

Effectiveness of Legal Protection Regarding Workers' Wage Rights in The Micro, Small and Medium Enterprise Sector

Meida Rachmawati

Universitas Ngudi Waluyo

*Corresponding Author:

meida_r@unw.ac.id

Abstract

Abstract. This study discusses wage protection in the employment system in Indonesia, with a focus on the Micro, Small, and Medium Enterprises (MSMEs) sector, as well as the challenges faced in implementing wage regulations, such as Government Regulation Number 36 of 2021 concerning Wages and Government Regulation Number 51 of 2023 concerning Amendments to Government Regulation Number 36 of 2021 concerning Wages. This study examines the extent to which salary policies can maintain workers' welfare without burdening MSME entrepreneurs. The research method used is normative juridical with a statute approach and a conceptual approach, which allows for an in-depth analysis of related regulations and their implications for the implementation of minimum wages in the MSME sector. The results of the study show that although regulations already exist, implementation is still hampered by low legal awareness, weak supervision, and inequality in wage negotiations between employers and workers, which impact the uncertainty of protecting workers' rights.

Keywords: Wages, MSMEs, Labor, Workers

1. INTRODUCTION

The Micro, Small, and Medium Enterprises (MSMEs) sector plays a critical role in the Indonesian economy, especially in job creation. By absorbing almost 97% of the workforce in Indonesia (Susila, 2017), MSMEs are the dominant sector in supporting the workforce in the country. Its existence provides opportunities for many individuals to obtain employment, especially in areas that do not have wide access to large industries (Tambunan, 2021). In addition, MSMEs function as the main buffer in maintaining social and economic stability, especially in efforts to reduce unemployment rates which continue to be a challenge for national development. The role of MSMEs is not only

limited to providing job opportunities but also creating an economic ecosystem that allows informal workers to earn sustainable income.

In addition to its contribution to employment, MSMEs also have an enormous share in Indonesia's Gross Domestic Product (GDP). Although often considered part of the informal economy, this sector still makes a significant contribution to both the formal and informal sectors (Wijaya, 2023). MSMEs are the backbone of the regional and national economy by supplying various products and services that support domestic consumption (Wartono, 2024). The majority of MSMEs operate in the trade, manufacturing, and services sectors, which directly provide added value to the Indonesian economy and accelerate a more dynamic economic cycle (Widayati, 2023). The existence of MSMEs also helps support the national supply chain, with many small businesses acting as suppliers to enlarge industries, thus creating close links in the national business ecosystem. The strategic role of MSMEs in economic growth is also reflected in their ability to maintain Indonesia's economic resilience, especially in the face of the global economic crisis and uncertainty (Windusancono, 2021).

MSMEs have higher flexibility than large companies in adapting to market changes, innovating, and taking advantage of emerging opportunities (Birgithri, 2024). These advantages make MSMEs an important pillar in maintaining Indonesia's economic competitiveness both domestically and globally. In addition, the wide distribution of MSMEs in various regions of Indonesia also contributes to equitable development, reducing economic disparities between regions and strengthening national economic resilience as a whole (Sinta, 2025). Thus, MSMEs not only function as drivers of economic growth but also as key elements in creating a more inclusive and sustainable economic structure. The issue of wage rights protection in the MSME sector is an important issue that requires serious attention, considering that many workers in this sector face inadequate working conditions.

One of the main problems is wages that do not comply with the standards set by employment regulations. Many workers receive low wages, face uncertainty in employment contracts, and have limited access to social security (Hanifah, 2020). It causes workers in the MSME sector to often be marginalized in the protection of their rights, especially in obtaining decent wages linked to statutory provisions (Daming,

2021). Limited access to legal protection has a negative impact on workers' welfare, which can ultimately affect the productivity and stability of the workforce in this sector.

One of the main challenges in protecting the wage rights of MSME workers is the inability of many small and medium business actors to fulfill their obligations to pay decent wages in accordance with applicable provisions. Economic factors such as financial constraints, small business scale, and tight market competition are often the main obstacles to fulfilling workers' rights (Rumbrawer, 2023). MSMEs often have to struggle to survive with limited capital, so paying workers' wages is often a burden that is difficult to meet. It causes most workers in the MSME sector to receive far below wages than the minimum wage set by the government. This situation is further exacerbated by the lack of supervision and awareness from both employers and workers regarding the importance of complying with wage regulations.

Although various regulations have been issued to regulate the wage system, their implementation in the MSME sector still faces various obstacles. Government Regulation of the Republic of Indonesia Number 36 of 2021 concerning Wages, for example, stipulates provisions regarding the minimum wage that must be complied with by all employers, including in the MSME sector (Kennedy, 2024). Article 24 of the regulation states that the minimum wage applies to workers with a work period of less than one year, while workers with a work period of more than one year must receive wages according to the structure and wage scale in the company (Marsono, 2022). Furthermore, Government Regulation of the Republic of Indonesia Number 51 of 2023 concerning Amendments to Government Regulation Number 36 of 2021 reaffirms the provisions regarding provincial and district/city minimum wages and provides space for agreements between employers and workers in the MSME sector in determining the wage system (Adelya, 2024).

However, weak supervision and low levels of compliance are the main obstacles to ensuring that this regulation is actually implemented in the field so many MSME workers still do not receive adequate wage protection. However, the implementation of this regulation in the MSME sector still faces obstacles, especially in areas with less effective supervision. Article 90B of the Republic of Indonesia Law Number 6 of 2023 concerning the Stipulation of Government Regulation in Lieu of Law Number 2 of 2022 concerning

Job Creation into law, for example, stipulates that micro and small businesses can determine wages based on an agreement between employers and workers (Mokalu, 2023). Wages in these micro and small businesses must at least reflect a certain percentage of the average consumption of the community based on data sourced from authorized institutions. However, the main challenge lies in the lack of awareness and understanding among MSME actors about the importance of following these provisions, as well as the lack of supervision that can ensure that workers' rights in this sector are truly protected.

The issue of wage protection for workers in the MSME sector is very important to get serious attention, considering its broad impacts both socially and economically. Economic inequality that often occurs in this sector causes inequality in income distribution and leads to social injustice, which worsens the gap between workers in the MSME sector and workers in the formal sector. Workers who do not receive decent wages have the potential to experience difficulties in meeting basic needs, which in turn can worsen the social conditions of society as a whole (Ningrum, 2024). Economically, wage uncertainty experienced by MSME workers can lead to economic instability, because low purchasing power reduces consumption, which is the main driver of economic growth (Suryaningrum, 2023).

Another problem in the implementation of wage regulations in the MSME sector lies in the weak legal culture among business owners and workers, which has an impact on low levels of compliance with wage provisions. Many business owners do not understand or even ignore their legal obligations to provide wages according to the standards set by the government. On the other hand, many workers in the MSME sector are also not fully aware of their rights, so they often accept unfair working conditions without making any efforts to prosecute. This weak legal culture is further exacerbated by minimal supervision and ineffective law enforcement so that violations of workers' wage rights continue to occur without clear consequences for business actors who do not comply with regulations. As a result, the gap in the protection of labor rights in the MSME sector is widening, which not only harms workers but also hinders the sustainable growth of this sector.

The effectiveness of labor regulations in the MSME sector still faces various challenges in its implementation. Although there are regulations governing workers' rights, including regarding wages, their implementation in the MSME sector is often

limited due to structural and economic factors. Many MSME actors do not fully understand or even ignore their obligations to provide decent wages in accordance with applicable regulations. In addition, the characteristics of MSMEs that tend to operate on a small and informal scale make it difficult to implement regulations strictly. Some MSME entrepreneurs consider wage regulations as an additional burden that can hinder the sustainability of their business, especially when economic conditions are unstable or their profit margins are small. The absence of a good labor administration system in most MSMEs is also an obstacle because many small businesses do not have written employment contracts or clear wage payment records. It causes existing regulations to not be able to fully guarantee the protection of workers' rights in this sector.

On the other hand, MSME workers face various obstacles in demanding their rights, especially related to wages not by statutory provisions. Many workers in this sector have limited knowledge of employment rights, so they are not aware that they are entitled to wages according to the standards set by the government. In addition, the bargaining position of workers in MSMEs tends to be weaker than workers in large companies, so they are often reluctant to fight for their rights for fear of losing their jobs. Meanwhile, the government also faces obstacles in supervising MSME compliance with wage regulations, especially because the number of MSMEs is very large and spread across various regions, including in remote areas. Limited resources for labor inspectors and the suboptimal complaint mechanism for MSME workers further complicate supervision of employer compliance.

In some cases, the government focuses more on efforts to empower MSMEs and the continuity of their businesses, so that aspects of protecting workers' rights are often a less prioritized concern. Therefore, a more effective and comprehensive strategy is needed to ensure that wage regulations can be implemented properly without hindering the growth of MSMEs. The urgency of this research lies in the importance of ensuring legal protection for workers in the MSME sector, especially in terms of fulfilling the right to decent wages and by laws and regulations. Given that MSMEs are a sector that absorbs the majority of the workforce in Indonesia, non-compliance with wage regulations can have a broad impact on worker welfare and overall social and economic stability. In addition, this research is also relevant in identifying various obstacles faced by workers,

employers, and the government in implementing wage regulations in the MSME sector. By understanding the factors that hinder the effectiveness of legal protection of workers' wage rights, this research can provide recommendations for solutions that not only protect workers but also consider the sustainability of MSME businesses. The results of this study are expected to be a basis for policymakers in formulating more adaptive and effective strategies for increasing MSME compliance with labor regulations so that a balance is created between worker welfare and the growth of the MSME sector.

2. RESEARCH METHOD

This study uses a normative legal research method, namely a method that focuses on the study of laws and regulations and relevant legal documents to analyze the protection of workers' wage rights in the MSME sector. The approaches used in this study include the statute approach and the conceptual approach. The statutory approach is carried out by examining various laws and regulations relating to workers' wage rights, such as Law Number 13 of 2003 concerning Manpower, Government Regulation Number 36 of 2021 concerning Wages, and Government Regulation Number 51 of 2023 concerning Amendments to Government Regulation Number 36 of 2021. Meanwhile, the conceptual approach is used to understand the basic concepts regarding wage rights, legal protection, and the principle of justice in employment relations which are the normative basis for protecting workers.

The data sources used in this study consist of primary, secondary, and tertiary legal materials. Primary legal materials include laws and regulations, court decisions, and other official legal documents that have binding legal force. Secondary legal materials include legal literature, scientific journals, reference books, and research results that discuss wage rights and labor law protection, especially in the MSME sector. Tertiary legal materials include legal dictionaries, encyclopedias, and other supporting documents used to clarify and complete the understanding of the legal concepts discussed. Data collection techniques are carried out through library research, by tracing and collecting various legal documents, scientific literature, and other relevant sources. The data that has been obtained is then analyzed qualitatively using a descriptive analysis method,

namely analyzing the contents of laws and regulations and legal literature related to the protection of workers' wage rights in the MSME sector. This technique aims to provide a comprehensive picture of the effectiveness of regulations and the obstacles faced in their implementation to produce objective conclusions based on a strong legal basis.

3. RESULTS AND DISCUSSION

Legal Protection Mechanisms and the Role of Legal Culture Regarding Workers' Wage Rights in the Micro, Small and Medium Enterprise Sector

Wage protection in the employment system is a legal effort to guarantee workers' rights to a decent income as a form of respect for the welfare of the workforce. Wages, as the main compensation for the energy and time given by workers, play a crucial role in determining the quality of life and economic stability of the community. In industrial relations, wage protection aims to avoid the exploitation of workers and ensure a balance between the interests of workers and employers.

In Indonesia, wage protection has been regulated in various regulations, one of which is Government Regulation Number 36 of 2021 concerning Wages. This regulation stipulates provisions regarding minimum wages, wage structures and scales, and fair and transparent wage payment mechanisms. Especially in the Micro, Small, and Medium Enterprises (MSMEs) sector, wage protection is a challenge in itself due to economic factors, business competitiveness, and limited government supervision. Therefore, it is important to ensure that wage policies are not only oriented towards protecting workers but also consider the sustainability of small and medium enterprises. The principle of fairness in wages is the main basis of the employment system which aims to create a balance between the rights and obligations of workers and employers (Nurkhaerani, 2024). This principle includes aspects of equality, appropriateness, and proportionality in determining wages according to the contribution and economic conditions of each industrial sector. Fair wages reflect the value of labor productivity and consider the need for a decent life for workers and their families.

In practice, the application of the principle of fairness in wages still faces various obstacles, especially in the MSME sector which often has financial limitations. Some business actors pay wages below standard on the grounds of maintaining business sustainability. Therefore, a policy is needed that can balance workers' rights with the economic capabilities of MSMEs, for example through a wage subsidy scheme, tax incentives for employers who implement a fair wage system, and increased supervision of minimum wage violations. With the application of the principle of fairness, the welfare of the workforce can be increased without hindering the growth of the MSME sector. Government Regulation Number 36 of 2021 concerning Wages which was later amended by Government Regulation Number 51 of 2023 concerning Amendments to Government Regulation Number 36 of 2021 concerning Wages stipulates the wage mechanism in Indonesia, including provisions regarding minimum wages. Based on Article 24 and Article 25, the minimum wage consists of the Provincial Minimum Wage (UMP) and the Regency/City Minimum Wage (UMK). UMP must be determined by the governor, while UMK can be determined with certain conditions, namely if the calculation result of UMK is higher than UMP.

In the regulation of minimum wages, some provisions differentiate workers based on length of service. For workers with a work period of less than one year, the minimum wage applies as the wage standard. However, if workers have special qualifications required in a position, employers can provide higher than the minimum wages. Meanwhile, for workers who have worked for one year or more, wages must refer to the wage structure and scale set by the company. This policy aims to ensure an increase in welfare for workers along with their length of service and expertise.

Law Number 6 of 2023 concerning the Stipulation of Government Regulation instead of Law Number 2 of 2022 concerning Job Creation into law, especially in Article 90B, provides exceptions for micro and small businesses regarding the application of minimum wages. In these provisions, micro and small businesses are not required to pay workers according to the provincial or district/city minimum wage but can set wages based on an agreement between the employer and the worker. This agreement must meet a certain minimum limit, namely a certain percentage of the average community consumption, the data for which is obtained from official statistical institutions. This

exception is based on the reality that micro and small businesses have limited capital and lower competitiveness than huge companies. If they are required to pay the same minimum wage as large companies, it is feared that many MSMEs will not be able to survive. Therefore, this regulation provides flexibility for MSMEs in setting wages according to their economic capabilities, but still with certain minimum standards.

The provision that exempts micro and small businesses from the obligation to pay minimum wages has major implications for the protection of workers' rights in the MSME sector. On the one hand, this regulation makes it easier for entrepreneurs to continue running their businesses without being burdened by strict wage regulations. However, on the other hand, workers in the MSME sector have the potential to receive lower wages than workers in the larger formal sector, which can have an impact on their welfare. This policy also opens up the possibility of abuse by entrepreneurs who deliberately categorize their businesses as micro or small to avoid the obligation to pay minimum wages. Therefore, supervision of the implementation of this policy is a challenge for the government, especially in ensuring that wage agreements made between employers and workers remain within reasonable limits and by living standards.

The legal culture among business actors greatly influences the implementation of wage policies, especially in the Micro, Small, and Medium Enterprises (MSMEs) sector. Understanding of wage regulations such as Government Regulation Number 36 of 2021 and Government Regulation Number 51 of 2023 is often still limited among MSME entrepreneurs. Many business actors do not fully understand their obligations to provide wages by statutory provisions. This is due to several factors, such as low socialization from the government, lack of access to legal information, and the tendency to focus more on business sustainability than compliance with regulations.

Legal culture refers to the mindset, attitudes, and behavior of the community towards the law and their compliance in implementing it. In employment policy, legal culture plays an important role in determining the effectiveness of the implementation of wage regulations. If business actors have high legal awareness, they will be more likely to comply with applicable wage provisions, including providing wages according to standards and fulfilling other workers' rights. Conversely, if the legal culture is still weak,

violations such as providing wages below standard and ignoring social security will continue.

In practice, some business actors prefer personal agreements with workers regarding wages, especially in the informal sector. Although the agreement is permitted in Article 90B of Law Number 6 of 2023 concerning the Stipulation of Government Regulation instead of Law Number 2 of 2022 concerning Job Creation into law, there is often an imbalance in negotiations between workers and employers. This is because the bargaining position of workers tends to be weaker than that of employers, so they receive wages that are far below a decent standard. Thus, a weak legal culture among business actors can contribute to violations of workers' rights in terms of wages.

From the workers' perspective, awareness of employment rights also varies greatly, depending on the level of education, work experience, and access to legal information. Many workers in the MSME sector do not fully understand their rights to minimum wages, benefits, and social security. This lack of knowledge tends to make them accept less-than-ideal working conditions, including wages that do not meet the standards set by the government. Although there are workers who understand their rights, many are reluctant to fight for them because they are worried about losing their jobs. This is especially true in the informal sector, where employment relationships are not always based on written contracts, making workers more vulnerable. In some cases, workers prefer to accept existing conditions rather than face the risk of being dismissed by employers who object to demands for wage increases.

Although regulations regarding wages have been established, violations in their implementation are still rampant, especially in the Micro, Small, and Medium Enterprises (MSMEs) sector. One of the most common violations is the provision of wages below the minimum standard, which often occurs due to low legal awareness among business actors and the weak bargaining position of workers. In addition, many workers in this sector do not have written employment contracts, leaving their rights, including social security, unprotected by law. Lack of supervision and weak law enforcement also worsen the situation, with sanctions for wage violations not always effectively enforced, leading many employers to ignore their obligations without firm consequences. As a result,

workers in the MSME sector continue to face uncertainty in obtaining decent wages and adequate protection in their employment relationships.

Effectiveness of the Implementation of Legal Protection Regarding Wage Rights in the Micro, Small and Medium Enterprise Sector

Protection of wage rights in the Micro, Small, and Medium Enterprises (MSMEs) sector is an important issue in the Indonesian employment sector, considering that this sector absorbs the majority of the country's workforce. MSMEs often face major challenges in fulfilling wage obligations by applicable regulations, especially due to financial constraints and limited access to resources. Although there are regulations governing wages, such as the Provincial Minimum Wage (UMP) and the Regency/City Minimum Wage (UMK), the implementation of wage rights protection in this sector is still hampered by various obstacles, including weak supervision, lack of understanding of regulations, and substandard wage practices.

MSMEs have characteristics that distinguish them from large companies, including a smaller business scale, dependence on limited resources, and weak financial capabilities. Most MSMEs do not have a stable income stream and must face major challenges in managing operational costs, including payment of workers' wages. Because they are generally more vulnerable to market fluctuations, many MSMEs have difficulty paying wages under appropriate regulations, such as the minimum wage. Moreover, reliance on family or informal business models, without a clear financial management system, makes their bookkeeping non-transparent, making it difficult to ensure the ability to fulfill decent wage obligations.

Several provisions in laws and regulations related to wages in the MSME sector are still not effective in their implementation. One example is Article 24 of Government Regulation Number 51 of 2023 concerning Wages, which stipulates that workers with a work period of less than one year are entitled to a minimum wage, while workers with a work period of more than one year must receive wages according to the wage structure and scale set by the company. However, in practice, many MSME actors do not implement this provision, either due to financial constraints or a lack of understanding of the regulations. In addition, Article 88E of Law Number 6 of 2023 concerning Job

Creation, which emphasizes that employers are required to pay wages according to applicable provisions, is also often ignored, especially by MSMEs that still operate in the informal sector without a clear payroll system. The weak supervision mechanism and minimal sanctions applied to these violations further exacerbate non-compliance in fulfilling workers' wage rights in the MSME sector.

In addition, Article 191 of Law Number 6 of 2023 concerning Manpower, which regulates sanctions for employers who violate wage provisions, has also not been implemented effectively. This article stipulates criminal threats and fines for employers who do not pay wages according to the provisions, but in practice, the application of sanctions against MSMEs who violate the rules is still rare. Many cases of wage violations in MSMEs are not reported or not followed up due to limited supervision and low worker awareness to file complaints. In addition, Article 43 of Government Regulation Number 51 of 2023, which requires regional governments to determine wage policies that are under regional economic conditions, is often not accompanied by concrete steps to ensure compliance in the MSME sector. As a result, even though regulations have been in place, the effectiveness of their implementation is still low due to weak supervision, law enforcement, and legal awareness from both employers and workers.

In practice, the effectiveness of protecting workers' wage rights in the MSME sector still faces various significant obstacles. One of the main factors is the lack of an effective monitoring mechanism, especially in ensuring that MSME entrepreneurs comply with the wage provisions set by the government. Currently, labor supervision is more focused on medium and large-scale companies, while MSMEs, which are very numerous, often escape supervision. The limited number of labor inspectors makes this condition worse, because they do not have adequate resources to monitor all MSMEs spread across various regions, including in remote areas. In addition, the absence of a reporting system that is easily accessible to MSME workers has resulted in many wage rights violations going unreported so that this problem continues without any firm action. In many cases, workers who experience wage violations are also reluctant to report because they are worried about losing their jobs or facing repressive action from employers.

From a technical perspective, weaknesses in the implementation of wage regulations in the MSME sector are also caused by the lack of socialization and legal

education for business actors and workers. Many MSME owners do not understand their obligations regarding wages, especially because existing regulations are often considered complex and difficult to apply in small businesses. On the other hand, MSME workers also often do not know their rights in detail, so they do not have a strong basis for demanding justice when the wages received do not comply with the provisions. In addition, the weak employment administration system in the MSME sector, such as the absence of written work contracts or clear recording of wage payments, further complicates the implementation of wage policies. The government does not yet have strong enough instruments to ensure that every MSME applies decent wage standards, especially for micro businesses that often operate informally. Without reforms in the supervision system, increasing the capacity of supervisors, and providing better reporting and education mechanisms, the effectiveness of wage regulations in the MSME sector will remain weak and difficult to implement optimally.

Obstacles in the implementation of protection of workers' wage rights in the MSME sector that cause the lack of effective regulation include various economic, legal, and social factors. One of the main obstacles is the financial constraints experienced by many MSME actors, who often operate with limited capital and unstable income. Many MSME entrepreneurs have difficulty meeting the minimum wage standards set by the government due to high operational costs, tight market competition, and economic uncertainty. This situation makes many MSMEs choose to pay workers below standard or provide wages that are not in accordance with applicable provisions. In addition, many micro-businesses still operate in the informal sector without a good financial recording system, so wage payments are often made without transparency and without following applicable regulations. As a result, violations of workers' wage rights continue to occur, while existing law enforcement mechanisms are difficult to implement optimally due to the lack of clear data on wages in this sector.

In addition to economic factors, low legal awareness and weak enforcement of regulations are also major obstacles to protecting workers' wage rights in MSMEs. Many business owners do not understand their obligations to pay wages according to the provisions, while MSME workers are also often unaware of their rights and fear seeking justice when they experience violations. The weak labor inspection system further

exacerbates this condition, especially since the number of labor inspectors is limited and more focused on large-scale companies. In addition, the complaint mechanism for workers who experience wage violations is still ineffective because many MSME workers are reluctant to report for fear of losing their jobs or facing intimidation from employers. The lack of incentives for MSME entrepreneurs to comply with regulations, as well as the lack of strict sanctions for wage violations, weakens the effectiveness of protecting workers' wage rights. Without reforms in the inspection system, increased legal education, and policies that are more adaptive to the conditions of MSMEs, the effectiveness of legal protection of workers' wage rights in this sector will continue to face various obstacles that are difficult to overcome.

Efforts to Increase the Effectiveness of the Implementation of Legal Protection Regarding Wage Rights in the Micro, Small and Medium Enterprise Sector

Strengthening regulations and policies to protect workers' wage rights in the MSME sector is a fundamental step in increasing the effectiveness of the implementation of labor law. One aspect that needs to be considered is the evaluation and improvement of wage regulations in the MSME sector. Currently, although there are various regulations governing wages, their implementation is still constrained due to the lack of firmness and flexibility in their application to MSMEs that have financial limitations. Therefore, there needs to be more adaptive and realistic regulations, which still guarantee workers' rights but also consider the conditions of micro and small businesses.

In addition, harmonization of policies between the central and regional governments is also an important aspect so that wage regulations can be implemented more effectively throughout Indonesia. Wage policies at the regional level need to be adjusted to local economic conditions, so that the wages set remain fair and realistic. The government can also apply incentives for MSMEs that comply with wage provisions, for example by providing tax relief or easier access to funding for businesses that implement a wage system according to regulations. In addition to strengthening regulations, increasing supervision and law enforcement are also crucial aspects in ensuring compliance with wage regulations in the MSME sector. Optimizing the role of labor

inspectors needs to be done by increasing the number and capacity of supervisors so that they can reach more MSMEs, especially in remote areas.

Furthermore, the application of stricter sanctions for business actors who violate wage regulations must also be carried out so that there is a deterrent effect for entrepreneurs who do not pay wages according to the provisions. In practice, many wage violations in MSMEs are not taken seriously, thus encouraging other entrepreneurs to do the same. Therefore, strengthening the law enforcement system must be a priority so that the protection of workers' wage rights can be implemented properly. No less important, increasing transparency in the wage system in MSMEs must also be encouraged through clearer recording and reporting. The government can require MSMEs to have a simple but effective wage administration system, so that supervision of wage payments can be carried out more easily. In addition to strengthening regulations and supervision, education and socialization of wage rights for MSME actors and workers are critical to increase awareness and compliance with labor regulations. Increasing legal awareness among entrepreneurs and workers can be done through various campaigns and counseling on the importance of paying wages according to regulations. Many MSME entrepreneurs do not pay wages according to the provisions not because of bad intentions, but because of a lack of understanding of the applicable rules. Therefore, training and mentoring programs for MSMEs related to employment regulations should be developed by the government, academics, and labor organizations. In addition, the role of labor institutions and organizations in the socialization of wage rights also needs to be improved, especially in providing advocacy to workers who experience wage rights violations. With support from various parties, MSME workers will be more aware of their rights and can fight for justice in the wage system.

Another effort that needs to be made is the development of a more effective complaint mechanism so that workers who experience wage violations can easily report their problems. Currently, many MSME workers do not dare to report violations because they are afraid of losing their jobs or getting pressure from employers. Therefore, providing an easily accessible complaint service platform is a solution that needs to be developed by the government. Digital-based complaint services can be an option that allows workers to report violations more safely and quickly. In addition, protection for

workers who report wage violations must also be strengthened so that they do not experience intimidation or threats due to the complaints they submit. In this case, collaboration with NGOs and labor unions in handling wage cases can be an effective strategy to ensure that every case of wage violations in MSMEs can be followed up appropriately. Support from the government and various related parties is needed to improve MSME compliance with wage regulations. One step that can be taken is an assistance and subsidy program for MSMEs so that they can pay wages according to the provisions, especially for small businesses that have financial limitations. With this incentive, MSMEs no longer have an excuse to pay workers below the set standards. In addition, cooperation between the government, private sector, and academics in encouraging MSME compliance also must be strengthened so that wage policies can be implemented more effectively. The government can work with the business world to create a healthier and fairer business ecosystem for MSME workers. Finally, as a form of appreciation, providing awards and certification for MSMEs that implement wages according to regulations can be an additional incentive that encourages more small businesses to comply with wage regulations. With these steps, it is hoped that the effectiveness of wage rights protection in the MSME sector can continue to increase and create fairer and more prosperous working conditions for workers.

4. CONCLUSION

Wage protection in the employment system in Indonesia, especially in the Micro, Small, and Medium Enterprises (MSMEs) sector, is a crucial aspect to ensure worker welfare and avoid exploitation. Although regulations such as Government Regulation Number 36 of 2021 and Government Regulation Number 51 of 2023 have regulated wage provisions, their implementation still faces various challenges, such as inequality negotiations between employers and employees, and low legal awareness among business actors and workers. Weak supervision and the inability of MSMEs to meet minimum wage obligations further exacerbate this condition, so that more efforts are needed to improve legal education, stricter supervision, and policies that balance worker protection and the sustainability of small and medium businesses.

Protection of wage rights in the MSME sector in Indonesia faces various challenges, such as financial constraints, weak supervision, and lack of understanding of employment regulations. To overcome this problem, it is necessary to improve the quality and number of supervisors, more intensive education regarding employment rights for employers and workers, and government policies that support MSMEs, such as subsidies or low-interest financing facilities. With these steps, it is hoped that the MSME sector can better fulfill wage obligations by functional regulations, so that worker welfare can be guaranteed and harmonious industrial relations can be realized.

References

- Adelya. (2024). Analisis Waktu Kerja Lembur dan Upah Kerja Lembur Berdasarkan UU Cipta Kerja No. 6 Tahun 2023 (Studi Kasus CV Cakra Utama Depok). *National Conference on Law Studies (NCOLS)*.
- Birgithri, A. (2024). Analisis Strategi Pemasaran UMKM untuk Meningkatkan Pertumbuhan Bisnis di Era Digital. *Technomedia Journal*, 117-129.
- Daming, S. (2021). Perlindungan Hukum dan Hak Asasi Manusia Terhadap Pekerja Anak di Bawah Umur Pada Industri Rumahan. *YUSTISI*, 113-130.
- Hanifah, I. (2020). Kebijakan Perlindungan Hukum Bagi Pekerja Rumah Tangga Melalui Kepastian Hukum. *Jurnal Legislasi Indonesia*, 193-208.
- Kennedy, A. (2024). Perlindungan Hak Upah Bagi Pekerja Dalam Lingkup Usaha Mikro Kecil Menengah. *Jurnal Interpretasi Hukum*, 1108-1119.
- Kennedy, A. (2024). Perlindungan Hak Upah Bagi Pekerja Dalam Lingkup Usaha Mikro Kecil Menengah. *Jurnal Interpretasi Hukum*, 1108-1119.
- Marsono, J. (2022). "Implementasi Penetapan Upah Usaha Mikro pada CV Mulan Kencana: Tinjauan Peraturan Pemerintah Nomor 36 Tahun 2021. *Digital Bisnis: Jurnal Publikasi Ilmu Manajemen dan E-Commerce*, 35-49.
- Mokalu, R. S. (2023). injauan Hukum Tentang Perlindungan Bagi Tenaga Kerja Sektor Umkm Dihubungkan Dengan Precarious Work (Kondisi Kerja Berbahaya). *Lex Privatum*.
- Ningrum, E. P. (2024). Faktor Terkait Kesenjangan Ekonomi dan Kesejahteraan. *PRIVE: Jurnal Riset Akuntansi dan Keuangan*, 116-126.
- Nurkhaerani, E. (2024). Analisis Peraturan Pemerintah Nomor 36 Tahun 2021 Tentang Sistem Pengupahan Perspektif Hukum Ekonomi Islam: Perbandingan Peraturan Pemerintah Nomor 51 Tahun 2023. *Jurnal Esensi Hukum*, 1-15.

- Rumbrawer, W. A. (2023). Dampak Covid-19 terhadap UMKM (Studi Kasus Pedagang Kaki Lima di Kelurahan VIM). *Jurnal Samudra Ekonomi Dan Bisnis*, 341-354.
- Sinta. (2025). Konsep Ekonomi Kerakyatan Dalam Pemberdayaan Usaha Mikro, Kecil, Dan Menengah. *Nusantara: Jurnal Pendidikan, Seni, Sains dan Sosial Humaniora*.
- Suryaningrum, D. A. (2023). *PENGANTAR EKONOMI PEMBANGUNAN: Teori dan Konsep Pembangunan Ekonomi Era Industri 4.0 & Society 5.0*. Makasar: Sonpedia Publishing Indonesia.
- Susila, A. R. (2017). Upaya pengembangan usaha mikro kecil dan menengah dalam menghadapi pasar regional dan global. *Kewirausahaan dalam multi perspektif*, 153-171.
- Tambunan, T. (2021). *UMKM di Indonesia: perkembangan, kendala, dan tantangan*. Jakarta: Prenada Media,.
- Wartono, T. (2024). *Ekonomi Indonesia: Tantangan, Peluang, dan Masa Depan Perekonomian Indonesia 2030*. Yogyakarta: Sonpedia Publishing Indonesia.
- Widayati, T. (2023). *PEREKONOMIAN INDONESIA: Perkembangan & Transformasi Perekonomian Indonesia Abad 21 Terkini*. Yoyakarta: Sonpedia Publishing Indonesia.
- Wijaya, A. S. (2023). Meningkatkan Kinerja UMKM Melalui Pendampingan Manajerial. *Jurnal Peradaban Masyarakat*, 133-144.
- Windusancono, B. A. (2021). Upaya Percepatan Pertumbuhan Usaha Mikro Kecil Dan Menengah (Umkm) Di Indonesia. *Mimbar Administrasi Fisip Untag Semarang*, 01-14