Solving Manpower Act’s Legal Redundancy Through Job Creation Act’s Foreign Manpower Utilization Plan

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ABSTRACT

This research discusses the impact of Job Creation Act towards foreign workers in Indonesia. Act 11 of 2020 titled Job Creation Act has been legislated and enacted on November 2nd 2020. It also regulated manpower in Indonesia, including foreign workers in Indonesia. In the latest regulation, foreign workers are now only required to get their foreign manpower utilization plan approved. Unlike Act 13 of 2003 regarding Manpower Act, foreign employers are not required to gain foreign worker permit for their foreign worker. The problem arises when the requirement of foreign worker permit and foreign manpower utilization plan consist of the same core. The problem would be formulated into two problems namely the legal redundancy of foreign manpower regulation in manpower act and foreign manpower regulation in job creation act. This research is conducted as normative research using statute and conceptual approach. The result showed that Job Creation Act had managed to solve legal redundancy between foreign worker permit and foreign manpower utilization plan. Job Creation Act stresses Presidential Act 20 of 2018 regarding Foreign Worker Utilization that foreign manpower utilization plan also act as foreign worker permit. To conclude, the regulation of foreign worker utilization in Job Creation Act had managed to solve legal redundancy in Manpower Act and support Indonesian Democratic Economy.

1. Introduction

Manpower has been regarded as one of the most vital aspect in an organization to support the sustainability of business process1. In Indonesia’s scope, the government regarded manpower not only limited to business, but also nation-development actors2. Furthermore, Indonesia had formulated the definition of manpower3. Manpower is defined as every single person who is

3 Section 1 sub section 2 of Act 13 of 2003 regarding Manpower Act.
deemed capable in conducting a job that may produce goods and/or services to fulfil their own need or the people’s needs.

The regulations of manpower in Indonesia had been formed regularly and thoroughly following the Netherlands’ regime in Indonesia. Throughout 1887 to 1950, Indonesia had adopted Netherland’s regulations regarding details of manpower hiring in Indonesia. Indonesia then regulated their own Manpower Act through Act 25 of 1997 following the manifestation of Act 12 of 1948 regarding Job Act. As of 2003, Indonesia had managed to conceptualize detailed of manpower hiring including their legal rights and legal obligations through Act 13 of 2003 regarding Manpower.

Aside of legal rights and legal obligations, Manpower Act had regulated about the classification of manpower, namely foreign manpower and manpower in general. The difference is not mentioned explicitly. However, there is a clear regulation regarding legal rights and obligations of foreign manpower employment. Different legal rights and obligations show that there is a clear distinction and protection for both manpower in general or domestic manpower and foreign manpower. Manpower in general do not need Ministry of Manpower’s license to be able to work, whereas foreign manpower requires Ministry of Manpower’s license and foreign worker utilization plan.

As of 2020, Indonesian Legislative along with the President of Republic of Indonesia had formed an Omnibus Law that affected many regulations in Indonesia, including Manpower Act. On November 2nd, 2020, The Republic of Indonesia had legislated and enacted the Omnibus Law known as Act 11 of 2020 or also known as Job Creation Act to progressively solve investment advancement obstacles, ease of doing business, protection and welfare of manpower, and national strategic project acceleration. Yet the legislation of Job Creation Act draws criticism over its substance. Some of the criticism regards manpower severance, while some criticize regarding the ease of foreign manpower employment.

Following the adagium two sides of a coin, Job Creation Act is seen as problematic and soluble in the matter of foreign manpower. Scholars argued that Job Creation Act had reduced the stringency of Manpower Act regarding manpower severance, while some criticize regarding the ease of foreign manpower employment.

8 Section 1 sub section 2 juncto sub section 13 of Act 13 of 2003 regarding Manpower.
9 Section 42 of Act 13 of 2003 regarding Manpower.
10 Section 42 of Act 13 of 2003 regarding Manpower.
11 Section 3 Job Creation Act draft.
Foreign Manpower. Section 42 of Job Creation Act had expunged the requirement of foreign manpower license which was previously required in Manpower Act. The expulsion of that requirement causes controversy that it made ease for foreign manpower to be employed and may put the domestic manpower to be at disadvantage. Yet, there hasn't been many study on what kind of requirement that had been implemented in Job Creation Act regarding the requirements of Foreign Manpower employment in general.

One study regarding Job Creation Act that involves Foreign Manpower employment was researched by Ida Hanifah. Hanifah suggested that the Job Creation Act draft offered the redaction of foreign manpower permit and only required the foreign manpower utilization plan. However, the study was limited only to Job Creation Act draft as the research material. The study conducted by the researcher argued that the use of foreign manpower utilization plan instead of redaction of foreign manpower permit has reasons and purpose. This research also conducted on the official enactment of Job Creation Act and not its draft compared to Hanifah's research.

The problem arose when Job Creation Act had regulated specific requirements of foreign manpower employment that affected the ongoing employment period of foreign manpower. Therefore, there needs to be a study that focuses on the regulation of foreign manpower employment in Job Creation Act especially regarding the requirement of foreign worker utilization plan to solve the legal problem.

The statement of the problem of the study is separated into two, namely a) how does previous legislation causes legal redundancy regarding foreign manpower? And b) how does Job Creation Act solve legal redundancy regarding foreign manpower?. The purpose of the study is to find the cause of legal redundancy regarding foreign manpower and find the legal solution to solve legal redundancy regarding foreign manpower.

2. Method

This study is conducted as normative research which is also known as doctrinal research. Normative research is a research that focuses on finding law, legal principles, or legal doctrines for the purpose of legal solving. To conduct normative research, some research instrument that had been
deployed are legal approaches, such as statute approach and conceptual approach. Statute approach is a legal approach that studies statutes or regulations as a whole including its historical aspects so that there may be achieved understanding of the core of the regulations\textsuperscript{21}. Meanwhile, conceptual approach is a legal approach that analyze a legal issue through theories and legal opinion of legal scholar that forms a legal concept\textsuperscript{22}. Statute approach is used to analyze Job Creation Act and Manpower Act, whereas conceptual approach is used to analyze legal redundancy and foreign manpower employment requirement. To conduct this research, research instrument that is being used includes literature study and statute study. Literature study is a study technique to analyze theories and general knowledge accordingly to scholars\textsuperscript{23}. Meanwhile, statute study is a study technique that focuses on understanding the core of a statute literally and implicitly\textsuperscript{24}. Such research instrument is used to collect data.

The data collection process in this study will be using doctrinal method. Doctrinal method of data collection process is a data collection process method that apply participation in the legal process and studying data from published legal materials such as books and journals\textsuperscript{25}. The researcher collected data following the publication of the statute starting from its last draft and the finalized act. Another data that was taken into study was the legal theory that was made from scholar such as Fajar Kurniawan. The collected data would then be analyzed through a process of classification of general information to specific information\textsuperscript{26}. The specific and general information then would be constructed and defined its relationships to the legal problems that are being discussed in this study\textsuperscript{27}. The data display process would be displayed in a table with a simplified comparison to draw conclusion.

3. Analysis and Discussion

After the process of the research, the researcher had found the results that is related in the legal phenomenon regarding legal redundancy of Manpower Act in Indonesia and its relation to foreign manpower. Therefore, the results will be discussed in two subchapters, namely legal redundancy of foreign manpower regulation in manpower act and proposed foreign manpower requirement in job creation act.

3.1. Legal Redundancy of Foreign Manpower Regulation in Manpower Act

Legal redundancy is defined as a regulation that is formulated ineffectively due to its details had already explained before or explained implicitly in other regulation\(^{28}\). Legal redundancy may happen to any kind of act or statute since the formulation process may vary. This theory started from the notion that the law must be able to be forced upon easily with simple legal reasoning and design\(^{29}\). However, the confusion of the law due to rephrase and several mention causes limitation towards the application of the law\(^{30}\).

The legislative body argued that the cause of the redundancy in statutes or the law is caused by the doubt and to ensure the legal certainty\(^{31}\). Therefore, the legislative body argued that there should be some acceptance towards legal redundancy so that statutes may be complete while attaining legal certainty. However, the enactment of the law may frustrates government or even court decision-making due to the unclear form of law\(^{32}\).

Another reason why the legislative body accepts such legal redundancy is each member that constructs the law may have different characteristics and competencies that caused confusion within that the legislative as a whole chose to accept or rather ignore it\(^{33}\). The differences cause the legal redundancy to be confusing and inapplicable rather than being a choice of law application for law enforcement. Therefore, Shapiro argued that legal redundancy may be tolerated if the cost of application is acceptable. If not, legal redundancy should be removed or corrected to prevent further useless application\(^{34}\). For the work of law enforcement, judges must be able to interpret the law or the statutes in order to learn its meaning and purpose so that the statutes shall be removed of its legal redundancy\(^{35}\).

For this study, legal redundancy happens to regulations. Manpower regulation in Indonesia varies due to the development of civilization. The results showed that there are differences in the core of foreign manpower employment. It is important to note that employment of foreign manpower is required to be conducted to its effective and efficient nature for nation’s economy\(^{36}\). In other words, the employment of foreign manpower is a regular


policy that is often conducted by the government to construct competitive workforce globally. Such phenomenon requires Indonesia as a state to construct a strict and clear regulations. However, some might argue the legal redundancy that may cause unclear enactment of regulation due to several differences. The differences can viewed as displayed in the table below.

<table>
<thead>
<tr>
<th>Manpower Act</th>
<th>Ministry of Manpower Regulation 16 of 2015</th>
<th>Presidential Regulation 20 of 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Section 42: every foreign manpower employer needs to gain Ministry’s written license or other official’s.</td>
<td>Section 5: foreign manpower employer must own foreign manpower utilization plan which had been verified by Ministry or other appointed official.</td>
<td>Section 7: foreign manpower employer must own foreign manpower utilization plan which had been verified by Ministry or other appointed official.</td>
</tr>
<tr>
<td>Section 43: employer who hires foreign manpower must own foreign manpower utilization plan</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| Table 1. Foreign Manpower employment requirement in Manpower Act, MoM Regulation 16 of 2015, and Presidential Regulation 10 of 2018 |

This table showed Manpower Act regulated that the requirement of foreign manpower in Manpower Act indicates the need for written license and foreign manpower utilization plan by the employer, whereas Ministry of Manpower Regulation 16 of 2015 and Presidential Regulation 20 of 2018 only regulated the technicalities of foreign manpower utilization plan. Similar to Ministry of Manpower Regulation 16 of 2015, Presidential Regulation 20 of 2018 once again stresses the importance of foreign manpower utilization. This fact is drawn from section 7 of the presidential regulation which is exactly the same as section 5 of Ministry of Manpower Regulation.

Such differences roots to the nature of employment of foreign manpower. Indonesia considers the concept of foreign manpower utilization plan in Section 1 Sub-section 4 Presidential Regulation 20 of 2018. It is said that foreign manpower utilization plan is “a plan for the use of foreign workers in certain positions made by employer for a certain period endorsed by the minister in charge of government affairs in the field of manpower or appointed officials.” The purpose of foreign manpower utilization plan itself is for ease of transfer of knowledge and transfer of technology. If there is no clear

38 Section 1 Sub-section 4 Presidential Regulation 20 of 2018
practice or procedure in the use, function, or requirement of foreign manpower utilization plan, the foreign manpower utilization plan would be redundant and rather leave the domestic manpower to be helpless in the matter of work opportunity. The requirement of foreign manpower utilization plan and written license then would be vitally considered in Job Creation Act compared to previous regulations as follow.

Before the Ministry of Manpower Regulation and the Presidential Regulation, Ministry of Manpower had issued Ministry of Manpower Decree 20/MEN/III/2004 regarding Guidance in Attaining Foreign Manpower License. Ministry of Manpower had regulated that written license shall be applied with a pre-requisite document namely the foreign manpower utilization plan. The regulation was meant to be specified to crystalize the obscurity in Section 42 of Manpower Act. Yet the requirement of foreign manpower regulation for the grant of written license is the approved foreign manpower utilization plan. The unclarity of application of foreign manpower utilization plan leaves the law abiding employers to be confused. Employer would struggle in receiving approved foreign manpower utilization plan if the requirement is similar to the application of foreign manpower written license.

Through statute approach, regulations such as Manpower Act and Ministry of Manpower Decree primarily must be interpreted through statutory interpretation. Statutory interpretation implies that structure of a statute must be systematic and sequentially. The formulation of Ministry of Manpower Decree 20/MEN/III/2004 regarding Guidance in Attaining Foreign Manpower License did not regulate the requirement of foreign manpower systematically due to the nature of foreign manpower utilization plan deliberately prioritized rather than foreign manpower written license. If the government maintained the structure of legal formulation of Manpower Act, then Ministry of Manpower Decree should specify how written license may become the ground for drafting foreign manpower utilization plan. Instead, foreign manpower utilization plan was regulated as the legal ground for submitting an application of foreign manpower written license. Such problem is still not resolved despite of the issuance of Ministry of Manpower Regulation 16 of 2015 and Presidential Regulation 20 of 2018. Due to the nature of an unsystematic regulation, the regulation of foreign manpower written license causes the legal redundancy in employment of foreign manpower.

3.2. Proposed Foreign Manpower Requirement in Job Creation Act

As previously discussed, the legal redundancy in Manpower Act is related to the employment of foreign manpower in terms of permission or legal grounds. The government had focused on the technicalities and importance of the

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40 Section 4 Ministry of Manpower Decree 20/MEN/III/2004 regarding Guidance in Attaining Foreign Manpower License
reason for foreign manpower to be employed in Indonesia⁴⁴. However, the unsystematic regulation between foreign manpower written license and foreign manpower utilization plan had put foreign manpower utilization plan as the main legal ground for the employment of foreign manpower while maintaining the requirement for foreign manpower written license⁴⁵.

The requirement of both foreign manpower written license and foreign manpower utilization plan with an unsystematic regulation had proven to cause trouble for Indonesia. According to Fibra, one of the cause in lack of foreign investment in Indonesia was due to foreign manpower pre-requisite conditions that overwhelm foreign investors⁴⁶. As time progressed, Indonesia had realized this disadvantage and prioritized in raising the interest of foreign investor to pursue foreign direct investment into Indonesia⁴⁷. Following the spirit of raising foreign direct investment, the government of Republic of Indonesia adapted the foreign direct investment purpose into the development of the nation. Through Job Creation Act, the government of Indonesia had planned to take on as many investment as possible to expand the employment opportunities for Indonesian, motivates the economy growth in Indonesia, and conduct a transfer of knowledge and skill especially for small and micro enterprises (SMEs)⁴⁸.

The result of the enactment of job creation act is solving the legal redundancy in manpower act while attracting the interest of investors. For this matter, the government decided to reduce the requirement of foreign manpower written license⁴⁹, and set the only rule for foreign manpower employment to be foreign manpower utilization plan⁵⁰. The difference could be analyzed through the following table.

<table>
<thead>
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</tr>
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<tbody>
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<td>Section 42: employer who hires foreign manpower must own foreign manpower utilization plan which is approved by the central government.</td>
</tr>
<tr>
<td>Section 43: employer who hires foreign manpower must own foreign manpower utilization plan</td>
<td></td>
</tr>
</tbody>
</table>

**Table 2. Foreign Manpower employment requirement in Manpower Act and Job Creation Act**

⁴⁴ As regulated in Ministry of Manpower Regulation 16 of 2015 and Presidential Regulation 10 of 2018
⁴⁵ Solechan. _Op.Cit._
⁴⁸ The Explanation of Act 11 of 2020 regarding Job Creation.
⁴⁹ Section 42 Manpower Act
⁵⁰ Section 80, sub section 42 Act 11 of 2020 regarding Job Creation.
An important aspect to be considered is the relevance and importance of written license. The main purpose of written license is to regulate the permit given for employment of foreign manpower so that the employment would be beneficial and protect the best interest of domestic manpower. However, the practice shows that the process of employment of foreign manpower to be difficult and unclear\textsuperscript{51}. Practically, the ministry showed no clear process and no progress as the application had been submitted by the applicant\textsuperscript{52}. That way, the applicant wouldn’t know how far the progress goes or what further requirements are needed. Therefore, the unclear procedure and process must be dealt with through further regulations or guidelines.

The table showed that the government had removed the requirement for Ministry’s written license. Yet, the government stressed the priority in achieving an approved foreign manpower utilization plan\textsuperscript{53}. The government rested the authority in approving the foreign manpower utilization in the central government\textsuperscript{54}. Philosophically, it aligns with the spirit of statute that put Presidential Regulation, namely Presidential Regulation 20 of 2018 over Ministry of Manpower Regulation 16 of 2015 to prevent conflict of norms and legal redundancy. Legal redundancy needs to be resolved as soon as possible to prevent unclarity that may cause the lack of legal certainty.

Job Creation Act had managed to simplify the requirement of foreign manpower employment to focus on the importance of foreign manpower utilization plan\textsuperscript{55}. The authority of central government in approving the foreign manpower utilization plan is to define the reasoning of the employment of foreign manpower in an industry and how the government can limit the use of foreign manpower while optimizing the employment of domestic manpower to support sustainable nation development\textsuperscript{56}. The regulation of foreign manpower utilization plan in Job Creation Act should be considered as an attempt to form a systematic hierarchy regulation structure.

### 4. Conclusion

To conclude, the researcher had found results for the two formulated problems above. The first problem, namely Legal Redundancy of Foreign Manpower Regulation in Manpower Act, is found to have overlapping foreign manpower requirements that had caused legal redundancy. In response, the government had attempted the adagium to hit two birds with one stone through Job Creation Act. The attempt by the government is the result of the

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\textsuperscript{53} Section 80, sub section 42 Act 11 of 2020 regarding Job Creation.

\textsuperscript{54} Section 80, sub section 42 Act 11 of 2020 regarding Job Creation.


\textsuperscript{56} Presidential Regulation 20 of 2018 regarding Foreign Worker Utilization
second formulation of the problem, namely Proposed Foreign Manpower Requirement in Job Creation Act. Job Creation Act had donned the spirit of raising the nation development through foreign direct investment while expanding the job opportunities for domestic manpower and solving legal redundancy in Manpower Act. The resolve of legal redundancy in Manpower Act is through the reduction of foreign manpower written license and prioritizing foreign manpower utilization plan to raise interest of the foreign investors.

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Act 11 of 2020 regarding Job Creation.
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Ministry of Manpower Regulation 16 of 2015
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Literature:


