



A CONCEPTUAL MODEL OF THE EFFECT OF COLLECTIVE LABOR AGREEMENT ON THE IMPROVEMENT OF WORKERS' WELFARE AT PT. BIRO KLASIFIKASI INDONESIA

Olivia Matiur Yunioka¹, DwiSunu Kanto², MuchtarLuthfie³

^{1,2,3}Department of Management, Faculty of Economic and Business, Trilogi University, Jakarta, Indonesia

ABSTRACT

This paper proposes a conceptual model to understand the effect of collective labor agreements with the welfare of workers at PT. Biro Klasifikasi Indonesia. The literature review is about collective labor agreement, compensation, welfare program and workers' welfare. This paper is using mixed-methods which are a mixed approach between qualitative and quantitative methods. The qualitative analysis is done through the process of organizing, summarizing, and interpreting of the data obtained. The quantitative analysis is done through regression analysis. The data used is primary data obtained from interviews and questionnaire distribution. Practicing this paper instantly would provide information about the effect of collective labor agreements with the welfare of workers at PT. Biro Klasifikasi Indonesia.

KeyWords

Collective Labor Agreement, Workers' Welfare, Conceptual Model

INTRODUCTION

Based on the Law Number 13 of 2003 on Labor, commitment in the company is usually manifested by means of industrial relation like collective labor agreement, which is linked to securing and protecting labors' rights while fulfilling company's duties. Labors' rights such as receiving a salary and leave are inherent in every individual as a form of compensation from the implementation of the work relation.

There are complex dynamics in the development of employment with the possibility of going on an unbalanced work relation, such as disputes in carrying out the work that is rooted in dissatisfaction. This dissatisfaction can have an impact on the declining productivity and motivation to work. In addition, not only facing competition, companies also face internal challenge such as employment conflict. Furthermore, with the obligation of companies to make collective labor agreement, it is expected to be a means of effective dialogue between workers and employers.

Referring to World Bank Group's survey in 2016, 76% of the respondents regard the collective labor agreement as important for the Labor Union and 79% of companies that have labor union already have collective labor agreements as well. Respondents also said that almost all of the negotiations of collective labor agreement reach a mutual agreement and provide positive impacts for workers and companies, namely:

- (a) More than 90% of collective labor agreement negotiations reached a mutual agreement between employer and labor;
- (b) About 90% are satisfied with the outcome of the collective labor agreement;
- (c) Increased workers' welfare and productivity such as minimum wage compliance and National Social Security System.

Based on the effect of the collective labor agreement for the workers, this research is conducted at PT. Biro Klasifikasi Indonesia (BKI) in Jakarta. The presence of labor union in PT. BKI along with its functions and roles in negotiating collective labor agreements between labor union and the company results in expectation for improvement for the welfare of workers in the company.

LITERATURE REVIEW

ILO defined collective labor agreement as a negotiation or bargaining as a way of making mutual decisions. It is used by individuals or groups such as labor unions and employers which are mutually dependent in order to achieve the goal but anyone may have different interests (ILO, 2015). Furthermore, if the negotiations reflect a fair balance between the interests of workers and employers, an organization which negotiates on behalf of each party must be truly representative. This means that their policies and negotiation process reflect the interests which eventually agreed upon (ILO, 2015).

Based on Article 1 Number 21 of Law Number 13 of 2003 and Article 1 Number 2 of the Decree of the Minister of Labor and Transmigration No. KEP-48/MEN/IV/2004, collective labor agreement is an agreement resulted from negotiations between labor union recorded in the responsible institution in the field of employment with the employer, or several employers or association of employers that contains the terms of employment, the rights and obligations of both sides of the parties.

Collective labor agreements can only be negotiated and organized by labor union supported by most workers in the company concerned. Thus, the parties or subjects that make the collective labor agreement are workers represented by labor unions in the company with employers or employers' associations. The purpose of these representatives is to make workers stronger in negotiating with employers because union officials are generally chosen by people who are able to fight for the rights and interests of their members (Husni, 2003).

The validity period of the collective labor agreement is a maximum of 2 (two) years and can only be extended once for a maximum of 1 (one) year based on a written agreement between the union/labor union and the employer.

Compensation according to Hasibuan (2005) is: "All income in the form of money, direct or indirect goods received by employees in return for services rendered to the company". Meanwhile, the definition of compensation according to Simamora (2010) is: what is received by employees in exchange for their contribution to the organization. Aritonang (2005) states compensation is all income in the form of money or goods directly or indirectly received by employees in return for services provided to agencies.

According to Mangkunegara (2011: 85-86), compensation can generally be divided into two forms, namely:

- 1) Direct compensation, which is the compensation felt directly by the recipient, in the form of salary, benefits, and incentives is the right of employees and the company's obligation to pay.
 - a) Salary is a periodic remuneration paid to permanent employees and has a definite guarantee.
 - b) Benefits are compensation provided by the company to its employees, because the employee is considered to have

participated well in achieving the company's goals.

- c) Incentives are compensation given to certain employees, because the success of their achievement is above the standard or reaching the target.
- 2) Indirect compensation is compensation that cannot be felt directly by employees, namely benefits and services (service allowances). Benefits and services are additional compensation given at the discretion of the company to all employees in an effort to improve their welfare, such as pension money, sports, and gathering.

Welfare can be seen as further assistance money to employees, especially payments to those who are sick, cash assistance for employee savings, the division in the form of stock, insurance, hospitalization, and pension.

The importance of the welfare program given to employees in order to improve employee work discipline, as stated by Ha-sibuan (2005: 182), is: "Providing welfare will create calmness, motivation, dedication, discipline and a loyal attitude towards the company so that labor turnover is relatively low." With a sufficient level of welfare, they will be more content in carrying out their duties and hopefully the employees will be more disciplined as well.

Workers' welfare is a fulfillment of physical and spiritual needs and/or expansion, both inside and outside of work relationships, which can directly or indirectly enhance work productivity in a safe and healthy work environment.

Employee welfare programs are benefits and welfare improvements which are not based on employee performance but are based on membership as part of the organization and employees as human beings who have many needs to be able to carry out their lives normally and work better. The welfare provided should be beneficial and encourage the achievement of company, employee, and community goals and not violate government legal regulations.

It has been stated that employee welfare programs can be provided materially or nonmaterially. Employee welfare is materially related directly to employee performance, and can be provided in the form of compensation, such as transportation fees, food allowances, pension payments, holiday allowances, job allowances, bonuses, education fees, medical allowances, official clothing, leave and death money. Meanwhile, the welfare of employees can be in the form of non-material facilities and servants for employees as facilities provided by the company.

CONCEPTUAL MODEL

Conceptual model for this study is as follows:

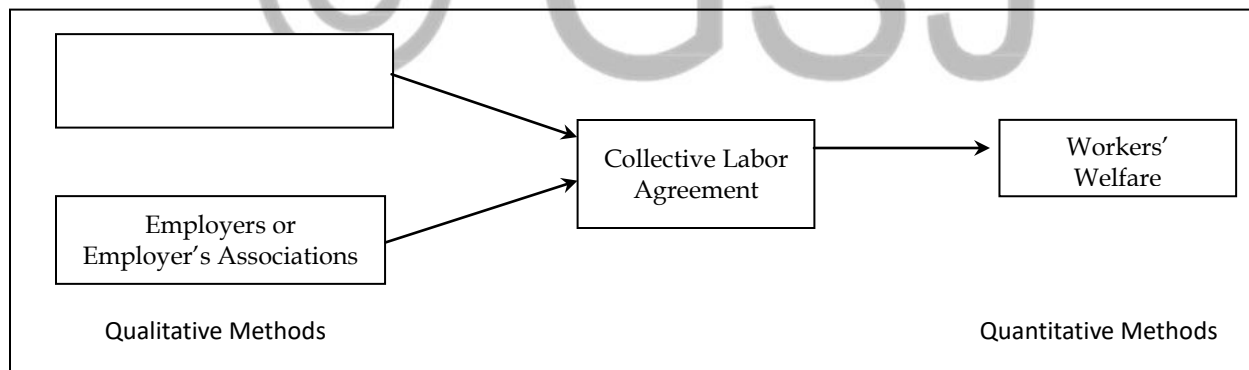


Figure 1: Conceptual Model

HYPOTHESIS OF THE EFFECT OF COLLECTIVE LABOR AGREEMENT ON WORKERS' WELFARE

Collective labor agreement is a negotiation or bargaining as a way of making mutual decisions between workers and the company (ILO, 2015). The worker represented by labor unions in the company with employers or employers' associations. The purpose of these representatives is to make workers stronger in negotiating with employers because union officials are generally chosen by people who are able to fight for the rights and interests of their members, including workers' welfare (Husni, 2003). Therefore, the following research hypothesis is proposed:

Ho: There is no significant effect of collective labor agreement on workers' welfare

Ha: There is a significant effect of collective labor agreement on workers' welfare

METHODOLOGY

This study uses a mixed-method analysis approach. This research tracks and systematically sets material data collected from a variety of qualitative data collection techniques such as interview transcripts, field notes, participative observation or other materials. After data collection, data is processed to find out averages, graphs, and other data.

The sample used in this study was employees of PT. Biro Klasifikasi Indonesia (BKI) in Jakarta. In this study, the use of samples is not limited since the purpose is to obtain information, not to analyze it. Data collection uses primary data (interviews) and secondary data (library research). The order of qualitative analysis is through organizing, summarizing, and interpreting. After the qualitative analysis, the quantitative analysis is using regression analysis technique with data from questionnaire distribution to employees of PT. Biro Klasifikasi Indonesia (BKI) in Jakarta.

CONCLUSION

This paper proposes a conceptual model to understand the relationship between collective labor agreement with the welfare of workers. This paper set out by using mixed-methods by doing qualitative method prior to quantitative approach. The literature review, methodology, and the analysis methods were explored. The data is collected using in-depth interview for qualitative analysis and using questionnaire distribution to the employees of PT. Biro Klasifikasi Indonesia. Applying this conceptual model would provide information about the effect of collective labor agreement on workers' welfare.

REFERENCES

- [1] Aritonang, L. R. 2005. Kepuasan Pelanggan. Jakarta: Gramedia Pustaka Utama.
- [2] Hasibuan, S.P Malayu. 2005. Manajemen Sumber Daya Manusia. Edisi Revisi. Jakarta : Bumi Aksara.
- [3] Husni, Lalu. 2003. Pengantar Hukum Ketenagakerjaan Indonesia. Jakarta: PT Raja Grafindo Persada.
- [4] ILO. 2015. Factsheet ILO No 2, November 2015 (Inclusive Labour Markets, Labour Relations and Working Conditions Branch (INWORK)). Geneva: ILO
- [5] Mangkunegara. 2011. Manajemen Sumber Daya Perusahaan. PT .Remaja. Rosdakarya. Bandung
- [6] Simamora, H. 2010. Manajemen Sumber Daya Manusia. Edisi I. Yogyakarta, Bagian Penerbitan STIE YKPN.
- [7] Undang-Undang Nomor 13 Tahun 2003 Tentang Ketenagakerjaan Bab I Pasal 1 ayat 2.