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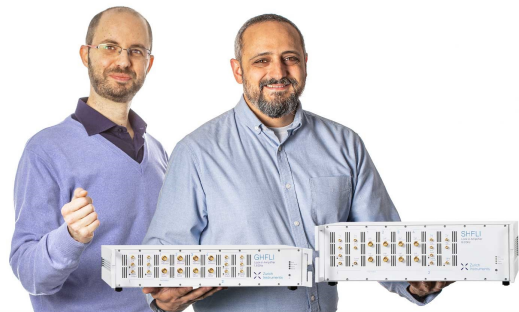
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# Informal Worker Phenomenon in Housing Construction Project

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**Abstract.** The informal workers phenomenon on housing construction projects in Indonesia is different from workers in other sectors who would always request as permanent employees. Substantively, the informal workers are disinclined to be bound as permanent employees which different from the general labor paradigm. Hence, the objective of this study is to find out how the labour selection process, the factors that affected their performance, and the suitable wage system to achieve the target completion of housing construction project. The qualitative method is used to uncover and understand the meaning behind the phenomena (numina) of informal workers action and their influence on housing construction project which called phenomenological approach. Five informal workers and two project managers were selected as informants based on predetermined criteria with in-depth interviews. The results showed that the informal worker were more satisfied with the wage based on unit price while working in the housing construction project for the flexibility in working hours. In addition, the developer was also relieved because they only control the quality and the achievement of the project completion time which supported by informal worker leader. Therefore, these findings are beneficial for both of developer and government as policy maker to succeed the housing program in Indonesia.

## INTRODUCTION

The huge demand and supports from the government in housing construction has created an attractive business opportunity for the property business. According to data submitted by the Ministry of Public Works and People's Housing, housing needs for low-income people (MBR) to be met is 11.4 million units [1]. Since 2011, it is estimated that the number of houses construction supply per year is only 400 - 500 thousand housing units. Whereas the needs of homes for the community per year about 800 thousand housing units [1]. This housing backlog condition represents a tremendous opportunity for housing business developers to succeed the government's target with to meet the needs of homes for Indonesia's 65 million families today.

Currently, the small and large scale housing construction projects are growing rapidly in various cities. As if competing with time, the developer tries to take the advantages from this current circumstance. Moreover, the banks give great support in financing aspect which makes the process of housing development for them become easier. However, in the actual process, the developers often encounter barriers in the field, among others, the process of licensing from government and land acquisition. In addition, the constraint is the slow progress of housing construction which often experienced by developers in the field of construction management. There are various factors could affect the occurrence of this situation, thus many developers attempt to apply the pattern of modern construction management and take advantage of technology in the completion of housing projects.

The rapid development of the technology directly gives a significant impact in the management of construction projects in Indonesia. The application of technology in construction project management is demonstrated by the shift of traditional construction management to modern construction management. For example, if in the past only major projects were using modern construction management, but now small-scale projects also applied them. Modern construction management is defined as the art of directing, coordinating human and material resources throughout the life of a project, using modern management techniques to achieve defined goals in the scope of cost, time, quality and participation [2].

Nevertheless, not entirely modern construction management can be applied on the housing construction industry in Indonesia. Basically, modern construction management adopts western-based management theories,

while their culture differs from Indonesian and Asian cultures in general. Therefore, firms engaged in housing development still incorporate modern construction project management with traditional one [3]. Traditional construction project management is a cultural heritage that is spread by word of mouth, taught to the next generation, develops from generation to generation, refers to the product of community relations, values, knowledge, institutions and practices, both locally and nationally [4]. Traditional construction management is specific, and such a concept is widely developed in many countries, as the business successes inseparable from the society culture where it is implemented [5]. Even though modern construction management capable to faster the construction, unfortunately it is not entirely true, because of cultural factors. For the reality, the construction management integrates modern and traditional construction management.

One of the traditional management that is still used in housing construction projects is human resource management at lower levels. The low-workers in any construction project always have the largest number, and is often called the informal workforce, because they are employed in short term or temporarily without any ties or contracts between workers and firms [6, 7, 8]. Generally, construction workers in developing countries including Indonesia, are not really pure of construction workers, but traditionally dismounted from their predecessors who initially worked in the agricultural sector [3, 8].

The specific characteristic of housing construction workers in Indonesia is a difficult system to replace with western methods [9]. Because of the difficulty of this system for being replaced, the leaders of multinational companies operating in Indonesia must anticipate certain demands of modern construction management. For example, the application of expertise certification rules for workers in modern construction management. Due to high turnover of workers, then usually company already has a certificate on behalf of a particular person who saved as an archive if at any time needed. In the field, the actual construction worker does not have any skill certificates [10]. However, when the requirement need certified worker, then he asked to confess the name as stated in the certificate [3].

The informal worker phenomenon is interesting to discuss because labour management is one of the major parts to achieving effective and efficient project performance in the 21st century construction industry [11]. The main targets of modern construction management are the achievement of time, cost, quality plus work safety; which are all highly dependent on the workforce [12]. Handling of human resources in construction projects is considered important to meet the increasing challenges of construction management [12]. In addition, the failure to achieve the construction targets in the construction project is caused by manpower [13], this occurs also in housing construction projects. Tjakra and Sangari [14] found that there was often a complaint against the housing developer due to the late of handover process to the consumer. Therefore, the purpose of this study is to find out how the labour selection process, what are the factors that affected their performance, and what is suitable wage system so that they can achieve the target completion of housing construction project. Finally, a deep understanding of the informal worker phenomenon in the housing construction project is expected to be an input for developers in determining appropriate construction management systems, particularly in Indonesia.

## **CONSTRUCTION LABOUR IN INDONESIA**

### **Informal Worker in Housing Construction Project**

Labour is an important factor in the implementation of construction work, hence, it is necessary to understand and manage the effective workforce in construction projects [15]. A robust human resource management system is the most valuable asset in the 21st century construction industry [11].

Construction workers which called as informal workers have similar patterns and characteristics in any developing countries [16]. Similarly, low-level housing construction workers in Indonesia have the same pattern as the general construction workforce; they are seasonal labourers from rural areas and working in construction projects for a certain period of time. The informal worker condition in construction project has been revealed in several previous studies [3, 10, 17].

In recent years, where most fields and paddy fields have been dwindling due to the conversion to other land uses, there were fewer farmers who decided to return to the agriculture. In addition, since the lack of education and skills, then most of these farmers remain as casual workers/freelancers, working from one construction project to another [10]. This pattern is used not limited to simple housing projects, but also for huge housing projects which undertaken with multinational developers.

### **Leader of Informal Worker Group**

In the informal employment system on the housing construction industry, workers usually form a group and appoint one of them as a group leader. The leader of the working group is the most important agent in the

operation of construction works. This leader as the main liaison between firm management and worker also should be able to manage work and manpower in achieving project objectives at the operational level, such as increased time achievement, cost reduction and building quality improvement.

This group leader is traditionally involvement regarded as an informal leader who has strong social and emotional correlation with fellow workers. Nonetheless, the group leader position is quite unique who plays an important role in reshaping the worker's attitude towards work [10]. The group leader have main responsibility for leading and managing the workers activity in the construction project implementation, as well as supervise the smoothness and discipline of the work to fit the targets that have been determined. In summary, the leader tasks and responsibilities in construction project are described as follows:

- Understand drawings and translate them into operational steps
- Conducting a review and measurement of the field (setting out)
- Calculate the estimated volume of work, the need for labour
- Calculating the price of labour unit cost
- Negotiate the price of job vacancy
- Create a schedule and work plan
- Prepare and regulate the distribution of duties of workers
- Supervise the activities of the workers in doing the work
- Implement safety and health
- Measure and calculate the work
- Report the results of the job implementation activities and collect the payment
- Pay the wages of workers

An increase in labour productivity that culminates in time, cost and quality targets should be a major and continuous concern for anyone who involved in a housing construction project. Thus, the need for better handling of human resources in construction is considered urgent to meet the increasing challenges [18]. Poor handling of the construction workforce will result in unattainable development targets, while other consequences are losses of various elements.

## **METHOD AND DATA COLLECTION**

Qualitative research methods applied in this study because it could help develop a new understanding based on existing phenomena. According to Creswell and Clark [19], qualitative research is a method that studies the views of informants about special phenomena. This research is expected to reveal the informants experiences with the objective to understand the views of the construction implementation management from the perception of informal workers, why it happened, how it happened and how to achieve success. The point of view takes from the perspective of informal workers in order to seek new discoveries and information that will contribute to science [20]. Qualitative research provides an understanding of a problem that is often unaddressed in quantitative studies [21].

The phenomenological approach was chosen in this study because it was based on the understanding that the object under study is an individual who engages in social interaction with others so the phenomenological approach is suitable to reveal this [22]. From several views on phenomenology, Schutz phenomenology is the most suitable approach. Schutz revealed that one's social action is a reflection of reduced past experience, understanding those actions were not only based on the individual's inner influence, but also on the influence of others and the socio-culture around him [20, 23].

### **Research Informant**

Informants were drawn from three housing construction projects whose labour dominated by informal workers and located in East Java Province. With the snowball sampling method, informants were selected based on the experience criteria of working as informal workers for more than five years. With the approval of the company, 5 informal workers were selected as key informants and 2 informants from the project manager to validate the data in the field. The restriction on the number of informants is based on the saturation of the data obtained, of the five key informants whose data have already shown many similarities of information so there were no additional informants. In general, informants were men, from 25 to 50 years old with the highest education level at Senior High School.

## **Research Instrument**

The research instrument is a question form as a guide for the researcher to reveal the expected information. Generally, the questions structured to get a broad answer from the informant so the unthinkable side can be clearly expressed. Instrument built as guidance for researchers to focus on observation and not widened to other things that are unnecessary. An answer from the informant was given orally and all of the information was recorded. The result of the information obtained then compiled as data to be processed in the analysis phase.

The interview process begins with an introduction and explanation of the purpose of the study, followed by digging up information about the informants, including the background of why he chose to be an informal worker. Responses were given freely and not limited to questions that lead to a particular answer.

## **Data Validity and Analysis**

The results of the interview were transcribed and then encoded, analysed, and interpreted to get the theme. Then, the available data compared with available literatures, researcher notes, observational results during research, and other available data to convince the truth of the information obtained [24]. In addition, triangulation of data was conducted by comparing data with notes, photographs or videos made during the data retrieval process to ensure that the answer from the informant was correct. Triangulation was also conducted by re-interviewing randomly of five different informants to ascertain whether their answers were the same as before. Finally, there was no significant difference over all the answers already given from all of informants.

Data analysis was held by raising questions and comparing data to develop concepts that could be used to identify the context, determine the process, and evaluate theoretically [20]. The sequence of the data analysis process is to make transcripts based on the results of interviews, interpretations, data groupings with coding to get the theme. The results of this data analysing reveals three main themes that will be discussed in the discussion.

## **RESULTS AND DISCUSSION**

### **Construction Labor Prefer to be an Informal Worker**

While almost all business sectors demanded the elimination of outsourcing or temporary labour in recruitment, housing construction workers in Indonesia were just the opposite. The demand of modern construction management advises to keep worker as a permanent worker so that set targets can be achieved. Unfortunately, all informants in this study said that they refused to be permanent employees in a housing construction project. The explanations of the informants above and refer to some of the previous studies [3, 8] show that the greatest availability of construction workers is informal labour because they do not choose to be formal workers.

They said that being a full-time employee in a housing construction project will make them bound by unavoidable rules. This is the major reason they do not want to be a permanent employee. Even though they realize that by becoming permanent employees, the salary and benefits received will be greater. This refusal is based on their understanding of live which is more comfortable if untied to any job.

There are some answers and explanations from informants as the reason why workers denied being a permanent worker. Four of the key informants said that they preferred to be informal workers because of flexibility to manage the schedule by themselves. This freedom is important to informal if they are required to handle personal or family affairs at any time. This means that when they become informal workers in their understanding, they are free to stay out of work if there are important activities that require their existence. As Asians, informal workers are members of a society that has high collectivism and they prioritize all matters relating to the family compared with the work affairs, according to Hofstede culture theory [25]. They understand that working is only a supporter in the process of life. When their presence or assistance was needed by the community, they voluntarily leave their work to fulfil it. Even though they will not receive a reward even punishment, but they will receive inner satisfaction after doing something for the community that defeats personal interests. They realize that the main pillars in life are not only worked to gain money but the most important is life and social life. Therefore, they are more concerned with the time flexibility in working and the opportunity to live in society than to get a higher salary.

However, one of the five informants has a different opinion, although if it examined more deeply, the main reason is also the same. This informant said that he could not be bound by work that will cause an obstacle in his life since there are any cultural rituals should be done. Cultural rituals are still the main grip for traditional society and they believe that there will be bad consequences for those who are not obey it. The meaning of

cultural ritual here is actually similar with other informant opinion. Cultural rituals relate to the relationships among individuals in society that characterize societies with high collectivism.

The interesting thing about understanding the freedom of time by informal worker is that they could not simply forget the job responsibilities just for freedom. The meaning of time freedom is they allowed working at any time they want. Regarding the responsibility of construction work in the project they are still responsible for the target of time, cost and quality. The five informants understood that there is a construction target should achieve. The freedom of the desired time is also adjusted to the target to be achieved. For example, if formal workers are generally off on Sundays they also want to follow the rules, but they can be flexible to work in accordance with the needs of the job. The duties and responsibilities of his work can be completed on Sundays when others not come. They may also leave work sooner than the prescribed hours if necessary, but on another day they will work longer to complete their responsibilities.

This pattern will be difficult if combined in the context of formal workers. Working hour rules could not be set as benchmarks of performance measurement or construction targets. But this is the fact that housing construction workers prefer to be informal workers in order to carry out social life and cultural rituals rather than getting big rewards but are tied up like the formal workers. Thus, it can be concluded that employing the informal workers is the best choice in housing construction projects

### **The Group Leader is the Key to Improve Informal Worker Performance**

All the informants in this study agreed that the factors that make them feel comfortable at work are not the job capacity but their leaders. They thought that leaders must be willing to see their background and how their thought. As explained earlier, the leader in the housing construction may be the person appointed among them or the company employee of the assigned to organize them.

Ideal leaders according to informal worker is a leader who gives attention, the concern is the attitude of the leader who cares about the existence of his workers, for example, guiding the work, giving advice, knowing closely, and knowing the difficulties of workers. The attention required by workers is not only limited to the work affairs but also includes personal matters outside of work.

The informal workers are obeying the leader who wants to support them. Supporting is not limited to work matters but also personal affairs. Some informants exemplify personal affairs are such as giving a ride when meeting on the street, providing loans when needed money, and helping to solve the difficulties faced by workers. In addition, many things are unrelated to the task of the leader in the work that is considered also the responsibility of the leader.

For them, leaders also have to give time freedom, this word is interpreted by workers as a form of leader's understanding of workers attachment to the culture. For example, in terms of giving people time freedom, workers may be late, may not work at any time, and may work casually. When they are asked how the job responsibilities if often not discipline in time, they answers that the important thing is all of the work is completed. Understanding these workers' attitudes and comparing with the results of interviews from two informant project managers and observation results, it turns out that worker attitudes related to this is a form of avoiding responsibility. Nonetheless, completing construction work with a limited time tends to worse quality. Thus, the leaders have important role in managing the informal workforce. Construction target will not be achieved if leaders are unable to control their informal workers. The purpose of controlling according to the two project manager informants is interpreted as an attitude that follows the willingness of the workers to some extent. So that not all workers' wills should be followed as a way to attract their attention, if this is happen then workers tend to arbitrarily alone. Even though the initial agreement of a being housing construction worker was done verbally, there were rights and responsibilities respectively agreed upon both parties. Leaders must keep up this condition to control their workers. In the relations of workers with the company there is a reciprocal element that is transactional, the workers must follow and pursue the construction target and not merely work.

Therefore, the informal worker leader greatly influences and determines the successful completion of the housing construction work. The ability of leaders to control informal workers in the field is the key to the success of the construction targets set by the company.

### **The Wage Based on Unit Price is the Most Effective Model in Managing Housing Construction Project**

Discussing the pattern of informal workers in housing construction is always related to the wage model. Companies always look the suitable wage models that could improve worker performance based on their usual background and work patterns. The model should be profitable for both of parties, informal workers and companies. The first wage model is based on working days, but when paying attention to working hours and

their performance then this model certainly not beneficially for the company. Based on the results of the interview shows that all informants want wage model based on the workday but they realize that this method would harm the company.

Informants from project managers explained that the daily model wage unsuitable in housing construction projects. Informal worker who work based on their time management flexibility is difficult to measure the hours on working days. If a company does not target the job, they certainly will not work optimally. The results of field observations show the same thing, many workers do activities that should not be done during the work, for example: calling, sending messages or just playing mobile phones. It certainly makes them not concentrate and focus on work by things that are not related to work. This situation will support worker but disadvantages for the company if the wage model is based on days or hours of work.

Although all informants want a daily wage model but they realize that this model is disadvantageous for the company. The second model that could be the best alternative for the company is the wage based on unit price model according to informant as a form of responsibility for the job. This wage model is based on the outcomes achieved by workers with a certain value for each type of work. The results achieved are not only measured from the completion or time of work but also measured by the quality and usage of the raw materials used. If deeply observed, these goals are also the main objectives of construction management that must be achieved. Informal workers also realize that wage agreements refer to the main purpose of construction management in time, cost and quality.

This wage contract model is considered fair enough for both parties. The company could achieve its construction goals, while for workers, they have a freedom to manage their time and do their cultural activities, while on the other side, and they also implement the tasks and responsibilities in the project. In general, both of worker and company agreed to achieve the construction target and maintain the process by giving the freedom to reach it. This condition is different from modern management, where the process is inseparable part from the achievement of goals. Even the modern management requires every step of the construction process to be recorded or monitored properly.

Housing construction project management is combination of traditional and modern construction management thus required the new method implementation to accommodate both management systems. However, failure to achieve the construction target is likely to occur if there is coercion against one of the management patterns. Wage based on unit price is the ideal model to use in housing construction projects. Although at the end, the company inapplicable the processes controlling as in modern management if they approved the wage based on unit price model.

## CONCLUSION

Based on the discussion above, it could be concluded such as:

- Housing construction workers prefer to be informal workers with the objective to have a flexibility in managing their working time, so they can carrying out cultural rituals in the life of society, since social life is more important than the work for them.
- The worker leader has a key role to encourage the improvement of informal worker performance in order to achieve the company's designated housing construction targets.
- The wage based on unit price is the ideal transactional model to keep the informal worker and company relationships without any disadvantages.

This study is an early stage of study on the informal worker of housing construction projects. Thus, the quantitatively tested is needed to get more detailed results related with the pattern of informal workers in housing construction project. The results of this study can also be used as consideration of all parties associated with informal workers to be a consideration in taking policy, such as housing developer and government, thus succeed the government program to build a million houses to minimize national backlog.

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