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# THE EFFECTS OF COLLECTIVE LABOR AGREEMENTS AND WAGES ON JOB SATISFACTION MEDIATED THROUGH WORKERS'S WELFARE AT PT. BANK CIMB NIAGA TBK - TEBET, JAKARTA BRANCH OFFICE: A CONCEPTUAL MODEL

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## ABSTRACT

The collective labor agreement is a reflection of the regulation of the balance of rights and obligations of workers and its employer. Wages are also one of the substances regulated in the collective labor agreement. The aim of this paper is to propose a conceptual model to examine the effects of collective labor agreement and wages on job satisfaction that is mediated by job welfare. The literature review, conceptual model, hypotheses development and research methodology are discussed. Practicing this paper would instantly provide information about the relationship of the collective labor agreement, wages, job welfare, and job satisfaction at the PT. Bank CIMB Niaga Tbk - Tebet Branch Office.

## KeyWords

Collective Labor Agreement, Wages, Job Welfare, Job Satisfaction, Conceptual Model

## INTRODUCTION

PT. Bank CIMB Niaga Tbk is a private bank in Indonesia that is categorized as a commercial bank. The results of observations at PT. Bank CIMB Niaga Tbk – Tebet, Jakarta Branch Office showed the implementation of its collective labor agreement and wages is not yet optimal. The role of workers/trade unions on the establishment of collective labor agreements at PT. Bank CIMB Niaga Tbk – Tebet, Jakarta Branch Office still needs improvement. Likewise, workers's welfare and job satisfaction also need further improvement.

Based on the conditions above, the author is interested in examining the effect of collective labor agreements and wages on job satisfaction mediated through workers's welfare at PT. Bank CIMB Niaga Tbk – Tebet, Jakarta Branch Office.

## LITERATURE REVIEW

### A. Job Satisfaction

In essence, the ultimate goal that workers want from a fair working relationship arrangement is the existence of a sense of satisfaction at work or job satisfaction. Workers's job satisfaction is one of the most important effort in carrying out company functions. The higher the job satisfaction of workers, the company's functions can run well and it provides convenience for the company in achieving its goals.

Kreitner and Kinicki (2001:271) stated that job satisfaction is an effectiveness or emotional response to various aspects of work. Robbins (2003:78) argued that job satisfaction is the general attitude towards someone's work which shows the difference

between the number of awards received by workers and the amount they believe they should be receiving.

Darmawan (2013: 57) argued that job satisfaction is a simple thing as people are basically driven to behave in certain ways that are felt to lead to the acquisition of rewards. Job satisfaction is important for fulfilling one's self-actualization needs. Someone whose job satisfaction is fulfilled has a better attendance record, has better work performance than workers who do not get job satisfaction, has a commitment to remain loyal to the company if job satisfaction is obtained, and job satisfaction will foster a person's motivation to enjoy the job so that awareness will grow from within the worker to be able to complete his work as well as possible. Feelings of pleasure and supported with a strong personal work motivation are important for the creation of human resources who are loyal, have a strong commitment to his work, and support the production of better performance.

Job Satisfaction arises from a sense of satisfaction derived from the work of the workers themselves as well as the satisfaction that arises from correspondence between the rights and obligations derived from the company. There are several ways that workers can use to demand justice for their rights and obligations, including using work agreements and collective labor agreements.

### **B. Collective Labor Agreement**

Collective labor agreements are regulated in Law Number 13 of 2003 on Manpower in Articles 116 to 133 and further regulated by Law of the Minister of Manpower Number 28 of 2014 on Procedures for Creation and Legalization of Company Regulations and Creation and Registration of Collective Labor Agreements. Collective labor agreement is an agreement resulted from the negotiations between a trade union/labor union or several trade unions/labor unions registered with the responsible agency for manpower affairs and an entrepreneur, or several entrepreneurs or an association of entrepreneurs that contains the working conditions, rights, and obligations of both sides.

Collective labor agreements have relevance in the fight for workers' rights against the company and is used to achieve a sense of satisfaction at work or job satisfaction. The work agreement includes the rights and obligations that must be implemented and adhered by workers as an individual and the company as the employer. Collective labor agreement also has a relationship with the fulfillment of the rights and obligations of workers through trade unions against the company. Job satisfaction will arise when the rights obtained from the company are in accordance with the contents of the work agreement and the contents of the collective labor agreement.

The presence of collective labor agreements, which are jointly drawn up by the trade unions and employers, are intended to provide more definite protection and job security guarantees for both workers and employers. Moreover, the existence of a collective labor agreement has been guaranteed through Law Number 13 of 2003 on Manpower, especially if the labor union in the company that wants a collective labor agreement to be drawn up. Drafting the collective labor agreement needs to be done together since management uses a collectivism view. According to Purcell in Leat (2007: 330), management supports trade unions as an organization representing workers.

Meanwhile, according to a research by Syamsuddin (2012) on the quality of collective labor agreement, 48% of 118 sampled collective labor agreements has contents that did not reflect the content of the laws regarding collective labor agreement. This indicates the insufficient understanding of the members of the trade union and their ability to draft collective labor agreements. In addition, the research also found that the existing collective labor agreements are basically still a formality, have not provided benefits for workers, and have not been effective as a means of realizing workers's welfare. This is reinforced by the same finding regarding the number of collective labor agreements that are not equivalent to the number of companies in Indonesia. It can be concluded that the collective labor agreement is an overview of setting balanced rights and obligations of workers and companies that directly or indirectly able to influence job satisfaction.

### **C. Wages**

Work wages are a reflection of income or reply to services nationwide in the form of money received by the workers in accordance with the quantity and quality devoted to the manufacture of a product (Sinungan, 2009). Wages are payments on physical services which is provided by personnel working for an employer (Sukirno, 2009). Hasibuan (2014) argues that wages are countered services that are paid to the workers daily and guided on the agreed payment.

One of the issues of irregularities in employment relations is related to wage policies. Wages are also one of the substances regulated in the collective labor agreement. Wages can be one of the main factors that influence the job satisfaction of workers. According to Stephen in Darmawan (2013:57), some factors that affect worker's job satisfaction are salary/wages, co-workers, relationships with superiors, work environment and rules. According to Law Number 13 of 2003 Article 1 Verse 30, wages are the rights of workers/labors received and expressed in the form of money as a reward from the entrepreneur or employer to the worker or labor determined and paid according to a work agreement, agreement, or legislation; including allowances for workers or labors and their families for work and services that have been or will be performed. Wages in the company greatly determine the level of job satisfaction of workers and it is the company's task to determine the wages of workers so that in the future workers get job satisfaction, which can facilitate the company in achieving its goals.

The wage paradigm has differences according to the point of view of each party based on their goals and interests. Workers

looked at wage as a tool to meet the needs of themselves and their family's life. Entrepreneurs view wages as a factor of production that must be taken into account in the company's cost elements. Meanwhile, the government views wages as one of the variables determining the level of public welfare and the level of national economic growth, such as the level of consumption/purchasing power of the people, company growth, employment, and inflation rates.

Under these conditions, the government sees the need of a policy that could encourage employers to implement a system of equitable remuneration. One of them is by setting wages through the implementation of the structure and scale of wages in the company by issuing a policy of Government Regulation Number 78 of 2015 on Remuneration, which requires employers to structure and scale wages. There are administrative sanctions for entrepreneurs who violate these provisions.

The application of equitable remuneration system has not run optimally. The level of job satisfaction of workers in Indonesia for the wages they receive is still low, as can be seen from the number of workers who still often go on strikes and demonstrations, especially in industrial areas such as Jakarta, Bandung, Surabaya, and Central Java. Wages are one of the demands that are often made by workers to companies.

#### D. Workers's Welfare

Hasibuan (2014: 182) argued that workers's welfare is complementary remuneration (material and non-material) provided based on wisdom. The goal is to maintain and improve the physical and mental conditions of workers so that their work productivity increases. The company's remuneration is directly given in the form of wages/salaries and incentives, so the welfare program is included in the company's indirect remuneration consisting of benefits and services/welfare.

Collective Labor Agreement is used by workers as a medium for the rights of workers's welfare prosperity. Collective Labor Agreements can be used to improve workers's welfare (Darmawan, 2013). Collective labor agreement could be used by workers as a medium for the rights of workers who intended to achieve job satisfaction and welfare .

The results of Eldy, Pradhanawati and Nugraha's research (2014) stated that wages affect the welfare of workers. If the wages received are more in line with the necessities of life, then the needs for clothing, food, and shelter will be fulfilled and enhancing the the welfare of workers.

#### CONCEPTUAL MODEL

Based on the introduction and literature review that has been done, the conceptual model that can be produced in this study is as in the following figure.

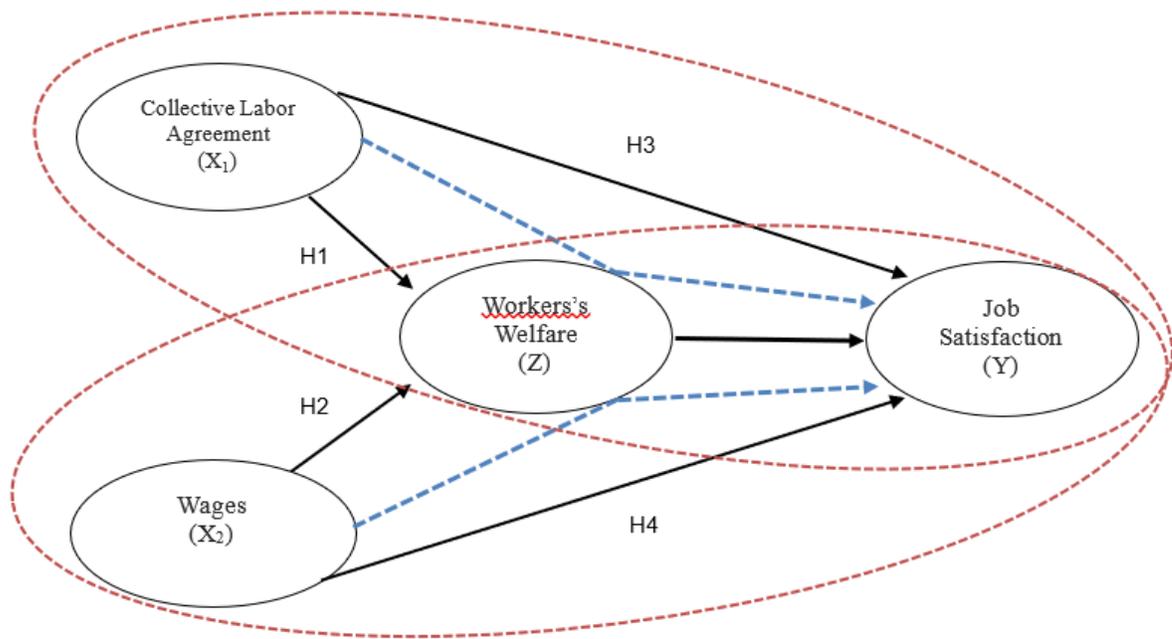


Figure 1 The Conceptual Model

## HYPOTHESIS DEVELOPMENT

Based on the conceptual model in Figure 1, the seven hypotheses that is proposed in this study are:

1. The Effect of Collective Labor Agreement on Workers's Welfare at the PT. Bank CIMB Niaga Tbk - Tebet Branch Office
2. The Effect of Wages on Workers's Welfare at the PT. Bank CIMB Niaga Tbk - Tebet Branch Office
3. The Effect of Collective Labor Agreement on Job Satisfaction at the PT. Bank CIMB Niaga Tbk - Tebet Branch Office
4. The Effect of Wages on Job Satisfaction at the PT. Bank CIMB Niaga Tbk - Tebet Branch Office
5. The Effect of Workers's Welfare on Job Satisfaction at the PT. Bank CIMB Niaga Tbk - Tebet Branch Office
6. The Effect of Workers's Welfare in mediating Collective Labor Agreement towards Job Satisfaction at the PT. Bank CIMB Niaga Tbk - Tebet Branch Office
7. The Effect of Workers's Welfare in mediating Wages towards Job Satisfaction at the PT. Bank CIMB Niaga Tbk - Tebet Branch Office

## METHODOLOGY

The method of research is quantitative through Path Analysis. Data collection method is through the deployment of questionnaires with variables of Collective Labor Agreement (X1), Wages (X2), Job Satisfaction (Y), and Workers's Welfare (Z). The population in this study is the employees of PT. Bank CIMB Niaga Tbk - Tebet Branch Office with a total of 35 people. Due to the small number of the population, the sample for this research would be a saturated sample, which means taking all the employees in the population (Sugiyono, 2011).

Methods of data collection is done through questionnaires using the Likert scale. The results of data collection will be measured using the validity and reliability test of the data. Statistical inferences analysis will be conducted through hypothesis testing with the method of Path Analysis. The method of Path Analysis in this research is conducted with the help of Partial Least Square (PLS) Software.

## CONCLUSION

This paper has discussed the background of the influence of collective labor agreement and wages on job satisfaction mediated through workers's welfare at PT. Bank CIMB Niaga Tbk - Tebet, Jakarta Branch Office.; Literature Review on collective labor agreement, wages, job satisfaction, and workers's welfare; conceptual model; hypotheses; and methodology. Practicing this paper will instantly find out the relationships between variables in the conceptual model.

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