



Impact of Local Public Employment Policies on Employment Relationships and Industrial Relations in Pasuruan District, Indonesia

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This article examines the impact of local Labour system policies on industrial relations in Pasuruan Regency, through qualitative methods and a public policy approach. Research into the Pasuruan Regency includes data sources from policy makers and industrial relations actors in Pasuruan Regency, including: Pasuruan Regency Manpower and Transmigration Office, APINDO (Indonesian Employers' Association), Indonesian Muslim Workers' Association (Sarbumusi), and Pasuruan Regency. This article's data analysis uses the interactive models of A. Michael Huberman and Matthew B. Miles. Data is validated based on transferability, dependability, and confirmability. The results of this study indicate that industrial relations between workers and employers are still in a contradictory position. Local Regulation Number 22 of 2012 concerning the Labour System in Pasuruan Regency benefits workers in asserting their rights. Policies related to improving the welfare of workers in Pasuruan Regency are very good, ranking in the top 4 Regional Minimum Wages of the 38 Cities/Regencies in East Java. On the other hand, the existence of Local Regulation Number 22 of 2012 is burdensome for entrepreneurs, so their participation in implementing the policy is low. To strengthen their position, entrepreneurs use the legislative regulations of the Central Government, including the Law of the Republic of Indonesia Number 13 of 2003, Law of the Republic of Indonesia Number 2 of 2004, and Government Regulation of the Republic of Indonesia Number 78 of 2015. In addition, entrepreneurs also use the Regional Regulation of East Java Province Number 8 of 2016 to reject various policies in the Pasuruan Regency that were not favourable to them. The results of this study provide suggestions for reviewing the substance of the Pasuruan

Regency Regional Regulation Number 22 of 2012 by aligning the interests of the Regional Government, Entrepreneurs, and Trade Unions and developing more open communication media to build synergies between the industrial relations factors in Pasuruan Regency.

Key words: *Policy Implementation, Industrial Relations, Labour.*

Introduction

Background of Study

Pasuruan Regency is a city/regency that has a strategic, medium-to-large scale industrial development area in East Java. The number of medium-large scale industries reaching 811 in 2015, placing Pasuruan Regency as the city/regency that has the third largest industry after Sidoarjo Regency (978 industries), and Surabaya City (957 industries) (BPS East Java Province, 2018).

Table 1: Number of Large and Medium Industrial Enterprises in 6 of 38 cities/regencies in East Java in 2013 - 2015

Regency / City	Year		
	2013	2014	2015
Surabaya City	882	942	957
Sidoarjo Regency	946	953	978
Pasuruan Regency	770	794	811
Gresik Regency	562	599	603
Banyuwangi Regency	278	279	280
Mojokerto Regency	213	247	270

The Pasuruan Regency borders the Sidoarjo Regency and the Madura Strait to the north, the Malang Regency to the south (the main route to Batu City, known as the East Java Tourism Centre), the Probolinggo Regency to the east (the main route leading to Bali tourism island), and the Mojokerto Regency to the west. This makes Pasuruan Regency a strategic place for industrial development in East Java (BPS Pasuruan Regency, 2015; Fathurrohman, 2015).

For the Pasuruan Regency, industrial relations are one of the most important factors in harmonizing industrial development between employers, workers, and the Pasuruan Regional Government.



By 2012, the Pasuruan Regional Government had already implemented the Regional Regulation No. 22 of 2012 to regulate industrial relations in Pasuruan Regency; however, in its implementation, this policy is considered to benefit only one party, namely the workers, and not be beneficial for employers. This causes disharmonious industrial relations in Pasuruan Regency.

Some indicators of this disharmony include the many strike events carried out by workers, which results in a decline in company productivity. There are companies that have relocated their business to other countries, and a few companies have closed their business because of the bad industrial relations between entrepreneurs and their workers (Gunarto, 2011; Bayer, et.al 2017).

Many studies have examined these industrial relations, including Speroff's study, which states that it is very important to develop empathy to minimize conflict in industrial relations (Speroff, 1953). To create harmony in industrial relations, Grindle believes that policy makers and stakeholders need to firstly, examine whether the contents of the Regional Regulations that govern industrial relations (content of policy) accommodate the interests of their related parties, which include local government (state), entrepreneurs (private) and labour (civil society); secondly, understand the environment in which the industrial relations policies are applied; thirdly, assess the extent to which the interests of the target group are represented in the policy, such as the types of benefits they each receive; and fourthly, ensure that any desired changes to a policy are appropriate to and in accordance with existing policies.

The Previous research results on Local Public Employment Policies on Employment Relationships and Industrial Relations are: Bach And Kesller (2012); Rubbery et all (2005); Bordogna (2011).

From this background, the writer will further examine how the implementation of local policies impacts the Labour system and industrial relations in Pasuruan Regency.

Research Method

This study uses qualitative research methods. Sources of research are taken from industrial relationship stakeholders in Pasuruan Regency, including: Pasuruan Regency Office of Manpower and Transmigration, APINDO (Indonesian Employers 'Association), Indonesian Muslim Workers' Association (Sarbumusi), and Pasuruan Regency. Data is collected using in-depth interviews, observation, and document review. Data analysis is done through the interactive models of A. Michael Huberman and Matthew B. Miles. Check data validation is through transferability, dependability, and confirmability.

Data Presentation and Discussion

Pasuruan Regency, is one of the cities in East Java that is experiencing rapid industrial growth. Statistic Agency data in 2012 showed that the number of companies (business units) amounted to 19,315 units with a labour absorption of 231,504 people. This increased to 19,695 companies and a workforce absorption capacity of 235,764 people in 2013 (BPS 2013). Pasuruan Regency also has PT. PIER (Pasuruan Industrial Estate Rembang) in the Rembang sub-district of Pasuruan Regency covers an area of 560 hectares. Outside the industrial area, several areas of Pasuruan Regency have also developed various industries, which now spread across several districts, including Beji, Winongan, Gempol, Pandaan, Sukorejo, Purwosari, and others.

The rapid development of industry in Pasuruan Regency encouraged the parties to regulate industrial relations in Pasuruan Regency, as stipulated in Regional Regulation No. 22 of 2012 concerning the Labour System in Pasuruan Regency (Pasuruan Regent, 2012). In this regulation, the roles and functions of the industrial relations parties have been determined by both the Regional Government, Employers, and Trade Unions, as presented in the following table:

Table 1: The interests of the parties in industrial relations in Pasuruan Regency

No.	Element	Interested parties	Important Factors
1	Regional government	Pasuruan Regency Office of Manpower and Transmigration	<ul style="list-style-type: none">- Increased Local Revenue (PAD)- Open employment in the area- Mediation on Industrial Relations Disputes
2	Businessman	APINDO (Indonesian Employers' Association)	<ul style="list-style-type: none">- The importance to increase the value of investment / profits- The need for a safe, comfortable and strategic business space.
3	Labour union	Indonesian Muslim Workers Union (Sarbumusi), Pasuruan Regency	<ul style="list-style-type: none">- The importance of advocating for welfare rights in meeting the living needs of members and their family members

At the level of implementation, industrial relations policies in Pasuruan Regency tend to be more pro-worker. The trade unions in Pasuruan Regency use the foundation of Pasuruan District Regulation Number 22 of 2012 to fight for their rights and entreat employers to respect those rights (Regent of Pasuruan, 2012).

The various rights regulated in the Regional Regulation include: the right to obtain work without discrimination (article 5 paragraph 1); the right to receive the same treatment without discrimination from employers (article 5 paragraph 2); the right to obtain and increase worker competence without discrimination (article 7 paragraph 1); the right to recognition of work competence after attending work training (article 10 paragraph 1); and various other rights that benefit workers in Pasuruan Regency (Pasuruan Regent, 2012).

The needs of trade unions and their members are given adequate provision. This means that workers can benefit from an increasing minimum wage every year, which is added to the value of the sectoral minimum wage, as presented in the following table:

Table 2: Regional Minimum Wages in 6 of 38 Cities / Regencies in East Java

Kota / Kabupaten	Jumlah Upah Minimum Regional		
	2017	2018	2019
Surabaya City	3.296.212	3.583.312	3.871.052
Gresik Regency	3.293.506	3.580.369	3.867.874
Sidoarjo Regency	3.290.800	3.577.428	3.864.696
Pasuruan Regency	3.288.093	3.574.486	3.861.518
Mojokerto Regency	3.279.975	3.565.660	3.851.983
Malang Regency	2.368.510	2.574.807	2.781.564

Source: (Governor of East Java, 2016b, 2017, 2018)

From the table above, it can be seen that Pasuruan Regency has the fourth highest UMR value out of 38 cities/regencies in East Java, after the Surabaya, Gresik, and Sidoarjo Regencies. The above data also shows that five cities/regencies have a UMR above 3 million per month; the remaining 33 cities/regencies of UMR are still under 3 million per month. That the value of the 2019 UMR salary exceeded 3.8 million, indicates that East Java's good distribution of industry and economy is centralized to these five cities, namely Surabaya City, Gresik Regency, Sidoarjo Regency, Mojokerto Regency, and Pasuruan Regency. Therefore, Pasuruan District Regulation Number 22 of 2012 is a strategic key for trade unions in Pasuruan Regency to have their rights to work protected by law.

This condition strengthens Winters' study, which revealed that workers in Indonesia in the Post-Soeharto era were able to live and protect various labour rights through labour laws (Winters, 2000). The protective repression carried out by the Soeharto regime has changed the executive strategy and strengthened and improved workers' rights in the reform era (Caraway,



2004; Kusumah, 1993). In addition, workers' organizations in the reform era continued to play a major role, one that they were not afforded in the Suharto era (Aspinall, 1999).

The role of labour organizations in industrial relations, which is solidifying the reform era, has influenced the formulation of labour policies at both the national and regional level. One of them is in the Pasuruan Regency Regulation No. 22 of 2012 for the Labour System in Pasuruan Regency. When labour organizations are strong, workers' rights can be properly defended and protected, and they are able to claim new rights more effectively (Caraway, 2004; Cook, 1998; Webster & Adler, 1999).

With their increasingly strong position in Pasuruan Regency, Trade Unions can claim the welfare rights that have been protected by Regional Regulation Number 22 of 2012. Some companies in Pasuruan Regency objected to the drastic changes in the demands of the union. These objections have manifested in the low level of company participation in industrial relations in Pasuruan Regency. In industrial relations, entrepreneurs tend to use higher reference regulations to reject the implementation of Local Government Regulation No. 22/2012. They use the guidelines of the Central Government legislation, as stipulated in the Law of the Republic of Indonesia No. 13/2003 concerning Labour, Law of the Republic of Indonesia Number 2 of 2004 concerning Settlement of Industrial Relations Disputes, and Government Regulation of the Republic of Indonesia Number 78 of 2015 concerning Wages. Entrepreneurs also use the Regional Regulation of East Java Province Number 8 of 2016 concerning Manpower Arrangement (Governor of East Java, 2016a; President of the Republic of Indonesia, 2003, 2004, 2015).

Some companies also re-strategize so that they are able to survive and develop in Pasuruan Regency. Among the strategies used are transforming from a labour-intensive company into a capital-intensive company, and/or moving the location of the company's production to other, lower-cost areas in order to lower the dominance of trade union interests. For example, PT Trisakti Purwosari Makmur (PT TSPM) is a cigarette company that often shifts their production of solid works to the Malang Regency.

The phenomenon of the low commitment and participation of employers in the implementation of Regional Regulation Number 22 of 2012 further supports the study of Bredgaard, which relates employers' typologies and their commitment to labour policies. According to Bredgaard, there are four typologies of employers, including: committed employers, dismissing employers, sceptical employers, and passive employers. From the findings of his research, it was revealed that only a small proportion of entrepreneurs could be classified as 'committed entrepreneurs', and the majority were 'heavy' or 'passive' entrepreneurs (Bredgaard, 2018). This is because employers have various motives related to their commitment to labour policies, including labour efficiency, cost reduction, or social responsibility motives (van der Aa & van Berkel, 2014). When confronted with industrial relations in Pasuruan Regency, the



low commitment of these entrepreneurs is largely influenced by their wanting to reduce the burden of cost on their companies.

The Regional Government, particularly the SKPD of the Pasuruan Regency Manpower Office (the leading sector of the industrial relations actors), are required to be good mediators between trade unions and entrepreneurs, to be credible (trustworthy), to have confidence (confidence), and to master the techniques of good communication.

However, in the implementation of Pasuruan District Regulation Number 22 of 2012, the position of the SKPD of the Pasuruan Regency Manpower Office became problematic because industrial relations did not have a balance of rights and obligations between workers and entrepreneurs. Determination of policies by the Regional Head, who tended to favour the interests of trade unions, was seen as politically biased. In addition, the policies that originate from trade union initiatives are seen as being ignorant of both employer aspirations and the realistic conditions and abilities of most companies. This leads entrepreneurs being apathetic to the implementation of such policies.

In the program implementation and enforcement dimensions, there is a transfer of responsibility to higher institutions to minimize industrial estrangement between Workers and Employers. These were originally the responsibilities of the SKPD of the Department of Manpower of Pasuruan Regency, but they were transferred to the responsibility of the SKDP of the East Java Provincial Manpower Office through the UPT. The Provincial Manpower Office in Pasuruan Regency carried out the coaching programs, supervision, and enforcement of Pasuruan District Regulation Number 22 of 2012 concerning the Labour System in Pasuruan Regency.

From the data above, the Government of Pasuruan Regency is still a leading sector in industrial relations, but the government's position has been compromised to bridge the Workers' Union and Employers, even though their policies are still in favour of and favourable to workers. Employers still recognize that Trade Unions are an important part of industrial relations in Pasuruan Regency. This condition is different to the industrial relations in other countries. In Nigeria for example, although the government is a leading sector in industrial relations, the Nigerian government is very dominant and implements policies that intervene for other industrial relations actors, especially entrepreneurs (Uzoh, 2015). This has implications for employers who lack effective communication in the work environment and do not recognize unions as negotiating parties (Nwokocha, 2015). Therefore, reformulation of restrictive industrial relations policies needs to be carried out decisively by the government to facilitate equilibrium between industrial relations actors (Barry & You, 2017; Bredgaard, 2011).



Conclusion

Industrial relations between Workers and Employers in Pasuruan Regency are still in a contradictory position. Local Regulation Number 22 of 2012 concerning the Labour System in Pasuruan Regency is considered to benefit workers by asserting their rights and incriminating employers. This causes the level of entrepreneur participation in industrial relations to be low. To strengthen their position, entrepreneurs use higher regulation policies, including the Law of the Republic of Indonesia Number 13 of 2003, Law of the Republic of Indonesia Number 2 of 2004, and Government Regulation of the Republic of Indonesia Number 78 of 2015. In addition, they also use the Regional Regulation of East Java Province Number 8 of 2016 to reject various policies in the Pasuruan Regency that are not favourable to them. The position of the Regional Government, as a mediator between Trade Unions and Employers, has not yet been given a strategic role. The role of coaching, supervision, and enforcement that should have been carried out by the SKPD of the Pasuruan Regency Manpower Office was transferred to provincial level institutions, namely the SKDP of the East Java Provincial Manpower Office.

Therefore, the authors provide the following suggestions: First, it is necessary to review the substance of Pasuruan Regency Regional Regulation Number 22 of 2012 concerning Pasuruan Regency employment systems to align the interests of industrial relations actors, such as the Regional Government, APINDO, and Trade Unions. Second, the regional government must position itself as the leading sector in industrial relations and serve as a wise and trusted mediator between parties, so that the harmonization of industrial relations in Pasuruan Regency can be realized. Third, the industrial relations actors in Pasuruan Regency must develop more open communication so that the various interests of industrial relations actors can be properly synergised.



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