

Partnership at work : The Case of Indonesia
By : Sutanto Suwarno, Secretary, Indonesian Industrial Relations
Association and Kun Wardana Abyoto,
Director of ICTS Sector, UNI-Global Union Asia Pacific

Presented at the
ILERA WORLD CONGRESS, PHILADELPHIA USA,
3 – 5 JULY 2012

Email : sutantosuwarno_2006@yahoo.com
kun@uni-apro.org.sg

© 2012 Sutanto Suwarno and Kun Wardana Abyoto
No written or electronic reproduction without permission

SUMMARY

This piece of work explains and explores the policy and practices of partnership at works in Indonesia. This is done by selecting case study at public and private undertakings. To understand the situation, the newly enacted Manpower Act Number 13 of 2003 is reviewed and analyzed. Through the enactment of this law, workplace bipartite cooperation body between management and workers is compulsory, institutionalized and strengthened in the workplace to ensure good industrial relations communication and consultation to resolve problems through social dialogues and fair processes. Effective communication creates an atmosphere of trust, promote participation and encourage consensus in the enterprise level decision-making process. However, the application of this Workplace Bipartite Cooperation Body (WBCB) is only limited to company employing over 50 workers, neglecting the majority of Indonesian undertakings which mostly (over 70%) employ less than 50 employees.

The practice of WBCB in the state own enterprises is compared to those workplace bipartite cooperation body established in the private undertakings. The state-own enterprise workplace bipartite cooperation body can work-well pioneered by the management and the board of directors. The idea of WBCD at that company has been spreading simultaneously and the prerequisite is that since the employee or the management must have interest for the future development of a company, this institution may work-well. The WBCB is not expected to take a role as negotiation body and should not be falling down into bargaining situation or whatsoever between the employee and management. Hence, when human resources management asked about the partners for the development of the company, both HRM at public and private undertakings agree that WBCB as a cooperation institution reflects the business interest and not merely reflecting the industrial relations situation. On the other hands, WBCB can also be used as the indication of the good relationship in the company. When the cooperation between the employee and the management goes well, the industrial relations will be conducive for the business climate. At last, it is expected that WBCB may become the main contributor for the creation of favorable working situation and better work at the company.

While the gateway to enterprise level regulation of industrial relations is facilitated by the WBCB, there is a need for facilitating good negotiation of collective labor agreements and consultation for formulating of company regulation. For ensuring the credibility as a professional and representative organization of value to its members, WBCB need to be analyzed and examined.

The organization of this paper is that after explaining this summary, then discusses the introduction, methodology used, the analysis and the recommendation and the conclusion. It is hoped that this paper will contribute to the policy making process for the field of industrial relations and employment relations.

Keywords: partnership at work, workplace bipartite cooperation body, Indonesia, labor and industrial relations.

Introduction

Partnership is a word often used by social partners in the industrial relations processes around the world. It is used as a mean of corporation, collaboration, participation, consultation and other mean of creating partnership between management and employees at the workplace. The term 'partnership' has been defined in various ways, making it difficult to have an exact understanding of just what partnership really is and how it impacts on employment relations in the workplace in Indonesia. Partnership at work may be characterized as management willingly recognizing and engaging with unions in the workplace (recognizing key union concerns such as maintaining job security, producing more productivity and enhancing a better welfare for workers) in return for unions engaging with management's interest for performance and competitiveness.

However, the concept of partnership has been exposed to varying frames of sometimes critical analysis, depending on the perspective of researchers and commentators; ranging from collectivism or individualism, to that of pluralism or collectivism. In a similar manner, the reaction towards the concept of partnership is also mixed: those who are supportive or optimistic about its implementation; and those who are cynical or doubtful (e.g., Guest and Peccei, 2001, said in Rachmawati and de Ruyter, 2010).

Partnership itself is not something new to the Indonesian industrial relations system. The National Industrial Relations system, known as HPP – Hubungan Perburuhan Pancasila and later changed to HIP (*Hubungan Industrial Pancasila*, i.e., Pancasila Industrial Relations) declared in 1974 as a result of a national seminar conceptualized during the New Order Government under President Suharto, claimed to uphold the concept of partnership as the preferred union and non-union-management relationship at the workplace. In this concept the term partnership means collaboration in terms of production process, in terms of quality and in terms of welfare for the workers. However, this government policy at that time designed was not based on any protection to organize by unions, but rather, was characterized by repressive action towards unions and workers, particularly during the Suharto New Order era (1968-1998).

Although a degree of freedom to organize was introduced in 1998, with the ratification of key ILO core conventions (such as ILO Convention No. 87 of 1948 concerning freedom of association and protection of the right to organize) enacted by Presidential Decree No. 83 of 1998, the implementation of genuine partnership is still a significant challenge, due to a weak institutional framework characterized by a lack of enforcement of regulations and weak unions structure. There is no limitation of what stand for partnership and what stand for negotiation in the scenario of workplace employee relations.

This case study attempts to explore how partnership has been utilized as a policy in the Indonesian industrial relations policy and implemented in state own enterprises and private undertakings in Indonesia. Three case studies were conducted of the employment relations practices where a company of state-own-enterprise and another two from private sectors.

Legal Basis in Indonesia

In Indonesia, the Manpower Act, Act Number 13 Year 2003 provides the legal basis for the establishment of Workplace Bipartite Cooperation Body (WBCB). Provisions in the Manpower Act include:

- (a) Article 106 of the said Manpower Act provides that “Every enterprise employing fifty (50) or more workers shall establish bipartite cooperation institutions”.
- (b) The institution shall function as a forum for communication, consultation and deliberation on labor issues and labor relations in an enterprise.
- (c) The membership of the institutions shall include the employer’s representatives and workers’ representatives who are democratically appointed by both parties to represent their interests in the enterprise.
- (d) The ruling concerning the procedures for establishing the membership of the workplace bipartite cooperation body shall be determined and specified under a Ministerial Decision.
- (e) The Minister of Manpower and Transmigration of the Republic of Indonesia in the implementation of the mandate of the Manpower Act

issued the Ministerial Decree number: KEP. 255/MEN/2003 as amended by Ministerial Regulation No.32/Men/XII/2008 dated 30 December 2008 which lay down the procedures for establishing a workplace bipartite cooperation institution and its membership and structure.

- (f) The functions of a workplace bipartite cooperation body shall be: As a communications, consultation and deliberation forum between an employer and representatives of trade unions/labor unions or representatives of workers/laborers at enterprise level in order to increase workers' productivity and welfare, which will ensure the continuation of the enterprise's business and to create industrial peace in the workplace.

The process of selection of workers representatives in a workplace bipartite cooperation institution:

- a) If there is only one trade union/labor union at the enterprise and all the workers/laborer in the enterprise are members of this trade union/labor union, then the trade union/labor union's official shall automatically appoint their representation in the bipartite institution.
- b) If there is no trade union/labor union at the enterprise, all the workers/laborers of the enterprise shall democratically elect their representatives in the WBCB.
- c) If there is more than one (1) trade unions/labor unions and all the workers/laborers of the enterprise are members of any of these unions, then the representatives of each trade union/labor union at the enterprise shall be proportionally represented in the WBCB.
- d) If there is only one (1) trade union/labor union at the enterprise but not all the workers/laborers of the enterprise are members of the sole union, then the relevant trade union/labor union shall appoint its representatives in the bipartite institution and the workers/laborers who are not members of the union shall also appoint their own representatives through a democratic election to represent them in the bipartite institution.
- e) If there is more than one (1) trade union/labor union at the enterprise and yet there are workers/laborers of the enterprise who are not members of any of the unions, then each trade union/labor union shall be proportionally

represented in the WBCB and the workers/laborers who are not members of the unions, shall also be represented in the bipartite institution by their own representatives whom they shall elect democratically.

The employer and the representatives of the trade union/labor union or representatives of the workers/laborers shall meet to:

- a) To initiate and establish a bipartite institution;
- b) Determine the members of the bipartite institution.
- c) The membership of a bipartite institution shall have representatives of the employer and representatives of the workers/laborers with a ratio of 1: 1, the number of which shall be adjustable according to needs, provided that the minimum number of members shall not be less than six (6) persons.
- d) At the minimum, the bipartite institution shall have a structure with officials comprising of a chairperson, a secretary and members.
- e) A representative of the employer and a representative of the workers/laborers may hold the position of the chairperson of the WBCB in rotation.

Requirement for registration and notification:

- a) The newly established workplace bipartite cooperation body must be registered with the government agency responsible for labor affairs in the district/city where it is established within a period of no longer than fourteen (14) working days after its establishment.
- b) In order to be registered with the government agency the institution's officials shall submit, either directly or indirectly, a written notification of the WBCB's establishment and the attachment of official report on its establishment, the structure of its officials and the address of the enterprise.
- c) Within a period of no later than seven (7) days after receiving the notification of the WBCB's establishment, the government agency responsible for labor affairs shall issue a registration proof number.

Research aims and objectives of this study

This work is aimed to explore the process and implementation of partnership at the workplace based on the existing laws and regulation in Indonesia. Therefore, the questions to be explored in this paper are:

1. How partnership been practiced between management and unions at the workplace in Indonesia?
2. To what extent does this partnership genuinely benefit both workers and management?
3. What are needed to improve and develop the implementation of Workplace Bipartite Cooperation Body (WBCB)?

The industrial relations system in Indonesia

The industrial relations system in Indonesia has gradually changed from one which is autocratic to one which is more democratic to compare to other ASEAN (Association of South East Asian Countries). Indonesia has ratified ILO Core Convention in the year 2000, the first country in Asia to do so. In an interview with a senior government official on September 21, 2010 stated that:

“The concept of industrial relations in Indonesia is purely developed through the traditional ways of life and coupled with modern style of industrialism that is expected to create industrial harmony”.

Meanwhile, a senior management representative explained that:

“It may result in productivity improvements for enterprises and the adoption of new approaches to both protecting workers and rewarding them for their contributions”.

The concept of industrial relations system refers to social partnership model, where employees place as an importance assets for the productivity improvement and hence management and employers values their presence.

In the beginning of the 20th century, after the birth of the trade union movement in Europe, precisely on behalf of the workers movement to set up trade unions native plantations, railway unions, pawn shops, although the growth of trade union has no direct positive effect on the welfare of Indonesian workers, but at least give a new feel of the importance of the workers' movement to fight for their rights, including rights of his country's independence.

In the early era of independence led by President Sukarno, Indonesia's industrial relations characterized by class struggle led by the socialist-communist labor movement who take shelter in SOBSI (Central Organization of All-Indonesia

Workers), which is affiliated to the Indonesian Communist Party (PKI) and as a consequence the Government more pro-worker, not on the pro-capital. SOBSI evolution is a fact that the activists are graduates of Moscow, as Sanusi and Semaun (Sutanto, 1997).

Government or the fall of Sukarno's Old Order gave birth to the unity of the workers are forced (repressive), as seen in the formation of FBSI (Indonesian Labor Union Federation) in 1973 led by the Joint Secretariat and Golkar ruling as the prime movers, among others led by labor activist Agus Sudono, et al. The changes of powers from the Old Order government to President Suharto's New Order leader have been able to unite the workers' movement so as to build a harmonious atmosphere through FBSI endeavor, although such a system in a way many get criticism from the international world, such a petition submitted by the trade union activists international starting 1978 until the year 1998 who joined the Government Body of the International Labor Conference in Geneva, Switzerland led by activists from the Netherlands Trade Unions (FNV), Tom Eddy et al distrust has spawned the international community regarding industrial relations system of Indonesia which is considered pro-investor and not empowering the workers.

This movement became international opinion, and in 1998, the year that toppled Suharto government has given rise to demands that lead to the opening of the faucet of freedom of association for the workers. To respond to the community, the Provisional Government led by President BJ Habibie has ratified the ILO Convention. 87 of 1948 concerning Freedom of Association and Protection of the Right to Organize through Presidential Decree Number 83 of 1998, which is only intermittent 2 (two) months since President Habibie came to power. The big decision has spawned a dynamic atmosphere of industrial relations and labor unions are democratic (elected at the company's base) and gave birth to the collective labor agreement (CLA) which is a regulation concerning the rights and obligations between workers and employers at the enterprise level. Although, of course, the ratification of ILO conventions is not enough to overcome the various problems of industrial relations in Indonesia, especially in the beginning of the Reformation Era.

Abdurrahman Wahid government in power for 2 (two) years has given rise to the Act Number 21 of 2000 on the trade / labor union that basically every 10 (ten) or

more workers can form a trade union and every 5 (five) workers unions can form a federation of trade unions and every 3 (three) can form a federation of trade unions and 1 (one) trade union confederation. Until the mid-2011 has formed more than 17,000 union workers, more than 100 union federations and 5 (five) trade union confederation. Clearly, the challenge remains on how each actor of industrial relations could play the significance role for the economic development.

Megawati Sukarnoputri administration (2001-2004) proceed with the progressive ideas to revamp and reform legislation in the field of industrial relations, marked by the birth of Act Number 13 year 2003 on regulating employment is fundamentally about employment therein also regulate industrial relations, either through the advanced settings (Government Regulation, Presidential decree, and Regulation of the Minister). The birth of Act Number 4 of 2004 concerning Industrial Relations Dispute Settlement, in principle, regulate the process of dispute resolution well beyond the Industrial Relations Court (in the bipartite settlement, the settlement of the arbitration and or settlement through conciliation which depends on the choice of the parties) and in the industrial relations court (settlement through an ad hoc judge of industrial relations). Except that, also born of Law Number 40 of 2004 on National Social Security System (Social Security System), which until this writing can not be agreed on the rules implementing the law and still causes the debate about whether or not to unite all existing social security programs (Social Security for workers, social security for civil servants, health insurance and social security for the Arm Forces) or organizers to form a new institution which distinguishes the general community groups and community groups working in the provision of social security services for the public and special scheme for workers.

The current Government (2004 – 2009 – and continued for 2009 – 2014) under the Presidency of Dr. Susilo Bambang Yudhoyono is trying very hard to build images which is expected to attract investors by giving birth to the law on investment that combines investors, both foreign and domestic investors in order to eradicate the stigma of local and foreign investment so as to create a conducive atmosphere. To build such an atmosphere, created a special industrial area (KIK) as established in the region of Riau Islands and possibly expanded in other strategic areas. Unfortunately only if it resulted in the birth of KIK special arrangements on industrial relations, such as wage levels which are distinguished by the general area

of the region may lead to jealousy. But if it provides services that are one-stop, for example in the service of permitting foreign workers and other licensing simplification can lead to positive possibilities. In 2011, Parliament has just passed a law regulating the integrated social security services for workers and the rest of the Indonesian population to be effective by 2014.

In brief, it can be stated that the history and development of the policy and its evolution of industrial relations in Indonesia is expected to be a basic framework in the literature on the evolution of industrial relations in Indonesia. There is a network between the current concepts to the conceptual framework of partnership at work, whereby the actors of industrial relations should create partnership as the backbone of the relationship. Although there is a general problem which rises each year, especially when dealing with wages policy, where under the recommendation of the tripartite wage council, a governor of the province decides the amount of increment, however, at least two big demonstrations have occurred in early 2012 at the district of Tangerang and Bekasi which are the outskirts of Jakarta have created public disorder, due to road block and other actions. Wages policy remains a very sensitive issue in industrial relations in Indonesia.

Research Methodology and Methods

The research strategy adopted in this paper is that of the case study in two regions. Despite limitations around generalisation, case studies allow a researcher to concentrate on a specific situation within a particular context.

Case studies were conducted on three companies, one at state-owned enterprises and one at multinational enterprise and a service sector in Jakarta, consisting of interviews with managers, union representatives and senior government officials at the district and central level.

The interviews were semi-structured and each lasted for approximately two hours. In addition to the primary research, secondary analysis of company reports and other (e.g., government publications), newspapers and magazines were also conducted. This research has taken place for eighteen months beginning in mid-2010 until February 2012. During the course of this study, the researchers have made several actors in industrial relations, and also attended seminars and workshops either at local, national and international level. Therefore, it is expected that this work is evidence-based findings.

Findings and discussion

This section reviews the implementation of partnership in the state-owned enterprise studied in this paper. The company studied was a steel-industry, employing more than 15,000 employees located in Cilegon – Banten – western part of Java. This company has had a long history of union recognition and a tradition of workplace bipartite consultative body, which also applies to approximately 25 sister-companies within the district.

The second case study was done at the automotive industry which operates in North Jakarta. This company employ approximately 5000 employees. The union in this company was facing great challenges since the company implemented significant

Changes to work practices in their efforts to survive increasing competition. Another case study was done in the service sector, i.e. PT. Hero Supermarket, a retail company in Jakarta which supply foods and other consumer product. The harmonious industrial relations practice in PT Hero Supermarket is a collaborative effort by the management, workers and the union of Hero. The experience has shown that sound labour management relations are the key to successful workplace dialogue and that effective and representative workers' organizations have a major role to play and contribution to make. The company has emerged as an important focus for strategy and decision-making on human resource management and industrial relations in Indonesia. It is noteworthy that the managers, in collaboration with the union, have been the driving forces behind the new organizational culture of communication and cooperation and that all have recognized the benefits of this approach.

Private sector in Indonesia

Both management and union respondents in this study suggested that their relationship in the workplace had been relatively harmonious (the terms that often used during the interview). Harmonious industrial relations means that at least there were not strikes during the last 5 years and expected to be zero conflict for the next three years. The concept of “partnership at work” was initiated by both parties and has been codified in the Collective Labour Agreement (CLA) since the 1970s. However, both parties admitted that relationship is shifting to become more formal than before, and in effect were under pressure especially relating to day to day communication. Those involve in workplace bipartite consultative body agreed to meet at least once a month discussing matter pertaining to productivity and worker's welfare. Whilst management respondents argued that a change in the union's negotiating style was caused by the change of the union leader (and thus

the leadership style), union representatives argued that the change was caused by the major change in ownership which took place in 2003.

This is also due to the fact that the management as the manager of company needs workers and conducive working situation to manage the company; meanwhile the workers also need the company as to earn their living. When interviewing talking about a company as the business entity should be placed on the appropriate position. When interviewing a senior Indonesian Employer Association (DPN APINDO) stated that:

“As a business entity, the development will be necessary in the future. WBCB will be the only way to develop the company in the future as it also actively incorporates actors within the company”.

Thus, despite the promotion of partnership at work, both management and the union have started questioning their approach in dealing with each other. The union leader commented that they thought the union would have to change its strategy in dealing with management. The leader, however, is still not sure what sort of new strategy they will take. Management suggested that the union was becoming less compliant and not willing to compromise to the same extent as previously:

“The new representatives often advocate members who are non-performers who make mistakes although sometime very minor mistakes. They gradually changed their mind, but there is still an impression that some of them ask us to negotiate on issues that we think are our sole prerogative”.

Evident from the above is the important nature of personal contacts in the bargaining process (given the lack of involvement of professional union officers); and consequent informal channels of communication. However, more importantly, a less favourable product market situation post-1997 has translated into an erosion of trust and hence partnership in the workplace, as profit margins are squeezed and the company hence seeks additional “concessions” from the union. Also, as noted above, it is not yet apparent that the union appears to be adopting a more truculent posture in dealing with management.

The union contribution is in providing a good working environment. As I said, the items we manufacture are not designed here. Our contribution towards the business success is actually very modest. So our contribution is creating a good and supportive working environment, that’s the most important thing. We develop this company to be an efficient one; customer oriented, and delivering quality products. If we improved technology, then we could significantly improve our performance. But we don’t have it; as the government does not support us in implementing

technology transfer from the multinational. So the union's contribution is definitely on increasing labour productivity by creating good working conditions.

As such, management felt that the union was generally cooperative in achieving a high-productivity environment; and union representatives felt that management treated them as genuine partners in the workplace. According to both parties, implementation of partnership was through regular meetings between union and management where they would discuss industrial relations issues and try to look for solutions for any problems that occurred. Management also decided to disclose all information including financial information to the union in order to gain union's trust and support. Interview with a senior labor activist who is also former Minister of Manpower on September 20, 2010 while attending the 7th ILERA Asian Congress in Bali stated that:

“Our system is based on our cultural norm, behavior and tradition, and it is expected to bring a long all population to take part in the endeavor to integrate national development goal, so partnership is the key success to reach successful collaboration”.

Although there were no direct effects from the action such as employee dismissals, indirect effects were felt by their members, particularly by those who actively supported the action such as more strict performance appraisal and slower career progression. The previous union leader who led the action had to resign as the result of pressure from management.

According to union and management who were interviewed, their relationship is getting better. Union executive committee members argued that their bargaining position towards management was stronger after the action, as management could see that the union was supported by the majority of employees. In seeking to gain the union's support and thereby avoiding a confrontational approach in the future, management currently allows the union to have access to the company's financial reports, which can be used for bonus negotiations. Union respondents felt that this was a positive outcome from industrial action. However, union respondents preferred not to conduct such action in the future as long as negotiations could still be conducted, as they couldn't avoid the possibility of being victimised as a result, as discussed above. This would suggest that despite the rhetoric of partnership expressed, the balance of power was decidedly in management's favour.

In short, the WCB is a good strategy for formulating the interest of each social partner in the workplace. It is expected that workplace bipartite cooperation body could support the achievement of the company's target of productivity for the next five years.

State Own Enterprise

The situation in the state-owned enterprise seems to be similar to those at the private sector, although the relationship seems to be more intent and positive. At the beginning of this survey, both management and worker's representative welcome the initiation to explain their practices at WBCB at the company level. The meeting is regular and the recommendation is clearly considered by the management for development of the company. In some cases, many union executive committee members were promoted to be managers. This was argued by union respondents to provide advantages the union as managers who had experience of unionism could better understand the expectations of union members. For example, it was easier for union representatives to ask for permission to leave the job site for union affairs from such managers. Additionally, union respondents felt that managers were reluctant to union representatives when they asked for permission, as long as the Human Resource Department provided a written statement of consent:

“We never receive complaints from the managers or the management. They are happy with what we are doing. Other union representative stated that: I think the manager is also a bit reluctant to say no to the union representative, but the important thing is that we got permission from the HR department.”

Union respondents, however, argued that their relationship with management was changing; one commenting that:

“I think the relationship currently is not so bad, but saying it's bad is not also true...because there are cases where we agree with management, but compared with the previous years, our relationship is not that good anymore”.

The union leader suggested that the primary reason for the worsening relationship was related to the appointment of a new President-Director of the Company:

“Basically, it is a state owned enterprise, so they bring their public services which ‘respects’ the union, although that depends on the top manager and management representative. Well, I think his character is like a ‘powerful person’: what he wants to have done is what is to be applied, so that local managers become silent. Only the union can voice its aspiration, only the union”

Being sophisticated and antagonism is not our strategy as long as the company wants to co-operate. But sometimes they couldn't answer our questions when we tried to look for solutions. When we can't stand anymore, we sometimes walk out from the negotiation room.”

However, the result seems to be difference. The attitude of both unions and the management in response to the interaction was clear that both needs to survive the company and both also need to increase their welfare.

Service sector (PT Hero Supermarket)

Trust and social capital are mutually reinforcing; social capital generates trusting relationships that in turn produce social capital. Generalized reciprocity is also an important component in fostering a social partnership at PT HERO Supermarket. Reciprocity is based on the assumption that today's good turns will be repaid some time in the future and this is directly contrary to rational-choice theory. For example, an individual acting in a system of reciprocity is usually characterized by a combination of "short-term altruism (benefiting others at a cost to the altruist)" and "long-term self-interest (making every participant better off)." Reciprocity can resolve problems of collective action and reconcile self-interest and solidarity as seen in the case of Hero union when faced with the decision of not asking for transport allowance increment. Reciprocity can bind the management, the union and the employees via shared interests; create the environment that encourages voluntary collective behaviour and; generate the good will necessary for peaceful resolution of conflict.

What was being observed at HERO Supermarket is a partnership based on trust, reciprocity and generation of social capital. At the collective level, the management and the union trust in each other to fulfil an agreement which was agreed upon regardless of the changes in the external environment. Shared norms are also sources of trust within HERO as exemplified by the issue of dealing with shrinkage in the company. These trust and reciprocity buildings on the micro-level contributed to the determinacy of a more abstract form of trust on the macro-level which eventually permeates throughout the organization. This can be reflected in the statement by the current leadership of Hero Supermarket Union:

"Hero Supermarket Union is committed to further develop the social partnership relations and the union will keep to its promise that it has been made with the management. This is a reciprocal relationship and this is the way that the union can help the company to grow."

Essentially, what is present in HERO is a combination of trust and recognition of the potential benefits of social capital which led to the formation of a social partnership within the organization. Trust is enhanced due to the management's and unions mutual reciprocity which has served to benefit both parties and most

importantly, the organization as a collective. This partnership gives the people working in it, the ability to work together for common purposes as the existence of a set of informal/formal values or norms permit cooperation among them. Such a social partnership makes information exchange easier, facilitates a quicker adaptation to the environment and contributes positively to cooperation i.e. social capital that has attributed to increased economic capital (profits).

The principle of ‘mutual trust’ suggests it is unfair for one party to incur significant costs and risks if other parties are not prepared to accept similar sacrifices: whilst the ‘reciprocity’ suggests it is unfair for one party to incur risks and costs if it would only benefit those unwilling to behave in a similar manner.

In this respect, the dialogue between labour and capital within the employment relationship has to be premised on a shared understanding of the ‘threats’ confronting them. Capital has to provide the opportunities for employee development, whilst labour has to recognise the ‘business case’ and amend its demands accordingly. In essence, social partners recognise that they are not independent self-interested entities, but instead highly mutually dependent. Trade unions have a role to play, as does the enhancing of workers’ rights, so long as it is recognised that the common goal is economic efficiency and flexibility.

In addition, the case study of PT. HERO Supermarket had witnessed the involvement and commitment of other important agents especially, the top management from Dairy Farm Group in Hong Kong and also UNI Apro – the Global Union.

As today’s organization operates on a global scale, with operations and decisions spanning across various geographical areas, the successful cultivation of a genuine partnership would therefore entail the cooperative efforts of stakeholders ranging from owners to the holding corporations to the global union in addition to the ‘traditional’ structures within an organizational entity itself. As this case illustrated, the trust and reciprocal relationships at P.T. HERO Supermarket, Indonesia is an extension of the relationship that exists in formation at the global level between Dairy Farm Holdings International and UNI Apro. Such global social capital and partnerships have the huge potential to affect positive outcomes at various national organizations as seen in the outstanding social partnership at PT. HERO Supermarket.

Clearly, the EBCB is representing many of the interest of management and worker's representative (union's leader) to achieve better working environment and conducive situation of both performance and welfare of the workers.

Conclusion

Workplace Bipartite Cooperation Body (WBCB) or partnership at work in Indonesia has been established in many of the workplaces. The function is to participate to the process of production for a better performance and productivity. In some practices, the contribution is quite positive, but to others it seems to be not optimum. Ways to maximize the function of Workplace Bipartite Cooperation Body has to be strengthened by ways of improving the quality of policy which should be based on the research studies. For this, strengthening research in this field is very importance in the future.

Hence, to reiterate, the concept of partnership was present within all the multinationals studied in our research. However, it could be said that unions and collective bargaining were seen primarily in having a governance function; and thereby providing greater legitimacy to management decision-making if a process of "consultation" and "negotiation" was ignored. To conclude, it could be stated that the partnership at work in Indonesia is still in early birth process, so that improvement for further policy consideration is needed. For instance, the format of the consultative body change from a voluntary basis to semi-mandatory basis, so that each party has responsibility to take action, if any of the recommendation or suggestion is not being follow up.

Since the majority of the undertakings in Indonesia are small and medium size businesses, therefore, the policy of compulsory Workplace Bipartite Consultative Body should also apply for those establishments, so that partnership at work may also be generated at those workplaces.

Finally, it could be stated that this study explain itself that partnership at work in the Indonesian workplaces have grown although many of the samples explain in this work is relatively still in the new stage of development, which mean that there are still lack of practices, and the concept itself need to be revised, for instance in the implementation of this workplace cooperation body, there should be special model on how to build a relationship based on the spirit of company's productivity and performance, and the other concept should be linked to welfare improvement for workers and their families.

References:

- De Ruyter, A. and Warnecke, T. (2008) 'Globalization, Gender and Non-standard Work: A Comparison of the US and Indonesia' **Journal of Industrial Relations**, 50 (5): 721-38.
- Enderwick, P. (1985). **Multinational Business and Labor**. London: Croom Helm.
- Farnham, D. (2000). **Employee relations in context. 2nd ed.** London: Institute of Personnel and Development.
- Freeman, R.B. and Medoff, J.L. (1984). **What do unions do?** New York: Basic Books, Inc.
- Gahan, P. (1998). **Union Strategy: A Conceptual Framework**. Sydney: School of Industrial Relations and Organisational Behaviour, University of New South Wales.
- Gahan, P. and S. Bell. (1999). Union Strategy, Membership Orientation and Union Effectiveness: An Exploratory Analysis. **Labour & Industry** 9(3): 5-30.
- Gardner, M. (1989). 'Union Strategy: A Gap in Union Theory'. In G.W. Ford and D. Plowman (eds). **Australian Unions : An Industrial Relations Perspective 2nd ed.** South Melbourne, Vic.: Macmillan.
- Guest, D.E. and Peccei, R. (2001) Partnership at Work: Mutuality and the Balance of Advantage. **British Journal of Industrial Relations**, 39 (2): 207-236
- Legge, K. (2005). **Human resource management : rhetoric and realities**. Basingstoke : Palgrave Macmillan
- Rahayu, S. K.and Sumarto, S. (2003). The practice of industrial relations in Indonesia. **SMERU Working Paper**. Jakarta: SMERU Research Institute.
- Rachmawati and De Ruyter, 2010 : **"Partnership at the Workplace : A Critical Assessment on Union-Management Relationship at Japanese Multinationals in Indonesia**. Paper presented at the 7th Asian Ilera Congress, Bali, 2010.
- Simanjuntak, P. J. (2003) : **Industrial Relations in Indonesia**", published by HIPSMI, Jakarta.
- Simanjuntak, P. (2009). **Manajemen Hubungan Industrial**. Jakarta: Jala Penerbit.
- Stake, R.E (2000). Qualitative case studies. In Denzin, N.K. and Lincoln, Y.S. (eds.) **The SAGE handbook of qualitative research**. 2nd ed. London: Sage.

Sutanto and Suwanto (2010) : Industrial Relations Practices in Indonesia, published by AHII, Jakarta.

Sutanto, 1997 : The impact of industrial relations on worker's welfare in Indonesia, unpublished Ph.D dissertation, Glamorgan University, Wales, United Kingdom.

Reitsperger, W.D. (1986). Japanese Management: Coping with British industrial relations. **Journal of Management Studies**, 23 (1): 1-17.

Tachibanaki, T. and Noda, T. (1996). Trade unions: Japanese union at work. **Economic Policy**, October.

UNI Global Union Asia Pacific. (2009). **A Social Partnership in the Making: Trust, Reciprocity and Social Capital at Hero.**