

The bargaining position of outsourced labours in the ASEAN Economic Community (AEC) era

Posisi tawar buruh alih daya di era Masyarakat Ekonomi ASEAN (MEA)

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Abstract

This study was motivated by the increasing number of foreign manpower entering and working in Indonesia since the implementation of the ASEAN Economic Community (AEC) by the end of 2015. Therefore, this research intends to study the prosperity and the bargaining position of outsourced labours in the AEC era. To examine this, theories related to globalization and the free market, and issues related to employment were implemented. This research was conducted in an industrial area in Surabaya through questionnaires answered by 100 respondents who worked as outsourced labourers. Of this 100, 10 individuals participated in in-depth, structured interviews to supplement the data obtained through the questionnaires. There are a number of findings as a result of this research. Firstly, all respondents working as outsourced labourers are aware of the AEC and the impact of an increasingly difficult economic situation. Secondly, the low prosperity of outsourced labourers had in face occurred before the AEC. Outsourced labourers with a Specific Period Employment Agreement lacked job stability and had lower wages than permanent workers. Thirdly, the foreign manpower that has entered Indonesia has weakened the bargaining position of outsourced labourers as foreign workers are more highly educated and equipped with certified expertise and skills. The weak bargaining position of these workers is also due to the dropping union membership of outsourced labourers.

Keywords: ASEAN Economic Community; bargaining position; outsourced labours

Abstrak

Studi ini dilatarbelakangi oleh makin banyaknya tenaga kerja asing (TKA) yang masuk dan bekerja di Indonesia sejak diberlakukannya Masyarakat Ekonomi ASEAN (MEA) pada akhir tahun 2015. Penelitian ini bermaksud mengkaji kesejahteraan dan posisi tawar buruh outsourcing di era Masyarakat Ekonomi ASEAN (MEA). Penelitian ini dilakukan di kawasan industri di Kota Surabaya, dengan melakukan wawancara terstruktur pada 100 responden buruh outsourcing yang dipilih secara purposif. Selain itu juga melakukan wawancara mendalam kepada 10 orang buruh di antaranya untuk melengkapi data yang diperoleh melalui wawancara terstruktur. Penelitian ini menemukan pertama, seluruh responden yang bekerja sebagai buruh outsourcing mengetahui tentang Masyarakat Ekonomi ASEAN yang diberlakukan sejak akhir tahun 2015 atau awal tahun 2016. Buruh alih daya juga mengetahui dampak diberlakukannya MEA, seperti makin sulitnya mencari pekerjaan, banyaknya tenaga kerja asing yang masuk ke Indonesia, mengakibatkan makin ketatnya persaingan untuk mendapatkan pekerjaan dan kemungkinan terjadinya pemutusan hubungan kerja (PHK). Kedua, rendahnya kesejahteraan buruh alih daya, buruh alih daya dengan Perjanjian Kerja Waktu Tertentu (PKWT) mengakibatkan tidak adanya kepastian kerja, dari besaran upah berada di bawah buruh tetap (25-30 persen di bawah upah buruh tetap), sehingga kesejahteraan buruh pun akan menurun. Buruh tidak hanya bersaing sesama buruh lokal, tetapi juga bersaing dengan tenaga kerja asing (TKA), yang memiliki keahlian dan telah tersertifikasi. Ketiga, semakin mudahnya tenaga kerja asing (TKA) masuk ke Indonesia, maka posisi tawar buruh alih daya makin melemah. Selain karena tingkat pendidikan tenaga kerja asing lebih tinggi, juga memiliki keahlian atau ketrampilan yang telah tersertifikasi. Lemahnya posisi tawar buruh alih daya juga terlihat pada buruh-buruh yang tidak pernah dilibatkan dalam membahas permasalahan perusahaan, serta sedikitnya buruh alih daya yang menjadi anggota serikat buruh.

Kata kunci: Masyarakat Ekonomi ASEAN; posisi tawar; tenaga kerja alih daya

Introduction

In Indonesia, one of the symptoms that are interesting to be studied in the current globalization era is the issue of employment, including the issue about decreasing the number of job opportunity, as well as high rates of unemployment and layoffs. Increasingly, it alerts the phenomenon that occurs at the moment which is important to be noted by the government since the endorsement of the ASEAN Economic Community (AEC) are the increasing number of foreign manpower working and settling in Indonesia. In the AEC era, goods and service mobility including the mobility of people, especially the flowing of job seekers has occurred across international borders. Indonesia, as one of ASEAN member, cannot avoid the reality of being one of target countries of international job seekers coming from other countries (ASEAN scope) with increasing over time number. The data from the Ministry of Manpower (2015) reported that the number of foreign manpower in Indonesia had reached approximately 68,762 people (Kompas.com 2015). This phenomenon would affect the work force conditions in Indonesia, especially in remote areas. The concern raised in many circles in terms of the implementation of the ASEAN Economic Community is the increasingly facilitated influx of foreign manpower, resulting the local manpower being “forced” and demanded to increase their competency along with the increasing competition to get jobs.

Besides manpower competition to get jobs, the global economic development and rapid technological advances have also posed a very tight competition on all fronts. Having such conditions, people grow more competitive especially with the existence of AEC which requires businesses to adapt to market demands. Thus, fast and flexible responses are required to improve customer service. Structural changes, therefore, are required in managing the business to make it more effective, efficient and productive. For these purposes, the outsourcing mechanism comes up in the industrial world which is the act of sub-contracting or diverting one or several parts of a company’s activities, previously self-managed, to be transferred to another company.

Prior to outsourcing enforcement, business owners felt burdened with the high labour cost, the obligation to secure severance pay, gratuity, and compensation as stipulated in the prevailing laws and regulations on manpower. The increasingly fierce competition has made every company try to increase their productivity in order to survive in facing the competition. One of the efforts is businessmen attempts to save manpower cost is by hiring cheap, qualified and productive outsourced labours (Tambusai 2004). This efficiency on the cost of production is what induces more and more employers to hire outsourced workers on the grounds that the company needs to focus on dealing with what their core businesses are while other supportive jobs can be delegated to other companies/ parties (Mella & Pellicelli 2012).

This study investigates the mechanisms of outsourced labour recruitment which is, in practice, more detrimental to the workers due to the non-permanent working agreement/contract (Specific Period Employment Agreement/*PKWT*), lower wages, minimal social security, lack of job security and career development. With outsourcing and contract working system, the labours are prone to loss of job security, forced labour, low wages, no day offs, no social security, being laid off, and facing difficulties to join work union. Outsourced labours and contract labours are only considered as a commodity by the capital owners. Their fate is uncertain, especially amidst the global competition. It is such a condition that causes an increasingly unclear industrial relationship status.

By the increasing number of companies attempting efficiency through outsourcing and manpower rationalization along with the influx of foreign manpower, it is important to assess how strong the bargaining position of outsourced labours in amidst the competition with fellow local workers and foreign manpower and also how well the outsourced labour prosperity after the endorsement of AEC.

The aforementioned problems are interesting to be studied further because in the last five years there has been an indication that outsourced manpower tends to be more intensely favoured. Outsourcing is the act of shifting some company’s activities to external parties as stated in the partnership contract. The partnership contract is between two parties, namely the company receiving the job

(the outsourcing company) and the employer enterprise (the company applying outsourcing service) (Greaver 1999). On outsourced manpower themselves, there has been no explicit remarks included in the legislation. Nevertheless, the permit to perform outsourcing in Indonesia is stipulated in Law No. 13 of 2003 on manpower, especially in Article 64 stating that a company may sub-contract part of its work to another company through a written sub-contracting agreement or worker provision. Damanik (2006) explains that outsourced manpower are those employed by a company to produce or carry out a job in a company which is obtained through an outsourcing company.

In the perspective of the provider and the user, employing outsourced manpower is highly profitable. Greaver (1999) suggested that one of the reasons to employ outsourced workers is that the companies can be more focused on their ultimate goals or their cores so that the companies' effectiveness and productivity can be easily reached. By hiring outsourced workers, a company will concentrate on activities directly related to the core purpose of the company (core business).

In Indonesia, the number of outsourced labours cannot be assuredly and specifically identified per region. Yet, the data from the Ministry of Manpower and Transmigration mentioned that until 2009 there had been 22,275 companies with 2,114,774 workers throughout the country which delegated some of their work to other companies (outsourced labours). Besides, from the outsourcing service suppliers, there were 1,540 companies that employed 78,918 labours and 1,082 outsourcing companies to cater workers or labours employing 114,566 manpower (Ministry of Manpower and Transmigration, 2008). The research was conducted by Akatiga in collaboration with FSPMI and FES in 2010 in the metal industry sector showed variation in the distribution of labour status (permanent, contract and outsourced).

Table 1.

Distribution of workers according to the system of employment (N=598)

Regions	Permanent (%)	Contract (%)	Outsourced (%)
Riau Islands	20.30	51.20	28.50
West Java	44.60	31.10	24.90
East Java	62.70	25.50	11.80
Total	39.30	37.10	23.60

Source: (Tjandraningsih, Herawati, & Suhadmadi 2010)

The study was conducted in three regions in Indonesia, the Riau Islands, West Java and East Java and showed the tendency of permanent worker decrease with 39.39% of permanent workers on average. On the contrary, contract or outsourced workers showed an increase. In East Java, the number of permanent workers remained high at 62.70% with 37.30% temporary workers, consisting of 25.50% contract workers and 11.80% outsourced workers. Having said that, there was a tendency that more companies preferred to employ outsourced labours for efficiency reasons. Although the study was conducted in industrial metal sector, it can, at least, provide an idea of the higher employment of contract and outsourced labours. The increasing number of companies employment of outsourced workers has caused the issue on labours becomes more complex.

The issues on outsourced labours have grown increasingly complex because in addition to the uncertainty in both the labour prosperity and job security, it has become increasingly easy for companies to stop labour service when they are no longer required. Not only doing outsourced workers today struggle to deal with business owners, they have to also compete with local workers, as well as foreign manpower that have increasingly flooded Indonesia. The more companies employing outsourced workers, the weaker the labour/worker union becomes their members earned lesser and these pose a threat to workers in the AEC era because workers cannot make any movement without going through the union. What happens in Indonesia is quite the contrary of the Act No. 21 Year 2000 on Worker/Labour Union which states that workers are free to join organizations. In reality, lesser labours join the union as members. The low number of union members may be due to many companies' employing outsourced labours which hinders them from joining the union.

This reported study tried to determine the prosperity and bargaining position of outsourced labours after the endorsement of the AEC with taking into account several things. First, the increasing number of companies that hire outsourced workers in the production process. According to the rules, outsourced workers are only allowed to do jobs supporting companies which include cleaning service, food catering for the workers/labourers, security personnel/security units, supporting services in the mining and petroleum sectors, as well as the transportation of the workers/labourers (Explanation of Act No. 13 of 2003 on employment).

Second, the companies' reason to hire outsourced workers is to gain more efficiency on labour costs as their wage is relatively lower than permanent workers. Third, the increasing numbers of foreign manpower who arrive in Indonesia to work are generally well educated, and equipped with specific abilities or skills with the proper certification.

Research Methods

The study aimed to assess the prosperity and bargaining position of outsourced labours after the opening of the AEC (ASEAN free market) through several phases. In the first phase, the researcher conducted a review of various reports and studies that had been done previously on manpower's condition in Surabaya, the impact of free market, the purpose of AEC establishment and so on. At this stage, research instruments and briefing to surveyors to be deployed to the field were also prepared.

In the second phase, the researcher identified companies in Surabaya hiring outsourced workers, especially those working on the company's core business and those employing foreign manpower. At this stage, the researcher asked for assistance to a research assistant who a student was writing an undergraduate thesis on the survival mechanism of the industrial workers who at the same time conducted interviews in the data collection process.

In the third stage, the researcher looked for outsourced workers who were willing to be interviewed. Some outsourced workers brave less to be discovered by their companies, not all of them were willing to be interviewed. Thus, the researcher asked the respondents (informants) to be interviewed at their houses or in the guest-houses while the interview schedule followed their spare time. The researcher was able to directly interview 100 outsourced workers with a questionnaire form to determine the outsourced labours' socio-economic conditions and bargaining position after the adoption of the AEC. In addition to structured interview, the researcher also conducted in-depth interviews with 10 outsourced workers to collect data that could not be obtained through structured interview. The secondary data were gathered from the Surabaya Central Statistical Agency (*BPS*), Surabaya Manpower Department, and the East Java Provincial Department of Manpower and Transmigration.

In the fourth stage, after all the data from interviews and secondary data were obtained, the researcher processed the data with SPSS and categorized or classified the data. All data obtained were analyzed according to the previously formulated research objectives. In conducting the analysis, the researcher referred to the theoretical framework that had been set forth. Then, they were compared with other studies and the key findings were highlighted by using the analysis of conceptual terminology and theoretical perspectives in accordance with the progress of the field data processing. The qualitative data were processed by classifying the data according to the analysis requirement.

Results and Discussion

The focus of this study was the outsourcing labours relation with the economic globalization and free market. The AEC is one of the manifestations of globalization which yields a significant impact on the global employment system. As globalization has increased the global integration, especially in the field of economy, it will have a direct impact on the capital and labour movement. Both of the capital and manpower flows have a very strong relationship to each other. This means that the easier the capital flows in international economic activities, the more flexible the flow of manpower would become (Nikomborirak 2015).

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The AEC as an agenda of economic integration within ASEAN countries aimed to eliminate or at least minimize the constraints faced by economic activities across regions as in the trades of goods, services, and investment. The economic integration was expected to enhance ASEAN competitiveness to compete with other countries such as China and India to attract foreign investment in this area which was urgently required to expand employment and improve welfare. With the formation of a single market (AEC), it was expected that a country could easily trade its goods and services to other countries throughout Southeast Asia region so that competition would become more intense. Likewise, manpower in one country could easily find work in other countries (Plummer & Yue 2009). AEC has become two sides of a coin for Indonesia; in one side, there was a good opportunity to demonstrate the quality and quantity of Indonesian products and human resources to other countries openly, but on the other hand, it could become a boomerang for Indonesia if it could not harness the potential properly (Djelantik 2015).

The presence of AEC for Indonesia has become the starting point for developing the quality of economy in Southeast Asia. In one side, AEC was an opportunity to open the showcase to other countries about the quantity and quality of Indonesian products and human resources, but on the other hand, it could lead to harmful result if not used properly. Noting the employment aspect, the AEC represented a great opportunity for job seekers to more open job opportunities with diverse expertise specifications, not only domestically, but also abroad. Furthermore, employers or even business operators were permitted to seek workers (labours) corresponding to their desired criteria both from within the country or from abroad (foreign manpower). However, there was a risk especially in relation to employment issues in Indonesia as the education and productivity of Indonesian manpower had not been capable of competing with industry-based foreign workers. This was because Indonesian manpower much less educated and many of them chose to go to informal sector.

The study found that outsourced labours' income, before and after the implementation of the AEC, had always been set below the provincial/regional minimum wage. This finding was also supported by studies showing that outsourced labours' wage ranged between 70%-80% of permanent labours' minimum wage (Sutinah 2015). In addition to the wage issue, outsourced labours did not receive health benefits, annuities and other benefits received by permanent workers. With wage under the Provincial/Regional Minimum Wages (*UMR/UMP*), a single outsourced worker could be self-sufficient. However, those who were married and had family responsibilities would find that such amount was insufficient. Moreover, the price of staple goods had got more expensive as well as education fee, electricity, and also transportation costs. The finding of this study indicated that the implementation of AEC had caused outsourced workers' prosperity decrease. In other words, the study results showed different results with the globalists' opinions who viewed that the capitalist system brought by globalization would have good impact on the workers' prosperity. In reality, the situation showed different and even contrary results (Bhagwati 2004:122).

The AEC constituted a single production-based market, an economic region with high competitiveness, a region with fair economic development and a region fully integrated into the global economy. Thus, the impact of the AEC implementation was the occurrence of free markets in the fields of capital, goods and services, as well as manpower which resulted in free flow of goods, services, investment, skilled manpower, and capital. With the AEC, Indonesian manpower could freely seek employment in ASEAN countries and vice versa, foreign manpower from various countries would find it easier to enter Indonesia (Tayauova 2012). Thus, the competition of local manpower to get jobs was getting tougher. At this time, Indonesian manpower already had troubles in getting jobs. Once the AEC was open in late 2015 or early 2016, workers who were already aware of the tougher competition found it more difficult to get a job (Lee & Fukunaga 2014).

The competition would grow intense, especially for unskilled manpower. They would be marginalized by manpower that had higher education and skills. The study found that almost all outsourced workers who became respondents (94%) only passed high school/of equal degree. In addition, their skills had not been certified.

In ASEAN service trade agreement, it was stated that manpower liberalization would be made for those with high skills. The liberalization of manpower in ASEAN would be conducted through standardization of expertise as evidenced by the certification as a key requirement to enter ASEAN manpower market. To compete in the highly skilled manpower market, ASEAN implemented education standards in some sectors. Such standardization was manifested into the Mutual Recognition Agreement (MRA) on standards that must be met for certain skills to be mastered by the workers. Until now, ASEAN has signed MRA in some professions, such as construction workers, dentists, nurses and health workers, engineering sectors, financial consultants (accounting), information technology, banking and insurance. In the future, the MRA would develop in accordance with the needs of industry in ASEAN (Hertanti 2015). This means that in the future, not only the professions previously mentioned which can be competed.

Thus, to find a job, the competition would not only be made with fellow local job seekers (Indonesia) but also with foreign manpower in terms of higher education than the local manpower who had the expertise or skills proven by certification. On one side, Indonesian manpower's capabilities and expertise were very far from the previously set standards as a key requirement for manpower to enter the ASEAN market. On the other hand, companies which owned capital and provide jobs would have the freedom to choose those considered to be highly appropriate manpower and were able to work effectively, whether local manpower or foreign manpower. One consequence of establishing AEC is the liberalization of skilled labor or skilled labor, which will be done through certification-proven by standardization of expertise as a key condition for entry into the ASEAN labour market, but this condition is not in line with the reality that occurred in Indonesia today. Based on data from *Badan Pusat Statistik (BPS)*, employment up to August 2013 was still dominated by low-educated working population of under 52.0 million people (46.95%) and Junior High School (20.5 million) (18.47%) (Badan Pusat Statistik 2013). The condition is of course very contrast with the agenda of labour liberalization that has been scheduled in the AEC.

On the other hand, AEC becomes an opportunity for entrepreneurs to find the best workers in accordance with the desired criteria. On the other hand it can raise the risk of employment for Indonesia. In terms of education and productivity, Indonesia is still unable to compete with workers from Malaysia, Singapore, and Thailand as well as the industrial foundations that ranked Indonesia in the fourth position in ASEAN (Fernandez 2014) The AEC which was endorsed in the end of 2015 or early 2016 could indeed become a good opportunity for Indonesia to make the economy better. Indonesian products and services could reach a wider market in other ASEAN countries. With the population of 250 million people, Indonesia was a huge market share, while the market share in ASEAN reached 625 million people. Therefore, the manpower from other countries in ASEAN could freely work in Indonesia as with Indonesia manpower who should also be free to work in other ASEAN countries.

In addition to the opportunities, it was noteworthy to pay attention to the existing challenges for Indonesian manpower in the frame of the AEC. One of these obstacles was the issue on manpower's education level which was still relatively low. Even until February 2014, the number of workers/labourers who passed junior high school level or below reached 76.4 million people or approximately 64% of the total 118 million workers/labours in Indonesia. These obstacles must be immediately addressed because if there were no serious treatment, our manpower would not be able to compete in the AEC. In an even more broadly perspective, this could threaten Indonesian people in general. Outsourced labours who worked in the manufacturing sector were much less educated, and thus they could not compete with the manpower with high education.

The study also found that the entire outsourced labours in Surabaya who participated the research had been aware of the impact of the AEC implementation. According to the respondents, the impact of the AEC included a more competitive and intense job finding. This means that the AEC did not only affect workers who already got jobs but also for manpower as a whole (public). In addition, local workers, who were generally outsourced labours, should also compete with foreign manpower and

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there was possibility of termination of employment (layoffs) where they might be replaced by foreign manpower with better education (college graduates) or even those certified as experts. Furthermore, one of the informants argued as cited:

"... Labour's life gets increasingly difficult.... even before the AEC, it would be very difficult to get a job because of many job seekers, let alone with the AEC, which makes us to be rivals of more and more educated people who have the expertise and hearsay with certification proves. I am only a high school graduate, who doesn't have any skills. "That is one of the impacts of the AEC" (Spn, outsourced labour who had been two times temporarily laid off).

The AEC, being one form of economy globalization, could open opportunities for local products to compete the international market (ASEAN). Also, it could open the opportunities of influx of overseas (global) products to the domestic (national) market. Not only for goods and services, but local manpower could also compete with foreign manpower and vice versa (Susanto 2012). If the local manpower who were mostly outsourced labours with relatively low education, expertise and skills were to compete head to head with foreign manpower, it would be unlikely for them to compete and in the end they became cast away in their own country. Anas (2014) suggested that many parties saw Indonesia was not ready to face the AEC because of the human resource and product competitiveness were still unable to compete with imported products. In fact, however, when examined and compared with other ASEAN countries, Indonesia had a number of advantages that could be a very valuable capital in the face of the AEC.

Economic globalization has implemented neoliberalism as its key ideology because the main obstacle to economic integration is a country's rule. With neo-liberal policies, all inhibiting rules must be removed and the liberalization policies, deregulation and privatization must be implemented (Daeng 2010, Stojanov 2017). For sure, these neoliberal policies had implications on employment issue, especially the issue of labours in Indonesia; either it caused direct or indirect impacts. Meanwhile, the primary problems of manpower in Indonesia lied on the high unemployment rate, low wages, weak worker/labour protection, and the increasing number of contract and outsourced labours.

Labour outsourcing was one form some jobs with Specific Period Employment Agreement (*PKWT*), which at any time they could be recruited and laid off from their jobs because their status was uncertain. With *PKWT*, outsourced labours' contracts could be extended and updated, and if this agreement extension or renewal were continuously carried out, it could become an unwise and unfair action. Indeed, based on regulations, expired *PKWT* can be extended or renewed. In *PKWT* concept, there is a term referred to as "212", based on Minister's Decree No. 100/KEP/VI/2004 on the Implementation of the *PKWT*. The scheme refers to the first two year year contract, followed by one year contract extension and then followed by a 30-day pause period, and ended with two year contract renewal. It is noteworthy that the timing of two years, one year, and another two-year contract is the maximum time, which means that under the regulation, a contract can no longer be extended. In reality, when business conditions force employers to reduce labours, they can simply pick up the phone and tell the supplier company (agency) that they no longer need the workers. This is where uncertainty barges in for outsourced and contract labours where they have to wait to get a job again (Mather 2008). This condition is one proof that the outsourced labours' bargaining position is very weak. In addition, labour outsourcing which is one form of *PKWT* has caused the lack of job security where all jobs depend on the employers. Hence, these workers do not have the opportunity to develop their skills or expertise. This condition further weakens the workers' bargaining position which is already low.

The study found almost half (48%) of outsourced labours had ever experienced temporary layoffs as much as 1-4 times where they usually went back to work when the distributor company (agency) called. An informant named BDT explained as follows:

"... I have been four times on (temporary) layoffs. Well... I can only grow patient to comply with

the company. As a labour, what can I do? I should have been promoted to be a permanent worker but in fact, I am still outsourced.... If I'm off duty, I return to my village as everything in the city costs a fortune" (BDT, outsourced labour with four times temporary layoffs).

Under the scheme of 212, outsourced labours who have passed 212 periods (five years) should no longer be an outsourced labour or contract worker. While waiting for call, outsourced labours usually tried to find a job which was not time-binding and can be left behind at any time. Some of them chose to return to their villages as the life necessities in the city are very costly. Thus, while being off duty, these workers brought their family back to the village. This method is one survival mechanism for workers in urban areas (Clark 1984 and Corner 1988). However, there were workers who took courses to improve their ability to compete with foreign manpower.

Even before the AEC era, the ratio of job opportunity and the number of job seekers had never been balance. This is not to mention the amount of foreign manpower coming into Indonesia. Outsourced labours were well aware that the existing job opportunities were getting fewer and fewer so that they had to compete to get a job, not only with fellow local job seekers, but also with job seekers from AEC member countries. In order to maintain their jobs and not being laid off, outsourced labours tried their best not to make mistakes, be discipline and compliant to the company despite the relatively low income. Even, when the companies conducted temporary suspension, outsourced labours had never protested as the protesting the distributor company would be an inappropriate move. As quoted from an interview with PND, a married outsourced labour who argued as follows:

"... Working as an outsourced labour is actually okay for me, I've got a family so I never protest instead of risking of losing my job. What would my family eat if I don't work? I had to be obedient and I don't have the courage to protest because I can be dismissed. I guess this is how life would be if you don't have any skills....."

As generally known, the outsourced labour's work agreement is made between the employer company and the outsourced labour provider. Some of the reasons of why outsourced labours had never protested the company where they worked included that most workers' sanctions imposed were very severe which is to be permanently dismissed, and thus replaced with new workers. In addition, outsourced labours were generally not members of union so the protests were made by individuals and thus they would never be heard. The study found that the bargaining position of outsourced labours was weakened by the increasing number of foreign manpower with a higher level of education and certified expertise or skills. One informant, argued as follows:

"... No outsourced labours would dare to join the union, although the Law allows anyone to join labour/worker unions. There is a sort of unwritten agreement from the employer that we need to choose between working and joining the union. If you work than you can't join the union and if you join the union you need to get out of the job. Having this situation, well... we prioritize our job" (Ern, outsourced labour with less than two years of experience).

These findings showed that the bargaining position of outsourced labours was weak and it grew weaker with the presence of AEC. While the AEC demands highly skilled and certified workforce. Such a workforce will shift the existence of unskilled labour, which has been largely absorbed in the manufacturing sector, and even the possibility of foreign workers replacing local labour, given their readiness to enter the AEC era. Thus, the existence of the AEC is very potential to the occurrence of termination of employment (*PHK*) to the workforce with skilled and low educated (Winarno 2008, Caurbaugh 2008:21). There were many reasons why companies employed foreign manpower, while the abundant local manpower was in need of job which included foreign manpower being more professional and discipline. Therefore, it was not surprising that companies chose foreign labour or manpower who were known to have the spirit of working and maximum work discipline (Stojanov 2017). Foreign manpower that is accepted in a company was generally placed as managers and technicians. By looking at their position as technicians and management staff, the companies bore the consequences of providing a higher reward than local workers (including outsourced labours).

The study on the outsourced labour's bargaining position in the AEC era has found that more companies have employed outsourced workers, owing to a relatively lower wage than permanent workers. Hiring outsourced labours, companies could easily recruit people when they were in need and let them go when they experienced a decline.

Conclusion

Here are some key findings from this study: First, the entire outsourced labours were aware of the AEC which has been endorsed since the end of 2015 or early 2016. The AEC constituted a condition or situation where foreign manpower, goods and services could easily enter Indonesia or go out to ASEAN countries. In addition, outsourced labours were also aware of the AEC as a free trade of goods and services. They also realized the impact of the AEC implementation which meant competition between local manpower and foreigner manpower. Thus, this phenomenon narrowed down the local manpower employment, giving that foreign manpower in general was well-educated and had a certified specific expertise.

Second, the prosperity of outsourced labours was relatively low, even before the AEC. This was because their wage and benefits were 25-30% below the wage received by permanent workers. Similar condition could also be found after the implementation of the AEC where the majority of the wage received by labours was under the City/Regency Minimum Wages. The wage differences also took place between local and foreign manpower, in terms of the amount, components determining the wage and the wage system. Thus, by implementing the AEC, the prosperity of outsourced labours grew erratically as employers were more likely to choose foreign manpower that were considered to have higher quality.

Third, the presence of AEC has made the workers' bargaining position, especially outsourced labours grow faintly. This could be seen from the finding that outsourced workers were too timid to protest when their companies chose foreign manpower or to temporarily stop labour outsourcing. They were also too afraid to join worker union, etc. Such timidity grew because of the sanction posed by the companies when the outsourced workers went on protests. Such sanction could be in the form of the threat to replace them with new workers or to replace them with foreign manpower and to permanently stop labour outsourcing. In addition to their own timidity to protest, these outsourced workers had also never been involved in discussing the companies' issues, especially those related to outsourced labours.

This study began with the assumption that the AEC, as a form of economic globalization, would increase social prosperity (including outsourced labours) but the findings of this study indicated the contrary condition. The existence of AEC, in fact, has made outsourced labours not prosperous. One of the reasons is the lack of certainty in employment and working period as these workers could be dismissed at any time and employers can choose more professional foreign manpower.

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