence of foreign workers can be said as one of the foreign exchange carriers for a country where there is a payment of compensation for each foreign worker employed. This compensation payment is excluded to foreign employers, including government agencies, representatives of foreign countries, international bodies, social institutions, religious institutions, and certain positions in educational institutions.

Ministerial Regulation Number PER.02 / MEN / III / 2008 concerning Procedures for the Use of Foreign Workers

Foreign Workers who are employed by employers must meet the requirements, namely: have an education and / or work experience of at least 5 (five) years in accordance with the position to be occupied; willing to make a statement to transfer their expertise to Indonesian citizens, especially Indonesian Migrant Workers and can communicate in Indonesian.

4.2. Absorption of Foreign Workers in National Enterprises:

In the past decade the number of foreign workers in Indonesia has grown by 38.6%. In the same period foreign investment (PMA) investment only grew at 17%. In December 2018, more than 95 thousand TKA worked in Indonesia. When viewed by country of origin, the highest number of foreign workers was contributed by China in 2017. The number reached 24,804 foreign workers, equivalent to 3% of the total foreign workers in Indonesia in 2018. As far as foreign workers work professionally as many as 24 thousand people, as many as 20 thousand managers and directors in the company of about 15 thousand people. The rest work as commissioners, supervisors, consultants and technicians. From that, we should be able to make improvements to the quality of human resources must be really a priority, considering we are entering the industrial era 4.0 which demands the mobility of labor that is free across countries. Although this also still raises the sentiment of protectionism. But improving the quality of our human resources is also an urgent matter.

The quality of our human resources and workforce is still behind compared to neighboring countries. Call it in terms of literacy and also labor productivity. Based on a study conducted by the Central Connecticut State University on literacy by surveying 61 countries, Indonesia seems to be ranked at the bottom of the 60th rank. Indonesia still lags behind neighboring countries such as Malaysia which ranks 53rd. Singapore ranks 36th and Thailand ranks 59th, exactly one rank above Indonesia. So that Indonesia must continue to try and do everything in its power to be able to improve human resources so that competitiveness against the entry of foreign workers can be suppressed. The order also works through the Ministry of Manpower to continue to discuss several labor cluster points that will be included in the omnibus law of the Employment Copyright Law. These points are related to labor permits, definition of working hours, flexible work, hiring and firing principles. So that later the absorption of foreign workers can be suppressed and increase the local workforce to the maximum so that national companies in Indonesia use human resources from within the country with a maximum number of foreign workers.

4.3. The Role of Foreign Workers in Indonesia:

Indonesia from a long time ago as a developing country so that it requires the role of foreign workers who are expected to help to provide a start for local workers. This is seen as one of the learning processes by local workers in implementing work tasks that are considered only owned by certain people. For example, a long time ago in the oil companies there were many expatriates who served in Indonesia to provide education about the work to be done. In the future when the transfer of knowledge has been carried out, the expatriate will return to his home country and the tasks carried out are continued by competent local workers who have received the training. However, at this time the needs of labor from the outside seemed to experience a shift. As a country that is quite densely populated, the phenomenon of influx of workers from outside is not just an effort to fulfill the needs mentioned above. But there are several other factors that play a role in it, including factors including:

4.3.1. Cheaper Wages: Some unskilled laborers from other countries seem to be asking for lower wages from a number of local workers. So this is seen by the company as a more optimal form of profit. Therefore there are some companies that are not reluctant to prefer to use workers from outside rather than maximizing the existing local workforce.

4.3.2. Free Market Competition: In this increasingly global era, the possibility of competition in the free market is indeed greater and growing. There are no more specific rules that prevent every citizen from seeking wages in his native country. So that the phenomenon of labor from abroad seems to haunt existing positions in domestic companies. The level of intense competition forces domestic workers to try harder to fight for positions and jobs.

4.3.3. Encouraging Economic Pace: Other reasons for the use of foreign workers include the need to boost the pace of the economy in Indonesia so that it develops. From government input, this has the potential to increase business and company stimulation to be better in achieving its goals and vision and mission optimally.

4.3.4. Better Ability: Some companies quibble require certain skills for certain jobs. Where it can not be controlled by local labor. So that in the end would prefer to use workers from outside to fill important positions in the company.

4.4. Strategies undertaken by Indonesia in Reducing Foreign Workers in national companies:

In essence, a comprehensive policy package is needed, which regulates foreign workers in a balanced and fair manner, so as to provide certainty of planning to stakeholders. Including foreign investors and entrepreneurs, to ensure their investment can go according to the plan that has been determined. The new, more modern foreign labor policy will in the long run guarantee and support sustainable economic growth. Foreign workers who have high skills have a positive correlation on long-term economic growth. Conversely foreign workers who are not skilled, and do not have added value, tend to only replace the national workforce. Strategies that can be made in order to reduce the number of foreign workers in Indonesia entering and working at national companies so that local workers can be absorbed in a balanced manner namely:

- Conduct an annual survey on the conditions of foreign labor market demand and supply. An independent party conducts a kind of benchmark or survey of the number of requests and offers for top 100 positions, which seek foreign workers throughout Indonesia. A solid database and documents are needed to support the claim that the top 100 positions are indeed very difficult for Indonesians to work on and that companies must employ foreign workers.
- Make a ratio of the number of foreign workers compared to the large number of Indonesians (with a certain level), who still work at the company. So, if Bank A wants to recruit one foreign worker for the position of Treasury Manager, Bank A had to make sure there were 15 Indonesian Senior Supervisors still working there. This scenario can be done very easily because the government can simultaneously measure, manage or even punish naughty companies, "Ivan continued enthusiastically.
- The company must fill key management positions with a minimum of two Indonesians. This means the company must design ways and sustainable development to train and retain professional and competent

Indonesian workers. So it is not easy to replace key management positions with foreign workers, "stressed Ivan, who has undergone HR Management careers in various industries.

- Apply zone or industry and level ratios. The government periodically reviews and establishes industrial zones with certain levels, which may only be filled by Indonesians and closed to foreign workers.

In this enactment the Minister of Finance also assessed, these steps could make Indonesia's young population a reliable workforce and be able to compete with foreign workers. That way, foreign workers in the country can also be limited. The absorption of technology through the production process and the knowledge brought about by foreign investment (PMA), to limit foreign workers only to professions that require expertise. In addition, infrastructure is important to support the improvement of people's welfare and increase economic growth.

5. CONCLUSIONS:

Based on the results of the study and discussion, it can be concluded that:

- Foreign Workers in Indonesia and working at national companies should be reduced and a ratio of the number of local workers must be used so that competition occurs and the absorption of local workers can be balanced.
- The use of foreign workers may be used only for certain fields and must be tested due to the requirements set by the government to be able to work in Indonesia.
- The government should also assess and begin to provide education in the field of expertise and adequate skills so that employment can be absorbed with a lot and not only take human resources from foreign workers.
- The acceleration of technology and communication requires that the local workforce must be more productive and try to be able to update capabilities both from internal and external so that mastery of technology can compete with foreign workers. With more knowledge, local workers can be more fully absorbed than foreign workers.

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