



Women Workers in Central Java Special Economic Zones Collectivise to Fight for Their Human and Labour Rights

Labour FPAR Country Briefer

Indonesia's Special Economic Zones and an Increase in Foreign Direct Investments

Indonesia has one of the world's largest textile industries generating over US\$13 billion¹ in exports annually. Seventy per cent of the country's garment production meets international demands arising from the United States (US) (36 per cent), European Union (EU) (13 per cent) and China (five per cent).² Accounting for 1.25 per cent of the country's total Gross Domestic Product (GDP),³ the textile industry of Indonesia is also the largest employer with over 3.7 million workers, the majority of whom are women.⁴

Despite the high returns for the country's GDP, the garment industry does not paint a promising picture for its workers. Profit maximisation has started a race to the bottom, driving factories to concentrate in areas with the lowest minimum wage requirements such as West Java, Central Java, East Java and Banten. This has pushed the wages down across the industry. The government of Indonesia is doing nothing to make things better for the workers. The new Omnibus Law on Job Creation No. 2/2022⁵ has made labour relations even more flexible

by promoting Fixed Term Contracts (FTCs) or contractual work with increased work hours.⁶ There have been no efforts towards enforcing existing laws around Freedom of Association (FoA), overtime payments, legal employment contracts and Occupational Safety and Health (OSH) standards and rights.⁷

The Omnibus Law aligns with the Government's policy of attracting Foreign Direct Investments (FDIs). To accelerate this, the Government of Indonesia (GoI) has made the development of Special Economic Zones (SEZs) a priority policy since 2015.⁸ As of 2022, there are 19 SEZs located across the vast archipelago - Java and its nearby provinces, including Jakarta.⁹ The SEZs offer investors a well-integrated infrastructure and fiscal and non-fiscal incentives. However, at the same time, they have made labour relations flexible, suppressed freedom of association and violated workers' rights. There were also reports of workplace violence and sexual harassment from garment factories across the SEZs.

¹Medina, A. (2020, April 24). *Indonesia's Textile and Garment Industry: Opportunities for foreign investors*. ASEAN Briefing. <https://www.aseanbriefing.com/news/indonesias-textile-garment-industry-opportunities-foreign-investors/>

²Business & Human Rights Resource Centre. (n.d.). *Indonesia: Impacts of COVID-19 on Indonesia's garment sector*. BHRRC. <https://www.business-humanrights.org/en/from-us/covid-19-action-tracker/indonesia/>

³Indonesia Investments. (2021, May 11). *Textile and Garment Industry of Indonesia; more than just clothes, but challenges persist*. Indonesia Investments. <https://www.indonesia-investments.com/news/todays-headlines/textile-and-garment-industry-of-indonesia-more-than-just-clothes-but-challenges-persist/item9405>

⁴Asia Floor Wage. (2021, July). *Money Heist: Covid-19 Wage Theft In Global Garment Supply Chains*. https://asia.floorwage.org/wp-content/uploads/2022/02/Money-Heist_Book_Final-compressed.pdf

⁵Stipulated by Law No. 6/ 2023 and derived from the Regulation of the Minister of Manpower No. 5/2023 concerning the Exclusion of labour intensive companies from the labour law.

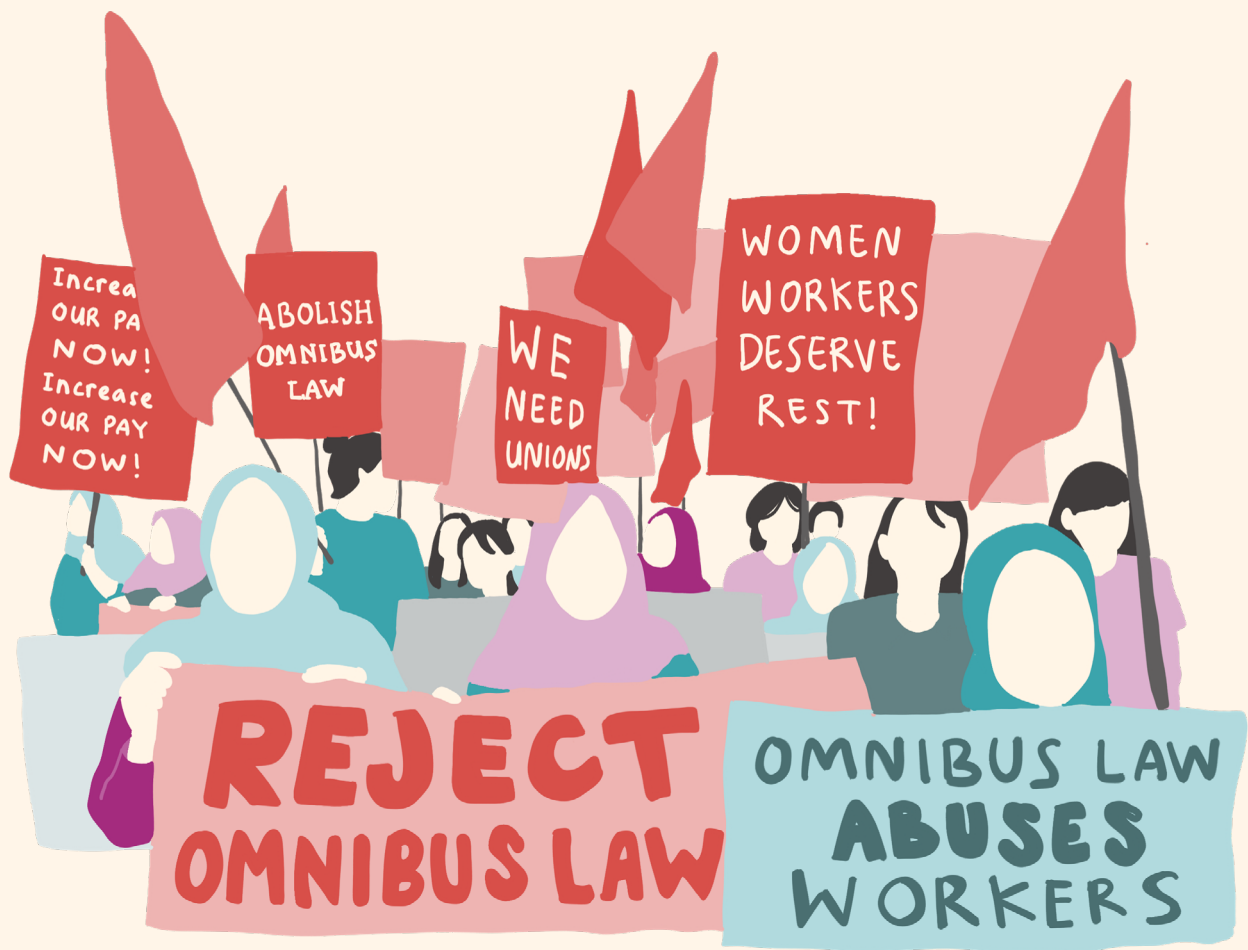
⁶Asia Floor Wage. (2021, July). *Money Heist: Covid-19 Wage Theft In Global Garment Supply Chains*. https://asia.floorwage.org/wp-content/uploads/2022/02/Money-Heist_Book_Final-compressed.pdf

⁷Fair Wear. (n.d). *Indonesia. Varying labour conditions and a largely female workforce defines Indonesia's garment sector*. Fair Wear. <https://www.fairwear.org/programmes/countries/indonesia/>

⁸Medina, A. (2023, January 12). *An introduction to special economic zones in Indonesia*. ASEAN Briefing. <https://www.aseanbriefing.com/news/an-introduction-to-special-economic-zones-in-indonesia/#:~:text=As%20of%202022%2C%20there%20are,Joko%20Widodo%20came%20to%20power.>

⁹Medina, A. (2023, January 12). *An introduction to special economic zones in Indonesia*. ASEAN Briefing. <https://www.aseanbriefing.com/news/an-introduction-to-special-economic-zones-in-indonesia/#:~:text=As%20of%202022%2C%20there%20are,Joko%20Widodo%20came%20to%20power.>

¹⁰Trisnanti, D., & Sundaresan, R. (2023, March 20). *How gender biased minimum wage harms women workers in Indonesia*. Asia Floor Wage Alliance. <https://asia.floorwage.org/how-gender-biased-minimum-wage-harms-women-workers-in-indonesia/>



The SEZs primarily use informal employment systems by hiring workers through contractual-based work.¹⁰ These allow companies to keep their labour costs down and make it easier to hire and fire workers at their will. The informal and insecure employment systems also allow companies to circumvent laws related to minimum wage and social security towards their workers. Evidence suggests that women are more likely to be hired as contractual workers.¹¹

During the COVID-19 pandemic, women workers in Indonesia had short-term contract work imposed on them, despite having worked as permanent employees for many years at the factories. This kept them vulnerable to job insecurity and abuse. A gender pay gap was also reported in the various provinces of Indonesia, especially in the low minimum wage regions in Indonesia.¹² Women workers were reported to be earning an average monthly wage of USD 139, which was 25 per cent lower than male workers, who received an average of USD 185 per month.¹³ Even post-pandemic, women's incomes have remained persistently low, while male workers' incomes have improved to pre-pandemic levels by the end of 2021. In addition, women workers have been concentrated and confined to 'low-skill' jobs which makes them more susceptible to wage theft and layoffs. Based on a 2021 survey by the Asia Floor Wage Alliance (AFWA), around 64 per cent of garment workers in Indonesia suffered unpaid layoffs and terminations, resulting in 70 per cent of workers incurring debt during the pandemic to finance their consumption. This pushed workers living below the international poverty line during the pre-pandemic period, into deeper poverty.¹⁴

¹¹Trisnanti, D., & Sundaresan, R. (2023, March 20). *How gender biased minimum wage harms women workers in Indonesia*. Asia Floor Wage Alliance. <https://asia.floorwage.org/how-gender-biased-minimum-wage-harms-women-workers-in-indonesia/>

¹²In Indonesia context, the minimum wage differs by province

¹³Asia Floor Wage Alliance. (2021, July). *Money Heist. Covid-19 wage theft in global garment supply chains*. https://asia.floorwage.org/wp-content/uploads/2022/02/Money-Heist_Book_Final-compressed.pdf

¹⁴Asia Floor Wage Alliance. (2021, July). *Money Heist. Covid-19 wage theft in global garment supply chains*. https://asia.floorwage.org/wp-content/uploads/2022/02/Money-Heist_Book_Final-compressed.pdf

Women Workers' in Central Java Special Economic Zones Collectivise for Feminist Participatory Action Research

Feminist Participatory Action Research (FPAR) is a feminist participatory process that mobilises and further unites women workers in the SEZs of Central Java. FPAR envisioned women workers' collectives engaging in Collective Bargaining to fulfil their fundamental labour rights and to voice their dissent against the widespread violation of workers' rights. The FPAR process was carried out with women garment workers in three areas of Central Java - Kawasan Industri Wijayakusuma (KIW) (Semarang city), Klaten and Karangjati (Semarang regency). They were supported by the Federasi Serikat Buruh Indonesia (FSBPI), a garment workers' union in Indonesia.

The SEZs were centres of labour-intensive garment and textile industries, mainly employing a workforce of women. Women workers who participated in the FPAR fell within the age range of 19-35 years old, came from rural areas and had a high school education background. Their monthly incomes had stagnated below the minimum wage standard (Rp 2,015,623/ USD 170).¹⁵ None of the women workers had previously participated in a trade union.

The FPAR process brought the SEZ women worker leaders together for the first time and fostered their solidarity under their common identity as workers. The shared solidarity enjoyed by the women workers also strengthened them to fight against the injustices at the factory. They found strength in the existing labour alliances from other areas that supported the women workers. Within the six-month-long journey, it was found that women workers displayed a tremendous willingness to collectively challenge the injustices that were happening within their workplace. They were not deterred by the ever-increasing pressure and threats from their employers.



¹⁵2022 District Minimum Wage Standard

Key Highlights of the FPAR: Gross Labour Rights Violations Within the SEZs

The government of Indonesia has completely overlooked the protection of those working in the SEZ areas. Women workers in the SEZ areas of Central Java are experiencing several labour rights violations. At the same time, workers' limited understanding of the national laws also poses challenges in accessing their human rights.

1. Large-Scale Violation of Workers' Rights: Currently, the labour law in Indonesia is regulated by Law No. 2 of 2022 on Job Creation (Regulation), Government Regulation 35/2021 concerning *Employment Agreement for a Specified Period of Time, Outsourcing, Working Time and Rest Time and Termination of Employment* and the Regulation of the Minister of Manpower No. 5/ 2023 concerning *Working Time Adjustment And Wage At Certain Labor-Intensive Industries Export Orientation That Is Affected By Change Global Economy*. The regulations govern the terms and conditions of employment, such as working hours, holidays, rest periods, wages, overtime, leave and termination of employment. The law aims to make labour relations flexible by promoting FTCs, non-payment of wages, unpaid leave, violations to maternity leave and long working hours.



- a. Irrational and unjust layoffs:** Workers were never consulted before getting laid off. Huge numbers of women workers in Klaten were laid off without any payments. The practice of layoffs in the period approaching the month of Ramadan is a common practice. This is done to avoid paying workers Eid-ul-Fitr festival bonus, which forms an important portion of workers' earnings. During FPAR, it was found that the main target of the irrational and unjust layoffs were those who were a part of independent worker unions and contractual workers. As shared during the Focus Group Discussions (FGDs), workers were fired right before Ramadan. Even during the FGD, one of the participants received a laid-off notification on their phone.
- b. Non-payment of wages:** There have been gross violations in the payment of minimum wages, payment for overtime work and payment to trainees. Indonesia has a wide range of legally mandated minimum wages which vary across districts within the same province. However, they are significantly lower than the living wage.¹⁶ From the mini-survey conducted by women workers in the SEZs, we found that several companies were not following the district minimum wage.¹⁷ The conditions worsened during the COVID-19 pandemic when the Ministry of Labour legitimised the violation of minimum wages by the companies. This was done by sending official letters¹⁸ to the companies stating that the government allowed companies to not pay full wages to workers who cannot come to work due to COVID-19 and to pay a nominal amount which is based on the Collective Bargaining Agreement (CBA) between workers and companies. During the FPAR, women workers reported that their overtime payments were not paid on the pretext that they were obliged to complete the work target despite the amount

of time invested. This is a clear violation of Government Regulation 35/2021 which states that overtime payment must be paid to workers who work beyond their working hours.¹⁹ The situation was worse for new workers who worked during the training period; they were paid below the minimum wage standard for the first three months. This has been empowered by the Omnibus Law on Job creation which allows employing contract workers for a period of less than 12 months to get paid under minimum wage.

- c. **Fixed Term Contracts (FTCs):** The Indonesian law allows two types of employment contracts: FTC, where workers are hired on contract for a fixed period and Unspecified Term Contract (UTC) where workers are permanent or regular workers.²⁰ FTCs allow flexible work hours, less secure employment and fewer employment benefits compared to UTCs. These can also be renewed for a maximum of two years. As per the FPAR findings, several garment factories in SEZs keep employing most garment workers on FTCs even though they have worked for more than two years. Some women workers are not aware of their current working status/contract because the contracts change erratically or are made verbally after the first signed contract ends.

In addition, due to the short duration of the work contracts, women workers are at a constant risk of getting fired. This increased uncertainty created a constant fear in the minds of women workers in the Klaten SEZ. The lack of collectivism has alienated workers within the industry, causing distrust among fellow workers and union members. This has also led to a collective scepticism towards union activities, making it difficult to encourage women workers to join unions.

- d. **Denial of women workers' human right to social protection:** Women workers who are hired through FTCs are denied some of the basic benefits that Indonesian labour laws mandate. This includes menstruation leave and maternity leave. Every Indonesian woman is guaranteed two days of menstrual leave every month and 13 weeks or three months of maternity leave (Law No. 13 of 2003 on Manpower Law).²¹ Women workers are entitled to receive 100 per cent of wages during the duration of their leave. However, this law was circumvented by factory owners to maximise their profits. During the FPAR, workers shared that the company fired many pregnant workers at the seventh month gestation period, referring to it as a 'rest period'. In women's employment contracts, several companies, including the SEZ companies, also state the provision to not get pregnant in their first year. In addition, many women workers were unaware of their rights to menstrual leave and maternity leave. If they could not work because of the menstrual pain, the workers were subjected to a pay cut rule (two days salary is deducted if they do not have a doctor's note and one day if they have a doctor's note).

This common practice is stipulated under the new Omnibus Law, which states that the maternity and menstrual leave are voluntary and considered as 'breaks or long breaks' which consequently make the leave unpaid. The new law suggested that the leave regulation is based on the decision of the factory authorities or based on CBA. However, because women workers do not exercise their collective bargaining rights, the discriminatory practice has been increasingly widespread without any hindrance.

- e. **Denial of social security benefits:** The Indonesian law ensures its citizens have health insurance and pension coverage, which has been mandated through the industrial relationship. However, there were grave violations of this entitlement, as reported by women workers in the Klaten SEZ.²² Based on Article 2 of Government Regulation No. 84/2013 Indonesia's Social Security Programme (BPJS²³), which consists of the Social Security Administrator for Health (BPJS Kesehatan) for healthcare and the Workers Social Security (BPJS Ketenagakerjaan) for pensions funds,²⁴ employers are supposed to register their workers and contribute four per cent to the workers' social security while the workers contribute one per cent.²⁵

During the FPAR investigation, women workers in Klaten SEZ shared that they did not receive any social security benefits, particularly in the time of crisis. They reported that in several cases, the workers' share of the BPJS was deducted from their wages but not transferred to the health department, leading to nonpayment of benefits to the workers. In most cases, workers were not even aware of the social security scheme or whether the contribution was being deducted from their salaries.

2. **Irrational Work Targets and Lack of Collective Bargaining Among Women Workers:**

There has been an increased focus on achieving work targets within the SEZs. These targets are unilaterally decided by the companies and imposed on workers without any consideration. This irrational target system has left women workers with no choice but to work longer hours to achieve these targets. This single-minded focus on achieving targets leaves workers with no time to collectivise. There were further restrictions imposed on the FoA by the industry. These restrictions have limited women workers in understanding their labour rights and the labour law. Consequently, it has reduced their bargaining power within the SEZ industrial area.



Women Workers' Initiatives to Increase the Membership of the Workers' Collective

Women workers in the Klaten SEZ area carried out a short research study as part of the FPAR process. This research became a strategy to reach out to more women workers and obtain information about their conditions. This also became a tool for understanding their perceptions regarding workers' collectives. This process proved useful in collecting information about the problems faced by women garment workers within the factories. This has also helped members of the collective to gain an insight into why many women workers are afraid to establish a relationship with the labour collective. As part of the short research study, women workers were able to:

- Undertake an advanced mapping of the garment industry in the Klaten area.
- Connect with fellow women workers and their family members (who have been pessimistic about worker collectivisation) for dialogue and to convince them about the potential of a workers' collective.
- Prepare knowledge materials both in digital and printed formats to reach out to other women workers in Klaten's SEZ areas. The materials incorporated the findings of the investigation carried out by the Klaten labour collective.

Recommendations

For brands and buyers:

1. Conduct utmost due diligence to prevent, address and mitigate adverse human rights and labour rights violations for the workers at their supplier factories.
2. Stop employing workers on FTCs which will grant them the rights of full employment, including job security.
3. Ensure that decent work principles apply to SEZ workers in their supply chain, including the payment of living wages, overtime payments and allocation of rightful leave.
4. Protect workers' right to FoA and ensure its implementation in their supply chains and supplier factories.



For the Government of Indonesia (GoI):

1. Withdraw the new Omnibus Job Creation Law, No. 2/2022, as per the amendments made by Indonesia's Constitutional Court.
2. Implement recovery measures to protect workers terminated during the COVID-19 pandemic without any legal dues and benefits.
3. Regulate the private sector to respect and commit to international labour and human rights standards and effectively implement the national labour law to protect the rights of the SEZs workers.
4. Ensure that no one is left behind and that everyone has the right to adequate social protection. Extend the coverage of social protection systems, implying a full-time work relationship, in order to safeguard workers from the financial ramifications of social risks, such as illness, old age, workplace accidents and job loss to prevent and alleviate poverty and maintain a decent standard of living.
5. Protect workers' rights in the SEZs by ensuring proper payment of overtime work, bonus payment and minimum wage requirements.
6. Ensure proper implementation of the National Human Rights Action Plan (RANHAM) 2021-2025, and encourage SEZ industries to promote policies for the protection of women workers.
7. Ensure the implementation of the Local Regulation of Central Java Province Number 2/2021 to protect women workers within the SEZ areas of Central Java. This regulation aims to prevent violence and discrimination against women and provide access to justice and remedy, including counselling services and compensation for economic losses for victims.



For existing workers' unions

1. Create a strong alliance in Central Java. This alliance should become a new solidarity-building model amongst women workers and workers in the labour movement in Central Java, which so far has not touched on the specific issues experienced by women workers.
2. Strengthen women's participation and leadership in the trade unions to create a workspace without gender-based discrimination for all workers.



About FSBPI

Federasi Serikat Buruh Persatuan Indonesia (FSBPI), an Indonesian union federation that concerns itself with women workers, was established to respond to the poor working conditions of contractual workers. Analysis by the union shows that women workers are worst affected. They face more complicated problems as workers and women, in the workplace, at home and in the community. They have advocated for issues related to reproductive rights (menstruation leave and maternity leave), having a lactation room in the workplace, and ending sexual harassment of women and Lesbian, Bisexual, Transgender and Queer (LBTQ) workers.

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About APWLD

The Asia Pacific Forum on Women, Law and Development (APWLD) is the region's leading network of feminist organisations and individual activists. For over 35 years, we have been carrying out advocacy, activism and movement-building to advance women's human rights and Development Justice. This FPAR is part of APWLD's Women Organising Workers Programme. APWLD worked with and supported seven partner organisations from five countries in Asia to conduct Labour FPAR on Special Economic Zones (SEZs) between 2020 and 2022.

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