Analysis of the Implementation of the Regional Minimum Wage System in Relation to the Welfare Level of Plantation Employees

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Abstract: *Man power quality improvement is one of the most essensial prerequirment for the success of the national development. The improvement is imposible to be achieved without giving them live security. On the other hand, the live security can not be achieved without giving them accupation, thos, working, means getting reward to fufil their needs. Man power is the company's asset that must be protected and improved their ability. Power owns by each employees for increasing the productivity, besides the harmony of relationship between the employees and the employer must be developed because these two aspects are unseparable power. The realization of the religional minimum wage is the main problem in the matters pertaining to man power. It's obviously seen in the employee's strike that generally demanding for their wage raising or walfare improvement. This to be capable of running the business, company must pay attention on its employees on the other hand, the employees must do his best on his doing.*
Keywords: *Regional Minimum Wage, Employees, Wage Raising*

I. Introduction

Improving the quality of human resources is one of the conditions for the success of national development. Human quality improvement will not be possible without giving life insurance to him. Conversely, life insurance will not be achieved if the man does not have a job, because by working will get a service reward in the form of wages to meet life's needs.

Thus between improving quality, guaranteeing a decent life and the opportunity to work is a causal relationship that cannot be separated from one another. If life insurance has been fulfilled through employment opportunities, quality improvement will begin. Therefore the problem concerning employment is an important problem that must be solved.

Labor is a company asset that must be protected and enhanced. The resources possessed by each worker in order to increase productivity in addition to harmonious relations between employers and workers must be developed and both are forces that are impossible to separate.

A common and frequent problem in the field of labor today is in the field of wage implementation which is certainly adjusted to each region, which is known as regional minimum wages. This phenomenon can be seen by the occurrence of demonstrations or strikes by workers who generally demand an increase in wages or an increase in the welfare of workers.

Wages are basically the main source of one's income. Therefore, wages must be sufficient to meet the life needs of employees and their families fairly and not be more detrimental. Fairness can be measured and assessed by the existence of a minimum life necessity or often referred to as a minimum physical need, this is the responsibility of all communities, governments, employers and employees themselves to have the opportunity to work so that they can earn income.

In this regard, the Government has now developed the application of minimum wages. The goal is so that the minimum wage is at least sufficient to cover the minimum living needs of employees and their families (Simanjuntak, 1989: 113).

If we understand, with a significant increase in wages that will increase purchasing power and encourage the enthusiasm of workers in the production process at the same time through the multiflier effect it will encourage the development of the people's economy, will also encourage the increase in demand for goods and services as aggregate demand from wage earners. This will also encourage the spirit of the real sector, especially small businesses and the informal sector, which will eventually increase new income and employment opportunities with the growth of jobs (Labor Magazine, 2001).

It is undeniable that every company generally tries to get the maximum profit as a reward, so that between companies / employers and workers there are often conflicts where each party tries to fight for their own interests. In fact, most workers in Indonesia still receive relatively low wages.

At present the high unemployment rate not only comes from uneducated working age, but also the working age / educated workforce, meaning that this not only reflects the lack of skills, but also the support that education is increasingly excessive, making it difficult to find jobs in accordance with skills and education (Squire, 1982: 153).

In reality, there is still a wage level that has not been able to meet the minimum living needs of workers, so the government has adopted a policy in the form of regional minimum wages whose numbers are expected to continue to increase. Regional minimum wages are the lowest wages that must be received by workers in 1 (one) month in 1 (one) particular area.

In that case the government has begun to establish a policy on regional minimum wage provision in effect since 1 April 2000, which is a continuation of the policy on the provisions of 1 April 1995. Establishment of regional minimum wages is a standard or measure that must be used as a basis for each employee's wages. And one of the main objectives of establishing minimum wages is to ensure calm and peace in work organizations or companies (Kartasapoetra, 1988: 101).

While the position of wages according to the law the amount of money that remains to be paid to someone who has the right as long as it has not been paid is a debt. The entitled person is said to have bills or accounts receivable against people who have not paid for it (Soepomo, 1987: 130).

In addition, it is hoped that improvements to the accident law No.33 of 1947 will be immediately implemented in accordance with current conditions and developments. (Sunindhia and Widiyanti, 1987: 44).

And a citizen's view of his well-being can be described by the help of objective variables, objective functions and a defining criterion. The destination variable is variable numbers, which demand that citizen X, in accordance with his position, influence his well-being (Ui), for example the consumption of goods of a number (R) namely (Qi, Qii, Qiii ... Qn) and deployment the energy is (Pi) (Doel, 1988: 19).

Because it is important for employers or companies to think about employee welfare, not just to use it as a mere factor of production. In this journal which is the object of research is at PTPN 3 (Persero) Medan with the problem "Relationship between the implementation of the Regional Minimum Wage to the level of employee welfare" in 2000.

At PT Perkebunan Nusantara (PTPN) 3 Medan the implementation of regional minimum wages has been carried out in accordance with the laws and regulations imposed by the government. However, the implementation of the wage system is regulated in accordance with the management of the company. Where the wage system is divided into 2 (two) stages. In the first stage, wages are given in the middle of the month which is called a small salary. Then the second stage, wages are given at the end of the month which is called large payday.

II. Research Methods

Writing this journal uses the method of retrieving data directly to the object, namely employees at PT Perkebunan Nusantara 3 (Persero) Medan. In this study the sample/respondent was taken as many as 22 employees (the basis of this sampling is because the employees who work at PTPN 3 have the same job section, almost the same level of education and also the same number of family dependents, as well as other things) .

This data collection is done using survey research methods that use direct interview techniques. Interviews conducted with 22 respondents were considered to represent employees working at PT Perkebunan Nusantara 3 (Persero) Medan.

In addition to the primary data, this study also uses secondary data sourced from libraries and related institutions or government institutions that have links to employee welfare, especially plantations.

To test the level of truth of the hypothesis the level of employee welfare is used multiple regression equation analysis, namely:

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + \mu$$

Where :

Y	: Revenue
a	: Intercept
X_1	: Working Hours
X_2	: The Length of Work
X_3	: Education Level
$b_1b_2b_3$	: Regression Coefficient
μ	: Disturbing Error

III. Analysis and Discussion

Table 1. Net Salaries, Consumption Costs, Health, Other Education and Regional Minimum Wage Standard Values at PT Perkebunan Nusantara 3 (Persero) Medan in 2000

No.	Information	(Rp.000)	(Rp.000)
1	Net Salary		822.954
2	Minimum Requirement Costs		
	a. Consumption	130.000	
	b. Health	20.800	
	c. Education	125.000	
	d. Etc	40.000	
	Total		315.800
3	Net salary - BKM (2)		507.154

Source: Research Results

From the table it can be explained that the nilau minimum wage set by PT Perkebunan Nusantara 3 (Persero) Medan has been quite good. And for the analysis of employee costs at PT Perkebunan Nusantara 3 (Persero) Medan, among others, the cost of basic salary, insurance, holiday allowances, holiday allowances, pension funds, compensation and bonuses and health costs calculated based on the policies that apply in PT Perkebunan Nusantara 3 (Persero) Medan.

From the results of the author's analysis by taking a sample of 22 employees the value of employee welfare between the company's gross profit and the costs incurred by PT Perkebunan Nusantara 3 (Persero) Medan, in connection with the employee's salary burden of Rp.14,215,857, - this means that the level of welfare obtained by employees at PT Perkebunan Nusantara 3 (Persero) Medan is very good.

For the results of estimating the level of employee welfare at PT Perkebunan Nusantara 3 (Persero) Medan a multiple regression model was formed, namely:

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + \mu$$

Table 2. Results of Calculation of Employee Welfare Regression at PT Perkebunan Nusantara 3 (Persero) Medan in 2000

Variable	Coeficient	t-count	Probability	Elasticity
X_1	32673,6712	3,392	0,68894	0.3976
X_2	7964,5030	3,588	0,00210	0,1649
X_3	204664,7634	7,342	0,00000	0,7486

Source: Research Results

Constant: 131611,2256
α   : 1%
R^2 : 0,7691
t-table   : 2,583
f-table   : 4,77

From the results of the regression analysis, the form of a model of the level of welfare of plantation employees at PT Perkebunan Nusantara 3 (Persero) Medan is as follows:

$$Y = 131611,2256 + 3,392 X_1 + 7964,5030 X_2 + 204664,7634 X_3 + \mu$$

From the results of the estimation model, we can interpret the working hours variable (X_1), length of work (X_2) and education level (X_3).

1. Working Hours

The elasticity value of working hours (X_1) of 0.3976 means that if the working hour variable increases by 100%, then the level of income will increase by 39.76%. From the results of the analysis, it is known that t-count > t-table, which is 3.392 > 2.583, which indicates that this variable has a significant effect on the income of employees at 99% confidence level.

2. Length of Work

The value of the elasticity of the length of work (X_2) of 0.1649 means that if the number of employees is working increases by 100%, then the level of employee income will increase by 16.49%. From testing the statistical value shows that this variable gives a significant influence on the income of employees at 99% confidence level.

3. Education Level

The value of elasticity of the education level of employees (X_3) of 0.7486 gives the meaning that if the education level rises by 100%, then the level of income of employees will increase by 74.86%. From the tests conducted on the statistics, it shows that this variable has a significant effect on the 99% confidence level.

Determination coefficient value (R^2) of 0.7691 gives the meaning that the variables of working hours (X_1), length of work (X_2) and education level (X_3) together can provide an explanation of about 78.80% of employee welfare variables (Y) contained in the equation model and the remaining 21.20% is found in the disturbance term which cannot be defined by the equation above.

IV. Conclusion and Suggestion

Conclusion

Employee welfare at PT Perkebunan Nusantara 3 (Persero) Medan is influenced by factors such as: working hours (X_1), length of work (X_2) and education level (X_3). The average regional minimum wage at PT Perkebunan Nusantara 3 (Persero) Medan is very good because it exceeds the regional minimum wage standard set by the government.

Suggestion

For PT Perkebunan Nusantara 3 (Persero) Medan, the provision of regional minimum wages provided by the company can be enjoyed by all employees. Where by giving the regional minimum wages that is adjusted to the minimum physical needs will help the company attract employees to be better at doing their tasks so that the desired profit of the company will be achieved by synchronizing more efficient and effective regulatory policies.

For employees, awareness is needed to improve the quality of work of employees by learning a lot and receiving guidance and positive direction from the company. In addition, work discipline movements such as setting effective working hours, improving the quality of education so that work motivation must be truly realized by employees so that it can spur the level of corporate profits that will be related to employee welfare in particular and continuity of development in general.

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