

Research Article

# Do Not Dismiss Outsourcing : Provide the Best Solution for the Sake of the Nation

Junaedi Junaedi

<sup>1</sup> Universitas Muhammadiyah Makassar, Indonesia, Email : [junaedi@unismuh.ac.id](mailto:junaedi@unismuh.ac.id)  
\* Corresponding Author : Junaedi

**Abstract.** The plan to eliminate outsourcing became an important issue in the early days of Prabowo Subianto's administration. Support for this policy came from labor groups and academics who considered the outsourcing system to worsen workers' welfare. The pros and cons colored the plan to eliminate the outsourcing work system echoing like the sound of the atomic bombs in Hiroshima and Nagasaki. Seeing the complexity of this problem, there was a push for the government not to immediately eliminate the outsourcing system completely. Some circles suggested that the government take a gradual approach by tightening regulations, limiting the types of work that may be outsourced, and strengthening supervision of the implementation of the outsourcing system. It is also important to carry out a comprehensive overhaul of the work system, including affirming the responsibility between the employer company and the outsourcing service provider. So far, many problems have not received a clear resolution because both parties pass the buck. System improvements do not only involve elimination, but also restrictions on the types of work that can be outsourced or stricter regulations related to outsourcing, protection of workers' rights, certainty of working hours, access to leave, and certainty of wages and social security. Therefore, that: (1). There needs to be an in-depth study and evaluation, involving stakeholders, of current outsourcing practices; (2). The elimination of outsourcing can have a significant impact on workers, employers, and the investment climate; (3). The elimination of outsourcing has the potential to provide certainty of employment status for workers, normative rights such as decent wages, social security, THR, and severance pay; (4). The elimination of outsourcing can trigger concerns about industrial competitiveness and investment interest, especially foreign investment that is accustomed to workforce flexibility, the transition must be carried out carefully and measured to avoid mass turmoil and layoffs. Keywords: Dissolution Solution, Outsourcing, Children of the Nation.

**Keywords:** Don't Disband Outsourcing, The Best Solution, For The Sake of The Nation's Children.

Received: April 25, 2025  
Revised: May 10, 2025  
Accepted: May 29, 2025  
Published: June 02, 2025  
Curr. Ver.: June 02, 2025



Copyright: © 2025 by the authors.  
Submitted for possible open access publication under the terms and conditions of the Creative Commons Attribution (CC BY SA) license (<https://creativecommons.org/licenses/by-sa/4.0/>)

## 1. INTRODUCTION

Pros and cons color the plan to eliminate the outsourcing work system<sup>1</sup>. President Prabowo Subianto expressed his intention to eliminate the system.

In his speech at the commemoration of International Labor Day at Monas, Jakarta, May 1, 2025, Prabowo stated his commitment to fighting for the welfare of workers by eliminating the outsourcing system. **"I want outsourcing to be eliminated.** But we also have to be realistic. **"If there is no investment, there are no factories, then workers cannot work either,"**

As an initial step, Prabowo plans to form a National Labor Welfare Council consisting of representatives of labor unions from all over Indonesia. This council will

<sup>1</sup><https://economy.okezone.com/MuhammadAziz,ProsandConsOfTheOutsourcingEliminationPlan>, accessed on May 22, 2025, at 22:37 WIB

review labor conditions, evaluate regulations, and provide input to the President in formulating employment policies.

Reported from various sources, support for the plan to eliminate outsourcing comes from various groups who believe that this system has so far been more detrimental to workers. Elimination is considered to be able to provide certainty of employment status, open access to social security, and expand career development opportunities.

In addition, a more permanent employment relationship is expected to increase worker loyalty and purchasing power, which ultimately has a positive impact on overall national productivity.

Several parties also highlight that outsourcing practices are often misused by companies. Outsourcing is no longer limited to supporting work, but extends to the company's core work under the pretext of cost efficiency. Uses workers to lose basic rights, such as wage protection, decent working hours, and social security. It is not uncommon for unilateral wage cuts and unclear work status to occur, which creates uncertainty and vulnerability among workers.

On the other hand, a number of groups consider that the total elimination of outsourcing could create new problems, especially related to the potential for unemployment. Many outsourcing workers come from low-education backgrounds, and the outsourcing system provides them with job opportunities that may be difficult to obtain in a permanent work scheme.

If this system is abolished without a replacement solution, it is feared that there will be a wave of layoffs, especially in labor-intensive sectors.

In addition, there are concerns that the rigid elimination of the system will reduce the flexibility of companies in managing the workforce. In dynamic market conditions, some industrial sectors rely heavily on flexibility to remain competitive. Without a flexible scheme, companies may be reluctant to recruit new workers and instead try to reduce the number of workers for efficiency.

However, on the other hand, entrepreneurs and some economists warn that this policy could have an impact on reducing employment and business continuity.

Open dialogue and careful transition planning are key to achieving a balance between worker protection and economic growth. The government is required to act as a mediator and ensure that every policy provides fair benefits to all parties.

## 2. RESEARCH METHOD(S)

Based on the background above, the formulation of the problem in this paper is: *Outsourcing Should Not Be Disbanded, Provide the Best Solution for the Sake of the Nation?*

The Data Collection Technique uses Online Data Search/Internet searching, browsing, surfing or downloading data, Books, magazines, Journals, Theses, Dissertations, online news, media, websites and sources from experts related to matters related to *Outsourcing Solutions Should Not Be Disbanded for the Sake of the Bastards*.

## 3. FINDINGS AND DUSCUSSION

The plan to eliminate Outsourcing has *invited polemics and has become a hot issue being discussed among the public, factions, politicians, entrepreneurs, observers to academics and stakeholders. The hustle and bustle of Pros & Cons (like & dislike) Pros and cons color the plan to eliminate the outsourcing work system. Their voices are louder than the atomic bombs in Hiroshima (06-08-1945) and Nagasaki (09-08-1945) Japan which were dropped by the allied forces in World War II.* Seeing the complexity of this problem, there is a push for the government not to immediately eliminate the outsourcing system completely. Several groups including the author provide solutions and input so that the Prabowo Subiyanto government does not immediately dissolve outsourcing, but the state is present in taking a wise and gradual approach by tightening regulations, limiting the types of work that can be outsourced, and strengthening supervision of the

implementation of the outsourcing system, because it will have an impact, including mass layoffs, the departure of entrepreneurs, investors which results in a non-conducive Indonesian economic climate. This is as stated by President Prabowo who stated his commitment to fight for workers' welfare by eliminating the outsourcing system at the national labor day commemoration event at the 2025 International Labor Day commemoration held at the National Monument (Monas) area, Jakarta, on Thursday, May 1, 2025. "I want outsourcing to be eliminated. But we also have to be realistic. If there is no investment, no factories, then workers cannot work either, ". (setkab.go.id, 01/05/2025). It is also important to carry out a comprehensive overhaul of the work system, law enforcement against naughty outsourcing entrepreneurs, including affirmation of responsibility between the employer company and the outsourcing service provider. So far, many problems have not received a clear resolution because both parties pass the blame.

## **Definition of Outsourcing**

### **What is Outsourcing**

Based on Law No. 13 of 2003 concerning Manpower, Article 64, outsourcing is the transfer of part of the implementation of work to another company through a written contract for work or provision of worker or labor services, quoted from the Constitutional Court of the Republic of Indonesia (MKRI) page.

Outsourcing workers are workers in outsourcing service provider companies. An outsourcing worker is employed by another company based on a written agreement, but receives wages from their respective provider companies.

The Manpower Law stipulates the work limitations of outsourcing workers, including not being allowed to carry out main activities or be directly related to the production process. Outsourcing workers or laborers only carry out supporting activities, or those that are not directly related to the production process.

The Manpower Law was partially amended by Law No. 11 of 2020 concerning Job Creation. Outsourcing in the Job Creation Law is known as outsourcing. In the Job Creation Law, the work limitations of outsourcing workers above are removed.

### **Legal Basis for Outsourcing**

1) Law No. 13 of 2003:

This law generally regulates the transfer of part of the work to another company through a written contract of contract or provision of worker/labor services.

Articles 64 to 66. This law also regulates various aspects related to the rights of outsourcing workers.

Article 66 stipulates that outsourcing companies do not have a direct relationship with the production process, so they are permitted to use the outsourcing system.

2) Law No. 6 of 2023 (Job Creation Law):

This law makes changes to the provisions on outsourcing, such as regulations regarding the types of work that can be outsourced. These changes are regulated in Article 64 of Law 6/2023 concerning Job Creation.

3) Government Regulation (PP):

Government Regulation No. 35 of 2021, provides further details regarding outsourcing, including regulations regarding worker protection in the event of a change in outsourcing company and the maximum duration of the outsourcing work agreement, which can be extended once a year.

4) Ministerial Regulation:

Permenaker No. 23 of 2021 Revokes several previous Permenaker that regulate outsourcing. In addition, Ministerial Regulations related to employment, such as the Regulation of the Minister of Manpower and Transmigration, can also regulate

specific matters related to outsourcing, for example regarding business permits for outsourcing companies.

5) Changes to the Job Creation Law:

The Job Creation Law, specifically Article 81 number 20, amends Article 66 paragraphs (4), (5), and (6) of the Manpower Law, which stipulates that outsourcing companies must be in the form of a legal entity and must have a business license from the central government. This business license must meet the norms, standards, procedures, and criteria set by the government.

### **Provisions on Outsourcing in the Job Creation Law**

Based on the Job Creation Law, here are some other provisions related to outsourcing:

- 1) Protection of outsourcing workers or laborers, wages, welfare, work conditions, and disputes are the responsibility of the outsourcing company.
- 2) The working relationship between the outsourcing company and its outsourcing workers or laborers is based on a written work agreement, either a fixed-term work agreement (PKWT) or an indefinite-term work agreement (PKWTT).
- 3) When outsourcing workers are employed as PKWT, their work agreement must require the transfer of protection of rights for the workers/laborers concerned if there is a change in the outsourcing company, as long as the object of work still exists. (Detik.com, 02/05/2025).

### **Dissolution of Outsourcing**

President Prabowo Subianto plans to eliminate the outsourcing work scheme. Through the National Labor Welfare Council that will be formed, this elimination plan will be reviewed<sup>2</sup>. Prabowo in his speech on May Day 2025 at Monas, Jakarta, Thursday (1/5/2025), reported by detiknews. "I (President of the Republic of Indonesia General H. Prabowo Subianto) will also ask the National Labor Welfare Council, how do we, if possible immediately, but as soon as possible we want to eliminate outsourcing."

The President said he would ask companies to prioritize labor welfare. On the other hand, he said workers also need to work together with companies in order to protect the interests of investors.

Regarding this, Prabowo stated that he would bring together labor and company leaders at the Bogor Palace in the near future. But brothers and sisters, we must also be realistic. We must also protect the interests of investors, if they don't invest, there are no factories, you don't work. So we have to work together with them

At the suggestion of your leadership, in the near future I will hold a meeting at the Bogor Palace, I will bring together 150 labor leaders with 150 company leaders in Indonesia. We will sit together, "

### **Can the outsourcing system be dissolved?**

The answer is that it can be dissolved by the President of the Republic of Indonesia with the support of the constitutional components and state apparatus. However, the process is not simple and can trigger various problems. The elimination of outsourcing is one of the workers' demands that has been heard by the government, including President Prabowo Subianto.

<sup>2</sup>[https://www.detik.com/edu/detikpedia/d-7896011/Trisna Wulandari, apa-itu-outsourcing-prabowo-mau-hapus](https://www.detik.com/edu/detikpedia/d-7896011/Trisna_Wulandari,_apa-itu-outsourcing-prabowo-mau-hapus), accessed on May 22, 2025, at 21:43 WIB

Here are some important points related to the possibility of eliminating outsourcing<sup>3</sup>:

1) Impact of Elimination:

The elimination of outsourcing can have a significant impact on workers, employers, and the investment climate.

2) Worker Protection:

The elimination of outsourcing has the potential to provide certainty of employment status for workers, normative rights such as decent wages, social security, THR, and severance pay.

3) Investment Issues:

The elimination of outsourcing can trigger concerns about industrial competitiveness and investment interest, especially foreign investment that is accustomed to workforce flexibility.

4) Transition Process:

If the outsourcing system is eliminated, the transition must be carried out carefully and measured to avoid mass turmoil and layoffs.

5) Study and Evaluation:

Here needs to be an in-depth study and evaluation, involving stakeholders, of the current outsourcing practices.

6) Alternative Options:

In addition to elimination, there are other options such as restrictions on the types of work that can be outsourced or stricter regulations regarding outsourcing.

**In the context of Indonesia:**

- 1) President Prabowo Subianto stated his commitment to eliminating outsourcing, but also emphasized the importance of maintaining the investment climate.
- 2) The National Labor Welfare Council will conduct a study regarding the elimination of outsourcing.
- 3) The need to create a balance between worker protection and business sustainability is important in the transition process.
- 4) In short, the elimination of outsourcing is a possibility that is being discussed, but it needs to be done carefully and considering various aspects so as not to cause greater negative impacts.

**List of Countries with the 'Best' Outsourcing Workforce in the World**

It turns out that the outsourcing work system is not only found in Indonesia. In other countries, this practice is also widely carried out and is a solution for workers and companies that both need it<sup>4</sup>.

Unlike Indonesia, outsourcing workers in other countries are highly trained and qualified so that they are targeted by many countries. For example, India is listed as the best provider of outsourcing workers in the world.

Quoting the Innovature BPO workforce provider website on Wednesday (7/5), there are five countries that are expected to become major players in the outsourcing

<sup>3</sup> Generative AI is experimental, outsourcing can be dissolved, but the process is not simple and can trigger various problems, accessed on May 22, 2025, at 21:40 WIB

<sup>4</sup> <https://www.cnnindonesia.com/> List of 5 Countries with the 'Best' Outsourcing Workers in the World, accessed on May 22, 2025, at 21:29 WIB

industry to spur innovation, cost efficiency, and delivery of quality services. (cnnindonesia.com, 08/05/2025).

1) India

India remains a leading destination for companies looking to recruit outsourcing workers.

With the largest higher education system in the world, India is renowned for producing quality professionals, especially in the field of software development.

This country has a very low unemployment rate among software engineers, with around 93.5 percent of software engineers absorbed in the job market.

2) Philippines

The Philippines has maintained its position as the 'Business Process Outsourcing (BPO) Capital of the World' for over a decade.

Major BPO companies such as Teleperformance and Accenture have entrusted Filipino workers to handle customer service and other business processes.

One of the main advantages of the Philippines is its excellent English language skills, which rank in the top 20 in the world.

3) Vietnam

Vietnam is known as a fast-growing outsourcing destination especially in software development and digital marketing.

Its advantages are its low wages and young population skilled in technology, making Vietnam increasingly attractive to companies looking for low-cost, high-quality outsourcing.

Labor costs in Vietnam are significantly lower compared to Western countries, with outsourcing costs often 90% cheaper than the US.

4) Malaysia

Malaysia is a solution for many countries in Southeast Asia looking for outsourced workers with affordable living costs and good English skills.

The country offers an efficient outsourcing solution, with labor costs lower than Western countries.

5) Argentina

Argentina is a top destination for companies seeking technology solutions in Latin America. The country is renowned for its excellence in technological innovation and software development.

With lower labor costs compared to countries like the US and UK, Argentina offers expertise in programming languages like Python, Java and C++ at a much more cost-efficient rate.

These cost savings allow companies to allocate more funds to other core activities, such as sales development. The countries that are the world's outsourcing hubs show<sup>5</sup>:

- 1) India as the leader, followed by other countries like the Philippines, China and Latin America. India is the top choice for outsourcing technology and IT services, while other countries offer lower labor costs.

India: The country has a very large IT professional population of over 5.4 million, making it a top choice for outsourcing technology support and IT-related services.

---

<sup>5</sup> Generative AI is experimental, about countries that are the centers of world outsourcing, accessed on May 22, 2025, at 21:27 WIB

- 2) Philippines: also known as an outsourcing destination due to its relatively low labor costs and good quality of workforce.
- 3) China: offers the advantage of large scale and affordable labor costs, although there are challenges related to regulation and language.
- 4) America Latin (such as Mexico and Brazil): Latin American countries are also attractive options due to their geographical proximity to the United States and competitive labor costs.
- 5) Apart from the above countries, there are also other countries such as Malaysia, Vietnam, and Indonesia that are starting to become important players in the outsourcing industry.

Indian companies are leaders, followed by other countries such as the Philippines, China, and Latin America in outsourcing, generally seeking the following benefits:

- 1) Lower costs:

Outsourcing to countries with lower labor costs can reduce operational costs.

- 2) Good service quality:

Despite lower costs, the quality of service offered must remain good and in line with the company's needs.

- 3) Increased efficiency:

Outsourcing can help companies focus resources on core activities and improve operational efficiency.

- 4) Increased scalability:

Outsourcing allows companies to adjust resources according to business needs without having to hire new employees.

However, outsourcing also has its challenges, such as:

- 1) Communication challenges: Language and cultural differences can be a barrier to effective communication.
- 2) Data security risks: Data security should be a top concern when outsourcing.
- 3) Causes of problems: Service definition issues and cost overruns are two of the most common causes of outsourcing problems.
- 4) Overall, outsourcing can be an effective solution for companies to reduce costs, increase efficiency, and improve scalability, but companies must consider the challenges and risks associated with outsourcing.

### **Solution**

Dissolution of outsourcing requires a careful and structured approach. The right solution must consider the interests of workers, companies, and economic stability. Several important steps include a thorough audit, gradual transition, strengthening the labor supervision function, and incentives for companies willing to improve the structure of employment relations.

The steps for dissolving outsourcing:

- 1) Complete Audit:

Conduct a thorough audit of existing outsourcing practices, including the form of work and its impact on worker welfare, for example, not a few negative actions of outsourcing companies that violate the law have an impact on good and lawful outsourcing companies, like catching a mouse eating rice in a warehouse... the warehouse is burned, the mouse should be the one caught.

- 2) Law Enforcement

The penalties for outsourcing companies that violate the Employment Law vary, ranging from administrative sanctions such as written warnings or temporary suspension of business activities, to criminal sanctions such as fines or even criminal

charges. Violations can also lead to loss of trust from clients and customers, as well as unfair competition. Here are some examples of violations and their sanctions:

(1) Violations related to operational permits:

- Violation: The outsourcing company does not have a permit or its permit is invalid.
- Sanctions: Written warning and/or temporary suspension of business activities.

(2) Violations related to outsourced work:

- Violation: The outsourcing company carries out work that is not in accordance with the agreement or violates the limitations of the field of work.
- Sanctions: Legal sanctions such as fines or criminal charges.

(3) Violations related to outsourcing workers' rights:

- Violation: The outsourcing company does not pay wages, provide benefits, or fulfill other rights of outsourcing workers.
- Sanctions: Fines and/or criminal sanctions.

(4) Violations related to other outsourcing provisions:

- Violations: Violations of provisions regarding work agreements, working hours, rest periods, or termination of employment.
- Sanctions: Administrative or legal sanctions, depending on the severity of the violation.

Concrete Example:

- If the outsourcing company does not pay workers' wages, the company may be subject to criminal sanctions.
- If an outsourcing company violates the boundaries of the field of work, the company and the workers involved can be subject to legal sanctions.
- If the outsourcing company does not have a permit or its permit is invalid, the company can be subject to administrative sanctions.

3) Gradual Transition:

Ensure a fair and measured transition, avoiding mass unrest and layoffs that are detrimental to workers.

4) Change of Worker Status:

Encourage changes in the status of outsourcing workers to user workers, while ensuring that workers' rights are maintained.

5) Strengthening Supervision:

Strengthen the function of labor supervision and take firm action against violations of the law.

6) Incentives for Companies:

Provide incentives for companies that are willing to improve the structure of employment relations.

Establishment of the Workers' Welfare Council:

Establish a National Workers' Welfare Council to support the elimination of the outsourcing system.

7) Restructuring the Employment System:

Restructuring the employment system to be fairer, more humane, and dignified. 8) Regulation of the Minister of Manpower:

Prepare the Regulation of the Minister of Manpower as a basis for policies related to outsourcing.

#### 4. CONCLUSION AND RECOMMENDATION

President Prabowo Subianto expressed his commitment to eliminating outsourcing, but also emphasized the importance of maintaining the investment climate. The National Labor Welfare Council will conduct a study related to the elimination of outsourcing.

In short, the elimination of outsourcing is a possibility that is being discussed, but it needs to be done carefully and considering various aspects so as not to cause greater negative impacts.

1) The dissolution of outsourcing requires a comprehensive and measurable solution, which considers the interests of all parties involved. With a careful and sustainable approach, it is hoped that the employment system in Indonesia can become fairer, more humane, and more sustainable. The purpose of the dissolution of outsourcing; The need to create a balance between worker protection and business sustainability is important in the transition process; 2) Protecting workers' rights, Improving worker welfare, Preventing outsourcing practices that are detrimental to workers, Creating a fairer and more humane employment system, Supporting inclusive and sustainable economic growth; 3) The importance of a careful approach, because the dissolution of outsourcing must be carried out gradually and carefully to avoid negative impacts on workers and companies. Changes that are too rapid can lead to mass layoffs and social unrest; 4) The elimination of outsourcing is one of the workers' demands heard by the government, including President Prabowo Subianto, but outsourcing should not be disbanded, provide the best solution for the sake of the nation's children, because it will have a big impact, including: (1) The elimination of outsourcing can have a significant impact on workers, employers, and the investment climate, (2) The elimination of outsourcing has the potential to provide certainty of work status for workers, normative rights such as decent wages, social security, THR, and severance pay, (3) The elimination of outsourcing can trigger concerns about industrial competitiveness and investment interest, especially foreign investment that is accustomed to workforce flexibility, (4) If the outsourcing system is eliminated, the transition must be carried out carefully and measured to avoid mass turmoil and layoffs, (5) There needs to be an in-depth study and evaluation, involving stakeholders, of current outsourcing practices, (6) In addition to elimination, there are other options such as limiting the types of work that can be outsourced or stricter regulations regarding outsourcing.

#### REFERENCES

- [1]. CNN Indonesia, "List of 5 Countries with the 'Best' Outsourcing Workers in the World," CNN Indonesia, Accessed: May 22, 2025. [Online]. Available: <https://www.cnnindonesia.com/>
- [2]. Generative AI, "Countries that are the centers of world outsourcing," Accessed: May 22, 2025. [Online]. Available: [URL not provided].
- [3]. Generative AI, "Outsourcing can be dissolved, but the process is not simple and can trigger various problems," Accessed: May 22, 2025. [Online]. Available: [URL not provided].
- [4]. International Labour Organization (ILO), *Non-standard employment around the world: Understanding challenges, shaping prospects*. Geneva: ILO, 2016.
- [5]. M. Aziz, "Pros and Cons of the Outsourcing Elimination Plan," *Okezone Economy*, Accessed: May 22, 2025. [Online]. Available: <https://economy.okezone.com/>
- [6]. M. Jafar, "Dampak Outsourcing terhadap Kesejahteraan Tenaga Kerja di Indonesia," *J. Ilmu Sos. dan Humaniora*, vol. 10, no. 2, pp. 110–120, 2021.
- [7]. Peraturan Menteri Ketenagakerjaan Republik Indonesia No. 23 Tahun 2021.
- [8]. Peraturan Pemerintah Republik Indonesia No. 35 Tahun 2021.
- [9]. R. Nugroho, *Manajemen Publik: Dinamika Kebijakan dan Reformasi Birokrasi di Indonesia*. Jakarta: Elex Media Komputindo, 2022.
- [10]. S. Tjandra, *Perburuhan di Indonesia: Hak-Hak Buruh dalam Sistem Outsourcing*. Yogyakarta: Pustaka Pelajar, 2019.
- [11]. T. Wulandari, "Apa itu Outsourcing? Prabowo Mau Hapus," *Detik.com*, Accessed: May 22, 2025. [Online]. Available: <https://www.detik.com/edu/detikpedia/d-7896011/>
- [12]. Undang-Undang Dasar Negara Republik Indonesia Tahun 1945.
- [13]. Undang-Undang Republik Indonesia No. 13 Tahun 2003 tentang Ketenagakerjaan.
- [14]. Undang-Undang Republik Indonesia No. 6 Tahun 2023 tentang Cipta Kerja.
- [15]. World Bank, *Doing Business 2020: Comparing Business Regulation in 190 Economies*. Washington, DC: World Bank Group, 2020.