

Parahyangan Catholic University Faculty of Social and Political Science Department of International Relations

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The Efforts of the International Labour Organization through Better Work Indonesia Program in Achieving Sustainable Development Goal Eight

Thesis

By: Veronica Acintya Putri

2016330200

Bandung

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Work Indonesia Program in Achieving Sustainable Development
Goal Eight

Hereby assert that this thesis is the product of my own research, and it has not been previously proposed for the same purpose by any other academics of party. Any information, ideas, and facts gained from parties are officially cited in accordance with the valid scientific writing method.

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Bandung, December 09, 2019



Veronica Acintya Putri

ABSTRACT

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: The Efforts of the International Labour Organization through Better
Work Indonesia Program in Achieving Sustainable Development Goal
Eight

The Sustainable Development Goal (SDG) Eight (SDG 8) aims to create a Decent Work and Economic Growth. However, the attainment of it is certainly not an easy job. According to the International Labour Organization (ILO), around the world, there are around 204 million people who do not have jobs. Adding on, problems still occurred on the efforts to create a decent work condition as the non-compliance conducts are still happening. There needs to be a decent economy conduct that could improve the quality of life, and every international actor must take part in it. Hence, as an International Organization, the ILO has taken part in the creation of it by carrying out several programs and the Better Work Indonesia (BWI) program is one of them. The BWI has a vision to create a global garment industry that lifts millions of people out of poverty by providing decent work, empowering women, driving business competitiveness and promoting inclusive economic growth. Thus, how did the ILO implement BWI program in achieving SDG 8? This research seeks to understand the efforts with the help of Liberal Institutionalism theory and the concepts of International Organizations' role and function. It later found that there are five efforts done by the BWI towards related-stakeholders to attain the SDG 8. First, creating an assessment that provide a basic understanding for the factories to understand their flaws. Second, conducting advisory services to ensure an active participation of employers and workers in identifying and addressing issues prevailing. Third, initiating industry seminars and forums to solve the problems with the help of external parties. Fourth, executing training which provides deeper content in key issues occurring in the workplace. Fifth, making publication that raise the awareness of the stakeholders. All of these efforts were then proven to be conducted by the stakeholders, supporting the attainment of SDG 8. Hence, through this research, it is proved that the ILO through the BWI program has put its commitment to achieving the SDG 8.

Keywords: SDG 8, Decent Work and Economic Growth, Liberal Institutionalism, International Organizations, ILO, BWI Program, Efforts

ABSTRAK

Nama	: Veronica Acintya Putri
NPM	: 2016330200
Judul	: Upaya International Labour Organization melalui Program Better Work Indonesia dalam Mencapai Tujuan Pembangunan Berkelanjutan Delapan

Tujuan Pembangunan Berkelanjutan (TPB) delapan (TPB 8) bertujuan untuk menciptakan Pekerjaan yang Layak dan Pertumbuhan Ekonomi. Akan tetapi, pencapaian hal tersebut tentu bukanlah pekerjaan yang mudah. Menurut International Labour Organization (ILO), di seluruh dunia, terdapat sekitar 204 juta orang yang tidak memiliki pekerjaan. Terlebih lagi, tindak ketidakpatuhan masih kerap kali terjadi dalam upaya menciptakan kondisi kerja yang layak. Oleh karena itu, diperlukan adanya tindakan ekonomi yang layak untuk meningkatkan kualitas hidup setiap orang, dan semua aktor internasional harus mengambil bagian di dalamnya. Dalam hal ini, ILO telah ikut ambil bagian dengan cara menciptakan beberapa program, dan program Better Work Indonesia (BWI) adalah satu di antaranya. BWI memiliki visi untuk menciptakan industri garmen global yang mengangkat jutaan orang keluar dari kemiskinan dengan cara menyediakan pekerjaan yang layak, memberdayakan perempuan, mendorong daya saing bisnis, dan mempromosikan pertumbuhan ekonomi yang inklusif. Dengan demikian, bagaimana ILO mengimplementasikan program BWI dalam mencapai TPB 8? Penelitian ini berupaya untuk memahami upaya-upaya tersebut dengan menggunakan teori Liberal Institutionalism dan konsep International Organizations' role and function. Pada akhirnya diketahui bahwa terdapat lima upaya yang dilakukan oleh BWI terhadap para pemangku kepentingan untuk mencapai TPB 8. Pertama, melakukan penilaian yang mampu memberikan pemahaman dasar bagi pabrik untuk memahami kekurangan mereka. Kedua, memberikan layanan konsultasi untuk memastikan adanya partisipasi aktif dari pengusaha dan pekerja dalam mengidentifikasi dan mengatasi masalah yang ada. Ketiga, memprakarsai seminar dan forum untuk mengatasi masalah yang ada dengan bantuan pihak eksternal. Keempat, melaksanakan pelatihan yang menyediakan pemahaman yang lebih mendalam mengenai masalah-masalah utama yang terjadi di tempat kerja. Kelima, membuat pubkikasi yang meningkatkan kesadaran para pemangku kepentingan. Seluruh upaya ini kemudian terbukti dilakukan di lapangan dan membantu pencapaian TPB 8 berdasarkan hasil temuan yang didapat dari hasil wawancara dengan para pemangku kepentingan yang ada. Oleh karena itu, melalui penelitian ini, terbukti bahwa ILO melalui program BWI telah berkomitmen untuk mencapai TPB 8.

Kata Kunci: TPB 8, Pekerjaan yang Layak dan Pertumbuhan Ekonomi, ILO, Program BWI, Liberal Institutionalism, International Organizations' Role and Function, Upaya

FOREWORD

Praise be to Jesus Christ and Holy Marry, because of His and Her unconditional love and blessing, this thesis could be completed. After a specific period of time and challenges met within the creation process of this research, the thesis titled **"The Efforts of the International Labour Organization through Better Work Indonesia Program in Achieving Sustainable Development Eight"** has come to completion. This thesis was formulated to obtain a bachelor degree in the Department of International Relations, Faculty of Political and Social Science, Parahyangan Catholic University, Bandung, Indonesia.

This research aims to explain the efforts of ILO as an international organization in achieving a global commitment called the Sustainable Development Goals (SDGs). Specifically, the author attempt to focus on the efforts of Better Work Indonesia (BWI) – a program created by the ILO – to realize the SDG 8, 'Decent Work and Economic Growth.' The author acknowledges that this research is far from perfection and therefore would sincerely apologize if there is any mistake or inaccuracy contained within. The author is open to criticism and suggestion to complement this thesis. At the end of the word, the author would like to express her highest gratitude to all parties involved, especially to Elisabeth Adyiningtyas Satya Dewi, S.IP., M.A., Ph.D. for the guidance given throughout the formulation of this thesis.

Bandung, December 09, 2019

Veronica Acintya Putri

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Fly high; Fly really high.

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LIST OF ABBREVIATIONS

APINDO	: Indonesian Employers' Association / Asosiasi Pengusaha Indonesia
BAPPENAS	: Ministry of National Development Planning (Badan Perencanaan
	Pembangunan Nasional)
EU	: European Union
GDP	: Gross Domestic Product
IFC	: International Finance Corporation
IGOs	: International Governmental Organizations
ILO	: International Labour Organization
KSBSI	: Confederation of Indonesian Prosperity Trade Union / Konfederasi
	Serikat Buruh Sejahtera Indonesia
MDGs	: Millennium Development Goals
NGOs	: Non-Governmental Organizations
OSH	: Occupational Safety and Health
PAC	: Project Advisory Committee
RAN	: National Action Plan (Rencana Aksi Nasional)

RPJMN : National Medium-Term Development Plan (Rencana Pembangunan Jangka Menengah Nasional)

- SDG : Sustainable Development Goals
- SDG 8 : Sustainable Development Goal Eight
- SMEs : Small Medium Enterprises
- TPB : Tujuan Pembangunan Berkelanjutan
- UN : United Nations
- UNDP : United Nations Development Program

CHAPTER I

INTRODUCTION

1.1 Research Background

Increased economic and political problems, environmental degradation, minimum social protection, and the difficulty to access education and health facilities are just a few problems that have occurred in our society lately. Our world is changing and people should do something in order to respond to it. Thus, aware of this reality, in 2015, the United Nations (UN) formulated a blueprint for sustainable development to be achieved by 2030 and these goals became known worldwide as the Sustainable Development Goals (SDGs). The SDGs contain seventeen objectives, ranging from goals to eliminate poverty, spur economic growth, reduce inequalities, preserve the environment, and many more. Besides the objectives to solve the problems aforementioned, these goals were created to realize an ambition, which is to create peace and prosperity for all people and also for this earth, now, and in the future.¹

All of the seventeen goals are certainly needed to achieve sustainable development, however, one of the most central problem to the creation of it evolve in the sphere of economy. The UN has noted that a continued lack of decent work and other economic

^{1 &}quot;About the Sustainable Development Goals," *United Nations (UN)*, accessed February 9, 2019, https://www.un.org/sustainabledevelopment/sustainable-development-goals/.

opportunities will lead to an erosion of the basic social contract that shaped democratic societies, and this scenario will lead to an unsustainable society, where most basic needs are not fulfilled, making it harder for us to achieve sustainable development.² The international community needs to pay attention to this agenda firstly and further create a spill-over effect towards other goals. Therefore, the Sustainable Development Goal Eight (SDG 8), "Economic Growth and Decent Work" that covers this agenda must be highlighted.

In order to create stable economic growth and decent work, the 8th goal of the SDGs has the main objective to promote an inclusive yet sustainable economic growth and decent work for everyone.³ This goal specifically highlights that more progress is needed to increase employment opportunities, especially for young people, reduce informal employment and labor market inequality (particularly in terms of the gender pay gap), promote safe and secure working environments, and improve access to financial services to ensure sustained and inclusive economic growth.⁴ Therefore, several indicators are made to fulfill those objectives, and some of them are increasing Gross Domestic Product (GDP) and economic productivity, creating fair and decent jobs for men and women, and protecting workers' rights.⁵

² "Promote inclusive and sustainable economic growth, employment and decent work for all," *UN*, accessed February 9, 2019, https://www.un.org/sustainabledevelopment/economic-growth/.

³ "Sustainable Development Goal 8," UN, accessed February 9, 2019,

https://sustainabledevelopment.un.org/sdg8.

⁴ Ibid.

⁵ Ibid.

SDGs are a form of commitment created by the international communities, thus, every international actor ranging from the level of countries, International Organizations, Non-Governmental Organizations (NGOs), individuals, and many more must strive to fulfill those indicators in order to create mutual prosperity. In this case, Indonesia is one of the UN member states that is committed to attaining the goals of the SDGs. Thus, several efforts have been done by Indonesia to realize the creation of the goals.

On its implementation, the Government of Indonesia has attempted to realize all of the existing SDGs, and this is explained in Presidential Regulation number 59 year 2017 which clearly states that the Republic of Indonesia is one of the member states of the UN which seeks to actively achieve the SDGs. This commitment was also enhanced on the document titled "Transforming Our World: The 2030 Agenda for Sustainable Development."⁶ Not only that, in accordance with SDG 8, Indonesia has also made SDGs' Indicator Metadata which focuses on the pillars of economic development and explains comprehensively regarding all indicators on SDG 8.⁷ These regulations and official documents were created to be a foundation to reach the goals.

When discussing about the attainment of the SDGs, indeed, state commitment is very crucial, but it does not mean that the state is the only actor here. As mentioned

http://filantropi.or.id/pubs/uploads/files/Perpres%20Nomor%2059%20Tahun%202017%20.pdf). ⁷ Kementerian Perencanaan Pembangunan Nasional/ Badan Perencanaan Pembangunan Nasional (BAPPENAS), *Metadata Indikator SDGs: Pilar Pembangunan Ekonomi*, (Bappenas, 2017), 15-44.

⁶ Peraturan Presiden Nomor 59 Tahun 2017, (Available at:

earlier, the commitment of every international player is needed. Other actors are obliged to play their role, and the UN organizations and institutions are examples of those. When talking about SDG 8, the ILO is one of the UN organizations that focuses on achieving this goal as the four pillars of Decent Work Agenda – the core of every ILO program – covering the topic of employment creation, social protection, rights at work, and social dialogue have become integral elements of the SDG, particularly on Goal 8.⁸ Therefore, in Indonesia's case, Indonesia has received various assistance from the ILO, especially ILO Indonesia.

Within its framework, the ILO has main aims to promote rights at work, encourage the creation of decent work, especially on decent employment opportunities, strengthen social protection, and enhance dialogue on work-related issues.⁹ Thus, it carried out a variety of programs aiming to achieve SDG 8, and one of them is the "Better Work" program. This program is a collaboration between two bodies which are UN's ILO and World Bank's International Finance Corporation (IFC). However, the conduct and supervision of this program are the responsibilities of ILO.¹⁰ This program is operating in several countries and the one conducted in Indonesia is known more as the "Better Work Indonesia" (BWI) program.

⁸ "Decent Work," *International Labour Organization (ILO)*, accessed February 9, 2019, https://www.ilo.org/global/topics/decent-work/lang--en/index.htm.

⁹ "About the ILO," *ILO*, accessed February 9, 2019, https://www.ilo.org/global/about-the-ilo/lang---en/index.htm.

¹⁰ "The Programme," *Better Work*, accessed February 9, 2019, https://betterwork.org/about-us/the-programme/.

The BWI program counts heavily on the garment industry with the main aims to improve working conditions, protect the rights of the labor, and maximize the competitiveness of the businesses. In addition, to achieve these goals, they work with a two-fold strategy. One of them is dedicated to the industries, and another one is for the government. Here, they encourage businesses to enhance the working condition and help the national stakeholders to have a stronger involvement in the regards of the labor market.¹¹

Although their approaches are aiming specifically for those two actors, it does not mean that this program neglects other stakeholders. Within the tripartite framework of ILO, this program has been working closely with all of the tripartite (Government, Employers' Organization, and Workers' Organization) in Indonesia. In addition to this tripartite, the BWI program also regards the business community (specifically the brand and retail) as their key partners.¹²

However, even though a series of efforts have been made by these actors, obstacles are something that cannot be avoided. There are some real problems that people have to pay attention to before achieving SDG 8. Firstly, the high unemployment rate. It is known that throughout the world, there are 204 million people who do not have jobs, making the percentage of unemployment reached the point of 5.6% in 2017.¹³ In

¹¹ "Our Approach," *Better Work*, accessed February 9, 2019, https://betterwork.org/our-work/our-approach/#1474820075302-bc399c51-3092.

¹² Better Work Indonesia (BWI), Better Work Indonesia at a Glance (Better Work Indonesia), 2.

¹³ "Promote inclusive and sustainable economic growth, employment and decent work for all," *UN*, accessed February 9, 2019, https://www.un.org/sustainabledevelopment/economic-growth/.

addition, the United Nations Development Program (UNDP) has reported that the world is now facing a global job crisis and needs sufficient jobs for around 600 million workforces in several years to come in order to sustain growth and maintain social cohesion.¹⁴

The problem then does not stop there and leads us to the second problem which is difficulties in creating decent work. Even for those who have jobs, there are roughly 700 million workers lived in poverty, – even extreme poverty – since they are only making approximately US\$2 per day.¹⁵ Having a job does not guarantee the ability to escape poverty in many places. A continued lack of decent work opportunities has known to slow down the creation of decent living. Decent work means opportunities for everyone to get work that is productive and delivers a fair income, security in the workplace, and social protection for families, better prospects for personal development and social integration.¹⁶ However, the creation of it is still hard as problems are still occurring.

The work is not distributed properly as 2 billion workers (60% of the total workforce) were in informal employment in 2016. This informal employment has created an impact on the adequacy of earnings, occupational safety and health, and

¹⁴ Kate Warrington, "SDG 8: Creating Decent Work and Sustainable Economic Development," *IMPAKTER*, accessed February 20, 2019, https://impakter.com/sdg-8-creating-decent-work-sustainable-economic-development/.

 ¹⁵ "Promote inclusive and sustainable economic growth, employment and decent work for all," UN, accessed February 24, 2019, https://www.un.org/sustainabledevelopment/economic-growth/.
 ¹⁶ UN, Decent Work and Economic Growth: Why it Matters (UN), 2.

working conditions.¹⁷ Furthermore, the other problem is that the working environment of the workers is also not guaranteed. According to the knowledge platform of the SDGs, many workers are still exposed to undue risks in their workplaces all around the world. Based on recent data of 55 countries, a median of 3 deaths occurred per 100,000 employees and a median of 889 non-fatal injuries occurred per 100,000 employees.¹⁸

Moving on, other issues are still occurring alongside the economic path. These issues are such as but not limited to the gender pay gap, child labor, slavery, and youth unemployment.¹⁹ Based on the data collected, the median gender pay gap exceeded 20% in managerial and professional occupations, among workers in crafts and related trades, and among plant machine operators and assemblers.²⁰ Median hourly pay of men is also 12% higher than women, creating a real gap between them.²¹ In the case of youth unemployment, it was founded that youth were three times more likely to be unemployed than adults.²² Aside from these problems, the ILO has also found that progress towards SDG 8 is slowing down in many areas in the world and an urgent

¹⁷ "Sustainable Development Goal 8," UN, accessed February 9, 2019,

https://sustainabledevelopment.un.org/sdg8.

¹⁸ *Ibid*.

¹⁹ "Goal 8: Decent work and economic growth," *United Nations Development Programme (UNDP)*, accessed February 24, 2019, https://www.undp.org/content/undp/en/home/sustainable-development-goals/goal-8-decent-work-and-economic-growth.html.

²⁰ "Sustainable Development Goal 8," UN, accessed February 9, 2019,

https://sustainabledevelopment.un.org/sdg8.

²¹ UN, SDG 8 Infographic (UN), 1.

²² "Sustainable Development Goal 8," *UN*, accessed February 9, 2019, https://sustainabledevelopment.un.org/sdg8.

acceleration of efforts is required to bring transformative change in support of SDG 8.²³

1.2 Problem Identification

In line with the situations that happen in the international sphere, barriers also often occur in Indonesia – the scope of the BWI program. During the last fifteen years, the Republic of Indonesia has undergone tremendous social and political changes that have changed the condition of Indonesia and its economic sector. These changes are known to be the result of the 1997-1998 crisis and the 2008 global financial crisis. Both of these crises have both hindered the economy and impacted growth in particular since then. ²⁴

In the 2011-2015 period, Indonesia's real GDP per capita growth rate showed a downward trend. Until 2015, Indonesia's growth rate of real GDP per capita only reached 3.44%, and this number was only half the target of at least 7% growth rate per year.²⁵ This problem then further created a series of losses for Indonesia itself. It is known that the weakening of the growth rate will make it difficult for companies to develop, and this will further make the companies recruit fewer people, which will lead

²³ ILO, "ILO report highlight slow progress towards SDG 8 (decent work) & calls for urgent acceleration of efforts to meet targets," *Business & Human Rights Resource Centre*, July 18, 2019, https://www.business-humanrights.org/en/ilo-report-highlights-slow-progress-towards-sdg-8-decent-work-calls-for-urgent-acceleration-of-efforts-to-meet-targets.

²⁴ ILO, Decent Work Country Profile Indonesia (ILO, 2011), vii.

²⁵ Badan Pusat Statistik Indonesia, *Potret Awal Tujuan Pembangunan Berkelanjutan (Sustainable Development Goals)* di Indonesia (Badan Pusat Statistik Indonesia, 2016).

to a high unemployment rate. Not only that, according to ILO, Indonesia is also considered as very weak in terms of enforcement of minimum wages and other labor laws.²⁶

Aside from the low growth rate of the GDP, there are still many challenges regarded as serious in Indonesia on the matter of creating decent work and economic growth and those are as followed. Firstly, improving workers' standard of living. On this matter, challenges remained on the creation of productive and decent work opportunities as many workers live in poor conditions.²⁷

Secondly, the issue of formal and informal workers still persists. There are less than half of Indonesian workers who worked in the formal sector, meaning that the majority of the workers in Indonesia works for informal work that provides minimum social security and decent work.²⁸ Thirdly, creating gender equality in work. Inequality still remains in Indonesia's working sphere as females are less likely to have a job compared to males. This problem is especially apparent in the formal sector. It is known that there are 65.45% of male workers while there are only 34.55% of female workers in the formal sector.²⁹

²⁶ ILO, Decent Work Country Profile Indonesia (ILO, 2011), viii.

²⁷ Rahma Iryanti, "Indonesia Employment Policies: Problems and Challenges," *Kementerian PPN/Bappenas*, February 24, 2015, https://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/---ilo-jakarta/documents/presentation/wcms_346598.pdf.

 ²⁸ Badan Pusat Statistik Indonesia, *Potret Awal Tujuan Pembangunan Berkelanjutan (Sustainable Development Goals)* di Indonesia (Badan Pusat Statistik Indonesia, 2016).
 ²⁹ Ibid

Fourthly, increasing labor forces supply in terms of quantity and quality as the employment rate is still uneven among provinces/regencies/cities in Indonesia. Fifthly, in accordance with the previous problem, Indonesia still needs to improve the skills of workers as the skills shortage is still happening.³⁰ Sixthly, on the matter of improving productivity, challenges are still prevailing on the matter of structural transformation of the economic sector to a highly-productive sector.³¹

Seventhly, even though the training is needed to leverage the skills of the workers, Indonesia needs to extend employment opportunities to the educated youth labor force as the educated unemployment rate is increasing. And lastly, improving industrial relations, especially on the matter of realizing rights at work, promoting unionemployer collective bargaining processes, strengthening union movement, and dispute settlement as these aspects have not been put into focus.

Furthermore, several problems still occur in the garment industry that is the main focus of the BWI program. In the developing world, the garment industry has a significant number of workers which has reached a number as high as sixty million. This industry is regarded as a valuable source of jobs and could advance the livelihoods of the workers, however, in most cases, the working conditions are not decent and this remained a serious issue. Adding to that, the labor laws are oftentimes weak and cannot

 ³⁰ Rahma Iryanti, "Indonesia Employment Policies: Problems and Challenges," *Kementerian PPN/Bappenas*, February 24, 2015, https://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/---ilo-jakarta/documents/presentation/wcms_346598.pdf.
 ³¹ *Ibid*

protect the workers. The fact that most workers are most likely do not understand the law itself is even worsening the condition of this industry.³²

On this garment industry, non-compliances are still happening on the matter related to ILO's International Labor Standards and those are such as but not limited to Child Labor, Compensation, Contracts and Human Resources, Discrimination, Forced Labor, Freedom of Association and Collective Bargaining, and Occupational Safety and Health (OSH). Among these issues, the highest non-compliance rates were found in the sphere of Compensation and OSH.³³

On the sphere of Compensation, the payroll systems mostly only allow factories to make wage adjustments at one point in time. Also, some factories still do not pay the adequate district or city minimum wages to the fixed-term and probationary workers.³⁴ Then, on the matter of overtime wages, companies still struggle with issues of incorrect overtime premium calculation; incorrect classification of workers as 'all-in'³⁵;

³² "Our Approach," *Better Work*, accessed February 9, 2019, https://betterwork.org/our-work/our-approach/#1474820075302-bc399c51-3092.

³³ ILO and International Finance Corporation (IFC), *Annual Report 2017: An Industry and Compliance Review Indonesia* (ILO and IFC, 2017), 5-6.

³⁴ Ibid, 22.

³⁵ 'All-inn' work means that employers do not distinguish between regular and overtime hours not being compensated at the legally required premium rate. All-in contracts are allowed by law pending the fulfillment of certain requirements that are mostly related with hierarchical and responsibility levels (people that are considered to be 'thinkers, planners, implementers and controllers of the company operations are included in this category). In many cases, workers are being put into the "allin" category without the observance of such requirements.

switching rest days with workdays to avoid the payment of overtime premium on the rest day; or unpaid additional work to achieve production targets.³⁶

Then, on the matter of OSH, the non-compliance rates were always around 90% throughout the years. Many companies are still struggling in creating a safe working environment. They are having a problem in providing chemical safety data sheets for the hazardous chemicals used in the workplace. In addition, the chemicals are still not properly stored in this sphere.³⁷ Furthermore, around half of the factories still struggle with clearly marked and unobstructed, unblocked or unlocked emergency exits.³⁸ It is also found that many companies do not have an OSH Committee, or even if they have one, it is not functioning properly.³⁹

Further, even though the Discrimination issue is not as high as the previous two, problems still occur on the matter of hiring people with disabilities. It is mostly due to the failure of factories to observe the national requirement to hire a minimum of 1% of people with disabilities in their workforces. Adding on, factories are also facing persistent challenges in encouraging people with disabilities to apply for jobs. Despite the importance of such regulations in realizing social inclusion, there are still 87% of factories that did not comply with this regulation.⁴⁰

³⁶ ILO and IFC, *Better Work Indonesia: Garment Industry 5th Compliance Synthesis Report* (ILO and IFC, 2015), 16.

³⁷ Ibid.

 ³⁸ ILO and International Finance Corporation (IFC), Annual Report 2017: An Industry and Compliance Review Indonesia (ILO and IFC, 2017), 6.
 ³⁹ Ibid.

⁴⁰ *Ibid*. 19.

Looking from the explanation given, it is clear that there are still many challenges to achieve SDG 8. Specifically in Indonesia, there are still many unsolved businesses and cooperation is very crucial on this matter. Thus, the efforts of International Organizations, specifically ILO through the BWI program needs to be highlighted. Research regarding ILO's effort to achieve SDG 8 through the BWI program is needed as the condition in the working sphere is fluctuating day by day. Hence, this research will discuss that matter thoroughly.

1.2.1 Research Focus

In order to get a sharper and deeper result, this research set a number of focuses. First, the time period that is used in this research is January 2015 - December 2018. The reason behind this is because the BWI program has four phases conducted within four years period. Three of them were already completed, while the fourth one is currently in conduct. Thus, the author chose the third phase which happened in 2015-2018 because the SDGs were created in 2015 and this research is conducted in 2019 and seeks to find the answer from the efforts that have been done earlier.

Second, this research sets Indonesia as the scope limit of this research as the BWI program is mainly conducted in Indonesia. Third, regarding the actors involved, this research only discusses about the ILO and Indonesia's tripartite at the national level. Fourth, the activities regarding the BWI program that will be discussed are only the efforts related to the attainment of the SDG 8.

1.2.2 Research Question

After taking a look at the problems occurring on the sphere of SDG 8 and the cooperation between Indonesian Government and ILO's BWI program to attain SDG 8 on the research background and problem identification sections, this research seeks to answer the question *"How did the ILO implement BWI program in achieving SDG 8?"*

1.3 Purpose and Practical Use of the Research

1.3.1 Purpose of the Research

This research would like to describe about ILO's efforts through the BWI program in achieving SDG 8. In order to achieve that purpose, this research examines the BWI program itself and study the responses of each tripartite in the real implementation of the efforts done by the BWI to attain SDG 8.

1.3.2 Practical Use of the Research

This research is useful for three main things. First, to provide an explanation for the ILO regarding their efforts in achieving SDG 8 through the BWI program that might be useful for further improvement or future programs of the ILO. Second, to provide information for the tripartite and other interested parties regarding the conduct of ILO's efforts in achieving SDG 8 through the BWI program. Third, to provide preliminary

knowledge regarding ILO's efforts to achieve SDG 8 through the BWI program, which can be used for further research.

1.4 Literature Review

The ILO and BWI program are two entities that strive to promote rights at work and improve working conditions in order to realize a final aim which is Decent Work – a manifestation of the SDGs. Throughout the years, attempts to achieve the SDGs have been increasing as people are becoming more aware to create a sustainable life. In line with this, the pieces of literature talking about the efforts to reach this ambition have also emerged. The following discussion examines three pieces of literature that mainly discuss the ILO, the Better Work program, and the efforts to attain the SDGs.

The first literature is written by <u>Zofia</u> Wysokińska.⁴¹ On her work titled "Millenium Development Goals/UN and Sustainable Development Goals/UN as Instruments for Realizing Sustainable Development Concept in the Global Economy," Wysokińska put her focus on explaining the main effects of the implementation of UN Millennium Development Goals (MDGs) and demonstrate the differences and prospects of the SDGs. To provide an example, she also examines the contribution of the European Union (EU) in implementing the SDGs.

⁴¹ Zofia Wysokińska, "Millenium Development Goals/UN and Sustainable Development Goals/UN as Instruments for Realizing Sustainable Development Concept in the Global Economy," *Comparative Economic Research*; *Lódz* Vol. 20, Iss. 1, (2017): 101-118, https://www.userch.acm/document/1876501474/2E22200064E5444CPO/120ccountid=21405

https://search.proquest.com/docview/1876501474/3E3E2A9D6AE54A4CPQ/1?accountid=31495.

In her study that was published in the Comparative Economic Research; Lódz, Wysokińska stated that the MDGs have triggered the world to diminish poverty, hunger, disease and environmental degradation. However, many of these actions are still deemed as unsuccessful as they are not fast enough to respond to the world situation that keeps on worsening. Thus, the creation of the SDGs was a great move to further fight against global challenges. She perceived this new developmental agenda as more universal as it includes the responsibilities of the entire international society.

Specifically, on her examination of the EU's efforts in attaining the SDGs, she said that the EU has participated actively in preparing and implementing the goals. It has introduced the SDGs to its community policies and adapt its activities to realize the goals. It has put its focus on the matter of infrastructure, energy, gender equality, climate change and Small Medium Enterprises (SMEs). Not only that, but the EU has also remained as world's largest donor on developmental assistance.⁴²

If Wysokińska specifically discussed the efforts of the EU in attaining the SDGs, the second literature created by Eric Stener Carlson is discussing the efforts of the ILO in ending gender-based violence and harassment that is known as one of the goals of the SDGs.⁴³ On his work titled "The International Labour Organization's Innovative Approach to Ending Gender-Based Violence and Harassment: Toward a New

⁴² Ibid.

⁴³ Eric Stener Carlson, "The International Labour Organization's Innovative Approach to Ending Gender-Based Violence and Harassment: Toward a New International Framework for the World of Work," *ABA Journal of Labor & Employment Law; Chicago* Vol. 33, Iss. 2, (Winter 2018): 163-174. https://search.proquest.com/docview/2202113005/BE8622FFC892423FPQ/6?accountid=31495.

International Framework for the World of Work," that was published in ABA Journal of Labor & Employment Law; Chicago, Carlson emphasized that the ILO has made a pivotal movement in launching a process that could lead the creation of world's first international treaty to end violence and harassment in the workplace.

He stated that the first discussion of the ILO's standard-setting process on violence and harassment was a crucial move as various actors are involved. This discussion was attended by the ILO representatives from governments and organizations of workers and employers from all over the world. On this occasion, they discuss the topic of gender-based violence and harassment that has been placed within the broader understanding of violence and harassment.

Further, he also emphasized that the Better Work program created by the ILO in partnership with the IFC has played a role in diminishing the conduct of harassment. Better Work has placed particular emphasis on preventing and addressing sexual harassment issues through some efforts. By conducting training that targets the managers, line supervisors, and workers, Better Work has successfully raised the awareness of sexual harassment and pushes the management team to establish policies and procedures regarding this matter that further reduced the workers' concern on this issue.⁴⁴

Lastly, still in accordance with the previous literature, Paul Alois through his writing titled "Lessons for Effective Governance: An Examination of the Better Work Program," also emphasized about the effort of Better Work, however, rather than focusing on one topic just like Carlson did, Alois captured a greater picture on how the Better Work could be a great example in conducting effective governance.⁴⁵ He highlighted that throughout the years, the realization of effective governance remained difficult as the effectiveness of various initiatives on this matter is debatable.

Through this literature that was published on Global Governance; Leiden, Alois stated that the conduct of the Better Work program could provide lessons that can be applied to other initiatives that aim to create effective governance. He concluded that there are five lessons from Better Work and those are: cooperation can be more effective than coercion; training complements the application of incentives; local ownership is critical for global initiatives; international organizations can anchor initiatives to prevent capture by powerful stakeholders; and multinational corporations can be responsible partners, but should not play a leading role.⁴⁶

Looking at the explanation given, all of the pieces of literature examined have provided knowledge on several matters. Firstly, they gave us information on how far did the international actors – particularly the International Organizations such as EU

⁴⁵ Paul Alois, "Lessons for Effective Governance: An Examination of the Better Work Program," *Global Governance; Leiden,* Vol. 24, Iss. 1, (Jan-Mar 2018): 139-157,

https://search.proquest.com/docview/1992870724/fulltextPDF/5AA1D1AD4EC24403PQ/1?accountid =31495.

⁴⁶ Ibid.

and ILO – try to achieve the SDGs. Secondly, it is shown that the conduct of the Better Work program in providing a great example in global governance and in lowering the sexual harassment practices. Thirdly, it is shown that the ILO has played its role as an arena and instrument in integrating several stakeholders to solve the world's issue.

However, there are some research gaps between those pieces of literature and this research and those gaps are as followed. Firstly, there are no pieces of literature that discussed specifically about the Better Work Indonesia (BWI) program. The examinations merely stop at the global level, making the discussion only touch the efforts of the global Better Work instead of diving deeply to the country level while this research puts its focus specifically on examining the BWI program.

Secondly, even though the pieces of literature have provided us an overview of the efforts in achieving the SDGs, they did not provide information about the attainment of the SDGs in a specific country. The pieces of literature only talk about the fulfillment of the SDGs in general instead of analyzing the effort on the smaller level. In contrast, this research provides information about the realization of the SDG – particularly SDG 8 - in one specific country which is Indonesia.

Thirdly, the pieces of literature did not discuss specifically about the efforts to attain SDG 8 that strives to realize Decent Work and Economic Growth. All of the pieces of literature only studied the efforts of international actors in achieving SDGs in general, or even if they specifically target a goal, they only examine the attainment of gender equality, a part of SDG 5. Meanwhile, this research seeks to understand the efforts of international actors – particularly ILO through the BWI program – in achieving SDG 8. These three focuses are crucial to this research as they provide us a better understanding of the efforts of ILO through the BWI program in Achieving SDG 8.

1.5 Theoretical Framework

To understand ILO's efforts in achieving SDG 8 through the BWI program, this research uses the Liberal Institutionalism theory by Robert J. Keohane and several concepts such as Global Governance and International Organizations by Karns and Mingst; International Organizations Roles and Functions by Clive Archer, and Decent Work concept created by the ILO.

Firstly, the Liberal Institutionalism theory. Keohane stated that all actors are rational units, and they always try to maximize their interests in all areas of the problem. As a rational actor, the state does not think of relative benefits for others, they want absolute benefits for themselves. Therefore, according to the liberal institutionalism theory, the state would prefer to cooperate – with several actors including state and non-state actors – rather than create conflict.⁴⁷

Keohane emphasized that the term "cooperation" here is contested and differs from harmony and discord. When harmony prevails, actors' policies automatically facilitate the attainment of others' goals. When there is discord, actors' policies hinder the

⁴⁷ Robert Jackson and Georg Sorensen, *Introduction to International Relations: Theories and Approaches* (United Kingdom: Oxford University Press, 2010), 110.

realization of others' goals and are not adjusted to make them more compatible. In both harmony and discord, neither actor has an incentive to change his or her behavior. Cooperation, however, "requires that the actions of separate individuals or organizations – which are not in pre-existent harmony – be brought into conformity with one another through a process of policy coordination." This means when cooperation takes place, each party changes his or her behavior contingent on changes in the other's behavior. Genuine cooperation improves the rewards of both players.⁴⁸

Institutions contribute to cooperation not by imposing rules that states must follow, but by changing the context within which states make decisions based on self-interest. He defines "cooperation" in a deliberately unconventional way. Cooperation often requires parties to engage in negotiations to achieve "mutual adjustment" of behavior, a process distinguished from "harmony," which he likens to "the mere fact of common interests." Keohane asserts that this distinction between cooperation and harmony is necessary since discord may prevail even where common interests exist. Cooperation, thus, cannot simply be seen as a function of common interests; it becomes instead a potential goal for states.⁴⁹

Another way to facilitate cooperation is to establish international regimes. Regimes can be defined as "sets of implicit or explicit principles, norms, rules, and decision-

⁴⁸ Robert O. Keohane, "International Institutions: Two Approaches," *International Studies Quarterly Vol. 32*, No. 4 (Dec 1988): 381.

⁴⁹ Anne L. Herbert, "Cooperation in International Relations: A Comparison of Keohane, Haas, and Franck," *Berkeley Journal of International Law Vol.14*, Iss.1, (1996): 228, https://pdfs.semanticscholar.org/8bce/ecda283f5e33ac1f4d501b34bb825efc6c7f.pdf.

making procedures around which actors' expectations converge in a given area of international relations." International regimes have been extensive in the post-1945 international political economy, as illustrated by the international trade regime (centered on the GATT) and the international monetary regime (including the I.M.F. as well as other organizations and networks). International regimes do not substitute for reciprocity; rather, they reinforce and institutionalize it. ⁵⁰

This concept is then supported by the Global Governance concept created by Karns and Mingst. According to them, as a result of ongoing complex problems in the world, sovereign states – who used to be the main actor in the international world – cannot act alone anymore. There are enormous cross-border problems that need to be solved along with the cooperation among non-state parties (IGOs, NGOs, civil society, and others). Thus, the urgency to create global governance is very much needed.

Global governance is not a single world order; there is no top-down, hierarchical structure of authority, but both power and authority in global governance are present in varying ways and to varying degrees.⁵¹ Global governance is a sum of the informal and formal ideas, values, norms, procedures, and institutions that help all actors to identify,

⁵⁰ Robert Axelrod and Robert O. Keohane, "Achieving Cooperation under Anarchy: Strategies and Institutions," *World Politics Vol. 38*, No. 1. (Oct 1985): 249-250, http://links.jstor.org/sici?sici=0043-8871%28198510%2938%3A1%3C226%3AACUASA%3E2.0.CO%3B2-A.

⁵¹ Margaret P. Karns, Karen A. Mingst, and Kendall W. Stiles, *International Organizations: The Politics and Processes of Global Governance* (Boulder, Colorado: Lynne Rienner Publishers, 2015), 2.

understand, and address trans-boundary problems.⁵² It is a collective effort by every party to seize opportunities than transcend national frontiers.⁵³

One of the actors in global governance is the Intergovernmental Organizations (IGOs), or also known as International Organizations.⁵⁴ IGOs are organizations that include at least three states as members and created through a formal intergovernmental agreement. These organizations usually conducted activities in several states, having headquarters, executive heads, bureaucracies, and budgets. IGOs are recognized subjects of international laws that are separated from their member states.⁵⁵

For years, the IGOs have primarily seen as agents of their member states, however, increasingly, IGOs have also been seen as actors in their own right.⁵⁶ Thus, to understand the IGOs better, it is important to take a look at Clive Archer's concept of International Organizations' roles and functions. According to Archer, to take part in the international community, International Organizations have three major roles and those are instrument, arena, and actor.

First, an instrument, this role is known as the most common role. International Organization is being used by its members as an instrument to reach particular ends. IGOs are used by nations primarily as selective instruments for gaining foreign policy

- ⁵² Ibid.
- ⁵³ *Ibid*, 3.
- ⁵⁴ *Ibid*, 12.
- ⁵⁵ Ibid.
- ⁵⁶ *Ibid*, 13.

objectives.⁵⁷ Here, we must also take note that the use of international organizations as adjuncts to their members' policies affects their constitutions and development.⁵⁸

Second, arena, here, International Organizations have the role of being arenas or forums within which actions take place. In this case, the organizations act as neutral actors and provide meeting places for members to come together to discuss, argue, co-operate or disagree.⁵⁹ This role has been useful to each of the competing groups eager to get not only a forum for their views but also diplomatic reinforcement for their policies and interests.⁶⁰ The process itself should be inclusive of as many actors as possible, and any new rules should be agreed by the widest range of actors, that both principle and detail should be open to informed discussion and negotiation.⁶¹

Third, as an actor. Here, International Organizations act as an independent actor – coherent decision-making machinery within its boundaries.⁶² Here, the 'actor capacity' of an international institution depends on 'the resolutions, recommendations, or orders.⁶³ 'An international organization is most clearly an actor when it is most distinctly an "it" an entity distinguishable from its members.⁶⁴ Adding to this, the

⁵⁷ Clive Archer, *International Organizations*, 3rd edition, (London; New York: Routledge, 2001), 77.

⁵⁸ *Ibid*, 78.

⁵⁹ *Ibid*, 81.

⁶⁰ *Ibid*, 82. ⁶¹ *Ibid*, 85.

⁶² *Ibid.* 86.

⁶³ *Ibid*. 87.

⁶⁴ *Ibid*

capacity and the implementation of International Organizations are reliant on the authorities and agencies of the members.

Furthermore, aside from the role they have, the International Organizations also have several functions to be performed and those are as followed. First, articulation and aggregation. International organizations can perform the task of interest articulation and aggregation in international affairs. They operate in three ways in this context: they can be instruments for interest articulation and aggregation; forums in which those interests are articulated; or articulate interests separate from those of members.⁶⁵ Second, norms. The establishment of norms in international relations has now become a complex process to which a wide range of International Governmental Organizations (IGOs) contributes. Many international organizations under the UN are known for creating several norms on the matter such as but not limited to economic affairs and international security. ⁶⁶

Third, recruitment. International organizations can have an important function in the recruitment of participants in the international political system. By gathering together groups and individuals for a particular purpose, they have brought new actors into the old nineteenth-century state-centered system and create a more close-knit international system.⁶⁷ Fourth, socialization. The League attempted to socialize members into following set procedures for the settlement of disputes (as laid down in

⁶⁵ Ibid, 95.

⁶⁶ Ibid, 96.

⁶⁷ Ibid, 99.

Articles 12–16) with sanctions against any 'outlaws' and this function is still implemented by various International Organizations today.⁶⁸

Fifth, rule making. The international system has no central formal rule-making institution, thus, the function of providing a focus for the set of rules is an important one. Here, some of the International Organizations are almost exclusively dedicated to rule making, while other institutions have an element of rule-making in their work.⁶⁹ Sixth, rule application. In the international political system, rule application is left mainly to sovereign states, as there is no central world authority with agents to undertake the task. However, under certain circumstances, international organizations take on aspects of applying generally accepted rules even though there is some lacking in international rule application when means of enforcement when pleading, persuasion, and pressure fail.⁷⁰

Seventh, role adjudication. The process of rule adjudication at the international level lacks extensive institutions and compulsory nature. The process of rule adjudication at the international level is more difficult than at the national level. ⁷¹ Eight, information. International organizations are invaluable in communication and information. The creation of global organizations such as the UN and its associated agencies has produced a forum for governments – the marketplace where they can issue

⁶⁸ *Ibid*, 101.

⁶⁹ Ibid, 103.

⁷⁰ *Ibid*, 105.

⁷¹ *Ibid*, 106.

and receive information.⁷² Ninth, operations. International organizations undertake several operational functions. These are such as but not limited to banking, providing aid, dealing with commodities, helping refugees, and running technical services. Many of these operations are associated with global governance, perceived as the sum effort of managing a global affair.⁷³

From this operational function, it is clear that each international organization has its own specific mandate, and the ILO – the main subject of this research – is one of it. The ILO has the mandate to promote rights at work, encourage the creation of decent work, especially on decent employment opportunities, strengthen social protection, and enhance dialogue on work-related issues. For the ILO, productive employment and decent work are key elements to achieving a fair globalization and poverty reduction as it could create better opportunities for work, provide security, provide better prospects, and uphold people's freedom. Thus, decent work is one of its crucial concepts that shall be underlined.

The decent work concept cannot be separated from both the SDG and the ILO. According to the ILO, decent work contains working opportunities that are productive, able to give a fair income, provide security in the workplace and social protection for families, enables a better prospect for personal development, and treating everyone

⁷² *Ibid*, 107. ⁷³ *Ibid*, 108.

equally.⁷⁴ The ILO regards decent work as the key element to achieving a fair globalization and poverty reduction.⁷⁵ The key aspects of the decent work concept are knowingly embedded with all 16 goals of the SDGs.⁷⁶

1.6 Research Method

This research is conducted by using the qualitative research method. In addition, the data and sources that are used in this research refer to sources that are validated. This method is chosen because it has the ability to investigate, discover, describe, and explain the beliefs, experiences, attitudes, behavior, and interactions occurring, which could explain the BWI program efforts to achieve SDG 8.⁷⁷

1.6.1 Research Type

A descriptive approach is used to conduct the research. This approach is selected as it complements the qualitative method chosen earlier and helps the development of the research. Adding to that, this approach enables to describe about the situation, location, time, and the actors related more completely which can be associated to answer the research question aforementioned.⁷⁸

⁷⁴ "Decent Work," *International Labour Organization (ILO)*, accessed February 9, 2019, https://www.ilo.org/global/topics/decent-work/lang--en/index.htm.

⁷⁵ *Ibid*.

⁷⁶ Ibid.

⁷⁷ Vibha Pathak, Bijayini Jena, and Sanjay Kalra, "Qualitative Research," *Perspectives in Clinical Research vol 4*, no. 3, (July 2013): 192.

⁷⁸ "*Descriptive Research,*" Research Methodology, accessed December 20, 2019, https://research. methodology.net/descriptive-research/.

1.6.2 Data Collection's Technique

In the process of collecting data, this study uses two techniques, which are primary and secondary data collection techniques. The sources of the primary data itself are divided into two. First, official statements, publications, documents, and reports. These sources are referring to data obtained from the ILO, BWI, and the tripartite involved (the Indonesian Government, Employers, and Workers).

Secondly, the primary data is obtained from the interview. The author has interviewed several stakeholders' representations at the national level. Those representatives are:

- a) Indonesian Ministry of Manpower / Kementerian Ketenagakerjaan Republik Indonesia as the Government representative (Mrs. Sri Sugiarti, Head of International Cooperation Bureau; Mrs. Teta, Inspector for Labor Inspection & OSH; Mrs. Mia Maesari, Analyst of Bilateral and Regional Cooperation)
- b) Indonesian Employers' Association / Asosiasi Pengusaha Indonesia (APINDO) as Employers' representative (Mr. Agung Pambudhi, Executive Director of APINDO's Research Institute)
- c) PT Pancaprima Ekabrothers as Factory's representative (Mr. Nurdin Setiawan, General Manager; Mr. Kamadihardja, Superintended Compliance)
- d) Confederation of Indonesian Prosperity Trade Union / Konfederasi Serikat Buruh Sejahtera Indonesia (KSBSI) as Workers' representatives (Mrs. Ely Rosita Silaban, President of KSBSI)

e) Better Work Indonesia (BWI) (Mrs. Pipit Savitri, Communication and Partnerships Officer)

Then lastly, regarding the secondary data, this study uses news and journals as data sources.

1.7 Thesis Structure

This research conducts a systematic discussion in order to create a comprehensive understanding of the topic. The structure of the discussion is as followed:

Chapter I discusses the introduction of the research which will provide a basic understanding of the topic chosen. This chapter contains research background, problem identification, research limitation, research question, purpose and the practical use of the research, literature review, theoretical framework, research method, research type, data collection technique, thesis structure, and the timeline of the research.

Chapter II describes the ILO and the BWI program thoroughly by explaining their history, vision, mission, objectives, working methods, and principles.

Chapter III explains about the Sustainable Development Goals (SDGs), particularly SDG 8. The connection between the BWI program and the SDG will be underlined here.

Chapter IV analyzes the efforts of ILO through the BWI program in achieving SDG 8. In this chapter, the efforts will be described and further analyzed by using the Liberal Institutionalism theory and the International Organizations concept. The conduct of these efforts will then be confirmed by the result of the interview conducted on related stakeholders.

Chapter V presents conclusions related to ILO's efforts in achieving SDG 8 through the BWI program which has been discussed and described in previous chapters.

The brief explanation of this thesis ends here and will be continued by a more specific and thorough discussion on the following chapters. For the next chapter, aspects related to the ILO and the BWI are examined so further understanding regarding both the organization and the program could be obtained.