The Implementation of Supply Chain Management Over Foreign Workers in Central Sulawesi, Indonesia

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Abstract- Global supply chains have become a common way of organizing investment, production and trade in the global economy. In many countries, particularly developing countries, they have created employment and opportunities for economic and social development. During the employment relationship, both the employers and the foreign workers must comply with the norms of employment while the local governments must cooperate with the Immigration Offices to supervise the employment of foreign workers. The purpose of this research was to find out about the implementation of supply chain management over foreign workers. The data was collected through observation, interviews, and literature review. The study was conducted in Palu City, Morowali Regency, and North Morowali Regency. The results showed that the supply chain management of foreign workers in Central Sulawesi Province had not been conducted optimally due to the lack of supervisors. On the other hand, the revocation of supply chain management by the regional government increasingly leads to the implementation of ineffective and inefficient control.

Keywords: Global Workers, Supply chain management, Regional Government, Foreign Worker

1. Introduction

There is also evidence, however, that the dynamics of production and employment relations within the global economy, including in some global supply chains, can have negative implications for working conditions. The collapse of the Rana Plaza building in 2013 and factory fires in Pakistan and Bangladesh in 2012 took the lives of over 1,500 people and prompted a renewed call for global action to achieve decent working conditions in global supply chains [1-3] Also, acconerning Human Rights states that every citizen has the right to get job, to choose profession, and to receive equal pay for the same work regardless of gender. These rights have been declared as constitutional rights for every Indonesian citizen, as stated in the opening of the 1945 Constitution of the Republic of Indonesia paragraph IV and confirmed in Article 27 paragraph (2), "Every person shall have the right to work and to receive fair and proper compensation and treatment in employment." However, it must be understood that Article 27 Paragraph (2) of the 1945 Constitution of the Republic of Indonesia is intended for Indonesian citizens, in which, the government policies in the industrial sector must synergize with the essence of Article 27 paragraph (2), by prioritizing Indonesian Workers to fill all vacancies. In the studies on employment, the problem of unemployment becomes the main concern for the policymakers [4]. Reducing the unemployment rate becomes the main agenda and goal in the field of employment and is one indicator of the success of a country's development [5]. In addition to the relatively high unemployment rate, other problems faced by the country nowadays and which must get the attention of the government are the relatively low quality and productivity of human resources, low skills, and low-quality education, and inadequate protection of workers, including Indonesian Workers abroad [6].

Article 27 paragraph (2) is not actually against the Foreign Workers. Still, the employment of Foreign Workers must be selective and limited so that the rights of Indonesian Workers are not eliminated. It has been stated by Hanif Dhakiri (Minister of Manpower of the Republic of Indonesia) that Indonesia is open for Foreign Workers to work in Indonesia. Therefore, Foreign Workers are regulated, not prohibited. They are allowed to enter under the provisions. If it is in accordance with the provisions, it would not be a problem. Therefore, the government formed a Foreign Worker Task Force to improve the government supply chain management of Foreign Workers [7].

The employment of Foreign Workers is a necessity and a challenge that cannot be avoided because our country needs them in various sectors. This international labor movement will affect the situation of skills and knowledge of workers in Indonesia. The presence of Foreign Workers in the national economy of a country is able to create competition that leads to efficiency and increases economic competitiveness. In terms of philosophy and the spirit of globalization, the employment of Foreign Workers in developing countries is intended for the transfer of knowledge and technology (Nababan, 2014). Two ministries implement the regulations on the employment of Foreign Workers, namely the Ministry of Manpower and the Ministry of Law and Human Rights. The authority of the Ministry of Manpower is to examine the requirements and give approval to the Plan for the Employment of Foreign Workers submitted by prospective employers of Foreign Workers [8] while the entrance permit into the territory of the Republic of Indonesia is the authority of the Minister of Law and Human Rights through the Immigration Office by issuing Foreign 'Workers' Visas, Limited Residence Visas, and Limited Residence Permits [9].

Therefore, both institutions must work together in the employment and supply chain management over the employment of foreign workers. Synergy is not limited to the level of implementation in the field, but this synergy must be built and started from the formation of legal
products. It means that the outcomes of the legal products of the two institutions must support each other so that the use and supply chain management over Foreign Workers from upstream to downstream can be effective, to protect the interests and independence of Indonesian Workers in particular and state sovereignty in general.

Based on the description, it is urgent to study on how the implementation of regional government supply chain management over the employment of Foreign Workers in Central Sulawesi Province. The purpose was to determine the effectiveness and efficiency of the implementation of Supply chain management over Foreign Workers in Central Sulawesi Province.

METHOD
This research is categorized as Empirical Legal research [10]. This research was conducted in Morowali Regency, North Morowali Regency, and Palu City, Central Sulawesi Province. The data used in this study was divided into two, i.e.: 

a. Primary data, were obtained through observation and interviews with various parties, such as, the Department of Manpower of Central Sulawesi Province, Regional House of Representatives of Central Sulawesi Province, Department of Law and Human Rights of Central Sulawesi Province, First Class Immigration Office of Palu, Department of Cooperatives, Ministry of Micro, Small & Medium Enterprises and Manpower of Palu City, Department of Manpower and Transmigration of Morowali Regency, and Department of Manpower and Transmigration of North Morowali Regency.

b. Secondary data, was obtained by literature review through reading, inventory, identification, and comparative study [11].

The data obtained were then inventoried and identified to be used in analyzing the problem. The results of this study are presented descriptively, such as by describing the results objectively and comprehensively regarding how effective was the implementation of supply chain management over Foreign Workers in Central Sulawesi Province.

RESULTS AND DISCUSSION

The Implementation of Foreign Worker Supply chain management in Central Sulawesi Province, Indonesia

Philipus M. Hadjon explained that supply chain management is an instrument of administrative law enforcement in addition to the application of sanctions. Supply chain management is a preventive effort to impose compliance, while the application of sanctions is a repressive effort to implement compliance [12]. As Sukarton Marmosujono acknowledges, that one factor that determines the effectiveness of law enforcement is a system of sanctions [13]. The main objective of supply chain management is to ensure that the community implements compelling legal norms and does not violate the prohibited norms. From the perspective of employing Foreign Workers, supply chain management serves to ensure that the Employers of Foreign Workers and/or Foreign Workers have complied with employment norms related to the employment of Foreign Workers. Related to the supply chain management of foreigners in Indonesia, including Foreign Workers, generally, two things are covered. First, the entry and exit of foreigners to and from the territory of the Republic of Indonesia. Second, the existence and activities of foreigners in the territory of the Republic of Indonesia [14]. The supply chain management conducted by the government over industrial relations is a necessity to ensure that the law norms of employment have been obeyed and implemented by the employers of Foreign Workers and/or Foreign Workers.

Siti Sundari Rangkuti argues that preventive law enforcement means that active supply chain management is carried out on compliance with regulations, even when there is no direct evidence of an actual violation. Preventive instruments are counseling, supply chain management, and the use of supervisory authority. Thus, the main authorities are the officials/government officials who are authorized to give permission. [15]. The plan concerning the employment of Foreign Workers is the beginning of a series of processes that must be met by prospective employers of Foreign Workers. Article 7 of the Presidential Regulation Number 20 of 2018 confirms that every employer of a Foreign Worker must have a plan for the Employment of Foreign Workers authorized by the minister or appointed official. This provision is an early means of supply chain management for the government to ensure that the norm of Foreign Worker Employment will be carried out by employers of foreign workers. Supply chain management at the level of ratification of the Plan for the Employment of Foreign Workers by F.H. van der Burg, Supply chain management at the level of ratification of the Plan for the Employment of Foreign Workers called as preventive legal protection (F.H. van der Burg), called it as preventive legal protection. In addition to preventive legal protection, there is also repressive legal protection aimed at resolving disputes.

Preventive legal protection from the perspective of industrial relations means that the public and employers and workers must specifically be involved or at least given access to participate in the form of providing suggestions/aspirations and responses to plans to form legislation in the field of employment. The responses and aspirations of the community must be accommodated by the legislators in each stage, starting from the planning, discussion, to the stipulation process [16].

To accelerate the licensing process of foreign workers, the government issued a Presidential Regulation Number 20 of 2018 concerning the Employment of Foreign Workers. The philosophy of issuing the Presidential Regulation is in addition to efforts to accelerate national economic development and expand employment opportunities, as well as an attempt to simplify the licensing process for the employment of foreign workers. It is in line with the explanation by Mr. Joko Pranowo (Head of the Division of Labor Supply chain management) that Presidential Regulation No. 20 of 2018 aims to simplify the permits which means that licenses to employ foreign workers that had previously been taking months have now been simplified through online services. These online integrate data of both ministries [17].

The government policy of applying visa-free entry into Indonesia to foreigners needs to be accompanied by a strict supply chain management policy to prevent harm to the country and society. For this consideration, the Ministry of Law and Human Rights requires the
Directorate General of Immigration to supervise foreigners. Therefore, the Minister of Law and Human Rights, Yasonna H. Laoly appointed the members and inaugurated the Secretariat of the Foreigners Supply chain management Team. The engineering of conditions to improve the conditions of people to contact through visa-free policies must also be accompanied by the awareness and readiness of all government officials and the public, such as the entry of foreign ideologies that are not in accordance with local values as well as an increase in international crime, for example, cybercrime, drugs, terrorism, and others [18].

Following the division of functions as stipulated in Law Number 23 of 2014 concerning Regional Government, supply chain management of foreign workers is a concurrent affair that becomes the authority of the central and provincial governments without involving the Foreign Workers of municipal governments. This provision is reaffirmed in Article 37 of the Minister of Manpower Regulation Number 10 of 2018, namely [19]: The Supply chain management of Employers of Foreign Workers who employ Foreign Workers as well as the implementation of Education and Training of Companion Workers is carried out by the Manpower Supervisors in the Ministry of Manpower and Provincial Offices collectively or individually according to the scope of their respective duties and authorities.

This provision is one of the norms that raises the pros and cons, especially at the level of regional apparatus are responsible for the human resources field. The regional/municipal governments have cross-opinions and dissatisfaction reflected in the results of interviews with several officials including the Secretary of the Department of Manpower and Transmigration of North Morowali Regency who explained that the supply chain management over Foreign Workers in North Morowali District was not optimal, because under the order of Law Number 23 Year 2014 concerning Regional Government, the supervisory authority is in the Provincial Government. Thus, the supervisory authority is in the Provincial Government carried out by the Department of Manpower and Transmigration of the related Province. The municipal government only receives reports related to data on foreign workers in North Morowali Regency. Reports are submitted every 3 (three) months, and those reported are only Foreign Workers who have a Plan of Employment of Foreign Workers [20].

The unclear coordination and communication between the provincial and the municipal government were also conveyed by the Head of the Department of Cooperatives, MSMEs and Manpower. The Head of the Department said that it was true that in Palu City, there were companies that employed foreign workers, but that the municipal government could not supervise these foreign workers. This is because the municipal government did not have the authority. The supply chain management is carried out by the province and does not involve the municipal government. Even there is no coordination between the provincial government and the municipal government in conducting field supply chain management. Thus, the municipal government only received reports (Susanto, 2018).

Similarly, the Secretary of the Regional House of Representatives of Morowali Regency said that, until now, the supply chain management over Foreign Workers had been carried out according to the laws and regulations, by the Provincial Government, since the municipal government has no authority to carry out the supply chain management. The problem is that the municipal government does not have full authority to supervise the foreign workers even though the municipal government has more knowledge about the existence of foreign workers in the area. So that, in our opinion, the regulation needs to be reviewed [21]. This explanation was strengthened by the Head of the Department of Manpower and Transmigration Office of Morowali Regency, that actually, the municipal government has a direct relationship with the workforce issues, including Foreign Workers. Therefore, supervisory powers should be given to the municipal government, because it has more knowledge on the existence of Foreign Workers in the area. The most important thing is that if there are any workforce issues in the region, the municipal government will directly be impacted, So, all manpower issues must be reported to the municipal government, not to the provincial government. It is understandable because the municipal government is the nearest place for filing any complaints about the workers in the companies, while it is too far to file any complaints to the provincial government and the workers do not know the supervisors well in the provincial government [22].

Based on the explanation from several informants above, it can be concluded that the municipal government has objections to the division of supervisory functions stipulated in the appendix matrix of Law Number 23 Year 2014. The objections are based on the difficulty of supply chain management or registering and identifying the situation of Foreign Workers in the region. The company does not provide direct access to the municipal government to review and supervise the location of the company, including evaluating the Occupational Health and Safety Management System (SMK3). They are related to the difficulty of access by the municipal government to supervise the employment conditions in the area of the company, management of Indonesia Morowali Industrial Park (IMIP) Company explained that the municipal government was also involved in supply chain management, namely to provide guidance and placement of workers and social security [23]. The supply chain management meant by the management of IMIP Company has been regulated actually in the Presidential Regulation No. 20 of 2018 of Article 32, as follows: The Guidance for the Employers of Foreign Workers in the employment of Foreign Workers and the implementation of education and training is carried out by the Ministry of Manpower and the Regional Department of Manpower in the provinces and regencies/cities in accordance with their authorities.

Thus, the supply chain management intended by the management of IMIP Company is actually only limited to guidance, which is juridical an authority of the municipal government, not supply chain management in the real sense. The Supply chain management over Foreign Workers by the Ministry of Manpower and the provincial government, generally covers two things, namely: 1) Supply chain management over the implementation of workforce norms, especially for those related to the employment of Foreign Workers. 2) Supply chain
management over the implementation of education and training of the companion staff.

The provisions are reaffirmed in the Regulation of the Minister of Manpower Number 10 of 2018 Article 36 paragraph (1), namely: The Supply chain management of the Employment of Foreign Workers as well as the implementation of education and training of Companion Workers is carried out through the following stages: a) preventive-educative; b) non-justice repressive; and/or c) justice repressive. The Preventive-Educative stage is a prevention effort through the dissemination of norms, technical assistance, and companion. Non-Justice Repressive stage is a forced effort outside the court institution to fulfill the provisions of the legislation in the form of a memorandum of supply chain management and/or a statement of the ability to meet the requirements of legislation whereas the Justice Repressive stage is a forced effort through a court institution by conducting an investigation process by the Supervisors as Civil Servant Investigators.

As a partner of the Ministry of Manpower in supervising Foreign Workers, the Ministry of Law and Human Rights has arranged procedures and stages of the implementation of supply chain management over Foreign Workers as stated in Article 21 of the Regulation of the Minister of Law and Human Rights Number 16 of 2018, namely: a) The Immigration Officer conducts immigration supply chain management of Foreign Workers since the submission of a Visa application at the Representative of the Republic of Indonesia, entering the territory of the Republic of Indonesia through the Immigration Check Point, and when in the territory of the Republic of Indonesia. b) Immigration supply chain management, as referred to in paragraph (1) is carried out through administrative and field supply chain management. c) Immigration supply chain management for Foreign Workers while in the territory of Indonesia can be carried out through coordination with relevant agencies in the Foreigner Supply chain management Team. d) In case of finding violations on the Employment of Foreign Workers by Immigration Officials who carry out immigration supply chain management, the relevant agency is followed up by the violations committed in the use of Foreign Workers based on legislation. e) In case of granting the extension of Limited Residence Permits, multiple positions, with the employer of Foreign Workers, the General Director, the Head of the Immigration Division, and the Head of the Immigration Office may conduct immigration supply chain management under the laws and regulations.

Based on the provisions of Presidential Regulation Number 20 of 2018, Regulation of the Minister of Manpower Number 10 of 2018 and Regulation of the Minister of Law and Human Rights Number 16 of 2018, the supply chain management over Foreign Workers can be more effective and efficient due to the requirement for coordination between the 2 (two) ministries. Coordination is carried out since the prospective Employers of Foreign Workers request to obtain a Foreign Worker Visa, while working in Indonesia, or at the end of the employment relationship which is marked by strict action namely giving sanctions to employers of Foreign Workers and/or Foreign Workers.

According to [8] theory of categorization of administrative law enforcement, regulatory law enforcement instrument includes supply chain management and implementation of sanctions. Supply chain management as a preventive measure, while the implementation of sanctions as a repressive measure. Based on this categorization, the supply chain management over Foreign Workers while working in Indonesia is a preventive measure carried out by the Ministry of Manpower and the Ministry of Law and Human Rights both individually and collectively. Supply chain management aims to avoid the possibility of violations of the norms of the use of foreign workers and the implementation of education and training for assisting workers and to ensure that the substance of the Plan for the Employment of Foreign Workers compiled by employers of foreign workers is carried out effectively and efficiently. Supply chain management, in this sense, by Dian Puji Astuti is interpreted as a process of activities that "compares" what is carried out, carried out, or organized with what is desired, planned, or ordered. The results of supply chain management (comparison) must be able to show until where there are a match and incompatibility and find the cause of incompatibility that appears.

Objects or targets supervised by the Ministry of Manpower and the Ministry of Law and Human Rights are employers of foreign workers and/or foreign workers who work in the territory of the Republic of Indonesia. Matters that are supervised are related to the application of norms for the employment of foreign workers and the implementation of education and training for the companion workers. This was revealed by Joko Pranowo. Supply chain management can be done individually or collectively. Individual supply chain management means that the supervisors from the Central Sulawesi Province conduct supply chain management without involving the other Foreign Workers from other institutions, including those from the Ministry of Law and Human Rights. The supply chain management is carried out regularly every three months, and if there are community reports or extraordinary circumstances, incidental supply chain management (on-site supply chain management) will be carried out whereas joint supply chain management will involve several agencies incorporated. This explanation is confirmed by Bayu Perwira Sukarno (Head of the Immigration Residence Permit Sub-Section) and Makhmud (Head of the Immigration Status Sub-Section), who emphasized that supply chain management of foreigners entry and exit into and out of the territory of the Republic of Indonesia is carried out by the Immigration Office. This supply chain management of foreigner’s entry and exit is carried out independently or involves the relevant agencies in accordance with the needs when carried out supply chain management. If related to foreign workers, supply chain management will involve the Department of Manpower of Central Sulawesi Province, if it is related to customs violations, it will involve the Customs and Excise Office and other relevant agencies, and so on.

The supervisory authority for the employment of Foreign Workers by the Ministry of Manpower and the Ministry of Law and Human Rights is explicitly stated in Article 33 paragraph (1) letter a, and letter b of the
Presidential Regulation Number 20 of 2018, namely supply chain management over the Employment of Foreign Workers carried out by the Supervisors in the Ministry and Regional Department of Manpower, and Immigration Officers who are in charge of immigration supply chain management and enforcement. This authority is carried out through coordination procedures as stipulated in Article 38 of the Regulation of the Minister of Manpower No. 10 of 2018 in conjunction with Article 21 of the Regulation of the Minister of Law and Human Rights No. 16 of 2018. Article 38 states that: In the event that the Supervisor finds a Foreign Worker violating any employment norm(s), the General Director of Occupational Supply chain management and Safety and Health shall recommend to the General Director of Immigration and immigration action against foreign workers following the provisions of the legislation.

Whereas Article 21 of the Regulation of the Minister of Law and Human Rights Number 16 of 2018 states that: 1) Immigration supply chain management for Foreign Workers while in Indonesian territory can be carried out through coordination with relevant agencies in the Foreigner Supply chain management Team. 2) In case of finding violations on the employment of Foreign Workers by Immigration Officials who carry out immigration supply chain management, the relevant agency is followed up under the violations committed in the use of Foreign Workers based on legislation.

Both of these provisions further emphasize the authority limits of both ministries, where the Ministry of Manpower has the authority to assess the implementation of employment norms. At the same time, the Ministry of Law and Human Rights is authorized to take immigration actions. The immigration action, according to Philipus M Hadjon is part of enforcing sanctions as a repressive effort to enforce compliance. In addition to penalties by immigration supervisors, the manpower supervisors may also enforce certain administrative sanctions in accordance with their authority.

The results of the supply chain management of the First Class Immigration Office of Palu, both independently and collectively, have been followed up in the form of sanctions. Makhmud explained that foreigners, including Foreign Workers who were screened by field supply chain management operations, were generally administratively processed. This was done by considering the effectiveness and efficiency of the enforcement of immigration supervisory actions as long as the violations committed by foreigners are categorized as administrative violations. If the violations related to a criminal act, it will still be processed through the court, except that it will prosecute foreigners including the investigation phase, investigation, and execution of judges' decisions must be per legal procedures. The processing through the court of criminal acts by foreigners is because prosecution of foreigners is related to the sovereignty of other countries. From a financial standpoint, legal proceedings against foreigners, including acts of detention of foreigners, require substantial costs. Accordingly, more legal proceedings against foreigners, including foreign workers, are taken through administrative measures. In practice, every year, the First Class immigration Office of Palu also conducts the prosecution of foreigners through the court (pro-justice). The followings are the data on the prosecution of foreigners by the First Class Immigration Office of Palu (Figure 1).

The proliferation of global supply chains has profoundly transformed the nature of cross-border production, investment, trade and employment. Key factors enabling the growth of global supply chains include, first, the development of telecommunications, financial services and information technologies, which have enabled real-time coordination and logistics of fragmented production in various parts of the globe. Second, improvements in infrastructure, logistics and transport services have enabled more reliable and speedy delivery of inputs and final goods and have reduced their
cost. Third, trade agreements have played a role in facilitating and reducing the costs of trade, including through tariff reduction, harmonization of institutional frameworks and liberalization of services under the General Agreement on Tariffs and Trade and subsequently the World Trade Organization (WTO) as well as bilateral and plurilateral trade agreements. Lastly, the emergence of China and India, and their participation in global supply chains, has doubled the supply of labour to the global economy.

Table 1 shows that Morowali is the district with the largest number of Foreign Workers in Central Sulawesi, with 3453 people experiencing a significant increase in 2018. As long as the employers of Foreign Workers employ foreign workers, the regional government is obliged to carry out continuous supply chain management, to ensure that the employers and/or Foreign Workers comply with the norms of employing Foreign Workers as well as implementing the contents of the Plan for the Employment of Foreign Workers consistently. One of the rules that must be supervised is a position that is prohibited from being occupied by foreign workers as stipulated in Article 2 paragraph (1) and Article 5 paragraph (1) of Presidential Regulation Number 20 of 2018. Both articles emphasize that the use of foreign workers is carried out by the employers of foreign workers in the employment relationship for specific positions and certain times, as well as foreign workers are prohibited from occupying positions that take care of certain personnel and/or positions.

Table 2 shows that from 28 (twenty-eight) companies domiciled in North Morowali Regency, there were 4 (four) companies employing Foreign Workers, namely: (Dinas Ketenagakerjaan Provinsi Sulawesi Tengah, 2018)

Similarly, the provisions of Article 30 states that every employer of foreign workers is obliged to submit an annual report regarding the implementation of the employment of foreign workers to the Minister. Regarding the report on the employment of foreign workers, the management of IMIP Company explained that every year, the company submits a report on the employment of foreign workers to the Ministry of Manpower and has its copy sent to the Department of Manpower and Transmigration of Central Sulawesi Province as well as to the Department of Manpower and Transmigration of [6]. The explanation was justified by the Head of the Department of Manpower and Transmigration of North Morowali Regency by submitting several reports on the employment of foreign workers by several companies domiciled in [17]. Similarly, the Secretary of the Department of Manpower and Transmigration of North Morowali Regency stated that the company periodically submitted a list of workers
in each company, including companies that employ foreign workers [12].

**CONCLUSION**

The implementation of Supply chain management over Foreign Workers in Central Sulawesi Province has not been conducted maximally and tended to decrease due to the lack supervisors at the Manpower Department in Central Sulawesi Province, which added to the elimination of municipal government. Therefore, in order to maximize supply chain management, it is necessary to increase supervisor resources and review functional assignments in the field of workforce supply chain management. Global supply chains can also create opportunities for formal employment. This may particularly benefit women, and workers in the informal economy. For example, women comprise the majority of workers in certain segments of the apparel, horticulture, mobile phone and tourism global supply chains. However, they tend to be more concentrated in low-wage or low-status forms of employment than men, and in fewer sectors; men are more evenly distributed across sectors, occupations and jobs types. 22 As a result, gender wage gaps can be significant. 23 Gender inequalities may mean that women are confined to certain sectors or job types, which has significant implications for the prospects for upgrading as well as the functioning of supply chains.

**References**


