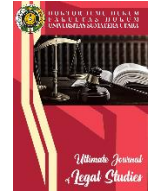




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# Harmonious Industrial Relations in Increasing Company Productivity in The Era of Globalization

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### ABSTRACT

*The company plays a crucial role in driving Indonesia's economy, necessitating its sustainability for competitiveness in the global era. Company productivity, which hinges on worker welfare, is vital for maintaining a company's existence. Workers valued by their company will be more productive, as company productivity starts with work productivity. Achieving this requires tranquility and industrial peace in labor relations. This research explores the connection between worker and company productivity, and how company productivity can be achieved through harmonized industrial relations and strengthened communication in the globalization era. Using a normative juridical method, examining laws and regulations, the study highlights the importance of maintaining harmonious industrial relations for work and business peace. Equalizing perceptions between employers and workers and maintaining effective communication are crucial for this goal. Enhancing company productivity begins with business tranquility and aligns with improving workers' welfare. Such conditions are essential for sustaining the company as an economic driver in Indonesia. High productivity enables companies to exist and compete in the global era.*

**Keyword:** Industrial Relation, Company's productivity, Globalization.

### ABSTRAK

Perusahaan memainkan peran penting dalam mendorong perekonomian Indonesia, sehingga keberlanjutannya perlu dijaga agar tetap kompetitif di era global. Produktivitas perusahaan yang bergantung pada kesejahteraan pekerja sangat penting untuk mempertahankan eksistensi perusahaan. Pekerja yang dihargai oleh perusahaannya akan lebih produktif, karena produktivitas perusahaan dimulai dari produktivitas kerja. Mencapai hal ini memerlukan ketenangan dan kedamaian industri dalam hubungan kerja. Penelitian ini mengeksplorasi hubungan antara produktivitas pekerja dan perusahaan, serta bagaimana produktivitas perusahaan dapat dicapai melalui harmonisasi hubungan industri dan penguatan komunikasi di era globalisasi. Menggunakan metode yuridis normatif dengan mengkaji undang-undang dan peraturan, penelitian ini menyoroti pentingnya menjaga hubungan industri yang harmonis untuk ketenangan kerja dan usaha. Menyamakan persepsi antara pengusaha dan pekerja serta menjaga komunikasi yang efektif sangat penting untuk mencapai tujuan ini. Peningkatan produktivitas perusahaan dimulai dengan ketenangan berbisnis dan sejalan dengan peningkatan kesejahteraan pekerja. Kondisi tersebut sangat penting untuk mempertahankan kelangsungan perusahaan sebagai pendorong ekonomi di Indonesia. Produktivitas tinggi memungkinkan perusahaan untuk tetap ada dan bersaing di era global.

**Kata Kunci:** Hubungan Industrial, Produktivitas perusahaan, Globalisasi.



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## 1. Introduction

The employment factor as human resources, in the current period of national development is a very important factor for the implementation of national development in the Republic of Indonesia. Even the labor factor is a very dominant means in the life of a nation, because labor is one of the determining factors for the death and life of a business / activity (Djumadi, 2004). The workforce has a very important role and position as actors in achieving development goals. In line with that, labor development is directed to improve its quality and contribution to development and protect its rights and interests in accordance with human dignity and dignity (Sastrohadiwiryo, 2005, p. 1).

The rapid development of science and technology is in line with the development of progress in the industrial era, so socio-economic problems are increasingly complex which are marked by protests due to injustice in the field of labor, unfulfilled workers' rights/decent wages, weak labor organizations as channels of their aspirations, and low awareness of implementing regulations among employers (Novi Eriza, 2016, p. 2). Strikes or labor protests have a huge impact on the implementation of labor relations between workers / workers and employers in the company and can even affect the company's relationship with consumers or customers which in turn can reduce demand, decrease production volume and even reduce labor. Immeasurable impact or loss is the disruption of communication between workers and employers. With the disruption of communication, it is difficult to expect an increase in company productivity as well as the welfare of workers and their families cannot be improved (Marbun, 2016, p. 59).

The company's contribution as one of the factors in moving the wheels of the economy and creating jobs must be maintained. Frequent conflicts arise between workers / workers and employers in the workplace will disturb the peace of work and trying. A company must maintain good relations with all parties related to the company. A good relationship between the company and employees will increase company productivity, and the level of employee welfare (Rizal Rachman, 2017, p. 106). According to Sumbodo, for a company, employee work productivity is very important because it is used as a measure of success in running a business (Setiadi, 2009, p. 3).

In a company's operating system, the potential of human resources is essentially one of the capitals and plays the most important role in achieving company goals. Therefore, companies need to manage human resources as best as possible. Human resources are a crucial aspect to support productivity. Therefore, a company must be able to manage its human resources well in order to increase productivity in the company (Mangkunegara, 2009, p.24).

Industrial relations is a system of relationships formed between the actors in the production process of goods and / services consisting of elements of entrepreneurs, workers and the government based on the values of Pancasila and the Constitution of the Republic of Indonesia 1945. The maintenance of industrial relations in the company can be seen through the stages of the relationship between management and trade unions, the welfare that is successfully fought for by the trade unions provided by the company and the intensity of the number of strikes that indicate disharmony in industrial relations (N.O.Ningsih, 2015, p.4).

In the implementation in the work environment, industrial relations generally encourage the creation of development results through improving worker welfare and will also encourage increased economic growth, increased production and work productivity and improved labor skills. In addition, conducive industrial relations also encourage the creation of stable national stability through stability in the work sector. Ultimately the purpose of industrial relations is to increase the productivity and welfare of workers and employers, these goals are interrelated and related to each other which means that the reduction of one will affect the other, the level of productivity of the company for example is largely determined by the level of productivity of workers, high productivity is only possible if the company pays attention to the welfare of its workers. Improving workers' welfare is only feasible if the company's productivity increases (Marbun, 2016, p. 38).

Research involving the factors of work experience, wages, gender and age which apparently have a positive influence on labor productivity has been carried out, but has not touched on the factors of effective communication in the form of industrial relations mechanism or institutions (Nur Herawati, 2013). Therefore, this paper describes and analyses the relation of communication between workers and employers as a strategy for realizing harmonious industrial relation in the era of globalization.

## 2. Method

This article was produced through library research by taking an inventory of literature related to the topic discussed. Secondary data was obtained by analyzing literature which examines the relationship between company productivity and worker productivity through various indicators such as age, work experience, wages, availability of industrial relations facilities in the company and so on. From the analysis obtained, it appears that worker productivity and employers must always collaborate to achieve harmonious industrial relations. The occurrence of labor strikes, the high number of layoffs followed by various cases of industrial relations disputes that have reached court level and the lack of optimal industrial relations facilities indicate disharmony in industrial relations. Measuring the achievement of harmonization of employee and company relations can be seen by the reduction in employment conflicts along with improvements in industrial relations facilities (Pusdatin Kemnaker, 2022). This is supported through the activation of industrial relations facilities, which in principle are the daily communication links involving workers and employers in the company.

## 3. Result and Discussion

### 3.1. Correlation of Worker Productivity with Company Productivity

According to Simanjuntak (2001), productivity contains philosophical notions and definitions of work. Philosophically, productivity contains a view of life and mental attitude that always strives to improve the quality of life. Today's situation must be better than yesterday's, and tomorrow's quality of life must be better than today. Such a view of life and mental attitude will encourage humans not to be satisfied quickly, but continue to develop themselves and improve work abilities. For the definition of work, productivity is a comparison between the results achieved (output) with the overall resources (inputs) used per unit time. Input resources can consist of several factors of production such as land, buildings, machinery, equipment, raw materials and own human resources.

From the above understanding, increased productivity can be realized in the form of:

- 3.1.1. The same amount of production can be obtained using fewer resources, and/or
- 3.1.2. Larger quantities of production can be achieved using limited resources, and/or
- 3.1.3. Larger production quantities can be achieved using the same resources, and/or
- 3.1.4. A much larger amount of production is obtained with the addition of relatively smaller resources.

Labor productivity can be seen from the value of production. Production value is the level of production or the entire amount of goods that are the final result of the production process in a business unit which will then be sold or reached the hands of consumers (Sudarsono, 1990).

From some of the meanings above, productivity is a form of activity directed to achieve a higher standard of living or in other words an increase in worker productivity will directly affect the progress of the company, especially in terms of profits because the production produced by the company will increase, further improving the level of worker welfare. (Sitorus, 2007, p. 136)

Labor productivity is part of the obligation of the level of labor that workers must provide to employers. Increasing labor productivity is the responsibility of the company through the provision of tools, training facilities, and other work infrastructure, while employees are obliged to display work ethos, caring attitude and good discipline, take the initiative to make continuous improvements to work results.

According to Simanjuntak (2001) factors that affect the work productivity of company employees can be classified into two groups, namely:

- 3.1.1. Which concerns the quality and physical ability of employees which includes: level of education, training, work motivation, work ethic, mental and physical abilities of employees
- 3.1.2. Supporting facilities, including:
  - 3.1.2.1. Work environment, including: production, production facilities and equipment, level of safety, and work welfare.
  - 3.1.2.2. Employee welfare, including: Management and industrial relations.

Empirical data shows that there is indeed a relationship between company productivity and industrial relations components which include strengthening communication (I Ketut Merta, 2018) and democracy in the workplace through the existence of trade unions that have an impact on worker welfare (Ayu Ernita, 2018).

The components of wages, incentives and the provision of social security for workers / workers also showed significant results in increasing productivity (Teddy Adhadika, 2013). In addition, improvement and attention to the quality and physical abilities of employees which include worker skills, work ethics and relationships with company management show a strong influence on increasing productivity (Anis Nur Hidayah, 2019). The results of previous studies have shown that there is a positive and significant influence between worker productivity and industrial relations. This includes the issue of wages, social security, incentives and the existence of industrial relations facilities, namely trade unions / trade unions in a company. The company believes that if industrial relations are managed properly, it will create a harmonious relationship that is in line with the company's development. In parallel with that, Sedarmayanti stated that the implementation of industrial relations will create the dignity and dignity of employees so as to encourage the realization of a dedicated spirit in an effort to increase productivity (Sedarmayanti, 2007, p. 74).

### **3.2. Correlation of Company Productivity with Harmonious Industrial Relations.**

One of the factors that affect the productivity of individual workers is to implement Industrial Relations, it will:

- 3.2.1. Creating work tranquility and fostering productive work motivation so that productivity can increase.
- 3.2.2. Creating harmonious and dynamic working relationships so as to foster active participation in efforts to increase productivity.
- 3.2.3. Improve the dignity and dignity of employees so as to encourage the realization of the spirit of devotion and dedication in an effort to increase productivity. (Depnaker module BPPD West Kalimantan Province, 2000).

This measurement of work productivity has an important role to determine the work productivity of employees so that it can be known the extent of productivity that can be achieved by employees. In addition, productivity measurement can also be used as a guideline for managers to increase work productivity in accordance with what is expected by the company (Mahendra et al., 2104, p. 36).

In the production process in the company, the parties directly involved are workers and employers, while the government is included as parties in industrial relations because it is interested in the realization of harmonious working relations as a condition for the success of a business, so that productivity can increase which will ultimately be able to drive economic growth and can improve the welfare of all levels of society (Marbun, 2016, p. 37).

High productivity occurs when output is greater than input, conversely it is called low productivity when output is smaller than input. This situation means that the company's productivity results are correlated with an increase in workers' welfare, so that workers' welfare is feasible if the company's productivity increases. The policy direction of the development of the industrial relations system must be in line with the policy direction of the national economic development system, namely growth in the national economic development system which is identical to productivity in the industrial relations system. Along with that, equity in the national economic development system is also identical to the welfare of workers in the industrial relations system. So in relation to these two things, Suwanto stated that company productivity and workers' welfare are the ultimate goal of the industrial relations system, namely productivity that correlates with workers' welfare (Zulkarnaen, et al., 2016, p. 416).

Industrial relations between employers and workers that are not conducive can cause disputes. Different interests between workers and employers are difficult to meet. This happens because of the obstruction of communication in order to equalize perceptions of the two different interests between employers and workers. In fact, effective communication is the key to harmonious industrial relations. In addition, in general, employers view labor welfare as production costs that must always be suppressed to a minimum because the welfare of workers will reduce employers' profits. This is where the function of the industrial relations legal system as a bridge to harmonize two different interests. (Zulkarnaen, et al., 2016, p. 416).

Industrial relations are very important because companies place employees as Human Capital which is always developed in order to always provide added value (Wirawan, 2015, p. 610).

A company must maintain good relations with all parties related to the company. A good relationship between the company and employees will increase company productivity, and the level of employee welfare. This is in line with research conducted by Rizal Rachman which shows that the maintenance of industrial relations affects employee welfare. The maintenance of industrial relations consisting of company regulations, trade unions and collective labor agreements is very important. This maintenance will further improve employee welfare (Rachman, 2017, p. 110). According to Hariandja, employee welfare is not only influenced by adequate rewards given, but also by other factors, namely industrial relations which are the result of the relationship between employers and employees in the company, where there is a relationship or interaction involving between workers, employers, and the government in the operation of an organization or company, where the parties who are most interested in the success of the company and are directly related to daily are employers or management and workers. So it can be concluded that simultaneously Trade Unions and Industrial Relations can jointly affect employee welfare. (Rachman, 2017, p. 106).

The development of productivity in an enterprise must be supported by harmonious and close cooperation between employers and workers and can only be created through an atmosphere of safety, tranquility and mutual understanding of both parties. In other words, productivity improvement can be pursued through the development of safe and secure industrial relations. The target and implementation of the Pancasila Industrial Relations (HIP) system is the creation of industrial peace / industrial harmony in the company which can be realized if there are indicators, including the implementation of all rights and obligations of workers and employers. The progress of the company from time to time due to an increase in productivity which results in increased income and welfare for workers and their families. (Sitorus, 2007, p. 138).

### **3.3.Strengthening effective communication in the Company facing the era of globalization**

The condition of industrial relations in a country is very vulnerable to change because it is influenced by several external and internal labor factors, one of which is globalization, among others, marked by very strong demands for the enactment of universal standards so that any treatment that ignores the basic rights of workers as stated in the ILO Convention will always be the concern of the world community. While on the other hand, companies are required to increase efficiency and productivity in the face of global competition. Therefore, it is understandable then that new forms of business management have emerged that hint at the flexibility of employment relationships such as contract systems, outsourcing or tailoring orders. (Tambusai, 2006, p. 8).

The level of business productivity is another effort to increase competitiveness, but it must be understood that increasing productivity is not solely the responsibility of workers, but employers also have a very large role in increasing worker productivity. (Tambusai, 2006, p. 30-31). One of the roles of the government as a regulator in creating a conducive climate for industrial relations actors is carried out through increasing the role and function of industrial relations facilities/institutions. This includes strengthening industrial relations facilities/institutions in terms of organization, management, and independence. So it is very important to establish communication between industrial relations actors. Effective communication can develop discussion spaces involving workers and employers as well as government.

On the other hand, in these industrial relations institutions can also be a place to share information (information sharing) which is useful for improving skills both managerial skills and technical skills and conveying ideas. By empowering industrial relations facilities/institutions in welcoming the free trade era, later industrial relations facilities/institutions can function better and the quality of human resources will increase, which in turn can create a conducive climate that leads to the realization of work tranquility and company continuity. (Tambusai, 2006, p. 56).

Currently, there is awareness from the company to prevent the problem of disputes from becoming protracted, namely by forming a Bipartite institution. Bipartite means are believed to be very effective in use, especially if it is associated with time and cost issues. However, for reasons of speeding up the settlement process, there are times when employers take shortcuts by layoffs, while workers strike or protest. This method will greatly affect the productivity of the company, and disrupt Industrial Peace, as an intermediate target of industrial relations objectives. In this case, the establishment of bipartite institutions and joint communication between parties is something that should be appreciated (Giatman, 2010, p.3).

Such is the case with the presence of tripartite institutions to eliminate disputes between the two interested parties. If we look closely, the essence of tripartism is the maintenance of effective and periodic

communication between employers and workers. Human communication in organizations is important to create a common understanding of the information conveyed to each other. Similarly, in the relationship between workers and employers, the conveyance of each other's will in equalizing perceptions needs to be built through effective communication. Communication can create satisfaction for people who do it, as expressed by Dale Carnegie (2000) that business, social, and personal satisfaction depends on a person's ability to communicate clearly with others, what his job is, what he wants, and what he believes. Such is the importance of the meaning of communication for humans who live in interactions as social creatures between one human being and another, as well as interactions that occur in a world of work in corporate organizations.

The number of cases of strikes or demonstrations starting in 2014 was recorded at 193 cases which has decreased to 36 cases in 2018. This was also followed by an increasing number of companies forming Bipartite LKS and Collective Labor Agreements (PKB) in 2014-2019, namely There were 1,892 companies or an increase of 14.83 percent over 5 years, meaning that there was a decrease in employment conflicts due to the increase in the quantity of industrial relations facilities. (Pusdatin Kemnaker, 2022)

Company productivity that begins with work productivity is only possible when supported by prosperous workers' conditions. Or there is a real hope of improved well-being in the future. Conversely, the welfare of all parties, especially workers can only be fulfilled if supported by a certain level of productivity, or an adequate increase in productivity leads to the expected level of productivity. (Suwanto, 2003, p. 3). The achievement of industrial relations begins with harmony in labor relations between workers and employers. This condition is important for increasing work productivity as a pre-condition to increase national productivity and company competitiveness in the era of globalization.

#### 4. Conclusion

Industrial relations are implemented through various ways means it is principle to develop and maintain effective communication both in the form of mechanisms and institutions, bipartite and tripartite. Strengthening and activating industrial relations facilities is a force that influences the relationship between workers and employers. Therefore, it must always be developed and maintained so that it can minimize the potential for conflict that endangers the company and can damage the harmonization of relations between the two. Harmonious industrial relations will lead to industrial peace and work peace which in turn will affect company productivity. Industrial peace can increase company productivity, which then has implications for improving worker welfare so that companies will be able to survive and compete in the era of globalization.

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