

When you expand your company, your mind can run in a million different directions. When expanding in Indonesia, you must learn the country's compensation and benefits practices. Your employees care about your Indonesia benefit management plan that provides both guaranteed and supplemental benefits. You also need to provide the right level of compensation that meets Indonesia's compensation laws and helps you stay compliant.

Globalization Partners can help through our Indonesia compensation and benefit outsourcing services. We take on the risk of compliance so you can build a new and exciting location for your company.

Indonesia Compensation Laws

Minimum wages in Indonesia depend on your company's location and the financial needs of that province. However, after an employee works more than a year, the minimum wage no longer applies, and you should negotiate a price between the employee and the company.

Collective bargaining agreements (CBAs) can also dictate Indonesia compensation laws. One agreement will cover the entire enterprise and is valid for two years. Negotiations can start within three months of expiration, and you should include wage growths and bonuses in those agreements. If not, you need to negotiate with employees to determine the right level of compensation for the position.

Guaranteed Benefits in Indonesia

Your Indonesia benefit management plan must include statutory benefits required by law. This includes time off for the country's 14 public holidays, including some additional days off for those observing Islam. Employees also get paid annual leave of 12 days per year as well as "Cuti bersama," which refers to shared leave. This leave encourages employers to give additional days off to public servants.

Healthcare is another statutory benefit in Indonesia funded through payroll taxes and the general budget. Employers must enroll all employees in the system, including expats. When

you work with Globalization Partners, we ensure all your employees are registered in the healthcare system.

Indonesia Benefits Management

If you do not use Indonesia compensation and benefit outsourcing services, you need to understand how to disperse your Indonesia benefit management plan. You should include additional benefits employees may not expect but will motivate them to continue their career with your company.

Since much of the population of Indonesia is Muslim, you need to consider dispersing benefits differently. For example, all employees get a mandatory 13th-month bonus called THR. It's a religious day allowance paid one week before a holiday — Idul Fitri for Muslims and anytime in December for non-Muslim employees.

Restrictions for Benefits and Compensation

Your biggest restriction for benefits and compensation is the need to [establish a subsidiary](#) before you can hire employees and [add them to your payroll](#). The incorporation process can take weeks or months, depending on what type of entity you choose. Globalization Partners allows you to skip this lengthy process through our Indonesia benefit and compensation outsourcing services.

Choose Globalization Partners Today

Globalization Partners will help you start operating faster in Indonesia. With our Indonesia compensation and benefit outsourcing plans, you won't have to worry about compliance. Contact us today to learn more.