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**The Urgency of Employment Law for Informal Sector Workers in the Welfare State Concept**

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**ABSTRACT**

The aim of this research is to re-evaluate the importance of labor laws for informal sector workers within the framework of the Indonesian welfare state concept. The research technique involves studying a normative legal approach or documents or literature that only focuses on labor law currently in force in Indonesia. Qualitative methods of technical analysis are used to explain relationships between objectively determined phenomena, concepts, data, or facts. Based on the results of this research, the Employment Law in Indonesia still ignores the rights, dignity, standard of living, and even the work environment of workers in the informal sector. The National Employment Law has legal loopholes because it does not provide legal protection, guarantees and social security for informal sector workers. This demand is contrary to the concept of Pancasila and the 1945 Republic of Indonesia Constitution. Therefore, the government is expected to work together with the legislature to improve the Labor Law so that all parties are in the same position in the production process so that companies can develop. Meanwhile, these efforts are generally expected to lead to harmonization of laws for informal sector workers in the field of employment, especially in the Indonesian welfare state.

**Keywords:** Labor law, informal sector workers, welfare state, Pancasila philosophy, 1945 Constitution.

**INTRODUCTION**

Globalization, new technologies, demographic changes and the COVID-19 pandemic have contributed to an era of risk and volatility for the corporate sector. Globalization, new technology, demographic changes and the COVID-19 pandemic are all increasingly affecting inequality between the workforce, especially informal workers who are vulnerable to poverty problems. Unemployment, quality improvement, and employment opportunities must all be considered<sup>1</sup>, Marcel van Marrewijk, JH Timers (2003) have a very strategic role as human resources and many organizations that encourage innovation in the field of production<sup>2</sup>, sales, marketing and management in facing fast global market conditions<sup>3</sup>. The situation is changing in the era of globalization and free markets.

In the era of a free market economy, Indonesia, as a developing country that relies on foreign investment, is under pressure from foreign investors, especially regarding restrictions on employment opportunities<sup>4</sup>. This allows communities to automatically perform common tasks as before, especially management tasks, accounting, simple parallel tasks, and reporting. As worker turnover accelerates, workers will take on more jobs. Collaborate closely with digital technology to revolutionize work and workspaces<sup>5</sup>. Digital technology can accelerate the spread of Gig-Work and Micro-Work, so it should not

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<sup>1</sup> Hamid et al., *International Journal of Research in Business & Social Science* 11(6) (2022), 528-541

<sup>2</sup> Van Marrewijk, Marcel. "Concepts and definitions of CSR and corporate sustainability: Between agency and community." *Journal of business ethics* 44.2-3 (2003): 95-105.

<sup>3</sup> Levitt, T. (1983). *The Globalization of Markets*. Harvard Business Review.

<sup>4</sup> Uwiyo, A. (2021). *The Role of Law in the Labor Field in the Globalization Era*. *Indonesian Journal of International Law*, 1 (1), 101-123

<sup>5</sup> Schwab, Klaus. *Revolusi Industri Keempat*. Gramedia Pustaka Utama, 2019.

threaten the survival of the company if this impacts the company's operations<sup>6</sup>.

Additionally, since the 1920s, the world's population has increased to 7.7 billion. In addition, the COVID-19 pandemic has had a negative impact on the world's social and economic situation, and has also affected the lives of millions of people around the world due to factors such as unemployment and incomplete employment.<sup>7</sup> Employers and workers must be able to adapt to survive in such situations and become an ideal of sustainable growth. This needs to be considered because the lives of workers, especially in the informal sector, generally continue. According to the Central Bureau of Statistics, workers in the informal sector are self-employed, those who want to get temporary worker support, those who want to get full-time support, including workers/employees, casual agricultural workers, casual non-agricultural workers, and family members<sup>8</sup>.

The problem regarding the current conditions of informal sector workers is that they have become an important issue in many countries in the world, including Indonesia as a country that is increasingly unprofitable and committed to the concept of a welfare state. According to Weil (2009)<sup>9</sup>, the issue of working conditions for workers in the informal sector is closely related to various occupational and social risks such as the following. In relation to occupational safety, this means an increased risk of job loss and the dangerous nature of employment relationships. With respect to earnings, workers in the informal sector are at risk of receiving the legal minimum wage, and they are actually at risk of being cut because they have to work "out of hours" without being paid the legally required overtime allowance. Or, in extreme cases, they don't just pay for the work done.

A welfare state is a country that has government policies to provide services, assistance, protection, or prevention of social problems<sup>10</sup>. The concept of a welfare state is an option for establishing Indonesian legal rules as stated in the introduction to the 1945 Constitution<sup>11</sup>. Prosperity can only be achieved by strengthening the role of the state so that the state can set minimum standards for citizens through legal regulations, through public policy and social policy. A set of social policies that guarantee social equality and ensure all levels of society live in peace and harmony in preventing unemployment, improving working conditions, providing minimum wages, social security, benefits and unemployment. inequality of income distribution<sup>12</sup>.

Public policy can generally be defined as a system of legal, regulatory, action, and funding priorities for a particular topic that is officially announced by a government agency or its agents.<sup>13</sup> Legal theory generally means questions related to legal concepts, legal principles, law schools or legal ideas<sup>14</sup>. The concept of labor law generally regulates employers and permanent workers, except for informal sector workers (CCOHS, 2022). Magalla said, the purpose of the Employment Law as an Employment Law is to ensure that the rights of employers and workers, including employment, wages, working conditions, trade

<sup>6</sup> Stevens, Lukas, and Richard G. Shearmur. "The end of location theory? Some implications of micro-work, work trajectories and gig-work for conceptualizing the urban space economy." *Geoforum* 111 (2020): 155-164.

<sup>7</sup> Kaneda, T. and Greenbaum, C. (2020). How Demographic Changes Make Us More Vulnerable to Pandemics like the Coronavirus. Population Reference Bureau. Washington, DC 20009

<sup>8</sup> Tamin, J., Samuel, O., Suraya, A., Ebuenyi, ID, Naicker, N., & Rajput-Ray6, M. (2021). Vulnerable Workers and COVID-19: Insights from a Survey of Members of the International Commission for Occupational Health. *Int J Environ Res Public Health*, 18(1): 346. 1-15

<sup>9</sup> Weil, D. (2009). *Regulating Vulnerable Work: A Sector-Based Approach*. This essay discusses one of the major challenges of workplace policy in the US and many ILO member countries Boston University School of Management, USA., 1-30

<sup>10</sup> Kranenburg, R. dan Sabaroedin, Tk.B. (1989). *Ilmu Negara Umum*. Cetakan Kesebelas. Jakarta: Pradnya Paramita

<sup>11</sup> Ibid

<sup>12</sup> Aravacik, E.D. (2018). *Social Policy and the Welfare State*. Intech Open, 1-20

<sup>13</sup> Dean G. Kilpatrick, DG (2000). *Definitions of Public Policy and the Law*. National Violence Against Women Prevention Research Center Medical University of South Carolina

<sup>14</sup> Hamid, A, & Hasbullah. (2022a). *Legal Hermeneutics of the Omnibus Law on Jobs Creation: A Case Study in Indonesia*. *Beijing Law Review*, 13(3), 449-476

unions and employment relations, social security and disability insurance, can be implemented effectively<sup>15</sup>.

The Employment Law Compliance Center (2022) notes that the role of the Employment Law as a Labor Law is very important in relation to corporate obligations to ensure worker safety and protection, including as follows

1. Worker classification;
2. Child protection;
3. Wage protection;
4. Appropriate working hours and remuneration; And
5. Prevention of discrimination. Employment law aims to strengthen and protect the relationship between employers and employees so that both parties can be held accountable for their actions (GPS Team of Business, Global Compliance, 2021).

According to Magalla (2018), the Employment Law regulates rights and obligations, provides information about how employees can act and claim their rights under the contract<sup>16</sup>.

Vosko(2006) cited by CCOHS (2022) states that standard employment is a situation where a worker is employed by one employer on a full-time and permanent basis, receives decent wages and benefits, and has effective access and protection from regulatory bodies.<sup>17</sup>. On the other hand, non-standard work is an umbrella term for a variety of work arrangements that differ from standard work, including temporary work; part-time and vocational work; temp agency work and other multi-stakeholder employment relationships; as well as classified work and entrepreneurship. According to CCOHS (2022), another interpretation of the broader concept of informal sector workers includes having a circular relationship with precarious work, namely someone who is involved in precarious work.

Based on the various definitions above, the difficulties associated with the working conditions of informal sector workers, especially the prevalence of diverse workplace and social hazards, are exacerbated by variables such as technological advances, demographic changes, and the COVID-19 pandemic. This has a significant impact on informal sector workers, resulting in increased poverty, unemployment, limited employment opportunities and job choices. These issues highlight the need for labor laws for informal sector employees under the welfare state paradigm. This is an important issue that must be addressed on a world scale, especially in Indonesia which adheres to the welfare state philosophy.

Thus, employment law for informal sector workers is a challenge for the government and legislature as public policy makers in order to increase legal and social protection and guarantees for people who work in the informal sector. Then, other issues that arise in the informal sector are related to efforts to increase the productivity of informal sector activities in the form of working conditions, training and skills development, improving the organization of informal sector producers and workers, developing informal sector workers in accordance with human rights and the constitution. . Therefore, the premise of this research is related to what and how urgent the role of labor law is in the field of employment, especially for informal sector workers in the concept of the welfare state in Indonesia.

### **Formulation of the problem**

The formulation of this research problem is as follows:

1. What is the potential for informal sector workers globally in general and in Indonesia in particular?
2. What and how is the concept of a welfare state?

<sup>15</sup>Schregle, J. (2022). Labor Law. Encyclopædia Britannica, Inc

<sup>16</sup> Magalla, A. (2018). The Role of Labor Laws in Maintaining the Relationship Between Employers and Employees in Tanzania. SSRN

<sup>17</sup> Vosko, L.F. (2006). Precarious employment: understanding labor market insecurity in Canada. Montreal, Quebec : McGillQueen's University Press

3. What and how urgent is labor law for informal sector workers in the welfare state concept in Indonesia?

### RESEARCH METHODS

This research uses a normative juridical research method, namely an approach that uses a positivist juridical conception, namely that law is identical to written norms created by authorized institutions in the form of document or literature studies that only focus on employment law that applies in Indonesia.<sup>18</sup> The normative juridical method is a legal research method on secondary data using library data which is carried out by researching or studying problems in terms of legal regulations.<sup>19</sup> Then, a qualitative descriptive analytical approach is used to describe the relationship between certain symptoms, ideas or phenomena as well as data or facts found during research objectively.<sup>20</sup> Data collection techniques by taking or searching for secondary data from the problems being researched through literature studies such as books, journals, theses, articles and others. Data collection is taken from reference sources related to the problem to be researched. The research stage is identifying the problem and analyzing the data and facts found.

### RESULTS AND DISCUSSION

Workers in the informal sector have very important economic potential both at the world and national levels, especially in Indonesia. Currently, the number of informal sector workers throughout the world is a non-standard workforce that has reached >60% of the world's population, and the proportion of informal sector workers is increasing rapidly. Non-standard workers who have become a modern element of labor markets around the world. In aggregate, the number of informal sector workers or non-standard workers has increased in both developed and developing countries over the past few decades, as their use has expanded across economic and occupational sectors.

Meanwhile in Indonesia, the workforce structure is dominated by informal sector workers. The Central Statistics Agency as of February 2022, two years after the emergence of Covid-19, estimates that informal and vulnerable workers are increasing<sup>21</sup>. Based on data from the Central Statistics Agency (BPS) as of February 2021, the number of informal workers in Indonesia dominates compared to formal workers, namely 78.14 million people (59.62 percent) working in informal activities (, 2021c). Then, Margo Yuwono, Head of the Central Statistics Agency in Wildan (2022) stated that as of February 2022, there were 135.6 million workers, and informal sector workers were increasingly dominant in Indonesia, consisting of: (1) The number of formal workers was 54.28 million workers; and (2). The number of informal sector workers is 81.33 million workers, this means that the number of informal sector workers in Indonesia is +/- 60% as of February 2022, and this figure indicates that this number is increasing along with the increase in the number of workers in the informal sector. post-Covid-19 labor market informalization.

According to BPS data on the number of informal sector workers in Indonesia as of February 2021 and February 2022, this situation is a challenge in terms of the role of law, the importance of labor law for informal sector workers in the welfare state concept adopted by Indonesia as mandated by the state policy. Pancasila view of life and the constitution. According to the OECD/International Labor Organization (2019), informal sector workers are differentiated based on their employment relationship, which is not

<sup>18</sup> Sunggono, Bambang. "Metode penelitian hukum." *Jakarta: Raja Grafindo Persada* (2003).

<sup>19</sup> Soekanto, S. and Sri Mamuji,, S. (1995). *Normative Research Methods*, Jakarta: Rajawali, 1995

<sup>20</sup> Soejono, dan Abdurahman,H. (2003). *Metode Penelitian Hukum*. Jakarta: Rineka Cipta

<sup>21</sup> Wagunu, A.T.W.(2022). *Perlindungan Pekerja Informal dan Rentan Butuh Aksi Nyata*.

<https://www.kompas.id/baca/ekonomi/2022/05/12/perlindungan-pekerja-informal-dan-rentan-butuh-aksi-nyata>. [Accessed August 26, 2018]

subject to national employment law, income tax, or protection or rights to certain work benefits, such as advance notice of dismissal, severance pay, annual leave or leave. sick, etc. In Indonesia, informal sector workers are also defined as casual workers who are classified as casual workers in the agricultural sector and casual workers in the non-agricultural sector. In detail, the Central Statistics Agency defines informal sector workers or casual workers as follows:

1. A casual worker in the agricultural sector is someone who works for another person/employer/institution on a non-permanent basis (more than one employer in the last month) in agricultural businesses, both household and non-household businesses, with compensation in the form of wages or remuneration. services, both in the form of money and goods, and by daily or wholesale payment methods. Crop farming, plantations, forestry, animal husbandry, fishing, and hunting are examples of agricultural enterprises, as are agricultural services.
2. A casual non-agricultural worker is someone who works in a non-agricultural business for another person/employer/other institution on a non-permanent basis (more than one employer in the last month) and receives wages or compensation in the form of money or goods on a daily or piece rate payment system. Mining and excavation; processing industry; electricity and gas; water supply, waste management, waste and recycling; construction; wholesale and retail trade, car and motorbike repairs; transportation and warehousing; provision of accommodation and food and drink; information and communication; financial and insurance services; real estate; company services; mandatory government administration, defense and security.

According to Article 1 number 33 of Law Number 25 of 1997 concerning Employment (UU No. 25/1997), informal sector employment relationships are employment relationships that occur between workers and individuals or several people who carry out a joint business that is not a legal entity on the basis of trust each other and agree to receive wages and/or rewards or profit sharing<sup>22</sup>. Informal sector workers are workers who work in the informal sector and receive wages and/or rewards<sup>23</sup>, and informal sector businesses are the activities of individuals or families, or several people who carry out joint efforts to carry out economic activities on the basis of trust and agreement, and do not have a legal entity<sup>24</sup>.

According to the OECD/International Labor Organization (2019), the basic reason for employees working in the informal sector is because they are vulnerable.

1. No job or employee announcements; no freelance or short-term work;
2. Working hours or wages below a specified level (for example, social security contributions); or failure to actually implement rules and regulations;
3. The nature of the company's informal sector determines the status of informal employment for self-employed individuals and employers.

Entrepreneurs (with wage workers) and self-employed workers (without wage workers) are classified as informal if their economic units fall under the umbrella of the informal sector. There are many categories of independent employee employment status that have the following criteria:

1. Have no formal employment, formal work arrangement, adequate income, legal security, or social security; And
2. Not having competent and effective representatives to advocate for their rights, as formal workers have, such as trade union groups, tends to harm employees' basic rights.

The informal sector, which is different from the formal sector in many ways, is one of the economic actors both internationally and in Indonesia in particular. Thus, informal sector actors and workers are part of world society in general and national society in particular which is guaranteed by the Universal Declaration of Human Rights (1948), and constitutions related to rights, dignity, living standards and the working environment. Universal Declaration of Human Rights (1948) Article 25.1 states that everyone has

<sup>22</sup> Sari,N.P.(2016). Transformasi Pekerja Informal ke Arah Formal:Analisis Deskriptif dan Regresi Logistik. Jurnal Ekonomi Kuantitatif Terapan, 9(1), 28 – 36

<sup>23</sup>Article 1 angka 32 UU no. 25/1997

<sup>24</sup>Article 1 angka 31 UU no. 25/1997



the right to a standard of living adequate for the health and well-being of himself and his family, including food, clothing, housing and necessary medical care and social services, and the right to security in the event of unemployment, illness, disability, widowhood, old age, or other lack of livelihood in circumstances beyond his control. On the other hand, labor law is expected to become an instrument in the form of legal guarantees and social security for informal sector workers. In this context, legal protection and social security in question include legal and social security, decent wages, accessibility to obtain facilities from the government, especially financial institutions (banks) and health insurance. Therefore, the urgency of labor law for informal sector workers in the welfare state concept in Indonesia is a necessity, namely labor law for informal sector workers which is based on the philosophy of Pancasila and the constitution, the Constitution of the Republic of Indonesia.

a. Potential of informal sector workers globally in general and in Indonesia in particular

Globally, the informal sector has great potential in providing employment opportunities and driving the economy<sup>25</sup>. According to data from the International Labor Organization (ILO), the informal sector provides jobs for around 2 billion people worldwide. However, workers in the informal sector often have no social protection or health insurance, and are often not officially recognized by the government. In Indonesia, the informal sector also has great potential in providing employment opportunities, especially in the trade, services and home industry sectors. According to data from the Central Statistics Agency (BPS) in 2020, around 60% of the workforce in Indonesia works in the informal sector. However, similar to the informal sector globally, workers in the informal sector in Indonesia often do not have social security and are not officially recognized by the government. Even though the informal sector provides large employment opportunities, it is important for the government and society to pay attention to the protection and rights of workers in the informal sector<sup>26</sup>. This can be done through various policies and programs, such as providing social security, providing job training, and increasing access to markets and resources.

Informal sector workers are those who work outside the company's formal structure, often working independently or with small groups without adequate protection from the government. For example, workers in traditional markets, hawkers, motorcycle taxi drivers, and domestic workers are informal sector workers. In conclusion, the potential for informal sector workers globally is very large and the same thing also happens in Indonesia. Despite their important economic contribution, informal sector workers still face many challenges that need to be overcome to improve their well-being.

b. Welfare state concept

A welfare state is a government concept that places people's welfare as the main priority in social and economic policies<sup>27</sup>. The main aim of the welfare state is to provide social and economic protection to all the people of the country, regardless of their social and economic status. The welfare state guarantees basic rights such as the right to education, health, housing, decent work and social security for its citizens<sup>28</sup>. Welfare states usually provide comprehensive public services, such as affordable and quality health and education systems, social protection such as unemployment benefits and pension guarantees, as well as subsidies to ease the burden of living costs for less fortunate groups in society.

Welfare states require large expenditures of state resources and are often funded through high taxes. In practice, the welfare state is implemented in various forms, depending on the social, economic and political conditions of each country. The concept of the welfare state has been adopted by many countries in the world, especially in Europe and North America. Countries such as Sweden,

<sup>25</sup> Dewi, Sita, Dwi Listyowati, and Bertha Elvy Napitupulu. "Sektor Informal dan kemajuan Teknologi Informasi di Indonesia." *Jurnal Mitra Manajemen* 11.1 (2020).

<sup>26</sup> Pulungan, Muhammad Soleh. "Kebijakan Perlindungan Hukum Dan Pembinaan Pedagang Kaki Lima (Pekerja Sektor Informal) Di Kota Balikpapan." *Gerbang Etam* 10.2 (2016): 13-26.

<sup>27</sup> Sukmana, Oman. "Konsep dan Desain Negara Kesejahteraan (Welfare State)." *Jurnal Sospol* 2.1 (2016): 103-122.

<sup>28</sup> Hadiyono, Venatius. "Indonesia dalam Menjawab Konsep Negara Welfare State dan Tantangannya." *Jurnal Hukum, Politik dan Kekuasaan* 1 (2020).

Denmark, and Norway are renowned for their extensive welfare state programs that accommodate all the needs of their citizens. However, welfare states are also found in other countries such as Japan, South Korea and Brazil. The concept of a welfare state is a government concept that places people's welfare as the main priority in social and economic policies, by providing social and economic protection to all the people of the country.

c. The urgency of labor law for informal sector workers in the concept of a welfare state in Indonesia

Labor law is very important for informal sector workers in the concept of a welfare state in Indonesia. As a sector that does not have adequate legal protection, informal sector workers are often ignored by the government and corporations in terms of work rights and protection<sup>29</sup>. In the context of a welfare state, equitable labor laws are essential to ensure that informal sector workers receive adequate protection and the same rights as formal sector workers. With strong labor laws in place, informal sector workers will have better access to health services, social security, and protection from harassment or abuse by employers.

In addition, fair labor laws can also improve the quality of life of informal sector workers by setting fair wage and working hour standards, as well as providing easier access to training and education relevant to the labor market. In Indonesia, the government has issued a Labor Law which provides protection for formal sector and informal sector workers<sup>30</sup>. However, the implementation of this law still needs to be improved, especially in terms of law enforcement and monitoring work protection for informal sector workers. Fair employment law is very important for informal sector workers in the concept of a welfare state in Indonesia. With strong laws in place, informal sector workers can have better access to health services, social security, and protection from harassment or abuse by employers, as well as improve their quality of life.

Labor law is very important in the concept of a welfare state in Indonesia, because it provides protection to workers and improves their welfare<sup>31</sup>. In a welfare state, workers' rights must be guaranteed and protected by the state, including the right to safe and healthy working conditions, the right to fair wages, the right to social security and the right to freedom of association.

Formal and informal sector workers both need labor law protection. However, in Indonesia, informal sector workers often face worse working conditions and do not have adequate access to the same rights as formal sector workers. Therefore, the urgency of labor law in Indonesia is becoming increasingly important to improve job protection and welfare for informal sector workers. Formal and informal sector workers both need labor law protection. However, in Indonesia, informal sector workers often face worse working conditions and do not have adequate access to the same rights as formal sector workers. Therefore, the urgency of labor law in Indonesia is becoming increasingly important to improve job protection and welfare for informal sector workers. In the welfare state concept, strong and effective labor laws must be an integral part of the government's social and economic policies. This will help create a healthy and safe work environment, promote wage equity, improve social and economic rights, and provide equal opportunities to obtain work and develop in a career.

The existence of labor law in developing industrial relations has a main function, namely as a guide and control for society, especially for the interests of workers and employers in order to create legal order/certainty that has benefits and justice. Employment law can be interpreted as a means/tool

<sup>29</sup> Ardianingsih, Arum, Juandy Seiver Langelo, and Pandu Wicaksono. "Analisis Kepesertaan Jaminan Sosial Ketenagakerjaan pada Pekerja Sektor Informal Di Kota Pekalongan." *Jurnal Litbang Kota Pekalongan* 19.2 (2021): 8-8.

<sup>30</sup> Rosalina, Henny Natasha, and Lazarus Tri Setyawanta. "Perlindungan Hukum Terhadap Pekerja Migran Sektor Informal dalam Perspektif Teori Bekerjanya Hukum di Masyarakat." *Jurnal Pembangunan Hukum Indonesia* 2.2 (2020): 174-187.

<sup>31</sup> Hanifah, Ida. "Peran Dan Tanggung Jawab Negara Dalam Perlindungan Hukum Tenaga Kerja Indonesia Yang Bermasalah Di Luar Negeri." *De Lega Lata: Jurnal Ilmu Hukum* 5.1 (2020): 10-23.

for legal reform in the field of employment, starting from traditional practices to modern practices, where previously the employment relationship between workers and employers only used words (spoken), up to the era which was based on written provisions. This is to guarantee legal certainty and order in the renewal process (Article 102, Article 103 in conjunction with Article 116, Article 57 in conjunction with Article 63 of Law Number 13 of 2003 concerning Employment (UUK No. 13/2003), as well as Article 4 of the Law Number 21 concerning Trade Unions/Labour Unions (UU No. 21/2000). Thus, the urgency of employment law for informal sector workers in the welfare state concept in Indonesia is in the form of the idea of employment law relating to legal protection given to legal subjects in the form of legal instruments, both preventive and repressive, both written and unwritten<sup>32</sup>. According to Fitria (2018), legal protection is an illustration of the function of law, namely a concept where the law can provide justice, order, certainty, benefit and peace. order, certainty, benefit and peace.

Labor law functions as a comprehensive and inclusive legal system to capture employment arrangements in the informal economy, such as social security, and create a level playing field, as well as having consequences for the social order and the ability to influence social change.<sup>33</sup>. This point of view is in line with Fuady's (2013: 249) statement that law can have an impact on social change if legislative regulations are designed in accordance with one of the roles of law, namely as a mechanism for social change or societal engineering. Therefore, it is very important to unify legal regulations in the field of employment for informal sector workers in the welfare state model in Indonesia. This aims to improve the dignity of workers in the informal sector in accordance with the Universal Declaration of Human Rights (1948), the philosophy of Pancasila and the constitution, namely the 1945 Constitution of the Republic of Indonesia.

Employment, both formal workers and informal sector workers, is an important agenda in the national development sector. The urgency of labor law is very important because labor law is a positive law that applies to Indonesian society<sup>34</sup>. In this context, the urgency of labor law for informal sector workers in the welfare state concept can be carried out by harmonizing labor law in the employment sector by the government and the legislature. According to Hauerstein (2019) in Hamid (2022), legal regulations include laws and regulations made by the legislature in the form of primary legislation and subordinate/secondary regulations issued by the executive, as public regulations that have external effects.<sup>35</sup>. According to Sankaran (2021), the challenge of legislating for the economy in the informal sector provides a unique opportunity to capture forms of work and activities that are currently regulated by traditional labor law and fall within the gaps of labor law<sup>36</sup>.

As a result, extraordinary efforts had to be made by the government in collaboration with the Indonesian House of Representatives to align labor regulations towards informal sector workers within the idea of the Indonesian welfare state. The labor law in question is labor law that is intended to operate as a legal instrument to achieve fair results in dealing with labor difficulties in Indonesia. On the other hand, efforts to integrate labor regulations, labor regulations for informal sector workers in the idea of the Indonesian welfare state must address all impacts, both economic and social impacts, so that legal independence will be challenged<sup>37</sup>.

<sup>32</sup> Fitria,A.(2018). Perlindungan Hukum terhadap Pekerja atau Buruh yang Terkena PHK Akibat Efisiensi di Perusahaan. *Lex Jurnalica* ,15 (3), 323- 331

<sup>33</sup> Sankaran,K.(2011).*Informal Employment and the Challenges for Labour Law*. Oxford University Press,223–233.

<sup>34</sup> Kususiyannah,A.(2021). Hubungan Industrial Pancasila Dalam Undang-Undang Cipta Kerja. *Journal of Sharia and Economic Law*, 1(2), 42-59

<sup>35</sup> *ibid*

<sup>36</sup> *ibid*

<sup>37</sup> Rahardjo, S. (2012). *Ilmu Hukum*. Bandung :PT. Citra Aditya Bakti



## CONCLUSION AND SUGGESTION

Workers in the informal sector have strategic potential for the world economy and countries, especially in Indonesia. However, legally this potential has not been utilized properly, which means that the Employment Law for informal sector workers is in a vacuum, in accordance with the concept of Pancasila and the welfare state which is given the philosophical basis of the Indonesian Constitution. Thus, President Joko Widodo is expected to be inaugurated as Head of State of the Republic of Indonesia starting on December 1. In addition, on December 20 2021, the G20 will be able to work together with the legislature to overcome various problems related to informal sector workers within the framework of the welfare state concept and increase the power of workers . Informal sector. Therefore, the Indonesian government as a legislative institution needs to strengthen the role of law by developing an Employment Law for informal sector workers within the framework of the welfare state concept with the DPR RI. This is to ensure that all parties in the production process are in the same position to achieve company development, along with the impacts that will influence national economic growth. Meanwhile, these efforts are generally expected to lead to legal harmony for informal sector workers in the employment sector, especially in the Indonesian welfare state. The urgency of the Labor Law for informal sector workers in the Indonesian welfare state is to strengthen the role of the Labor Law so that all parties are equal in the production process for the sake of company development. And it must be legally harmonized.

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