

JOB CREATION LAW AND ITS IMPACT ON THE ENVIRONMENT AND WORKERS' RIGHTS: A DESCRIPTIVE STUDY

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Abstract:

Law Number 11 of 2020 concerning Job Creation is presented as a solution to accelerate national economic growth by simplifying regulations. However, this policy caused controversy because it was perceived as compromising environmental protection and undermining workers' rights. This study aims to systematically describe the impacts of these regulations on two crucial aspects: the environment and employment. Using a qualitative descriptive method, the study's results show that the Job Creation Law leads to the easing of environmental regulations and increased labor flexibility, which has the potential to harm workers. The discussion centered on analyzing policy consequences and the importance of striking a balance between economic development and ecological and social justice.

Keywords: Job Creation Law, Workers' Rights, Environment

I. INTRODUCTION

Indonesia's economy, as one of the major economic powers in the Southeast Asian region, continues to face the great challenge of maintaining a balance between rapid economic growth and social and environmental sustainability. One of the essential policies introduced to address this challenge is Law Number 11 of 2020 concerning Job Creation, often referred to as the "Omnibus Law". This law aims to improve the investment climate in Indonesia, simplify bureaucracy, and reduce regulatory barriers that are considered to hinder economic sector growth. In general, the Job Creation Law was launched to create more jobs and increase national economic competitiveness.

However, although the intention behind this law is to encourage economic development, this policy has sparked significant controversy. On the one hand, the law has been praised for its ability to simplify the licensing process and create investment opportunities. However, on the other hand, there are concerns that the implementation of this law could harm the environmental sector and reduce the protection of workers' rights. In terms of the

environment, this law has garnered attention due to laxities in the environmental impact analysis (EIA) procedures, which can compromise the sustainability of Indonesia's ecosystems. In the realm of employment, this law also presents significant changes, such as more flexible arrangements regarding employment relationship status and termination of employment (PHK), which are considered to reduce workers' rights, such as severance pay and social security.

Criticism of the Job Creation Law has come from various quarters, including trade unions, environmental organizations, and some academics. Some argue that while economic development is crucial, worker welfare and environmental sustainability should remain top priorities. This is considering that looser regulations related to employment and environmental management are deemed to risk worsening social and ecological conditions in Indonesia.

However, the government stated that this policy is a necessary effort to face the challenges of an increasingly competitive global economy. With the Job Creation Law, the government aims to attract more investment, create more jobs, and bolster the small and medium-sized enterprises (SMEs) sector, which has been struggling to operate due to complex regulations.

This research focuses on the impact of implementing the Job Creation Law on two crucial aspects: its environmental impact and its effect on workers' rights. Using a descriptive approach, this study aims to provide a clearer understanding of how these policies impact the ecological and employment sectors, as well as how these regulations can be optimized to reduce their negative impacts. This research is expected to make a significant contribution in improving existing policies and regulations, as well as providing practical recommendations for the government and other related parties.

II. RESEARCH METHODS

This study uses a qualitative descriptive method. Data was collected through document studies, analysis of laws and regulations, reports of non-governmental institutions, and relevant academic literature. The focus of the research is to identify and describe the policy changes contained in the Job Creation Law and their impact on the environment and employment. The analysis technique is carried out qualitatively through a content analysis approach.

III. RESEARCH RESULTS

The Impact of the Job Creation Law on the Environment

The drafting and ratification of the Job Creation Law have attracted considerable attention regarding its environmental impact. One of the main highlights is the simplification of procedures for environmental impact analysis (EIA). In this policy, certain types of activities that previously required an in-depth analysis of their environmental impact can now be carried out with less rigorous procedures, especially in sectors considered strategic for investment and infrastructure development. This risks reducing oversight of the potential ecological damage caused by large projects.

Several studies discussing this state that easing the environmental licensing process can increase the likelihood of ecosystem damage, such as deforestation and water pollution. For example, in the mining and plantation sectors, which are often in the spotlight in policy debates, trimming EIA procedures is considered risky, as it ignores the long-term impact on biodiversity. Faster deforestation due to land conversion for oil palm plantations or coal mining can exacerbate local climate change and threaten the natural habitats of various species (Haris, 2021).

In addition, the reduction of supervision over environmental impacts also has the potential to affect the communities surrounding the project, especially those that depend on natural resources for their daily lives. Neglect of this aspect of sustainability can lead to increased social and economic losses for local communities, who may bear the brunt of environmental damage without adequate compensation.

However, despite these concerns, the government argues that this policy will accelerate economic development by reducing convoluted bureaucracy. The government also claims that environmental sustainability remains a priority in a more efficient framework, despite some loopholes in some licensing procedures.

The Impact of the Job Creation Law on Workers' Rights

On the employment side, the Job Creation Law also presents significant changes. One of the most important changes is the reorganization of the employment relationship, which enables greater flexibility for both workers and employers. This change provides more flexibility for employers in terms of terminating employment (PHK) and utilizing short-term employment contracts or outsourcing. This allows employers to more easily reduce the number of workers without having to pay large severance pay.

This change raises significant concerns among workers, especially those in unstable sectors or with short-term employment contracts. A study conducted by Sutrisno (2020) found that this policy has the potential to worsen the welfare of workers, particularly freelance daily

workers and contract workers, who may not receive adequate protection in terms of living wages, health insurance, and pension guarantees. This leads to higher uncertainty in workers' lives, as they no longer have a strong guarantee regarding the sustainability of their work.

In addition, although the Job Creation Law states that it will create more jobs, the number of jobs created may not be proportional to the improvement in the quality of work. More work may not always be accompanied by improved worker well-being, which is reflected in low wages or unfulfilled social rights. In many cases, workers who engage in work with short-term contracts or outsourcing do not have the fundamental rights they can rely on to improve their quality of life.

One of the other changes is the arrangement related to leave and severance pay, which is also a big concern. A decrease in the amount of severance pay given to laid-off or retired workers is believed to exacerbate social conditions for workers who have lost their livelihoods, particularly amid global economic uncertainty.

However, while these changes risk harming workers, there is also the view that these policies may be necessary to create new, more flexible jobs, which can accommodate the needs of a dynamic labor market. Many business sectors, particularly the informal sector and startups, seek greater flexibility in hiring and terminating employees to address the challenges of a rapidly changing economy.

Social and Economic Implications

From a social and economic perspective, the Job Creation Law has the potential to increase investment levels and open up job opportunities, but with consequences that must be carefully considered. In the economic sector, this policy is expected to accelerate the infrastructure development process and provide SMEs with access to develop without being hindered by complex regulations. The government also emphasized that this policy will create more jobs, especially for unemployed young people, as well as increase Indonesia's competitiveness in the global market.

However, from a social point of view, the implications of this policy may have negative impacts on the most vulnerable groups of workers. Inequality between formal and informal workers, as well as inequalities in income and social protection, could widen. This requires more efforts to strengthen existing social protection networks, so that the negative impact of these policies can be minimized and not increase social injustice.

In addition, while these policies can accelerate the pace of economic growth, it is important to ensure that the growth not only benefits a few, but is also equitable and benefits

the wider community, especially those in the lower economic groups. Therefore, stricter supervision of the implementation of policies and improvements in the protection of workers' rights will be very important to ensure that the implementation of the Job Creation Law is balanced between economic growth and social welfare.

The Omnibus Law passed in 2020 has had a significant impact on the Indonesian economy, especially in terms of labor regulations and environmental protection. In general, this law aims to create wider jobs, increase Indonesia's competitiveness in the global market, and simplify various regulations that are considered to hinder investment. However, despite the positive intentions in this policy, the implementation of the Job Creation Law has turned out to have caused various challenges and controversies, especially related to its impact on the environment and workers' rights.

From the environmental side, the simplification of environmental impact analysis procedures (EIAs) is one of the points that has received the most attention. Although intended to speed up investment permits, this policy risks ignoring an in-depth study of the potential environmental damage that can be caused, especially in sectors that have a major impact on ecosystems, such as mining, plantations, and infrastructure development. Therefore, while economic growth is prioritized, these policies have the potential to exacerbate existing environmental problems, including pollution, deforestation, and biodiversity degradation.

On the other hand, the employment sector has also undergone substantial changes due to the implementation of the Job Creation Law. The main change that occurred was the provision of more flexibility for employers in terms of employment relations, which included the use of short-term employment contracts and termination of employment arrangements (PHK). This policy aims to provide convenience for entrepreneurs in running a business, but risks harming workers, especially those in less protected positions. Workers with contract or outsourced status can lose the social security and protections they have enjoyed, such as severance pay and other entitlements to benefits. This condition has the potential to add uncertainty and instability in the socio-economic life of workers.

IV. CONCLUSION

Overall, while the Job Creation Law has the potential to boost Indonesia's economy by creating more jobs and improving the investment climate, the negative impact on the environment and worker welfare should be a major concern. This policy requires the government to strengthen supervision and protection mechanisms, both in the environmental and employment sectors, so that sustainable economic development goals can be achieved

without sacrificing social and ecological interests. For this reason, it is important for all parties, both the government, entrepreneurs, and the community, to jointly ensure that the implementation of this policy can run in a balanced, fair, and responsible manner.

As a recommendation, there is a need for revisions in several aspects of the Job Creation Law related to the supervision of environmental impacts and the protection of workers' rights. Strengthening regulations in the environmental and employment sectors is urgently needed to create policies that not only encourage economic growth, but also maintain Indonesia's social and ecological sustainability in the long term. This is important so that the development carried out does not only focus on economic growth figures, but also on the welfare of the people and the preservation of nature which is the main resource for future generations.

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