
The Role of Government in Efforts to Resolve Labor Conflicts on Industrial Relations in The Company

Efran Dinata¹, Efendi Sugianto²

Abstract:

Your research approach seems thorough and well-structured, focusing on providing a comprehensive understanding of the role of the government in resolving labor relations conflicts in Indonesia. By using a qualitative descriptive approach and collecting data from various sources, including library research and field surveys, you aim to gain insights into the strategies, policies, and mechanisms employed by the government in addressing these conflicts. The qualitative method with an exploratory approach is suitable for delving into the complexity and dynamics of the government's role in resolving labor relations conflicts. This approach allows for a deeper understanding of the nuances and contextual factors involved in such disputes. Your findings regarding the government's active role in resolving labor relations conflicts are supported by data from the Industrial Relations Court. The comparison between cases resolved at the tripartite level and those escalated to the industrial court level provides valuable insights into the effectiveness of government intervention at different stages of conflict resolution. Overall, your research appears to provide valuable insights into the role of the government in labor relations conflicts in Indonesia and lays a solid foundation for further analysis and evaluation of the impact of government strategies and policies on stability in this context.

Keywords: *Industrial Relations Disputes, Tripartite, Industrial Relations Court, Government*

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1. Introduction

The labor market in Indonesia is a crucial part of the country's growing economy. Workers' contributions to the production process are significant across small to large-scale companies. In this context, workers are required to work quickly, precisely, and efficiently to meet the changing market needs. The 1945 Constitution of Indonesia affirms the basic rights of every citizen, including the right to work and to an adequate standard of living. Article 34(1) emphasizes the state's obligation to protect poor and abandoned children, while paragraph (2) underscores the importance of a social security system to support the underprivileged. Paragraph (3) highlights the state's responsibility to provide adequate health facilities and public services for all citizens. The government, therefore, has a responsibility to protect workers' rights, address

¹ *Faculty of Economics, Master of Management Program, Universitas Pertiba, Indonesia
efrandinata356@gmail.com*

² *Faculty of Economics, Master of Management Program, Universitas Pertiba, Indonesia*

poverty, and ensure equitable access to social and health services for all citizens. This demonstrates the crucial role of the government in creating a safe, fair, and sustainable work environment for all elements of society (Muhsin, 2021).

The government's role in worker protection, as outlined in the 1945 Constitution, includes providing optimal implementation and guidance to foster good collaboration between employers and workers in achieving common goals. Within the framework of industrial relations, employees and companies are expected to perform their duties well, comply with regulations, maintain order for continuous production, communicate desires effectively, apply skills and talents, and ensure that trade unions participate in the development of the company and fight for the well-being of their members and families (Heckscher, 2018).

Good governance involves the government playing a vital role in addressing the problems faced by communities in various regions. Good governance ensures order, cleanliness, and the improvement of people's welfare. Resolving conflicts between different actors in society is an integral part of the government's duty to maintain social stability and peace. Conflicts between workers and employers/managers can occur in any region and often stem from disagreements or disputes within the company (Dhiaulhaq et al., 2018). These conflicts can create an unpleasant atmosphere and trigger lengthy and difficult negotiations. If a dispute arises in industrial relations, there are steps and regulations that both parties must follow to find a resolution. Initially, issues can be discussed in-depth with bilateral institutions. If an agreement cannot be reached, the matter may escalate to a government-mediated tripartite body, and if still unresolved, it can be referred to the employment court (Sunnyoto, 2014).

The government plays an essential role in resolving industrial relations issues by acting as policymakers, mediators, and judges, ensuring balance and fairness among the parties involved. Through these roles, the government aims to create a balanced, fair, and productive work environment (Abbott & Snidal, 2021).

Law Number 13 of 2003 concerning Manpower, article 1 paragraph 15, defines workers/employees, providing a foundation for regulating the work climate in the industrial sector. This definition covers a wide range of jobs in various industrial sectors, ensuring the protection of workers' rights and providing a clear framework for employment contracts (Muhsin, 2021).

Conflict in employment relationships requires a targeted and inclusive approach to reach a satisfactory and sustainable solution. Humans, as social beings with diverse interests, may encounter conflicts due to differences in opinions, culture, values, goals, and expectations. Employers may focus on improving productivity and profitability, while workers may prioritize well-being, safe working conditions, and protection (Andreoni & Chang, 2019).

Conflicts can manifest in various forms, such as conflicts of interest, salary disputes, working condition disagreements, and policy-related issues. Unresolved conflicts can

disrupt productivity and well-being in the workplace, often leading to the termination of employment contracts. Managing conflict wisely and finding mutually satisfactory solutions is crucial for maintaining healthy and productive working relationships. Open, transparent, and respectful communication is essential in resolving disagreements and avoiding further escalation (Jacoby, 2018).

The law provides a framework for resolving disputes between workers and employers through mechanisms like mediation, conciliation, and arbitration, aiming for fair and effective conflict resolution. Labor Dispute Resolution is the legal basis for handling disputes in industrial relations, ensuring protection for both workers and employers (Sunyoto, 2014).

An employment contract outlines the legal rights, obligations, and responsibilities of both parties. Understanding the elements of an employment contract is crucial for ensuring protection for workers (Heckscher, 2018).

The principle of deliberation and consensus emphasizes the importance of dialogue and mutual agreement in resolving industrial relations disputes, encouraging a bipartite approach for consensus. Practicing industrial relations is key to creating a healthy and productive work environment where employers value and respect workers' dignity and needs, striving to improve professionalism and welfare (Gordon, 2020).

Professional relations are maintained through trade unions, employer organizations, bilateral cooperation organizations, trilateral cooperation organizations, company regulations, collective labor agreements, labor dispute resolution, and increasing awareness and advancing working relationships (Tattersall, 2020).

Conflicts between workers and employers are common in the employment world due to differing perceptions, interests, and expectations. Employers often implement policies they believe benefit business operations and productivity, but these may not always be well-received by all employees. Open communication and employee involvement in decision-making can help reduce potential conflicts, fostering acceptance and identifying issues before they escalate (Duggan et al., 2020).

Dissatisfaction with work situations can lead to low morale, decreased productivity, and tension between employees and employers. Resolving industrial relations disputes involves addressing conflicts of rights, interests, dismissal disputes, and relationship conflicts. Mediation is a commonly used method where a neutral mediator facilitates mutually beneficial agreements (Dhiaulhaq et al., 2018).

The main points of conflict between workers and employers often revolve around remuneration, social security, behavior, communication, and individual affairs. The government plays a crucial role in maintaining order and smooth operations in national development, recognizing the complexity of labor issues. Conflicts must be

understood in their context and addressed through collaboration, dialogue, fair policy development, and consistent law enforcement (Andreoni & Chang, 2019).

Law Number 2 of 2004 concerning Labor Dispute Settlement provides a legal framework for resolving industrial relations disputes in Indonesia. This law ensures fair and lawful dispute resolution, offering stronger protection for workers (Sunyoto, 2014).

According to Sunyoto (2014), the Industrial Relations Dispute Court (PPHI) specializes in resolving industrial or labor disputes, considering interest disputes, dismissal cases, interest conflicts, and disputes between workers or companies.

Conciliation is often a required step before arbitration or court proceedings in labor disputes. Mediators play a crucial role in facilitating resolution, providing a balanced and structured environment for open discussions and helping detail agreements acceptable to all parties (Dhiaulhaq et al., 2018).

This research aims to examine the role of local governments in resolving labor disputes in companies. The research problem formulation relates to how local governments address labor conflicts in employment relations within companies.

2. Theoretical Background

The Role of Government in Worker Protection

Government involvement in protecting worker rights is essential to ensuring a fair and equitable labor market. The 1945 Constitution of Indonesia explicitly states the government's responsibility to protect its citizens' basic rights, including the right to work and an adequate standard of living. Various studies have highlighted the importance of government policies and regulations in safeguarding workers' welfare and rights. For instance, Abbott & Snidal (2021) discussed the role of regulatory standards institutions in maintaining fair labor practices. Their research emphasized that effective governance is crucial in creating an environment where workers' rights are protected and upheld.

Industrial Relations and Conflict Management

Industrial relations involve the complex interplay between employers, employees, and trade unions. Effective management of these relations is crucial for maintaining harmony and productivity within the workplace. According to Dhiaulhaq et al. (2018), mediation has proven to be an effective tool in resolving conflicts within industrial plantations in Indonesia. Their study demonstrated that mediation could lead to mutually beneficial solutions, highlighting the importance of third-party intervention in industrial disputes.

Moreover, Heckscher (2018) explored the evolution of employee involvement in corporate decision-making and the role of new unionism in fostering better industrial relations. This research underscores the significance of involving employees in decision-making processes to reduce conflicts and improve workplace relations.

Legal Framework for Labor Dispute Resolution

The legal framework for resolving labor disputes in Indonesia is well-defined, with specific laws and regulations guiding the process. Law Number 13 of 2003 concerning Manpower and Law Number 2 of 2004 concerning Labor Dispute Settlement provide a comprehensive legal basis for managing and resolving disputes between workers and employers. Sunyoto (2014) emphasized the role of the Industrial Relations Dispute Court (PPHI) in handling industrial and labor disputes, highlighting the court's jurisdiction over various types of conflicts, including interest disputes, dismissal cases, and conflicts between workers and companies.

The effectiveness of legal mechanisms in resolving labor disputes is further supported by Jacoby (2018), who compared corporate governance and employment relations in Japan and the United States. His findings indicated that a well-established legal framework is essential for resolving conflicts and ensuring fair treatment of workers.

Social and Economic Factors Influencing Labor Relations

Social and economic factors significantly influence labor relations, shaping the dynamics between employers and employees. Wilson (2018) discussed the declining significance of race in American institutions, highlighting the changing social dynamics and their impact on labor relations. His research suggested that social factors, such as race and gender, continue to play a crucial role in shaping labor relations and workplace dynamics.

Sandi et al. (2021) examined the relationship between budget participation, job characteristics, emotional intelligence, and work motivation in the Indonesian government sector. Their findings indicated that these factors significantly influence employee performance and job satisfaction, highlighting the importance of considering social and economic factors in labor relations.

3. Methodology

This research method is carried out using qualitative methods, indeed emphasizing a deep understanding of the phenomenon under study. Data collection through triangulation, which is a combination of multiple sources and techniques, allows researchers to gain a comprehensive perspective. Deductive data analysis means that researchers use existing theories or frameworks to understand and explain the data collected. The results of the study put more emphasis on understanding qualitative meaning rather than making generalizations that apply broadly.

Types of Research

This research focuses on a specific phenomenon or context. It tends to produce descriptive data that is words, images, or objects, and its purpose is to understand the qualitative aspects of a situation or phenomenon. (Murdiyanto, 2020)

Research Approach

The qualitative discovery approach is one of the methods often used in qualitative research. In this approach, the researcher aims to find new ideas or answers about the phenomenon under study. This is often done when knowledge about the phenomenon is limited or incomplete. (Purba and Simanjuntak, 2011).

Research Data Sources

Secondary data is information collected for a specific purpose, and can come from sources such as articles, web pages, magazines and books. It is important to choose relevant and trustworthy sources. This ensures that the quality of the resulting article or research is maintained. By paying attention to these considerations, researchers can in research can support the validity and quality of research results. In addition, by choosing the right sources, researchers can leverage the wealth of information available in the existing literature to support their analysis and findings. (Murdiyanto, 2020)

Data Collection

Techniques Creating easy conditions for authors for data collection can be done through various techniques to gain a deep understanding of the phenomenon under study based on literature review, fieldwork, and observation

4. Empirical Findings/Result

The role of the government in resolving labor conflicts in industrial relations in enterprises

In the face of conflicts like this, it is important for both sides to find a fair and mutually beneficial solution. Approaches such as conciliation or negotiation are often used to reach an agreement acceptable to both parties. Understanding each party's needs and interests and communicating openly and honestly can help reduce tensions and find satisfactory solutions for all parties involved. In addition, the use of mediation or arbitration can also be an alternative if direct negotiations do not result in a satisfactory settlement. The end goal is to create harmonious and productive working relationships among unions and companies, which in turn can support growth and sustainability.

Law of the Republic of Indonesia No. 2 of 2004 concerning the Settlement of Industrial Relations Disputes does regulate various aspects related to labor relations and their resolution. Article 1 paragraph 1 of this Law establishes the definition of labor relations. The law provides a clear framework for identifying and dealing with various types of disputes that may arise in the context of industrial relations in Indonesia. It also provides a legal basis for the process of dispute resolution and

mediation between disputing parties, with the aim of achieving a fair and mutually beneficial solution for all parties involved.

Industrial relations conflicts often begin with internal discussions among the parties involved, be it between company management and the union or between leaders and union members. These bipartisan efforts can involve mediation, discussion, or internal negotiations to try to resolve disputes in a way that is best for both parties. If the conflict cannot be resolved through internal discussions, the disputing parties may choose to engage an external mediator, such as a government or independent mediator agency, to help facilitate conflict resolution. These external mediators usually act as tripartite mediators in mediating conflicts between companies and unions. By following these steps, it is hoped that the parties involved in industrial relations conflicts can find a fair and mutually beneficial solution. A structured and fair conflict resolution process also helps prevent conflict escalation and maintain harmonious working relationships in the workplace.

The government has a very central role as a stakeholder and policy maker, so that if there is an unresolved industrial relations conflict, it will have a serious impact on the economy. Business and Workers are the key to successful economic development

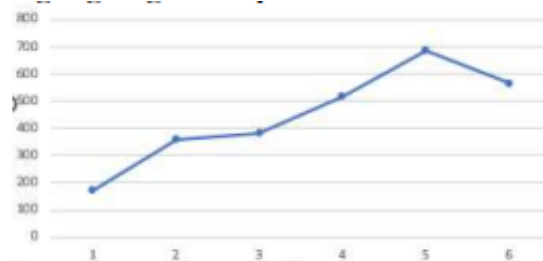


Figure 1. Industrial Relations Conflict Case Data Reporting Tripartite level Period 2018-2023

Source: Rusdiana (Court Decision, 2023) (data processed)

The picture above presents data on cases of tripartite industrial relations disputes reported to the court within a period of 6 (six) years, starting from 2018 to 2023. The data provides an overview of a significant increase in cases of industrial relations conflicts, especially during 2020 triggered by the Covid-19 pandemic. The impact of government policies to encourage working from home and other social restrictions has led to many changes in the world of work and the economy.

A sharp increase in cases of industrial relations conflicts can be caused by several factors, including. Many companies have been forced to lay off or terminate contracts for their employees in response to the decline in economic activity and revenue caused by the pandemic. Government policies related to social and economic restrictions can also affect working conditions and create tensions between employers and workers.

Through tripartite forums such as the tripartite LKS, governments can facilitate dialogue and negotiations between companies, unions, and sustainable governments for all parties involved. Thus, the joint efforts of governments, employers, and trade

unions through cooperation in the tripartite LKS can help reduce tensions and conflicts in industrial relations and minimize the negative impact of economic or policy changes

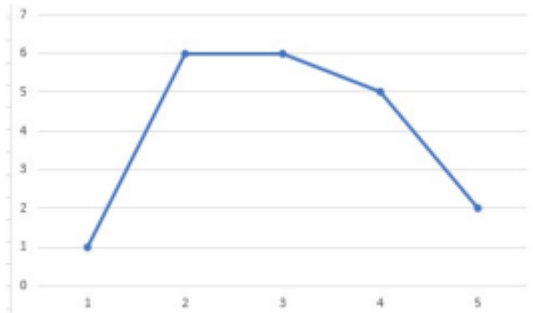


Figure 2. Data Report on Industrial Relations Conflict Cases at the Industrial Relations Court level 2018-2022

Source: (Industrial Relations Court Decision, 2023) (processed)

The picture above shows data on industrial relations dispute cases disclosed to the Industrial Relations Court since 5 (five) years, from 2018 to 2022. This picture means that most cases of industrial relations conflicts can be resolved at the tripartite level, while only a small part need to be referred to the Industrial Relations Court.

This shows that the tripartite forum has succeeded in becoming an effective forum in resolving labor disputes before reaching the court stage. This success can be interpreted as the result of the joint efforts of governments, employers, and trade unions in reaching fair and mutually beneficial agreements. Through open and constructive dialogue at the tripartite level, issues can be discussed and resolved before escalation becomes a case to be handled by the courts. The government can also play an active role at higher legal levels, such as the Supreme Court, or in making laws related to resolving industrial relations conflict cases. Services in the field of labor have a very important role in solving problems that arise between workers, employees, trade unions, and employers.

Governments can provide mediation and dispute resolution services between workers and employers to reach fair and sustainable agreements without having to go through lengthy and expensive litigation processes. The government is responsible for providing protection to workers from discrimination, harassment, workplace accidents, and unsafe or unhealthy working conditions. The role of government in providing effective and fair employment services is crucial. The government should act as a neutral mediator to help resolve the dispute in a way that is fair and sustainable for both sides.

This includes the provision of effective dispute resolution mechanisms, assistance in negotiations between workers and companies, and strict law enforcement against violations of labor provisions. Thus, it is expected that disputes in industrial relations can be resolved properly without disturbing stability and productivity in the workplace.

The role of the government in setting policies through Law Number 2 of 2004 concerning the Settlement of Industrial Relations Disputes is very important. The law provides a clear and structured legal basis for the resolution of disputes between workers and employers. In Law Number 2 of 2004 concerning Industrial Relations Dispute Settlement, the government through the Social Manpower and Migration Service does encourage peaceful and bipartite dispute resolution measures first before entering the mediation stage.

Mediation allows parties to a conflict to sit down with a neutral mediator to find a solution that is acceptable to both parties

5. Discussion

The role of the government in resolving labor conflicts within industrial relations is paramount in ensuring harmonious and productive work environments. The Indonesian government, through Law Number 2 of 2004 concerning the Settlement of Industrial Relations Disputes, has established a comprehensive legal framework for addressing these conflicts. This framework emphasizes conciliation, negotiation, and mediation as primary approaches to conflict resolution, which aligns with the broader theories and research on effective labor relations management.

The legal basis provided by Law Number 2 of 2004 is crucial for structuring the resolution of industrial disputes. Article 1 paragraph 1 of this law clearly defines labor relations and sets the stage for identifying and managing conflicts within this context. This legal foundation supports the theories proposed by Abbott & Snidal (2021), who argue that effective governance and regulatory standards are essential in maintaining fair labor practices. The law ensures that disputes are addressed through structured processes, preventing escalation and promoting fair outcomes.

Internal negotiations between management and unions or among union members often serve as the first step in resolving conflicts. These initial efforts reflect Heckscher's (2018) findings on the importance of employee involvement in decision-making. Open communication and understanding each party's needs are critical for reducing tensions and finding mutually acceptable solutions. When internal negotiations fail, the law encourages the use of external mediators, reinforcing Dhialulhaq et al.'s (2018) argument that mediation can effectively resolve industrial disputes.

The data presented in Figure 1 and Figure 2 highlights the effectiveness of tripartite forums in resolving industrial disputes before they escalate to the court level. This success aligns with the research by Jacoby (2018), which emphasizes the role of well-established legal frameworks in managing labor relations conflicts. The tripartite forums, consisting of government representatives, employers, and trade unions, provide a platform for open dialogue and negotiation, fostering a collaborative approach to conflict resolution.

The significant increase in reported industrial relations conflicts during the COVID-19 pandemic, as depicted in Figure 1, underscores the impact of external factors on labor relations. Government policies aimed at mitigating the pandemic's effects, such as encouraging remote work and social restrictions, inadvertently created new tensions between employers and employees. This scenario supports the findings of Wilson (2018), who noted the influence of social and economic factors on labor relations.

The government's role extends beyond mediation to include providing essential labor services and enforcing labor laws. By acting as a neutral mediator, the government helps ensure that disputes are resolved fairly and sustainably, as noted by Duggan et al. (2020). The government's responsibility to protect workers from discrimination, harassment, and unsafe working conditions aligns with the theories proposed by Gordon (2020), highlighting the necessity of government intervention in maintaining workplace safety and fairness.

The findings of this study emphasize the critical role of the government in facilitating fair and effective resolution of labor conflicts. The structured legal framework provided by Law Number 2 of 2004 and the successful use of tripartite forums demonstrate the importance of collaborative efforts between government, employers, and trade unions. These mechanisms not only prevent conflicts from escalating to the court level but also ensure that disputes are resolved in a manner that promotes harmony and productivity in the workplace.

The research also highlights the need for continuous adaptation of policies to address emerging challenges, such as those posed by the COVID-19 pandemic. The government must remain proactive in updating labor laws and policies to reflect changing economic and social dynamics, ensuring that they continue to protect workers' rights and promote fair labor practices.

6. Conclusions

It can be concluded that the number of labor dispute cases reported at the tripartite level is higher than at the Industrial Relations Court level. This shows that most cases are successfully resolved satisfactorily at the tripartite level, which indicates that the government has sufficient capacity and plays an active role in resolving industrial relations conflicts. The role of the government as a mediator in industrial relations conflicts through the tripartite forum plays an important role in reaching a fair and mutually beneficial agreement for all parties involved. By providing a platform for dialogue and negotiation between employers, unions, and governments, the tripartite forum helps prevent conflict escalation and reduces the need for a resolution through litigation. Another interesting thing is that the country's economy started to improve after a tough time in 2020 due to the Covid-19 pandemic. A decrease in the number of cases reported at the tripartite level or the Industrial Relations Court may reflect stability and recovery in the world of work and the economy as a whole. Economic recovery efforts undertaken by the government and the private sector are beginning

to bear fruit, thereby easing pressure on companies and workers who may have experienced difficulties during difficult times.

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