

Internal Audit in Outsourcing Company in Indonesia (Case Study in Company X)

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Abstract

This paper discusses about internal audit of the human resources function at Company X . This study aims to determine the level of effectiveness of the human resource functions associated with the outsourcing recruitment process, knowing the weaknesses encountered, and provide recommendations or alternative improvements that can be given in an effort to increase the effectiveness of human resource function at Company X. The research method is qualitative descriptive. Data in this study were obtained with field studies through interview, observation, and documentation. The results showed that we found some weakness in the human resource management system in this company, so we want to explore more about the findings. Based on some of the weakness in the human resources function in Company X, we gave some recommendations for improvements or alternatives to be considered for Company X as feedback in the management of human resources in the future.

Keywords: Internal Audit, Human Resources, Recruitment, Outsourcing.

1. Introduction

The modern global business environment has had a great impact on business practices during the last few decades (Heikkonen, 2012). Therefore the company needs to do business strategy escalating in order to be able to compete to achieve the company's objective. Beside that the company is also demanded to have wise attitude when it decides a decision and be able to coordinate the related parts to perform the company's activity.

One part of the company that is very important to be coordinated well is human resources. Human Resources function has emerged as a key factor in organisational performance and business success (Shiri, 2012), which becomes planner and active performer from each company activity along with having important role in achieving the company's objective. Objective, vision, mission, and a good company's strategy will not work well if the human resource is not noticed and managed well. The good human resources are expected to have possession and desire to advance the company in the optimal deciding. Internal controlling system in human resource management is needed to increase human resource effectiveness itself in the company.

Effectiveness is the successful level of a company to achieve what that company's objective. Through the right human resource management, the company can get, develop, and evaluate the employee based on the qualification that is determined to achieve the company's objective. Effectiveness of human-resource *processes* contains are planning, profiling potential and stabilised employees, recruitment and individual job search, employee selection, employee separations, work force reduction, and retention, internal staffing, motivating, training, development and orientation (Majerova, 2008).

The company needs to make a good managerial system to the human resource management to assure that the management policy has been done well. Management audit needs to be done to evaluate whether that system is done comprehensively to create a revision for the inadequacies and look for the solution for the obstructions that are found in achieving the objective and the function of human resource. Shiri (2012) found that management audit increases the efficiency of human Resource function, gives opportunity to align the HR practices with the organizational strategy, identify improvement areas, and fine-tune the HR current practices in sync with organizational strategies.

One of the service sectors which offers the solution to the companies in Indonesia in order to be able to stand and speed up the operational company is through outsourcing service. Outsourcing services is also called as resource exchange employee who is usually more distributed to work in the other companies. This employees work by the name of outsourcing company, not in the company where they work. The company where they work only has the responsibility in the technical employee relation, while to the matters beside that become the outsourcing company's responsibility. The basis of doing this outsourcing service is Law No. 13/2003 about workforce.

Outsourcing issues in Indonesia has been increasingly emerged following issuance of Law No. 13/2003. According to government data, Indonesia has millions of outsourced workers, which roughly account for 40 percents of the country's formal labor force of 41 millions. And based on researches and surveys conducted by management experts over the past 12 years to more than 1.200 companies since 1991, *Outsourcing Institute* highlights several reasons implicating the companies' decision on invoking outsourcing to operate their business and potential benefits expected from it. Despite all controversies arising out of outsourcing implementation, below are several notable potential benefits of outsourcing which has significantly contributed to business

development in Indonesia, such as enhance the focus of the company, utilize the world-class capability, expedite the benefits which has been obtained from re-engineering, enhancement of productivity and flexibility, share the risks, the company's sources can be used for other needs, enable the availability the capital funds, creating 'fresh money' and decrease the costs of operations because the company only needs the full responsibility only to the main employee. The company user is also profited because the company does not need to do employee recruitment based on the qualification and company competition.

Nevertheless from the outsourcing employee itself, they have many weaknesses, such as the employees do not have negotiation rate because they are not constant employees thus occasionally their rights are less noticed, outsourcing employees are difficult to be appointed to be constant employee although their works are satisfied, outsourcing employees also do not have chance to have career in their company renter, although they have worked for years. Besides that, the outsourcing employees are also difficult to get the raising salary, because it is usually based on the minimum payment within *Regional Minimum Wage (UMR)* in that certain place they work. So, their raising salary usually occurs if there is *UMR's* escalation. Outsourcing employee is usually not given subsidy and insurance too, this is because the company outsourcing employee provider assumes they are just contract employee. However based on the government regulation, employees' rights besides the main salary are subsidy and insurance, family subsidy and labor social assurance. And the more regretted the outsourcing employee can be fired whenever because they are not constant employee in the company where they work, thus their negotiated position is very low toward the company.

The purpose of this study is to evaluate the rationale and effectiveness of recruitment process outsourcing in the Company X and giving recommendation corrective action that is needed to be done by the company to achieve human resource function effectiveness for achieving the organization's objectives. Recommendation this audit result can be used by the management as the basis revision from the human resource function that is existed as the input for Company X in making policy related to the human resource function. In addition, it is expected the government should improve their capability in monitoring enforcement of the law to ensure outsourced workers get their benefits properly.

Company X is one of the company in Indonesia which mobiles in civil service business enterprise sector, that provides outsourcing employee to other company that is formed employee in network communication sector. The employee providing is done through two ways, namely selection for public through media and selection through cooperation with the certain education institution. The number of employees Company X that are classified cause many control toward the employee of this company which needs special handling. Therefore, it is needed audit management in human resource function. The primary research questions of this study are:

1. To explain how is the outsourcing employee recruitment process in Company X.
2. To explore the difference influence between the employees who are accepted through general selection and the employees who are acceted through the cooperation with the education institution.
3. To explore the difference influence between the status of employees who are permanent employees and outsourcing employees.
4. To explain has the Company X fulfilled the employess'right based on Law No. 13/2003 about workforce.
5. And the last to explain how is the human resource function effectiveness level in Company X thoroughly.

2. Literature Review

William R. Tracey (2003) defines Human Resources as: "The people that staff and operate an organization"; as contrasted with the financial and material resources of an organization. Human Resources is also the organizational function that deals with the people and issues related to people such as recruitment, compensation, performance management, and training.

Recruitment is often considered a vital process for any company, if not a potential source of competitive advantage. It deals directly with the current and future employees of the firm and is one of the core HR functions. The fundamental goal for any recruitment process, whether outsourced or not, is to attain the best possible candidates for the right positions and as efficiently as possible (Armstrong, 2003: 395). The human resource activities according to Ozutku and Ozturkler (2009) such as: Recruitment and Selection, Training and Development, Compensation and Benefit, Performance Appraisal, Career Development, and Industrial Relations.

The definition of human resources outsourcing by Alewell, Hauff, Thommes and Weiland (2009) is '*provides an external, marketbased alternative to internal procurement of HR functions and HRM,*' and is an excellent way of defining the core characteristics of such services.

Outsourcing in Indonesia labor law is defined as the chartering and supplying of worker services. In general, outsourcing-related matters in Indonesia are regulated by Law No. 13 of 2003 ("**Law No. 13/2003**"), in particular Article 64, Article 65 and Article 66, as well as Minister of Manpower and Transmigration Regulation No. 19 of 2012 concerning Terms of Partial Assignment of Work to Third Party Companies ("**MOMT Regulation No. 19/2012**").

Article 64 stipulates that an enterprise may subcontract part of its work to another enterprise under a written agreement of contract of work or a written agreement for the provision of work/labor. There are two types of outsourcing in Indonesia, *contract of work* and *provision of labor*, as follows:

1. Contract of Work

The employment relationship shall be regulated under a written employment agreement between the employer and the employee. This requirement also applies in terms of subcontracting the work to another party. Work that may be subcontracted must fulfill the following requirements:

- a. the work can be done separately from the main activity;
- b. the work is to be undertaken under either a direct or an indirect order from the party commissioning the work;
- c. the work is an entirely auxiliary activity of the enterprise; and
- d. the work does not directly impede the production process.

In addition, Article 12 of MOMT Regulation No. 19/2012 stipulates that labor providers must fulfill the following requirements:

- a. in form of legal entity;
- b. have a company registration certificate;
- c. have a business license; and
- d. have evidence of having filed its mandatory manpower reports.

If the above requirements are not met, the enterprise that contracts the work to the contractor shall be held responsible by law to be the employer of the worker/ laborer employed by the contractor.

According to Article 5, Article 6, Article 7, and Article 8 of MOMT Regulation No. 19/2012, any supporting work that is subcontracted must be reported by the employer to the government agency responsible for manpower in the district/city where the work is being conducted. Then, the government agency must issue the proof of report within one week as of the submission.

An employer is not allowed to subcontract any part of work unless it has the proof of report from the government agency. The absence of the report will legally cause the employee's relationship is no longer with the subcontractor but with the employer.

In addition to the above requirement, according to Article 10 and Article 11 of MOMT Regulation No. 19/2012, the contractor must also register the contract of work with the government agency within 30 working days as of the commencement of the work. Subsequently, the government agency must issue the proof of registration within five days as of the receipt of complete registration.

2. The Provision of Labor

Article 66 of Law No. 13/2003 stipulates that employees from labor providers, e.g. outsourcing companies, must not be utilized by employers to carry out main activities or activities that directly related to the production process. The work is only limited to auxiliary service activities or activities that indirectly related to the production process. Labor providers which provide labor for auxiliary service activities must fulfill the following requirements:

- a. there is an employment relationship between the employee and the labor provider;
- b. the employment agreement in the employment relationship is for specified time and/or a work agreement for an unspecified time, which is in writing and signed by the parties;
- c. the labor provider is responsible for wages, welfare protection, the provision of good working conditions, and dispute resolution; and
- d. the agreement between the employer and the labor provider must be made in writing.

A labor provider must in form of legal entity and subject to license from a government agency responsible for manpower affairs. If the conditions in Article 66 regarding employees from the labor provider are not fulfilled, then the employer that utilizes the service of the labor provider will be held legally responsible to be the employer of the employees supplied to it by the labor provider.

Article 17 Paragraph (3) of MOMT Regulation No. 19/2012 stipulates that the auxiliary service activities that can be outsourced comprises of:

- a. cleaning services;
- b. catering for employees;
- c. security personnel;
- d. support services in the mining and oil sectors; and
- e. employee transportation services.

Article 24 of MOMT Regulation No. 19/2012 obliges labor providers to fulfill the following requirements:

- a. established in the form of limited liability company;
- b. hold a company registration certificate;
- c. hold a proper business license;

- d. have a proper receipts for mandatory employment reports;
- e. hold an operating license;
- f. have a permanent office and address; and
- g. have a taxpayer registration number.

Further, Article 20 of MOMT Regulation No. 19/2012 requires the labor services agreement being entered into between the employer and labor provider to be registered with the government agency responsible for manpower matters in district or city in which the work being conducted no later than 30 (thirty) days as of execution of the same.

The MOMT Regulation No. 19 of 2012 guarantee the rights of the worker as stipulated in Article 28 MOMT Regulation No. 19/2012 in which stated that every outsourcing employment contract, must include provisions that guarantee the rights of employee/workers in employment in accordance with the prevailing laws.

The following is the comparison between Permanent Employee and Outsourcing Employee based on the new Minister of Manpower and Transmigration Regulation No. 19 of 2012 concerning Terms of Partial Assignment of Work to Third Party Companies:

ASPECTS	STATUS OF EMPLOYEE	
	PERMANENT	OUTSOURCING
RIGHTS OF EMPLOYEE		
Basic Wage	<ul style="list-style-type: none"> • Minimum Wage of Employee • Allowance for Duration of Work 	<ul style="list-style-type: none"> • Minimum Wage of Employee • Allowance for duration of work
Premium Presence	Obtaining	Not Obtaining
Insurance for Working Accident, and Health, Death	Obtaining	Obtaining
Payment for eat and Transportation	Obtaining	Not Obtaining
Right for Rest and Leave	Obtaining	Obtaining
Allowance for Feast Day	Obtaining	Obtaining
Severance	Obtaining	Obtaining
Social security for employees (jamsostek)	Obtaining	Obtaining

Shen (2005) in Hekkonen (2012) has conducted an extensive study of the brief history of HRO (or BPO – Business Process Outsourcing) including both academic literature and also including industry statistics. Based on his analysis the author summarizes the five fundamental reasons for HRO: “... major driving forces for HRO are saving costs, seeking better services, strategic concerns, transferring risks and saving trouble.”

But when looking at the possible risks of Human Resources Outsourcing (HRO), going through the nature of the processes is beneficial in order to evaluate what is at stake here. Obviously, operational risks are related to daily Human Resources practice that may have a dramatic effect on the firm’s employees. For example, in a case of outsourced payroll, the operational risk might be that if there are problems, people might not get paid, causing a wide range of problems within the company. Furthermore, strategic level risks would not have equally dramatic effects considering the employees. However, on strategic level, the major risks consist of long-term inefficiencies caused by ineffective HRO. Therefore required a comprehensive examination to ensure HRO can effective.

Auditing is a systematic process of objectively obtaining and evaluating evidence regarding assertions about economic actions and events to ascertain the degree of correspondence between those assertions and established criteria and communicating the results to interested users (Boynton & Johnson, 2006).

According to Yadav dan Nishant Dabhade (2014) the reason for conducting an Human Resources audit is to find out how effective and efficient the organization’s Human Resources activities are and to determine the areas for improvement and identify changes. The purpose of the Human Resources audit is to conduct a more in depth analysis of the Human Resources function to identify areas of strength and weakness and where improvements may be needed. Conducting an audit involves a review of current practices, policies, and procedures, and may include benchmarking against organizations of similar size and/or industry. This aspect of

the Human Resources audit examines:

1. Your Human Resources Development (HRD) systems and procedures, encompassing training and development, organization development and career development.
2. Whether your HRD systems and procedures are aligned with the Human Resources Management systems and procedures to promote competence, confidence and performance. This includes job design, Human Resources planning, performance management systems, selection and staffing.
3. Fairness and consistency in compensation and benefits, employee relations and your Human Resources record keeping, particularly in regard to providing timely management information.

The services audit aspect of the audit activity looks at the service responsiveness and reliability of the Human Resources function. This will include an assessment of such things as response times, willingness to help line managers/staff, and the knowledge of the Human Resources staff etc. And the compliance audit, this assesses the degree to which Human Resources is compliant with the relevant legislation – e.g. Labor Laws, etc. This part of the audit will assess whether the required policies, practices, and procedures exist, and to what extent management and labor have been trained to enact these codes of best practice (Yadav dan Dabhade, 2014).

The advantages of Management Audit of human resources according to Laurdan (2008) as followed:

- a. Ensuring alignment of HRM and employment practices with the organization's business objectives.
- b. Assessing the outcomes of the organization's employment processes, policies, practices, and outcomes.
- c. Developing the right human capital measurements and Human Resources metrics to allow the organization to calculate and measure the value added by human resources, to determine the ROI and the return on the human capital asset, to measure the outcomes of employment policies and practices and the achievement of EEO and diversity goals, and to benchmark best practices.
- d. Ensuring due diligence, including: uncovering hidden liabilities and assets, identifying vulnerabilities to be corrected, and identifying opportunities to be attacked.
- e. Developing Human Resources auditing procedures that become an ongoing and sustainable element of the organization's internal controls.
- f. Assessing and managing employment related fraud.
- g. Developing Human Resources auditing procedures that become an ongoing and sustainable element of the organization's risk management program.

Process of Management Audit according to Knowledge Process Outsourcing:

1. Establishing the objects of organization- The first job in the management audit is to identify the objectives of the business organization.
2. Evaluation of the organization structure- Next step in the management audit is to evaluate the organization structure. To find out that whether the structure enough to achieve the goals of the organizations.
3. Evaluating the policies of the organization- Evaluating the policies of the organization is very important is very important. Any scope of improvement in it should be reported.
4. Reviewing the actual performance- Auditor should review the actual performance of the various work centers. The performance should be carefully and critically evaluated. Any scope of the improvement or inefficient working should be reported.
5. Report On the basis of the above steps, auditor should prepare a report and submit to the appointing authority. The report should point out all the weak and inefficient points present in the organization.

3. Research Approach

This research uses the primary data source that is the interview with the human resource staff division and the operational manager. The researcher uses data collection method by doing some steps, as followed:

1. Preliminary Survey

Preliminary survey is intended to get information regarding to the beginning illustration company and the matters that are faced by the company. The researcher does the beginning interview with the human resource staff division to ask the permission for the research accomplishing along by getting the illustration company's condition in this time.

2. Area Survey

In this survey the researcher does three methods, as followed:

a. Interview

In doing the interview as one of this data collection method, the researcher interviews some sources.

b. Observation

Observation activity is done by observing the employees' course that includes the duty acceptance process, speed of doing their jobs, efficient time, discipline, and the final result.

c. Documentation

The documents that have been studied are general information like the history of the company, service product, the company's objective, structure organization, position description, and the number of

employees, along with the special information that becomes the research's focus.

4. Findings

Company X starts to operate in January 1st, 2011 and have a target in 2014 to be able to give dividend to their stockholders as big as Rp 267.284.572,00. That number has been decreased taxation and capital deposit to Company X. In achieving the income target, Company X will develop its effort in the outsourcing employee supplying, the goods and services supplying to the government agency via online (*LPSE*) and agribusiness and property development business enterprise.

In the outsourcing employee procuring, Company X cooperates with another corporation. That cooperation is casted in the cooperative treaty that is signature by both companies. This cooperative treaty is usually valid during 1 year and after that will be renewed again or emitted amendment until that cooperative treaty is new again. And to support outsourcing operational employee, Company X also cooperates to provide many working facilities that are needed by the outsourcing employees, such as labor tool, measurement tool, and the equipments that are proper with the standardarized.

Company X's main activity is providing outsourcing employees for other company that is the employees in network protection and disturbance telecommunication handling sector. For this time, the number of outsourcing employee is 65 who will be placed in throughout Indonesia. Temporarily, the outsourcing employees are the contract employees that have 1 year renewed contract. But it is possible if there is outsourcing employee who is raised up as the constant employee Company X and still through the selection process.

In the outsourcing employee recruitment process that is done by Company X, recruitment is done based on the necessity. The requirements needed are the understanding of network telecommunication, capability in hard working, persistent, and available to be placed wherever. The outsourcing employees needed is those who authorize network telecommunication with the minimum education in vocational school. This matter is valid to the outsourcing employees in the copper wire network technique part included protection and handling telephone connection disturbance and speedy. But for the fiber optic technique outsourcing employees' part has the requirement minimum education in Diploma 3 (D3) telecommunication technique. Recruitment process besides opens the public vacancy through the media, it usually also cooperates with the telecommunication school to distribute their graduates. Through the cooperation with the education institutions this is expected the employees who are produced are the chosen employees who more qualified and to press the big training cost.

The sequel of the outsourcing employee recruitment process starts from the administration selection. After passing the administration selection process, then the applicants will be called to join the written test included: psychology test, expertise, and general test. Then for the applicants who fulfill the qualification will be called for interview. From the interview result will be taken employee candidates who are considered fulfilling the company standard. All the sequels test are only accomplished by human resource division without using master recruitment employee or consultant.

After the outsourcing employee recruitment finished, for the vocational school graduates who are accepted, Company X gives the special training to them to handle the disturbance and network telephone protection. Same as the fiber optic outsourcing employees, all these Diploma 3 graduates are still given training based on their level. After the training done, they will be placed in some districts in the cooperative treaty followed the contract.

The researcher has done observation in this company to see the employees' ability in finishing their duties based on the target given. Supported by the data given, the researcher also gets working result data that is able to be finished by the employees, the employees who are accepted by the public recruitment or the employees who are accepted by the cooperation with the education institution. From that data, the researcher sees that the mean of the finishing duties by the public recruitment employees are 70% from the daily target, 10 customers' disturbance per day. While for the employees who are accepted by the cooperation the mean duties that have been finished 100% from the daily target.

Based on the interview that has done by the researcher with Muslih as the Operational Director, Muslih said that there is a significant difference between the outsourcing employees who are accepted through the cooperation with the education institution and the public recruitment process. This matter is caused the outsourcing employees who are accepted through the cooperation with the education institution have done *File Practice (PKL)* during 3 months thus they have had the experience in technique sector. While those who are from public recruitment, average lack of authorizing the skill thus for them given intensive training. This training needs big cost for instructor payment, accommodation, consuming, etc.

According to Muslih, the employees from the cooperation with the education institution recruitment process in fact after releasing in the job opening they are more ready to work because they have skill since they are still studying in the school rather than the employees by the public recruitment process through many training. That skill is not often had by the employees from the public recruitment, because for the network telecommunication technique is needed the up to date latest communication.

And the part that is not less important is about the salary. The researcher interviewed Sapto, one of the human resource staff. Sapto said that outsourcing employees' standard salary is as big as UMR in Surakarta. And for the D3 or S1 absolutely are bigger based on their education and skill. Outsourcing employees get the constant payment every month adding the overtime payment that is accounted from the main salary, *jamsostek*, uniform, intensive once per 3 months if fulfill the target, furlough right 12 days per year. Time for working for the outsourcing is started from 08.00 a.m. up to 5 p.m. from Monday up to Saturday. Job contract Company X with the outsourcing employees is valid during one year and when the employee outsourcing contract finished they can make application again and human resource sector will evaluate.

One another important content of this paper is the difference employee treatment between permanent employee and outsource employee in Company X. The results are following:

MBAK INI ISI AJA PERBEDAAN PERLAKUAN ANTARA TENAGA KERJATETAP DENGAN TENAGA KERJA OUTSOURCE DI PT X ITU. TERSERAH MAU BENTUK TABEL ATAU PARAGRAF BIASA (KALAU BENTUK TABEL ADA CTH NYA DI FILE WORD SATUNYA)

Overall, the outsourcing employees management at Company X has attempted to fulfill the employees' rights that are mentioned in *Law No. 13/2003* about the workforce, where beside getting the constant salary monthly, they also get overtime payment that is accounted from the main salary, labor social insurance, uniform, intensive per 3 months if they fulfill the target, and furlough 12 days like non-outsourcing employees. Beside that the employees' rights included the safety of the outsourcing employees are also noticed by the company.

But that researchers also finds many weaknesses related how the human resource function Company X does its activities. In this company, there is no gratify Standard Operational Procedure (SOP), intern controlling, and unclear regulation cause the human resource function in this company is less effective in doing the duties and responsibilities, thus needed the revision and corrective action from the management. Besides that less optimal human resource function is also affected the maximum employee management, for example regarding to the contract between the employee and the company. The contract that is evaluated once a year also becomes the cause of the lack of outsourcing employee potential, because with the short period from the outsourcing employees quality have not seen obviously yet, because each contract is renewed automatically occurs rolling in the employee's placement based on the necessity. However their working area needs protection continually that has to be done frequently. When personnel exchange occurs thus the revision that has been done the previous year can be neglected.

MBAK, TABEL TEMUAN INTERNAL AUDIT PT X MBAK MASUKKAN KE SINI YA,,

In this case the writers recommend to Company X to make SOP needed for the management to act based on the mutual standard in the company. Beside that the management also has to revise the human resource division to be more optimal. The management also need to use the consultant service or professional recruitment service in order to get the gratify employees in quality.

5. Conclusion

Based on the research result and the discussion in the previous chapters, recruitment process that is established through two ways by Company X is done properly by the companies which establish the recruitment, that is through the sequel tests to select the true competent employees and needed by other corporation. But in the process, the researcher finds the weakness that is the sequel test is only done by the intern human resource division without using a skilled person of the employee recruitment or consultant outside the company.

Two ways recruitment process that is done by Company X produce the difference employees' quality, where the employees who are accepted through the cooperation with education institution are trusted more qualify that the employees who are accepted through the public recruitment, and the cost emitted relative more efficient if it is through cooperation recruitment with the education institution that with the public recruitment.

There are not a lot of different treatment between permanent employees and outsource employees, which they get the same treated like get the constant salary monthly, labor social insurance, furlough 12 days like non-outsourcing employees. Beside that the employees' rights included the safety of the outsourcing employees are also noticed by the company.

Company X has attempted to fulfill the employees' rights that are mentioned in *Law No. 13/2003* about the workforce but thoroughly the human resource function at Company X is less effective, because there are found many weaknesses, such as there is no SOP, the lack of intern controlling, and the unclear company's regulation. For solving this problem, it is needed to revise and do the corrective action from the management.

ASPECTS	STATUS OF EMPLOYEE	
	PERMANENT	OUTSOURCING
RIGHTS OF EMPLOYEE		
Basic Wage	- Minimum Wage of Employee - Overtime Pay	- Minimum Wage of Employee - Overtime Pay
Premium Presence	Obtaining	Obtaining
Insurance for Working Accident, and Health, Death	Obtaining	Obtaining
Payment for Eat and Transportation	Obtaining	Not Obtaining
Right for Rest and Leave	Obtaining	Obtaining
Allowance for Feast Day	Obtaining	Obtaining
Severance	Obtaining	Obtaining
Social Security for Employees (Jamsostek)	Obtaining	Obtaining

Implication

When the company uses the human resource management which is managed well, thus many profits that can be acquired by the company. For achieving the company's objective, the company should be more ready regarding to the components that need to be prepared thus all the thing can be done effectively. Such as the clear standard operational, clear and distinct regulations, gratify intern controlling, and the providing of the dependable and competent human resources in their skills.

On the other side, for the Indonesian government, they need to focus on how to strengthen comparative advantages as an outsourcing supplier given the main reason behind opposition to outsourcing in Indonesia is its implications for workers. So the government needs to immediately take action to end misperceptions. First, outsourcing should not discriminate against the status and rights of workers. Outsourcing is a temporary job that needs to be urgently handled in the event of a peak season. Second, a company may outsource workers with lower wages to other units or areas, but their rights and status must remain intact. Third, the aim of outsourcing is to achieve efficiency by handing over jobs to specialists so that a company does not have to make everything itself. It's high time for the government to draft new rules concerning outsourcing that will not deprive workers of their rights so as to minimize labor protests and disputes.

Suggestions

Based on the related research with human resource audit function at Company X, the researcher gives some suggestions to revise the weaknesses for increasing the research quality with the same topic in the future as followed:

1. For the next researcher needs to be involved in the direct activity management that is in the human resource function in the relative long time, therefore it can be acquired the more accurate data.
2. In the interview step is done not only the human resource part, but also other parts thus it can be produced the more accurate data.
3. The quantitative data such as budget, the level salary evaluation, and the finance report are possible required because it can be become the more objective data.

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- Undang-undang No. 13 Tahun 2003* about workforce.

DECLARATION LETTER

I am the person who signatures bellow, represents the writer as followed:

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