

Humanitarian-Based Wage System Based on Constitution NRI 1945: Policy Evaluation Study Indonesian Wage System

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Abstract

This research was compiled on the urgency of labor problems in the wage sector in Indonesia. The government based on the mandate of the law must realize the ideals of the nation, fulfill and protect the rights of its citizens, and strive to form a humane social sphere of society. This obligation is implemented through a set of rules that seek the values of Pancasila, especially human values and the 1945 NRI Constitution. The method used is a normative legal research method with a legal approach and a concept approach. This research is supported by secondary data that provides an overview of the discussion in the study. The formulation of the problem raised in this study is the concept of the ideal wage policy and how the humanitarian-based wage system. The result of this study is the concept of an ideal wage policy that is oriented toward fulfilling the welfare of workers and their families. However, the wage is still by the ability of entrepreneurs so that it remains balanced by considering the value of KHL. The humanitarian-based wage system emerged as a solution to labor law problems. This concept is one of the steps to construct legal norms of wage policy so that the content is based on human values as stated in the Second Precept of Pancasila.

1. Introduction

Regulation of the wage system is one of the important things in labor law. This is motivated by the important role of wages. Wages are the main goal of workers laborers in doing their work¹. The wage system is carried out based on laws and regulations. The remuneration of both the system and the operational

¹ Lalu Husni, *Pengantar Hukum Ketenagakerjaan Edisi Revisi* (Jakarta: PT Raja Grafindo Persada, 2020). p 142.

lane must not injure the rights of workers/laborers. The rights of workers should be protected as citizens based on human values and justice.

Indonesia's efforts in protecting all its citizens are implemented in various laws and regulations. The regulation is certainly inspired and filled with the content of Pancasila values as the nation's view of life. The realization of this protection is applied to the fulfillment of ideal human rights by seeking human values. These values are as stated in the Second Pancasila Precept. The precepts clearly describe that the administration of the state and the preparation of all state products must be based on just and civilized human values.

The fulfillment and protection of human rights and state instruments created with human values is the first step in the realization of the nation's ideals. These ideals are stated in the Preamble of the 1945 Constitution paragraph 4 which views the purpose of the state to be transmitted to the entire Indonesian nation and all its bloodshed. One of the ideals of the Indonesian nation that can be highlighted is Indonesia's goal to advance the general welfare.

By the ideals of Indonesia in paragraph 4 of the Preamble of the 1945 Constitution, the Government of Indonesia in the practice of administering its state adheres to the concept of a *welfare state*². The concept is an idea that implements a democratic state government system that is responsible for the welfare of its people³. Thus, the state that adheres to this concept of public policies issued as a product of its state must be oriented toward service, assistance, or prevention of social causes⁴.

The application of the concept of the welfare state in the realization of general welfare in the Indonesian people can be through various policy corridors. The most related thing to general welfare that can be viewed from personal welfare is work. For this reason, the state guarantees the right to work and decent living for humanity for each of its citizens as stated in Article 27 paragraph (2) of the 1945 NRI Constitution. Furthermore, the Constitution also guarantees the right of every citizen (*in abstracto* "person") to work and get decent and fair remuneration in an employment relationship. The guarantee of this right is clearly stated in Article 28 D paragraph (2). Based on these two articles, the state in realizing general welfare also moves in the labor corridor.

One of the efforts to realize general welfare through employment can be through increasing the value of wages for workers. Wages are the basic rights of workers which have implications for the obligations that have been carried out by workers. The state is obliged to protect and safeguard the rights of workers as a form of fulfillment of human rights in wage issues. The fulfillment of wages

² Belinda Gunawan, "Peran Negara Dan Penerapan Pancasila Dalam Mewujudkan Negara Kesejahteraan (Welfare State) Di Indonesia," *Jurnal Paradigma Hukum Pembangunan* 4, no. 02 (2019): 3, <https://doi.org/https://doi.org/10.25170/paradigma.v4i02.1642>.

³ V. Hadiyono, "Indonesia Dalam Menjawab Konsep Negara Welfare State Dan Tatangannya," *Jurnal Hukum, Politik Dan Kekuasaan* 1, no. 1 (2020): 24, <https://doi.org/10.24167/jhpk.v1i1.2672>.

⁴ Miftachul Huda, *Pekerjaan Sosial & Kesejahteraan Sosial : Sebuah Pengantar* (Yogyakarta: Pustaka Pelajar, 2009). p 73

either procedurally or the value of provision by normative rules and also the values of Pancasila makes Indonesia's steps in its concern in labor problems.

Wages are workers/laborers rights received and expressed in the form of money in return from employers or employers to workers/laborers who are determined and paid according to an employment agreement, agreement, or legislation, including benefits for workers/laborers and their families for a job and/or service that has or will do⁵. Workers in receiving their wages are entitled to decent financing for their lives. A decent life is one of the parameters a person can be said to be prosperous. The fulfillment of aspects of life such as clothing, food, shelter, and education is a determining factor in a decent life.

Indonesia's wage system is subject to Government Regulation Number 36 of 2021 concerning Wages. This regulation regulates the issue of wages, amounts, values, formulas, and rights and obligations between workers and employers. The wage policy was prepared to realize the right of workers to a decent living for humanity⁶.

The purpose of establishing wage system regulations *in a das sollen* manner is oriented towards the interests of workers to create a decent life. However, in *abstracto* in the regulation, there are no building elements for the preparation of wages to achieve the criteria of decent living. The KHL⁷ (decent living needs) component that originally existed in Government Regulation Number 78 of 2015 was abolished.

The elimination of the KHL component in the minimum wage determinants makes efforts to realize the fulfillment of decent living for workers questionable. The latest wage system refers to Government Regulation Number 36 of 2021. In the regulation, the minimum wage is determined based on economic and employment conditions which include purchasing power parity, employment rate, and median wages⁸. The minimum wage formula of PP 36 of 2021 does not consider the KHL component as an effort to realize the fulfillment of a decent life for workers/laborers.

The minimum wage is structured to guarantee decent and humane wages. This should be an aspiration for the issuance of various normative legal regulations regarding wages and wage systems. The Government of Indonesia is obliged to its citizens to provide work and a decent life for humanity by Article 27 paragraph (2) of the 1945 NRI Constitution. However, in its application,

⁵ Endah Pujiastuti, *Pengantar Hukum Ketenagakerjaan*, vol. 1 (Semarang: Semarang University Press, 2018). p 38.

⁶ Article 5 paragraph (1) of PP 36 of 2021 concerning Payroll

⁷ The term KHL comes from Indonesian which is short for "Kebutuhan Hidup Layak" The term KHL arises from the mandate of Law Number 13 of 2003 concerning Manpower Article 88 paragraph (4).

⁸ Article 25 verse (2) and verse (4) PP 36 of 2021 on Dismissal

Indonesian workers have become the subject of human rights violations both in setting wage standards and social security⁹.

The determination of the minimum wage in the wage policy must pay more attention to the living needs of workers. This is so that workers laborers can live a decent life in social society¹⁰. The fulfillment of a decent life for workers can also create a condition of balance of human social status as individuals. This balanced effort is one of the steps to implement human rights and the fifth precept of Pancasila concerning social justice. The implementation of the fifth precept is also correlated with human values as referred to in the second precept of Pancasila.

Indonesia is a country that strives to protect and uphold human rights. This effort was motivated by Indonesia's status as a legal state as stated in the 1945 Constitution Article 1 paragraph (3). The concrete form of the Indonesian government in protecting and upholding human rights is manifested through various national legal instruments¹¹.

Based on the existing wage problems in Indonesia, it is necessary to form a new method or conception of wages. The conception of wages will certainly be based on normal provisions regarding the value of justice, humanity, and the set of rights and obligations of related parties (Government, Employers, Workers). The previous conception of wages refers to the concept of fair wages. However, fair wages here have not shown the fulfillment of the elements of a decent life as a manifestation of human rights for every Indonesian citizen.

Previous research similar to this research topic is *Living Wage for Workers in the Perspective of Law and Human Rights* (Budijanto: 2017) and *Substantive Fair Wage Law (Theoretical Study of Exemplary Wage Theory)* (Ibrahim: 2013). Both studies concluded that there is a need for a better wage system oriented to the interests and welfare of workers and their families. Nevertheless, the ability of entrepreneurs and the development of the company will still be considered in the preparation of the wage system.

The problem of the conception of the wage system becomes an academic problem that requires solutive steps. Previous research describes the wage system on the normative basis of the Manpower Law and Government Regulation Number 78 of 2015. However, both laws have now been repealed and replaced by the Job Creation Law and PP Number 36 of 2021. This is one of the elements of novelty in this study. In addition, the use of human values as the main consideration in this conception of wages is a solutive thing for the government in realizing the ideals of the nation. The realization of the nation's

⁹ Winda Roselina Effendi, "Hak Asasi Manusia : Studi Hak-Hak Buruh Di Indonesia Human Right: A Study About Labor Right in Indonesia," *Jurnal Dimensi* 6, no. 1 (2017): 108, <https://doi.org/10.33373/dms.v6i1.528>.

¹⁰ Syarifah Mahila, "Kebutuhan Hidup Layak Dan Pengaruhnya Terhadap Penetapan Upah Minimum Provinsi Ditinjau Dari Hukum Ketenagakerjaan," *Jurnal Ilmiah Universitas Batanghari Jambi* 14, no. 2 (2014): 50.

¹¹ Sri Warjiyati, "Instrumen Hukum Penegakan Hak Asasi Manusia Di Indonesia," *Justicia Islamica* 15, no. 1 (2018): 128.

ideals has also been mandated through various normative regulations. The mandate is an obligation of the state to realize its ideals, one of which is the problematic aspect of wages in employment.

Through this study, the author examines the concept of wages which is considered to be a solution to wage problems. The academic problem that arises is what is the concept of an ideal wage policy and what is a humanitarian-based wage system? This study aims to explain and explore further the concept of ideal wage policy and humanitarian-based wage system. This serves so that the government, employers, workers/laborers, and the general public can find out the solution to wage problems based on the country's constitution. In addition, balanced wages on humanitarian grounds can be used as a step to realize the fulfillment of human rights for workers and their families for a decent living based on humanity.

2. Research Method

This study uses normative legal research methods (*legal research*). This method emphasizes the study of legal research within the scope of legal science itself broadly¹². This method based on its function can provide exposure to juridical arguments for conditions of vacuum, vagueness, and conflict of norms¹³. The use of normative legal research methods is considered appropriate because this study will examine more deeply the norms of labor law in the field of wages.

The approach used in this study is *the statute* approach and *conceptual approach*. The application of these two research approaches is supported by secondary data. The data used in this study are primary legal materials, secondary legal materials, and non-legal materials. This research based on its nature and purpose is included in descriptive research. Included in these specifications because this study explains a picture of juridical symptoms or certain legal events in social society¹⁴.

3. Result and Discussion

a. The Concept of Ideal Wage Policy: A Comparison

The International Labour Organization (ILO) at its convention in 1970 determined the results of negotiations on the solution of wage problems. The discussion resulted in the Minimum Wage Determination Convention, 1970 also called K131 ILO 1970. The convention contains minimum wage standards that will be applied to workers on an international scale.

The establishment of the ILO K131 minimum wage in 1970 became an ideal view of the application of the minimum wage for workers. Given that Article 3 of the convention stipulates that the minimum wage must review two main

¹² Nurul Qamar et al., *Metode Penelitian Hukum (Legal Research Methods)* (CV. Social Politic Genius (SIGn), 2017). p 49

¹³ I Made Pasek Diantha, *Metodologi Penelitian Hukum Normatif Dalam Justifikasi Teori Hukum* (Jakarta: Prenada Media Group, 2017). p 12

¹⁴ Muhaimin, *Metode Penelitian Hukum* (Mataram: Mataram University Press, 2020). p 26

elements. First, the establishment of the minimum wage must take into account the needs of workers and their families, the general wage level in the country concerned, living financing, social security, and the relative standard of living of other social groups. Second, economic factors, including economic development needs, productivity levels, and attainment as well as the defense of high employment levels¹⁵.

The principles and standards of the 1970 ILO K131 in the field of wages are widely adopted throughout the world¹⁶. This aims to avoid the phenomenon of low wages and wages that do not look at the survival of workers and their families. Minimum wage systems and policies are established to maintain the stability of workers' lives and improve welfare.

In addition to having an impact on workers, the determination of the minimum wage also affects economic conditions. This is based on the "ripple concept" of a fair minimum wage. The minimum wage has a position in its contribution that increasing wages, in general, can strengthen internal demand and economic growth¹⁷.

The minimum wage has a vital impact on two fronts¹⁸. Both from the side of workers and the economic side of a country. When viewed from the workers' side, of course, the minimum wage must cover all the needs of workers/laborers and their families by considering the value of KHL (decent living needs). KHL is a standard requirement for a single worker to be able to live physically decent for one month¹⁹.

The urgency of the minimum wage can also be examined through its important role in increasing a country's economic growth. The growth was caused by the demand rate and the stability of purchasing power carried out by workers. The higher the value of wages causes workers to have good *consumption and buying power*²⁰. So if economic growth is stable or up, then the wheels of the economy in the scope of supply, demand, production, and sales will be able to maintain a positive status.

The determination of the minimum wage which is the scope of the wage system has implications for the welfare of workers/laborers. These implications will also affect economic conditions and work productivity. The more the needs

¹⁵ International Labour Organization, "Minimum Wage Fixing Convention," Pub. L. No. 131 (1970).

¹⁶ Zuzana Mackova, "Minimum Wage as Foundation for Dignified Life in the EU," *Bulletin of the Transilvania University of Braşov Series VII Social Sciences • Law* 14(63), no. Special Issue (2022): 44, <https://doi.org/10.31926/but.ssl.2021.14.63.3.6>.

¹⁷ ETUC, "Debunking the Myths on the Directive on Adequate Minimum Wages in the EU," www.etuc.org, 2021, [https://www.etuc.org/sites/default/files/page/file/2021-04/Debunking the myths on the Directive on Adequate minimum wages in the EU.pdf](https://www.etuc.org/sites/default/files/page/file/2021-04/Debunking%20the%20myths%20on%20the%20Directive%20on%20Adequate%20minimum%20wages%20in%20the%20EU.pdf).

¹⁸ The context of the minimum wage displayed here is the ideal minimum wage which as a reference is ILO Convention 1970 Number 131.

¹⁹ Parlin Dony Sipayung et al., *Hukum Ketenagakerjaan* (Medan: Yayasan Kita Menulis, 2022). p. 30.

²⁰ Zulfikar Putra, Darmawan Wiridin, and Farid Wajdi, *Implementasi Upah Minimum Terhadap Kesejahteraan Pekerja* (Malang: Ahlimedia Press, 2022). p 42.

of workers/laborers are met, the more productivity and loyalty of workers in work²¹. Not only profits in terms of companies and increased economic growth of the country, but the remembrance of workers' welfare also increases with ideal wages.

It can be said that a human being is prosperous as an individual if his basic needs have been met. The meaning of prosperity can be associated with social welfare normatively. Social welfare is a condition in which citizens as individuals have met their material, spiritual, and social needs. These conditions can create a decent life and support the running of individuals based on their social functions²².

Welfare benchmarks can indeed be studied through various methods. However, fundamentally the categorization of prosperity must refer to the level of proper fulfillment of the needs of a person and his family. The fulfillment of these needs juridically when related to the Social Welfare Law includes material, spiritual, and social needs. These three needs are considered necessary to be met for every person/citizen of Indonesia.

In Indonesia's fundamental law, wage provisions are associated with two words related to two contexts. Decent work and fair wages²³. The meaning of the words decent work and fair wages cannot be separated from the complete sentence in the chapter. As written in article 27 paragraph (2), the word "decent work" is connoted along with a decent livelihood. By article 28D paragraph (2), the rights of every Indonesian citizen are to work, get remuneration (wages), and fair and decent treatment in the relationship of work.

The imposition of the words fair and decent in both articles implies that workers are guaranteed the welfare of their lives, the continuity of their work, and the receipt of rewards/wages in Indonesian labor law. The letter refers to paragraph 27 paragraph (2) and 28 D paragraph (2) of the 1945 Constitution which adopts the word fair and decent for the position and status of workers/workers, especially in terms of welfare.

Workers' welfare in the concept of sustainability is an important human resource investment. This is motivated by the company's human resources (HR) being representatives of their most valuable assets²⁴. The company's human resources are unique and have an important role in increasing company productivity. Although there are other elements such as management techniques and the use of machines as automation, human resources still play a key role in the company. If human capital based on human resources comes out of the

²¹ Eny Suheny, Retno Riyani Kusumawati, and Ira Handayani, "Pengaruh Beban Gaji, Upah, Dan Kesejahteraan Karyawan Terhadap Model Altman Z-Scores," *Jurnal Revenue* Vol. 01, no. 02 (2020): 177.

²² Dyah Gandasari et al., *Dasar-Dasar Ilmu Sosial* (Medan: Yayasan Kita Menulis, 2021). p. 128.

²³ See NRI Constitution 1945 Article 27 paragraph (2) and Article 28D paragraph (2).

²⁴ I Made Sara, Komang Adi Kurniawan Saputra, and I Wayan Kartika Jaya Utama, "The Effects of Strategic Planning, Human Resource and Asset Management of Economic Productivity: A Case Study in Indonesia," *Journal of Asian Finance, Economics and Business* 8, no. 4 (2021): 381, <https://doi.org/https://doi.org/10.13106/jafeb.2021.vol8.no4.0381>.

company's productivity series, it will result in hampered production wheels and large losses for the company²⁵.

The implementation of the ideal wage system is one form of company investment in human resources. It can be said to be an investment because human resources and human capital are factors for the success and development of the organization (principal company) in the future²⁶. Companies in providing wages to workers/laborers are not only seen as a cost that must be incurred as a result of rights and obligations only. However, the company must view it in terms of the company's main investment that will benefit both the individual and the company itself²⁷.

The formation of increased human resources in workers in companies cannot be separated from the variable level of welfare. Workers in improving their capabilities must certainly be supported by adequate situations and conditions for themselves and their families in terms of welfare. With the fulfillment of a decent and prosperous life, workers can improve their abilities as human capital and intellectual capital for the company. This is what correlates with the company's investment in human resources.

The urgency of workers' welfare is categorized as the main thing that concerns various benefits, especially for the state and companies. However, the trade-offs of creating welfare for workers/laborers are increasing profits and optimizing investment forms for companies, as well as economic stabilization from the levels of various strata of society, especially the middle and lower levels. In addition, realizing this welfare is also a form of fulfilling state responsibilities in accordance with the Law.

The welfare of workers/laborers can be done, one of which is by implementing an ideal wage system. Namely, wages that consider primarily the level of needs of workers and their families and other factors as companion considerations. Wage standards according to ILO Convention Number 131 1970 have not been ratified by Indonesia. However, at least every policy setting and wage standard in Indonesia must be ideal and consider the lives and welfare of workers. The implementation of the policy system is also motivated by the fulfillment of human rights sought by human values.

b. Humanitarian-Based Wage System

Wages are one of the basic rights of workers that are often highlighted in labor problems. Juridically, wage arrangements are regulated in laws and regulations as limitations and basic references in wage practices. Wage

²⁵ Dmitri Sokolov and Elena Zavyalova, "Human Resource Management Systems and Intellectual Capital: Is The Relationship Universal in Knowledge-Intensive Firms?," *International Journal of Manpower* 42, no. 4 (2021): 683–701, <https://doi.org/https://doi.org/10.1108/IJM-11-2018-0372>.

²⁶ Klaus J. Zink, "Human Resources and Organisational Excellence," *Total Quality Management* 19, no. 7-8 (2008): 793–805, <https://doi.org/https://doi.org/10.1080/14783360802159451>.

²⁷ Ivana Tadić and Željana Aljinović Barać, "The Role of Human Capital Investments in Business Excellence of Croatian Companies," *Economic and Business Review* 24, no. 3 (2022): 162, <https://doi.org/10.15458/2335-4216.1306>.

arrangements based on their legal functions contain wage policies and systems. The issuance of wage arrangements in Indonesia must not be out of the legal corridor based on Pancasila or the 1945 NRI Constitution as the fundamental law of the country.

In theory and practice, Pancasila is the source of all legal sources from all laws in Indonesia²⁸. The values aspired to by all Indonesians are in the content of Pancasila. The fundamental law of the Republic of Indonesia, the 1945 NRI Constitution is an extension of the application of Pancasila values which are compiled to serve as the basis for written law in Indonesia.

The values contained in Pancasila include the values of God, Humanity, Unity, Peoplehood, and Justice. The drafting of all laws, both public and private, is subject to the application of these values. Especially for laws that concern the interests of the Indonesian people at large, human values should not be overlooked in the content of the law.

The content in question is that the direction of legal regulation must breathe human values. In addition, the legal practice of such legal arrangements must reflect human values. This is based on the influence of the use of value itself. Value will indirectly influence every decision made and mediated by its attitude toward the phenomena determined by the value²⁹.

The regulation of the wage system as an extension of Indonesian labor law should be characterized by Pancasila values, especially human values. This is directly related to workers' rights which correlate with human rights provisions as stipulated in the 1945 NRI Constitution and Law Number 39 of 1999 concerning Human Rights. The imposition of this basis means that the concept of wage system regulation must be by references from a human rights point of view.

Indonesia's wage system is studied theoretically and practically it does not meet the human rights of workers/laborers. This is motivated by wages in Indonesia have not met the principles of living wages based on human rights³⁰. Budijanto (2017) explained these principles as follows:

(1) wages may include KHL (decent living needs) for individual workers and their families; (2) in the case of wage determination taking into account the general wage level in the country concerned, the cost of living, social security, and the relative standard of living of the social group; (3) economic factors included in the needs of economic development and the level of productivity are considered in the establishment of the minimum wage; (4) the establishment of a minimum

²⁸ Fais Yonas Bo'a, "Pancasila Sebagai Sumber Hukum Dalam Sistem Hukum Nasional Pancasila as the Source of Law in the National Legal System," *Jurnal Konstitusi* 15, no. 1 (2018): 32, <https://doi.org/https://doi.org/10.31078/jk1512>.

²⁹ Valters Kaže, Gatis Bolinskis, and Jevgenijs Kurovs, "An Image-Based Approach to Measuring Human Values," *Societies* 12, no. 6 (2022): 3, <https://doi.org/10.3390/soc12060191>.

³⁰ Oki Wahyu Budijanto, "Upah Layak Bagi Pekerja/Buruh Dalam Perspektif Hukum Dan HAM," *Jurnal Penelitian Hukum De Jure* 17, no. 3 (2017): 395, <https://doi.org/10.30641/dejure.2017.v17.395-412>.

wage followed by the government's obligation to maintain a maximum level of employment; and (5) the existence of social security for workers³¹.

It is the principle of wages based on human rights that should be implemented in the Indonesian wage system. Meanwhile, in the application of these principles which are then correlated with human values, it can be called a humanitarian-based wage system. This wage system is expected to be the central axis in the problem of wages among workers. Furthermore, this system can provide solutions to the fulfillment of human rights for workers/laborers in terms of wages.

The urgency of carrying out the concept of a humanitarian-based wage system is based on the welfare of workers/laborers. Some people in the labor force often do not know the meaning of work. This is motivated by the number of wages (income) that cannot prosper themselves and their families. The weak level of welfare in developing countries is due to the trend of globalization³².

Failure to provide welfare for workers and their families is seen as a serious problem. This means that there is a conflict between the wage system arrangements in force in Indonesia and the Second Pancasila Sila which emphasizes human values. Wage arrangements must certainly be viewed from both perspectives in employment relations (employers and workers/laborers). However, its policies and implementation must certainly not affect conditions or enforce the human right to live as citizens. One of them is to live a prosperous life by the concept of a *welfare state* adopted by Indonesia.

Human values are closely related to other variables because they relate to various fundamental concepts. Personal, cultural, and occupational characteristics become some variables that have a relationship. If drawn more deeply, there is a key variable related to human values, namely the welfare variable³³. The variable of well-being is related because humanity is measured on dignity and civilization. Both of these can be reviewed through welfare. Therefore, human life is worthy or cannot be viewed through human values based on welfare variables.

The measure of human values as embodied in Pancasila follows the principles of justice and civilization³⁴. The principle of justice implies that all rights, obligations, legal positions, and other things that should or should not be owned by citizens run by animating the meaning of fairness. The implementation of this principle correlates with the principle of civilization that positions humans (in general) as superior beings and identifies with all their

³¹ Ibid

³² Zulkarnain Ibrahim, "Eksistensi Serikat Pekerja/Serikat Buruh Dalam Upaya Mensejahterakan Pekerja," *Jurnal Media Hukum* 23, no. 2 (2017): 151, <https://doi.org/10.18196/jmh.2016.0076.150-161>.

³³ Sreenu Telu and Yoginder S. Verma, "Human Values Scale (HVS): Development and Validation," *South Asian Journal of Management* 29, no. 2 (2022): 165–66.

³⁴ Ilmiah, Amri, and Sri Rahayu, "Pancasila Sebagai Sistem Etika," *Jurnal Voice of Midwifery* 08, no. 01 (2018): 762.

actions. The context of identification here is actions that are by ethics and morals that apply within a human sphere itself.

Humanity has the basic meaning of the word man. This means that human value can be measured by the position of human beings at a high level of dignity. This position is derived from man's awareness of values and norms³⁵. Thus, human values are generally outlined as the essence and characteristic of dignified human beings.

The relationship between human values and the policy system in wage arrangements is highlighted in efforts to fulfill the ideals of the Indonesian nation. The fulfillment of general welfare is written in the Preamble of the 1945 NRI Constitution and is also related to the concept of *a welfare state* adopted by Indonesia. The fulfillment of welfare is closely related to the fulfillment of the economic conditions of the community. If economic conditions decline and there is also a wage policy system that is not pro with workers/laborers, then the level of welfare of the Indonesian people needs to be worried.

Indonesia's current wage regulation policy (Government Regulation Number 36 of 2021) adheres to several indicators in the preparation of its minimum wage figures. These indicators include economic and employment conditions including purchasing power parity, employment rate, and median wages. The implementation of wage dynamics with these indicators also begins with the imposition of certain conditions on the determination of the district/city minimum wage³⁶.

There are weaknesses in Indonesia's wage arrangements referring to PP 36 Year 2021. In the formulation of the minimum wage, both provincial and municipal, all focus on inflation or economic growth. Meanwhile, the provincial minimum wage which is the basis for calculating UMK (District/City Minimum Wage) uses the basis of inflation or provincial economic growth. The extension of the use of provincial-level data is the inaccurate economic condition between the provincial and district/city levels as an area for implementing wage arrangements for workers.

Data on inflation or economic growth at the provincial level can indeed represent one economic condition of the province itself. However, the conditions represented are of a general level. This figure in the district/city area can fluctuate and can differ greatly from the provincial figure.

Moreover, to measure the fulfillment of life of workers/laborers and their families more precisely and measurably through the study of KHL numbers (decent living needs) which are updated every year. This is because the needs of workers every year have increased to meet their lives every month.³⁷ The KHL indicator should be applicable because the resulting figures are more accurate

³⁵ Ibid. p 767

³⁶ Muhammad Reza Syariffudin Zaki, *Pengantar Ilmu Hukum Dan Aspek Dalam Ekonomi* (Jakarta: Kencana, 2022). p 229.

³⁷Yoko Prasetyo and Ane Permatasari, "Kelayakan Upah Minimum Provinsi (UMP) Daerah Istimewa Yogyakarta Dalam Memenuhi Kebutuhan Hidup Layak Pekerja Tahun 2019," *Jurnal Pemerintahan Dan Kebijakan (JPK)* 2, no. 1 (2021): 49, <https://doi.org/10.18196/jpk.v2i1.12544>.

and supportive of the fulfillment of life as an extension of the realization of welfare for the people of Indonesia.

The KHL numbers surveyed through the market at the regional level certainly have their advantages. This is because the prices as a compiler of the KHL figure are the real prices of elements of life necessities on the market. The amount of the price has certainly become the impact of inflation and economic growth. To minimize family complaints or fears that often occur. Often families experience difficulties due to the income received is not adequate for their living needs³⁸. This inadequacy is motivated by the increasing prices of necessities due to inflation that continues to occur at all times³⁹.

The impact of setting a minimum wage without using KHL as a basis is on the level of public welfare. The impact is caused by wages received by workers below the KHL standard⁴⁰. This is if examined through the context of the relationship between the absorption of Indonesian workers on public welfare. In Dwirainaningsih's research (2017), stated that community welfare which should be correlated with the level of labor absorption must be supported by KHL-oriented wage receipts. The context of the appropriate wage is that it is given fairly and does not harm either party⁴¹.

Thus, to realize general welfare through efforts to improve the welfare of workers and their families, adjustments to wage policies are needed. Reformulation of policies and wage systems using the concept of humanitarian wages is a solutive step that must be taken. Wages are not only related to the welfare of workers and their families but also related to the level of economic growth in Indonesia.

4. Conclusion

The wage of workers/laborers in Indonesia is one of the problems in labor law that runs dynamically. This is due to the conflict of desires between the motives of entrepreneurs in running their businesses and the intentions of workers/laborers to do their work. The implementation of wage system policies in Indonesia must be on the values of Pancasila and the 1945 NRI Constitution. The adjustment is also inseparable from the ideals of the nation, the principle of *the welfare state*, and the implementation of the fulfillment, safeguard, and protection of human rights. Based on that, the Indonesian nation needs to have an ideal wage system in its policies.

³⁸ Trifena Maria Istrilista, "Pengaruh Pendapatan Dan Pengetahuan Keuangan Terhadap Perencanaan Keuangan Keluarga Di Surabaya," *Sekolah Tinggi Ilmu Ekonomi Perbanas Surabaya*, 2016, p 1.

³⁹Timbul Handriyanto and Mahayoni, "Dampak Implementasi Formula Upah Minimum Sesuai Peraturan Pemerintah Nomor 78 Tahun 2015 Tentang Pengupahan Terhadap Kesejahteraan Pekerja Di Kabupaten Bekasi," *Problematika Hukum* 4, no. 2 (2020): 148.

⁴⁰ Yustiana Dwirainaningsih, "Pengaruh Upah Minimum Terhadap Terhadap Penyerapan Tenaga Kerja Dan Kesejahteraan Masyarakat Di Kota Pekalongan," *Journal of Development Economics* 12 (2017): 11.

⁴¹ Loc.cit. Presetiyo, p 41

As a comparison of the ideal wage system, there is the 1970 Minimum Wage Determination Convention also called K131 ILO 1970. The convention can be said to be the pioneer of the formation of the ideal wage system because it contains two main elements. First, the establishment of the minimum wage must take into account the needs of workers and their families, the general wage level in the country concerned, living financing, social security, and the relative standard of living of other social groups. Second, economic factors, including economic development needs, productivity levels, and attainment as well as the defense of high employment levels.

The ideal wage can be realized through the humanitarian wage system. This system is structured to give birth to a policy of regulating workers wages by realizing human values. The human values adopted in this system are derived from Pancasila, the NRI Constitution of 1945, and normative rules of human rights in Indonesia. The wages given should be decent and humane to maintain the dignity of workers as human beings themselves.

The humanitarian wage system is applied to realize the improvement of workers' welfare in Indonesia. Wage orientation should refer to human values and KHL elements that meet the needs of workers and their families. Thus, Indonesia can fulfill its ideals as embodied in its fundamental laws and fulfill the principles of *the welfare state* that it adheres to.

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