

# Economic Analysis of Increasing Sales Volume Efficiency Through Outsourcing Employee Work at Pt Warna Agung, Bandar Lampung

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## Abstract

Outsourcing, or outsourcing, in labor law in Indonesia is defined as contracting out workers and providing labor services. Legal regulations related to outsourcing in Indonesia can be found in Articles 64, 65, and 66 of Law Number 13 of 2003 concerning Employment, as well as Decree of the Minister of Manpower and Transmigration of the Republic of Indonesia No. Kep.101/Men/VI/2004 of 2004 which regulates Licensing Procedures for Companies Providing Worker/Labor Services. The research problems include the process of handing over work to outsourced employees at PT Warna Agung in Bandar Lampung, optimizing sales volume through handing over work, and legal protection of the rights of outsourced employees in the company. The research method used involves normative and empirical juridical approaches. Secondary data was obtained through literature study, while primary data was obtained through field studies with observations and interviews. Data analysis was carried out using qualitative analysis methods. The research results show that the process of handing over work to outsourcing employees involves collaboration between PT Warna Agung and PT Bina Cipta Abadi as outsourcing companies. An Employment Agreement is made to contract work to support company operations. Optimizing sales volume by handing over work to outsourced employees is PT Warna Agung's strategy to obtain competent and experienced workers, especially in the marketing sector. Legal protection for the rights of outsourced employees at PT Warna Agung in Bandar Lampung aims to create legal certainty regarding the rights of outsourced employees in order to ensure the fulfillment of their rights. The suggestions given involve more attention from PT Warna Agung towards the welfare of outsourced employees, a good understanding on the part of workers regarding the rights and obligations in outsourcing work agreements, and increased government supervision to prevent violations of the rights of outsourced employees.

**Keywords:** Outsourcing, Outsourced Employees, Legal Protection.

## 1. Introduction

National development as the implementation of Pancasila values and the mandate of the 1945 Constitution of the Republic of Indonesia aims to increase human dignity and self-confidence, to create a just and prosperous society (Daming, S., 2020). Employment is an integral part of national development, focusing on human and community development in accordance with the principles of Pancasila and the 1945 Constitution (Hakim, DA, 2016). In this context, protection for workers must be improved, including wages, welfare and dignity (Djunaidi, D., & Alfitri, A., 2022).

Industrial relations in Indonesia are based on Pancasila Industrial Relations, referring to the values of Pancasila and the 1945 Constitution, requiring work agreements between employers and workers (Zulkarnaen, AH, 2018). Labor protection aims to ensure workers' basic rights, involving equality and treatment without discrimination, in order to achieve the welfare of workers and their families (Farhana, A., & Rasji, R., 2023).

Outsourcing, or outsourcing, in Indonesian labor law, is regulated in Articles 64, 65 and 66 of Law Number 13 of 2003 concerning Employment, as well as Decree of the Minister of Manpower and Transmigration of the Republic of Indonesia No. Kep.101/Men/VI/2004 of 2004 (Anatami, D., 2017). Despite regulations, there are still shortcomings in outsourcing arrangements.

The next discussion concerns the objectives of implementing the outsourcing system and its benefits for the government, society, workers and entrepreneurs. Even though it provides benefits, the position of outsourced workers is a dilemma due to an imbalance of rights and obligations. The solution for efficient production costs is through an outsourcing system, which PT Warna Agung in Bandar Lampung practices.

Adrian Sutedi and Sehat Damanik highlighted government policies that pay little attention to legal protection for outsourced workers. It is necessary to pay attention to the balance of rights and obligations in employment agreements, avoiding the imposition of certain time agreements which are contrary to the law. The employment relationship in outsourcing practices involves three parties: the company giving the job, the company providing the service/recipient of the job, and the worker/laborer.

PT Warna Agung, as an example of a company that implements outsourcing employees, has entered into a work contracting agreement with PT Bina Cipta Abadi. However, outsourcing practices still face several problems, such as inappropriate salary payments, lack of benefits, and contracts that are not renewed.

In the context of the research, the focus is aimed at analyzing the optimization of sales volume through handing over work to outsourced employees at PT Warna Agung in Bandar Lampung. The research problems involve the process of handing over work, optimizing sales volume, and legal protection of the rights of outsourced employees in the company. The research method involves a normative and empirical juridical approach, with secondary data from literature studies and primary data from field studies using observations and interviews. It is hoped that the conclusions and suggestions can contribute to understanding and improving the protection of outsourced employees in Indonesia.

**2. Literature Review**

Article 1 paragraph (2) of Law Number 13 of 2003 concerning Employment defines labor as every person who is capable of doing work to produce goods and/or services to meet their own or community needs (Rohendra Fathammubina, SH 2018). Legal protection for workers is guaranteed by the constitution, such as Article 27 paragraph (2) of the 1945 Constitution and Article 33 paragraph (1) (Notanubun, PG2014). Violation of basic rights protected by the constitution is considered a violation of human rights (Munthe, R. 2015).

Labor protection aims to guarantee workers' basic rights, equality and treatment without discrimination (Febiola, S., & Sitabuana, TH (2022). Related regulations include Law Number 13 of 2003 concerning Employment and Implementing Regulations in the field of Employment (Firnanda , SIFB, 2021). However, implementation has not reached expectations due to innovation in the form of product specialization, efficiency, and others.

Imam Soepomo divides legal protection for workers into five areas, such as recruitment/placement of workers, work relations, work health, work security, and workers' social security (Sinaga, NA, & Zaluchu, T., 2021). The employment relationship between workers and entrepreneurs involves a work agreement, which is different from the sale and purchase agreement relationship (Indra Afrita, SH (2021). Outsourcing, the process of transferring work to a third party, is regulated by Law Number 13 of 2003 and implementing regulations (Laritmas, S ., 2018).

Outsourcing can create harmonious working relationships, but Philipus M. Hadjon highlights legal protection in the context of economic power. Contracting out work and providing worker/labor services are two forms of outsourcing, regulated in Articles 64, 65 and 66 of Law Number 13 of 2003.

Outsourcing provides flexibility and cost efficiency for companies, but the lack of clarity regarding the classification of main and supporting work causes overlap (Rahmawati, SN, et al., 2021). Violations of outsourcing rules do not receive strict sanctions, as regulated in Article 65 paragraph (8) and Article 66 paragraph (4).

Implementation of outsourcing is considered beneficial for economic growth and employment (Marthin et al., 2017). However, a number of researchers, such as Adrian Sutedi and Sehat Damanik, emphasize production cost efficiency as the main reason companies use outsourcing systems.

Legal protection for outsourced employees must be based on legal certainty, justice and expediency (Salsabila, D., et al., 2023). Elements of substantial and procedural justice, in John Rawls' view, must be fulfilled to achieve good legal protection. With good legal certainty, the rights and obligations of each party can be guaranteed with certainty, supporting the creation of fairness in outsourcing work relationships.

### 3. Research Methods

In this research, certain methods are needed to provide guidance on the problems that will be discussed and can be justified. The research method used in this research framework involves two main aspects: problem approach and data type sources.

First of all, a problem approach is applied to achieve the maximum possible results. This approach involves steps to see and state the things that exist in the object of discussion. In this research, the approach used is a normative juridical approach, which was carried out through literature study. This normative juridical approach includes reviewing legal rules, regulations, laws and related literature.

Next, data sources involve primary data and secondary data. Secondary data was obtained through literature study, by reading, studying, quoting and reviewing literature that supports statutory regulations as well as literature related to the issues to be discussed. Secondary data consists of primary legal materials, secondary legal materials and tertiary legal materials.

Primary legal materials include statutory regulations such as the 1945 Constitution of the Republic of Indonesia as a result of amendments, the Civil Code (KUHPerdata), Law Number 3 of 1992 concerning Social Security for Workers, Law Number 13 of 2003 concerning Employment, as well as certain decisions and agreements.

Secondary legal materials include data from literature related to the subject matter, scientific works, and the results of research by experts that are appropriate to the object of the problem being researched and discussed.

Tertiary legal materials include legal materials that provide instructions and explanations for primary and secondary legal materials, such as the Indonesian Dictionary, English Dictionary, Legal Dictionary, as well as magazines and newspapers/print media.

Next, primary data collection was carried out through field studies using direct observation and interviews with the research objects, namely PT Warna Agung and PT Bina Cipta Abadi.

Data collection and processing procedures include secondary data collection through literature study and primary data collection through observation and interviews. Data processing is carried out through examination, selection, preparation and analysis of data to develop answers to problems based on research results.

### 4. Results and Discussion

**a. Process of Handing Over Work to Outsourced Employees at PT Warna Agung in Bandar Lampung**

To see the implementation of outsourcing in Indonesia, the first thing that must be considered is the legal aspect. Regulations regarding outsourcing refer to Law Number 13 of 2003 concerning Employment. Even though the law does not explicitly mention the term outsourcing, Article 64 explains the work agreement between employers and workers. Companies can hand over part of the work to another company through a work contracting agreement made in writing.

PT Warna Agung, a paint manufacturing company in Indonesia, uses outsourced labor to run its business. By outsourcing, PT Warna Agung obtains benefits such as clarity of employee status, administrative efficiency, and the ability to replace employees if necessary. Although there are greater initial costs in recruiting employees, in the long term, the workforce can be more controlled.

Outsourcing agreements can be equated with work contracting agreements, as regulated in Article 65 and Article 66 of Law Number 13 of 2003 concerning Employment. These provisions include the assignment of work through a written agreement, the conditions of work that can be submitted, the legal entity providing labor, protection and work conditions for workers, as well as the employment relationship between the company providing labor services and the worker.

Based on an interview with the HRD Manager of PT Warna Agung, the process of handing over work to outsourcing employees begins with the relationship between PT Warna Agung and PT Bina Cipta Abadi. A cooperation agreement letter was then drawn up, determining the duties of outsourced employees from PT Bina Cipta Abadi at PT Warna Agung. Over the years, the results of the work have met expectations, and the delivery of work through outsourcing continues to this day.

Theoretically, the process of handing over work through outsourcing is in accordance with Minister of Manpower and Transmigration Decree Number 220/Men/X/2004, where the work contracting agreement is carried out in writing and contains the rights and obligations of each party. Protection of agency workers is highly dependent on the consistency and continued application of applicable provisions by both parties.

Thus, it can be analyzed that the process of handing over work to outsourced employees at PT Warna Agung in Bandar Lampung was carried out well and in accordance with applicable laws and regulations.

**b. Optimizing Sales Volume by Handing Over Work to Outsourced Employees at PT Warna Agung in Bandar Lampung**

Outsourcing has strategic goals and long-term goals. The strategic objective is to increase the company's capabilities and competitive advantages to maintain and increase market share. This involves handing over work to parties who are more professional and experienced than the company itself.

According to Mr. A. Hanafi, HRD Manager of PT Warna Agung, the company's business goals with outsourcing can be achieved more quickly because the company's operations are carried out by parties who are competent in their fields. Recruiting new employees independently takes a long time and does not guarantee the quality of work according to the company's expectations.

Mr. Ahmad Syukron, Head of HRD PT Bina Cipta Abadi, explained the company's main strategic reasons for outsourcing. Among other things, outsourcing can increase a company's focus by saving operational costs and providing a strategic advantage in business competition. Outsourcing also enables risk sharing, accelerates the benefits of the re-engineering process, provides high-quality services, obtains resources that the company does not have, reduces the risk of investment failure, solves difficult-to-control problems, and provides better control.



In the context of PT Warna Agung, optimizing sales volume by handing over work to outsourced employees is an effort to obtain competent and experienced workers in the field of marketing. This allows the company to optimize the sales volume of its paint products, compared to recruiting itself which takes a long time and does not guarantee workers' marketing skills.

The interviewee's opinion is in line with the expert's view, who emphasizes that outsourcing not only brings production cost efficiency, but also provides strategic benefits in the form of a more competent workforce in their field. Thus, it can be concluded that handing over work to outsourced employees at PT Warna Agung is a strategic step to achieve competitive advantage and optimize sales volume.

**c. Legal Protection of the Rights of Outsourced Employees at PT Warna Agung in Bandar Lampung**

The outsourcing system often raises problems related to workers' rights, which require legal protection in accordance with the principles of legal certainty, legal justice and legal benefits. Protection of workers is regulated by Article 27 paragraph (2) of the 1945 Constitution of the Republic of Indonesia, which confirms the right of every citizen to work and a living worthy of humanity.

Legislation related to worker protection includes Law Number 13 of 2003 concerning Employment. Outsourcing, which is defined as the transfer of some business processes to a service provider, has the potential to create an imbalance in the employment relationship between workers and employers. Even though it is profitable for companies, outsourcing can be detrimental to workers with precarious work relationships, low wages, minimal social security, and career uncertainty.

To overcome this problem, you need to pay attention to several things. First, before using the services of labor providers, companies must evaluate their track record to ensure compliance with workers' normative rights. Second, user companies should apply a humanitarian approach by paying attention to the welfare and health of outsourced workers. Third, government regulations need to be improved to ensure the protection of workers' normative rights.

Articles in Law Number 13 of 2003 concerning Employment regulate employment relations, both for work agreements for a certain time and for an indeterminate time. It is important to ensure that the employment agreement includes sufficient information, including rights and obligations, wages, and the length of time the agreement is valid.

The results of interviews with the HRD Manager of PT Warna Agung revealed problems related to workers' rights in outsourcing, such as wages below the minimum wage, lack of health care guarantees, and termination of employment without severance pay. Legal protection of workers' rights must be based on legal certainty, legal justice and legal benefits.

Adrian Sutedi's opinion shows that outsourcing arrangements do not always use a certain time work agreement; In practice, it can also be a work agreement for an indefinite period of time. Gustav Radbruch's opinion emphasizes that legal protection must be based on legal certainty, legal justice and legal benefits.

Legal protection efforts for outsourced employees at PT Warna Agung involve drafting a Cooperation Agreement between PT Warna Agung and PT Bina Cipta Abadi. Registration of an agreement for the provision of worker services at the agency responsible for the Employment Sector in Bandar Lampung City is also an important step to create legal certainty.

Thus, legal protection for agency workers needs to pay attention to aspects of legal certainty, legal justice and legal benefits to achieve a balanced and fair working relationship for all parties involved.

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**5. Conclusions and Suggestions**

The conclusion from the description and discussion in the previous chapter can be summarized as follows:

- a. The process of handing over work to outsourced employees at PT Warna Agung in Bandar Lampung begins with contact between PT Warna Agung and PT Bina Cipta Abadi as providers of outsourced labor. Collaboration is regulated in a Cooperation Agreement Letter for contracting work to support company operations. PT Warna Agung accepts outsourcing employees from PT Bina Cipta Abadi to carry out product sales work for 1 (one) year.
- b. Optimizing sales volume by handing over work to outsourced employees is PT Warna Agung's effort to obtain competent and experienced workers in the marketing field. This can optimize the sales volume of PT Warna Agung's paint products compared to recruiting itself, which takes a long time and does not necessarily mean getting quality employees.
- c. Legal protection for the rights of outsourced employees at PT Warna Agung in Bandar Lampung is based on Law Number 13 of 2003 concerning Manpower and Minister of Manpower and Transmigration Decree Number 220/Men/X/2004 concerning Conditions for Handing over Partial Workers to Other Companies. The principles of legal justice, harmonization of work relations, and legal protection for outsourced employees are things that need to be emphasized.

Suggestions that can be put forward as alternative solutions to problems in the future are:

- a. PT Warna Agung should pay more attention to outsourced employees in fulfilling welfare in the future, considering the trust that is still given to PT Bina Cipta Abadi as a provider of outsourced labor.
- b. Outsourced workers are expected to understand the rights and obligations agreed upon in their outsourcing work agreement to avoid violations of their rights, considering that the position of outsourced workers is vulnerable to legal problems.
- c. The government, through the Manpower Department in each district/city, needs to carry out stricter supervision of outsourcing work practices to prevent violations of the rights of outsourced employees in various companies.

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