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by Artikel 7

Submission date: 14-Mar-2024 03:06PM (UTC+0700)

Submission ID: 2320140391

File name: ding_to_Job_Creation_Law_as_a_Reason_to_Protect_Wages_Rights.pdf (330.36K)

Word count: 5642

Character count: 29981



The Implementation of Labor Development Principles According to Job Creation Law as a Reason to Protect Wages Rights

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ARTICLE INFO

Article history

Received: February 3, 2021

Revised: June 13, 2021

Accepted: July 18, 2021

Keywords

Wages

Development of Labor

Job Creation

ABSTRACT

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Wage is a fundamental right of labor. Since the passage of the Job Creation Law, the wage policy has changed. In order to aid national development, the wage is ruled to be distributed following the principle of job creation. Instead of bringing peace, that change has led to public criticism towards the Job Creation Law, which is deemed to injure labor rights. This study aims to analyze the legal protection and the implementation of labor development principles in the Job Creation Law. This study is normative legal research and applies a juridical approach. The primary data were obtained from the regulation analysis, while the secondary data were collected from a literature review regarding wage rights. This research reveals that the legal protection of wages in the new regulation is not far better than the previous law. The wage policies initially stipulated explicitly in the Labor Law were revoked from the Job Creation Law, where the labor principles are not applied. By the protection not better than that of the former regulation, it is implausible to improve the welfare of workers and their family members.



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1. Introduction

Regulations concerning labor are currently governed in Law Number 13 of 2003, constituting a variety of matters ranging from fundamentals, principles, objectives, labor planning, information, rights, and liabilities of workers/labor or business owners, work placement, restrictions, to administrative and criminal sanctions, and more. Law Number 13/2003 has replaced Law Number 14/1969 concerning Basic Principles of Labor, Law Number 25/1997 concerning Labor, Law Number 11/1998 concerning Amendments to Law Number 25/1997, and Law Number 28/2000 concerning Government Regulation in Lieu of Law Number 2/2000.

Workers/labor-related matters regarding equal rights to treatment without discrimination, rights to develop job competence, rights to wages, rights to respite and leaves, rights to social security, and other rights following the termination of employment are governed in several articles of each Chapter in Law Number 13/2003.

Among those rights regulated, several rights still become an issue and have been among the grievances of workers or labor unions. Specifically, this issue touches the number of wages received, the rights of workers working in outsourcing companies, the rights following employment termination due to bankruptcy (Jiang & Chen, 2021), rights to menstrual leaves, rights to maternity leaves (Widyaningrum, 2018), workers' rights to social security (Nai'em et al., 2021), to workers' status from contracted workers to permanent ones. In a nutshell, inadequate regulatory provisions outlined in Law Number 13/2003 are likely to underlie the growing number of issues regarding those workers' rights (Asuan, 2019).

This inadequate legal protection further leads to some demands voiced by workers/labor or labor union over this matter. They call on the government to make some amendments to Law Number 13/2003, and this was welcomed with open arms by the President of Indonesia in his second term of office during his speech of inauguration. Omnibus law is expected to simplify and make the necessary adjustment to the existing regulation and to re-address these legal protection-related issues more appropriately (Saptono & Ayudia, 2021). It all started with the session on the job creation bill, formerly named Job Vacancy Creation. This bill exerted an influence over 1203 articles in 79 laws vis-à-vis the scope of the deliberation of this job creation bill, in which labor-related matters are also discussed therein. The laws amended/annulled/made constitute Law Number 13/2003 concerning Labor, Law Number 40/2004 concerning National Social Security, Law Number 24/2011 concerning Social Security Administrative Body (BPJS), and Law Number 18 of 2017 concerning Protection of Indonesian Migrant Workers.

Countless support came to the notion of setting up this new law since most workers expected that this bill would fix the matters on legal protection in Indonesia, especially regarding the rights of workers deemed not appropriately protected by Law Number 13/2003. However, earlier when it was first in place, this law was stormed by refusal coming from workers, labor, practitioners, scholars, and academicians of the labor field. Some regulatory provisions turned out unacceptable in comparison to those regulated in Law Number 13/2003. Foreign workers have wider access to working in Indonesia following an amendment to Article 42 Paragraph (3) of Law Number 13/2003. Earlier, a written permit from the minister to employ foreign workers as diplomats or consular staff was only restricted to the representatives of foreign countries, but post-amendment of Law concerning Job Creation, access to employing foreign workers is widely open not only to those representatives of foreign countries, but also to directors or commissaries with a certain percentage of shareholding, employers whose companies cease to operate on the grounds of emergency, vocations, start-up businesses, business trips, and foreigners involved in research within a certain period of time.

All these aspects now can employ foreign workers even without any permit issued by the Minister or authorities. That is, the job creation bill is deemed to injure the rights of the workers/labor. The job creation bill was passed on 20 November 2020 under the legislative nomenclature of Law Number 11 of 2020 concerning Job Creation, where this law constitutes 15 (fifteen) chapters and 186 articles. This law principally implements rights equality, togetherness, legal certainty, easier access to business, and independence (Aprilia & Gunadi, 2021). In Article 2 Paragraph (2) of Law concerning Job Creation, other principles are also recognized according to the domains of law-governed. Law Number 13/2003 implements labor development, which is more intended to cover the development of the entire people and society for the welfare, justice, prosperity, and equality for all.

Article 88 of Law Number 13/2003 was amended in terms of wages. This article is the first article of the second part (wages) in Chapter X concerning protection, wages, and welfare, highlighting decent earnings, wage policies, and minimum wage standards. Article 88 of Law Number 13/2003 was amended to Article 81 Point (24) of law Number 11/2020. Between the amendments of Article 88 and 89, five other articles, Article 88A, 88B, 88C, 88D, and 88E were inserted in Law Number 11 of 2020. Wages are outlined in an employment contract other than work and instruction. Article 1 Point 30 of Law Number 13/2003 asserts that wages are defined as amounts of money paid by employers to their workers for the job performed or instruction given. Wages represent part of the welfare of the workers/labor that has to be fulfilled by employers, and these rights are to be protected by the State. Wages should refer to the principle of welfare improvement for workers and their families. On the other hand, if the job creation bill contravenes the principles of welfare improvement, needless to say, surely it will worsen existing conditions for workers. Previous research indicates that principally Law Number 13/2003 is conservative/orthodox since its making does not cover any

participation or aspiration (Charda S., 2016), and this seems to have underlain the shortcomings held in Law Number 13/2003, especially regarding the fulfillment of the workers' rights such as their job status (Cui et al., 2018), decent wages (Arumbinang, 2021), women's rights to leaves (Djakaria, 2018), and pension especially when a company goes bankrupt (Yin & Techera, 2020). Law on Job Creation is not different from Law Number 13/2003 since its formulation did not involve the participation of workers or labor while provisions intended to protect the rights of workers have been significantly amended (Arifin, 2021). The philosophical principles of the formation of the Law concerning Job Creation are mainly to encourage investment, which, on the other hand, tends to violate human rights simply because the labor's rights are eclipsed by this new policy, (Hamid, 2020) especially during the Covid-19 pandemic (Mahy, 2021), on the contrary to the principle of labor development implying that wage policies made by the state should be able to bring welfare to workers and their families (Hill & Romich, 2018; MaCurdy, 2015).

Labor development serves as the underlying reference since this development is principally aimed to protect workers and bring welfare to them (Alaniz et al., 2020, Mahasin et al., 2020). Up to these days, there have not been any cases linking legal protection to workers' rights between law Number 13/2003 and Law concerning Job Creation, and none discusses this issue based on the principles of labor development, wage distribution procedure as governed in Article 88 of Law Number 13/2003. Departing from this condition, this research sees that these wage standards need to be further studied by following the principles of labor development. The scope of this research covers the wages given as part of the workers' rights as outlined in Article 88 of Law Number 13/2003 in conjunction with Article 81 Point (24) of Law Number 11/2020, without including the insertion of Article 88a, 88b, 88c, 88d, and 88E of Law Number 11/2020. This research is expected to serve as a suggestion for either legislative or executive body to figure out to what extent the Law concerning Job Creation protects the rights of workers in terms of wage aspects.

The research problems studied involve the following, first, how is the legal protection of workers' rights regarding the wages paid in Law Number 13 of 2003 concerning Labor different from that of Law Number 11 of 2020 concerning Job Creation (A study of Article 88 of Law Number 13/2003 in conjunction with Article 81 Point (24) of Law Number 11/2020, second, how is the principle of labor development in terms of wage standard regulation in law Number 11 of 2020 concerning Job Creation implemented (A study of Article 88 of Law Number 13/2003 in conjunction with Article 81 Point (24) of Law Number 11/2020).

2. Research Methods

This research employed normative method (Christiani, 2016) aiming to understand the comparison of the legal protection of the workers' rights in Law No. 13 concerning Labor and in Law on Job Creation and to understand the implementation of the principle of labor development concerning the rights of workers as governed in Law on Job Creation. The research comprised secondary data obtained from legislation (primary data) and experts' notions/doctrines (secondary data), in which the latter was obtained from library research. Statutory approach (Zhang et al., 2021) requiring the study of Law Number 1/2013 and Law concerning Job Creation and doctrinal approach (Ries et al., 2020) in terms of the principle of labor development, was also involved in the research. The research data was qualitative and the results were presented descriptively.

3. Discussion

3.1. Legal Protection of Workers' Wage-Related Rights in Law Number 13 of 2003 Concerning Labor and Law Number 11 of 2020 Concerning Job Creation: in Comparison

Wage payment is governed in several articles in Law Number 13/2003, and particularly in Chapter X concerning protection, wage payment, and welfare. Wages are seen as a reciprocal act paid by an employer to an employee according to what is outlined in a contract or legislation, including those concerning allowance for both workers and their families (Arumbinang, 2021).

Wages are an underlying component in industrial relations, and it represents a part of the professional bond and employment planning. In Law Number 11/2020 concerning Job Creation, the norm of wage has been amended. Regulatory provisions regarding wages are compared between Law

Number 13/2003 and Law Number 11/2020, and this comparison only constitutes amended/ inserted/ revoked regulations in Law Number 11/2020 (see the following in table 1).

Table 1. Comparison of Wage Arrangements in the Manpower Act and the Job Creation Act

Matters to Regulate	Article 88 of Law No.13/2003	Article 81 Point (24) of Law No.11/2020 (Amendments)
Rights to decent wages	(1) Every worker/labor has the right to earn a decent amount of money for proper living standards for humanity.	(1) Every worker/labor has the right to decent living standards.
Setting standards of wage payment	(2) to achieve proper standards of living for humanity as intended in paragraph (1), the government has stipulated wage-related policies intended to protect workers/labor.	(2) Central Government has stipulated wage-related policies as to guarantee the workers'/labor's rights to proper living standards for humanity
Wage policies	Article 88 (3), a. minimum wage; b. overtime wage; c. absent-from-work wage; d. wage paid for absence due to the grounds other than the main job; e. wage paid due to respite or break; f. how wages are regulated and paid; g. fine and deduction; h. matters payable by wages; proportional structure and scale of wage pay; j. wages as pension; k. wages calculated in income tax	Amended, a. minimum wage; b. the structure and scale of wages; c. overtime wages; d. wages paid due to absence from work and/or not doing work due to particular grounds; e. how wages are regulated and paid; f. matters payable by wages; and wages as the basic calculation of payable rights and responsibilities.
Setting minimum standard of wages	(4) The government stipulated the minimum wage standard as intended in paragraph (3) letter a according to proper living standards and by taking into account economic productivity and development.	(4) Further regulatory provisions concerning wage policies are stipulated in Government Regulation

Table 1 shows, nine underlying principles are regulated in Article 88 of Law Number 13/2003 in conjunction with Article 81 Point (24) of Law Number 11/2020: first, the matter regarding a decent amount of money; In Article 88 (1) the phrase "...earn a decent amount of money for..." was omitted in Law Number 11/2020. Article 88 of Law Number 13/2003 elaborates that the phrase 'earning a decent amount of money for proper living standards' should be relevant to the condition in which the wages earned must cover all the needs of a worker and his/her family properly. The word 'properly' is emphasized to its capacity to cover foods, drinks, clothes, roof, education, health, recreation, and pension. The omission of the phrase "earn a decent amount of money for proper living standards" could also mean there are no more rights for labor to live a proper life from their salary. The term 'salary' definitely refers to the liability of an employer to pay wages to workers.

However, if the academic draft of Law Number 11/2020 is further studied, the omission of the phrase 'earn money' refers to Article 27 paragraph (2) of the 1945 Indonesian Constitution stating "Each citizen shall be entitled to an occupation and existence proper for a human being". This line as in the Constitution does not even mention "earn money or salary" since it intends to assert that proper living is not only restricted to the salary earned, but it should comprise further extent including social security, health, work safety, and others.

Secondly, the difference between these two laws lies in the agent stipulating the regulation, where Law Number 13/2003 states that it is the government that stipulates wage policy to meet proper living standards for humanity, while Law Number 11/2020 highlights the central government as the agent stipulating similar policy. The former consists of both the central and local governments other than just the government, but Law Number 11/2020 emphasizes central government as the agent stipulating it.

Linked to the previous article, Article 81 Point (24) Paragraph (2) of Law Number 11/2020 implies that this is the right to receive a decent amount of wage that is closely connected to proper living standards. That is, the subject matters in Law Number 11/2020 are neither paragraph-intertwined nor article-intertwined. The paragraphs and articles should be congruent. In terms of the redaction of words, the clauses are considered efficient since, in both paragraphs and articles, they are acceptably trimmed, but not in terms of lexical efficiency that is likely to lead to misinterpretation when paragraphs and articles are partially defined.

Thirdly, in terms of the phrases "...absent-from-work wage; wage paid for absence due to the grounds other than the main job; and the wage paid due to respite or break ...", these provisions were amended as outlined in Article 81 Point (24) Paragraph (3) stating "wages paid due to absence from work and/or not doing work due to particular grounds".

No wages are for those doing nothing, and this line is relevant to the slogan 'no work no pay' governed in Article 93 Paragraph (1) of Law Number 13/2003 unless there are some certain conditions as outlined in Article 93 Paragraph (2) regarding those paid when they are off the work by virtue of particular reasons. Other allowing conditions are also mentioned in Article 93 Paragraph (3) implying that wages will remain payable for those on sick leaves within a year period. This exception also applies to other reasons such as marriage, circumcision of a worker's son, and maternity. Furthermore, Article 81 Point (24) Paragraph (3) of Law Number 11/2020 also omitted wage policies regarding "fine and wage deduction; proportional structure and scale of wage pay; wages paid for pension; wages as a pension, wages calculated in income tax" and inserted "matters payable by wages; and wages as the basic calculation of payable rights and responsibilities". The omission of the wage for pension also dims the certainty of legal protection for the workers'/labor's rights.

Article 81 Point (24) Paragraph (3) of Law Number 11/2020 tends to harm workers because concrete provisions on wage policies are no longer governed in the article. When this is the case, the legal protection is narrowed only to the contract between the employer and employee, not based on legislation. subordinate connection is established between employers and workers, and this has put workers in a low level of bargaining position below employers. This situation has left a loophole where several rights might not be properly regulated in either employment contract or collective labor agreement. "particular grounds" is prone to multi-interpretation and only a few workers are qualified to have those reasons. That is, the number of workers not paid for their absence could be even higher. On the contrary, certain conditions as exemptions are governed in Law Number 13/2003: 1. Absence is taken as sickness; 2. Absence due to the grounds other than the main job, including workers' daughters'/sons' marriage, the baptism of the workers' children, maternity leaves, and other compassionate grounds such as the death of a family member and miscarriage; and 3. Respite including leaves and long break from work. Pension is another matter that could be unregulated in both employment contracts or collective labor agreements. Still, this disproportionate change in wage-related regulations could spark wage discrimination.

Fourth, in terms of setting the standards of wages, law Number 13/2003 asserts that this minimum standard of wages is stipulated by the government according to proper living standard and by taking into account economic productivity and development, but the phrases "minimum standard" and "proper living standards and by taking into account economic productivity and development" are not included in law Number 11/2020."

The omission of "minimum standard of wages" is regarded acceptable by the author, but not the omission of "proper living standards and by taking into account the economic productivity and development", with the consideration that the former matter should not be restricted only to minimum wages when regulated in government regulation as an implementing regulation for the law. The omission of the latter seems to indicate that Article 81 Point (24) Paragraph (4) of Law Number 11/2020 is not pro-workers/labor for their welfare since it fails to highlight the proper living standards. However, Article 81 Point (4) paragraph (2) of Law Number 11/2020, the wage policy should also cover proper living standards.

At a closer look, Article 88C Paragraph (3) of Law Number 11/2020 specifically discusses the setting of minimum wage standard, in which the minimum wage is based on the economic and labor-related conditions, but these two are not the bases that give certainty and legal protection. This is

uncertain because the economic condition is contingent, contrary to the nature of the proper living standards that has to be certain as the fundamental rights in industrial relations.

3.2. Implementation of the Principle of Labor Development in the Regulation on Wages as Governed in Law Number 11 of 2020 on Job Creation

Labor development is intended to improve the quality of workers and their participation in the development and to extend the protection of the workers and their families for their dignity and humanity. The labor development is an integral part of the national development in compliance with Pancasila (the Five Principles of the State) and the 1945 Indonesian Constitution, all intended for the development of the whole people and the entire society of honor and dignity to bring welfare and justice to all the people of Indonesia. The labor development as outlined in Article 4 of Law Number 13/2003 aims to optimally empower workers in a civilized manner, open access for all people to job opportunities and to provide workers, protect workers to bring them welfare; and enhance the welfare of the workers and their family members.

Labor development should be taken into account accordingly to help fulfill workers' rights, provide them with fundamental protection, and set a relevant climate for them to start their businesses. Labor development has lots of dimensions and interconnection that is not only restricted to the interests of the workers during, before, and after the terms of service, but it also involves the interests of entrepreneurs, governments, and the members of the public. Thus, overall and comprehensive regulatory provisions that also touch the human resources development, the enhancement of productivity and competitiveness of Indonesian workers, measures taken to widen the extent of job opportunities, services dealing with job placement, and training in industrial relations are required.

Wages are underlying components in work relationships, as they contribute to the living of workers and their family members (Biermann & Kalfagianni, 2020). Wages could also encourage the productivity of workers, and wages also run a social function in the way that they are the symbol of respect to humans when they face unfortunate events (Gaffar et al., 2021). Improperly regulating wage policies could harm workers/labor and disharmonize social and economic aspects (Biermann & Kalfagianni, 2020). This imbalance could also spoil the harmony at work, leading to the failure in labor development. The amendments to Article 81 Point (24) of Law Number 11/2020 seem to lose the firmness of the previous provisions in Article 88 of Law Number 13/2003. Policies not explicitly regulated seem to have let the employment contract or collective labor agreement take care of the rest of the regulations, while the lower bargaining position of workers below employers has left the workers' rights to wages unprotected.

The wage policies not better than the previous ones fail to implement the principle of labor development per se. These changing regulations do not have the power to protect workers and to guarantee them and their family members' welfare, and this issue may hit them harder when it comes to wages given when they cannot perform their work, pension, and others. This not-even-better change regarding wage policies means implausible welfare improvement for workers and their family members. Changing what has been outlined in the law is not as easy as the people affected expect. If people expect any change to a better one, judicial review proposed to Constitutional Court is a measure to be taken by underlying the point in which Article 81 Point (24) of Law Number 11/2020 has contravened the 1945 Indonesian Constitution.

Optimizing the government's role in protecting workers' rights to wages can also be taken into account. Previously, it is asserted that the rest of the regulations will end up an employment contract or collective labor agreement, but it is still inevitable that workers will remain in lower bargaining positions far below their employers. Thus, to ensure equal bargaining position, Labor Affairs Agency needs to step in to guarantee that the employment contract or collective labor agreement is protecting workers' rights. This approach is deemed reasonable because the government possesses the authority of socializing process in industrial relations in Indonesia, as long as this process is not restricted only to measures taken by the government to make policies regarding wages, but it should also involve supervision and coaching.

According to Article 102 of Law Number 13/2003, the government's function in industrial relations constitutes "...conducting supervision and take firm actions against violation of legislation concerning labor affairs". The supervision, referring to Article 134 of Law Number 13/2003, is aimed to exercise the rights and liabilities of workers/labor and employers. This supervision in wage pay is also expected

to protect workers from any potential that possibly harms workers, recalling that employers hold their higher bargaining position. It is expected that better industrial relations ensue from this approach, which expectedly results in the increasing index of labor development in Indonesia.

4. Conclusion

Regulatory provisions in Article 88 of Law Number 13/2003 amended to Article 81 Point (24) of Law Number 11/2020 fail to provide better protection for workers. Several regulations are not included in the new provisions, in which the matters like earning a decent amount of money, wages payable when workers are absent, pension, and the minimum standard of wages are no longer linked to proper living standards. And the rest of the regulatory provisions concerning wages excluded in the law may be outlined in the employment contract between an employer and an employee. On the other hand, the lower bargaining position of the workers just puts them even further away down so that justice set forth in the employment contract seems to be out of their reach. Wages not better regulated in the new law and tend to be outlined in an employment contract or collective labor agreement will not manage to embody the objectives of labor development constituting protection of workers and improvement of welfare for both workers and their family members. The government must optimize its supervisory function to ensure that policies concerning wages set forth in both the employment contract and collective labor agreement are proportionally pro-workers. Enforcement can also be performed by the government to underpin the harmony in industrial relations that further leads to the increasing index of the labor development in Indonesia.

5. Suggestion

The scope of this research covers no further than the differences in wages between what is regulated in Article 88 of Law Number 13/2003 and Article 81 Point (24) of Law Number 11/2020. Between Article 88 and 89 of law Number 13/2003 inserted Article 88A, 88B, and 88C, 88B and 88E of Law Number 11/2020. These provisions are open to further studies that see other aspects such as legal protection and the implementation of the principles as set forth in Law concerning Labor.

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File size: 330.36K
Page count: 9
Word count: 5,642
Character count: 29,981
Submission date: 14-Mar-2024 03:06PM (UTC+0700)
Submission ID: 2320140391

Bestuur
E-ISSN 2722-4708 | P-ISSN 2302-3783
Vol. 9, No. 1, August 2021, pp. 68-76

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The Implementation of Labor Development Principles According to Job Creation Law as a Reason to Protect Wages Rights

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ARTICLE INFO **ABSTRACT**

Article history
Received: February 3, 2021
Revised: June 13, 2021
Accepted: July 18, 2021

Keywords
Wages
Development of Labor
Job Creation

Wage is a fundamental right of labor. Since the passage of the Job Creation Law, the wage policy has changed. In order to aid national development, the wage is niled to be distributed following the principle of job creation. Instead of bringing peace, that change has led to public criticism towards the Job Creation Law, which is deemed to injure labor rights. This study aims to analyze the legal protection and the implementation of labor development principles in the Job Creation Law. This study is normative legal research and applies a juridical approach. The primary data were obtained from the regulation analysis, while the secondary data were collected from a literature review regarding wage rights. This research reveals that the legal protection of wages in the new regulation is not far better than the previous law. The wage policies initially stipulated explicitly in the Labor Law were revoked from the Job Creation Law, where the labor principles are not applied. By the protection not better than that of the former regulation, it is implausible to improve the welfare of workers and their family members.

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1. Introduction

Regulations concerning labor are currently governed in Law Number 13 of 2003, constituting a variety of matters ranging from fundamentals, principles, objectives, labor planning, information, rights, and liabilities of workers/labor or business owners, work placement, restrictions, to administrative and criminal sanctions, and more. Law Number 13/2003 has replaced Law Number 14/1969 concerning Basic Principles of Labor, Law Number 25/1997 concerning Labor, Law Number 11/1998 concerning Amendments to Law Number 25/1997, and Law Number 28/2000 concerning Government Regulation in Lieu of Law Number 2/2000.

Workers' labor-related matters regarding equal rights to treatment without discrimination, rights to develop job competence, rights to wages, rights to respite and leaves, rights to social security, and other rights following the termination of employment are governed in several articles of each Chapter in Law Number 13/2003.

<https://doi.org/10.29501/bestuur.v9i1.40252> bestuur_jurnal@uns.ac.id