



Improvement of Strategic Negotiation on Collective Labor Negotiation Process at PT. Layar Berkembang Indonesia

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ABSTRACT: Collective Labor Agreement Negotiation process is a mandatory for employers and workers in Indonesia as stipulated under Labor Law No:13 Year 2003 and further regulated under Ministry of Manpower Regulation (PERMENAKER) No:28 Year 2014. Through this Collective Labor Agreement process, unions continue to fight for the intrinsic rights of worker's welfare such as salary increase, better medical health facility, transport allowance, meal allowance, terms of employment, and safety policies, ways to balance work and family, and more. From the employers' perspective, Collective Labor Agreement negotiation process is very crucial process as the 'failed negotiation' could lead to a strike and cessation of company production.

The author conducted gap and data analysis by assessing the current process by referring to prevailing regulations. The author used SWOT analysis to identify the current weaknesses (internal factors) and un-structured negotiation strategy of PT. LAYAR BERKEMBANG Indonesia. External Analysis also being carried out by using PESTLE analysis to support the strategy improvement from different aspects and factors.

To support the implementation of new Negotiation Framework, management of PT. LAYAR BERKEMBANG must take a series of actions and involve all leadership team in this improvement initiatives. HR Department must take lead in this process and align with other stakeholders for the implementation of this new framework so that the next Collective Labor Negotiation process is accountable and align with prevailing regulations in Indonesia. therefore author recommend this method compared to the current simple moving average method.

KEYWORDS: Evaluation of Process, new Framework of Negotiation Strategy, Strategic Negotiation Process.

INTRODUCTION

Collective Labour Agreement negotiation is a process in which a group of workers which is represented by a labour union sitting in a negotiation table with Representatives of Management to define and make an agreement of terms of employment, employee benefits and other employees rights as refer to prevailing regulation in Indonesia. The mechanism of conducting negotiation process is regulated under Labour Law No:13 Year 2003 and Ministry of Manpower Decree No:28 Year 2014 regarding the technical guidance of conducting Collective Labour Agreement in Indonesia.

According to Article 118 Law No:13 Year 2003, "*in 1 (one) enterprise only 1 (one) collective work agreement can be made that shall apply to all workers/ labourers working in the enterprise in question*". (Indonesia Labour Law No:13 Year 2003). This article clearly stated that there is an obligation for a company in Indonesia to make a Collective Labour Agreement when there is union exist in the company. [1]

The process of conducting Collective Labour Agreement is slightly different from one Company to another Company, however Government has set up a guideline for the companies in Indonesia through the Ministry of Manpower Regulation No:28 Year 2014. In general, process of Collective Labour Agreement making looks like this:

1. There is a need for Negotiation. This is aligned with the article 118 Labour Law Year 2003 as stated earlier. The need for conducting Negotiation There might be industrial dispute happened during the preparation stage due to certain conditions that should be fulfilled and followed by Company and Union as refer to prevailing Labour Law.
2. Preparation and eligible representative for Negotiation. Management and eligible labour Union should choose representatives to negotiate for their interests. The representative of each party should obtain a mandate from Board of Directors and Labour Union body prior to conduct negotiating process. Both sides will review the existing Collecting

Labour Agreement to identify areas for improvement. Union leadership will often survey its membership to determine which priorities are most important in the upcoming negotiation.

- The parties are to follow Negotiation Rules. The negotiation rules are regulated under Ministry of Manpower Regulation No:28 Year 2014 and both parties should follow this mechanism in order to ensure is accountable and auditable as well. [2]. Most of Collective Agreement Negotiation process fail to reach an agreement even in the early beginning of the process. Management and labour Unions representative must agree to ground rules, for example; when and where bargaining sessions will take place and when all initial proposals should be “on the negotiation table. Both Management and Labour Unions’ negotiating team should also agree on the bargaining style—proposal bargaining or interest-based bargaining. In proposal bargaining, both sides write proposals for changes to the contract. In interest-based bargaining, both sides bring issues to the table and resolve those issues by mutual agreement.

At PT. Layar Berkembang Indonesia, the negotiation process of Collective Labour Agreement can be described through the following flowchart in figure 1.

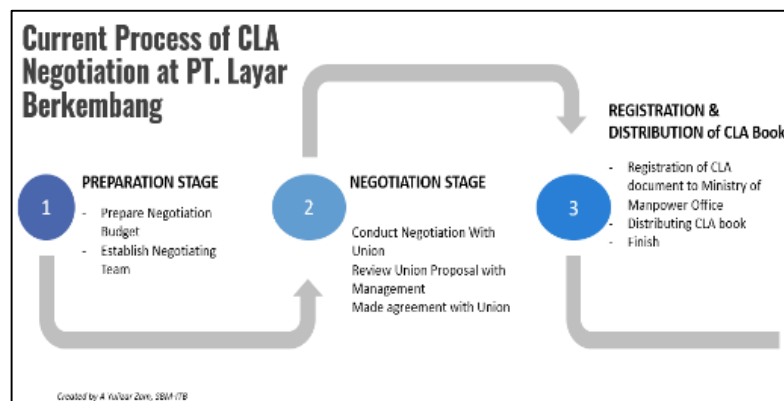


Figure 1. Current Negotiation Process Model

The Author would like to explore the weakness and shortcoming of the current process, how and what are stake holders involvement in each stage and process. based on this current flowchart, the author will develop new business process in the chapter IV (Business Solution) for the improvement and follow the best practice in the industry.

LITERATURE REVIEW

A. Laws and Regulation

The Manpower Act 13/2003 provides for the conclusion of collective labour agreements in Indonesia’s industrial relations system. The Act describes collective labour agreements as a product of agreement between a trade union and employer which must contain at least the rights and obligations of the employer, the Labour union and the workers. In one company there is only one (1) collective labour agreement and apply to all workers within the company (*Labour Law NO:13 Year 2003, Article 119*). [1] Where there are multiple unions at an enterprise, the union whose membership totals more than 50% of the workforce can negotiate the collective agreement.

Collective Labor agreement is a product of Negotiation Process between the Company and the workers. Collective Labour Agreement is a written contract negotiated through collective bargaining for employees by one or more trade unions with the management of a company (or with an employers’ association) that regulates the terms and conditions of employees at work. This includes regulating the wages, benefits, and duties and right of the employees and the duties and responsibilities of the employer or employers and often includes rules for a dispute resolution process

B. ILO influence in Indonesia

According to ILO, Collective bargaining “extends to all negotiations which take place between an employer, a group of employers or one or more employers’ organisations, on the one hand, and one or more workers’ organisations, on the other, for: (a) determining



working conditions and terms of employment; and/or (b) regulating relations between employers and workers; and/or (c) regulating relations between employers or their organisations and a workers’ organisation or workers’ organisations”. (ILO, Article 2 of the Collective Bargaining Convention, 1981 (No. 154). [3]

Considering large number of Collective Labour Agreement in Indonesia, the Ministry of Manpower and Transmigration issued Regulation number 48 Year 2004 regarding the Procedure for the Making and Legalisation of Company Regulations and Procedure for the Making and Registration of Collective Labour Agreements.

Based on the data collecting from Ministry of Manpower office, there were a total of 17.853 Collective Labour Agreements between trade unions and private enterprises in 2022. These number give us an overview that Collective Labour agreement negotiation process is very sensitive issue and a failed negotiation or a deadlock negotiation could affect industrial relations climate in Indonesia and affect company operational activity. Therefore, the government must take a serious care and assistance to companies and Labour Unions when conducting Collective Labour Agreement Negotiation Process. Through the Ministry of Manpower Regulation No:48 Year 2004, the steps of conducting Collective Labour Agreement Negotiation process is regulated starting from the preparation stage, how to build a negotiation procedure, how to conduct negotiation process, who is the eligible unions for representing workers on negotiation table with the company and dispute resolution if Negotiation failed to achieve an agreement.

C. Labor Union

In Indonesia, Labor union or trade union is an organization of workers or labourers who unite together to accomplish common objectives in areas such as employee benefits, welfare, wages, hours and working conditions. Through their representatives, union bargains with the employer on behalf of its members (permanent employees) and negotiates Collective Labor Agreement (collective bargaining) with the employer. This may include employee’s benefit such as: wage negotiations, work rules, grievance procedures, rules regarding hiring, firing and promotion, employment benefits, safety procedure and workplace policies.

In Indonesia, the definition of a Trade/labour union based on the Trade Union Law Number 21 of 2000 is an organization formed from, by, and for workers/labourers both in the company and outside the company, which is free, open, independent, democratic, and responsible for fighting for, defending and protecting the rights and interests of workers/labourers as well as improving the welfare of workers/labourers and their families. [4] The increase in the number of labour unions in Indonesia from year to year has a significant impact on the investment climate and industrial relations in each company. Sometimes, the presence of a trade union is perceived as a problem due to no harmonious relationship between the trade union and the entrepreneur.

After the era reform, Union existence in Indonesia become stronger and play important role in Industrial relation and investment climate. With the existence of Law, No:21 of Year 2000, there are a lot of union federations emerge and start to increase union’s bargaining position against the employees and the government.

After the ratification of Convention No. 87 on Freedom of Association and Protection of the Right to Organise in June 1998, the issuance of a government regulation on union registration and the passage of Trade Union/ Labour Union Act No 21/2000, which allowed a group of ten or more workers to form a trade union, there has been an increasing number of new trade unions registering in Indonesia. [5]

Table 1. Labor/Trade Union in Indonesia

No	YEAR	LABOUR.TRADE UNION				FEDERATION		CONFEDERATION	
		Unit	Member			Unit	Member	Unit	Member
			MALE	FEMALE	Total				
1	TAHUN 2015	1	82	35	117	0	0	0	0
2	TAHUN 2016	123	3.750	617	4.367	5	102	13	194
3	TAHUN 2017	1.009	100.540	27.959	128.499	119	33.078	44	39.489
4	TAHUN 2018	22.404	507.999	841.823	1.349.822	320	118.369	65	98.074
5	TAHUN 2019	7.594	1.118.611	766.145	1.884.756	590	245.538	69	198.547
6	TAHUN 2020	1.437	72.602	68.018	140.620	125	9.296	21	7.057
7	TAHUN 2021	3.536	341.116	476.395	817.511	552	116.978	118	17.743
8	TAHUN 2022	12.001	189.573	167.891	357.464	323	118.464	104	21.447
Jumlah		48.105	2.334.273	2.348.883	4.683.156	2.034	641.825	434	382.551

Sumber Pusat Data, Kementerian Tenaga Kerja Republic Indonesia

METHODS

A. Research Design

In conducting this research, the author formulates a research design as guideline and reference to answer the research questions defined at the beginning of this thesis writing. This research design is to ensure that the evidences obtained during the data collection period enables the researcher to answer the initial question as unambiguously as possible. In this research, the author uses qualitative approach because this study focuses on the analysis of Negotiation Strategy and its impact on Collective Labour Agreement process in PT. LAYAR BERKEMBANG Indonesia and to get qualitative data from the accountable person and the experts of negotiation process.

Qualitative approach also helps the researcher to get the rich and detail understanding of future scenarios, especially with complex situation, high uncertainty level, and the data is difficult to quantify. Within this qualitative approach, Creswell (2014) also mentioned about the type of study that the researcher could conduct, that is case study. The case study provides an in-depth analysis of the case in a bounded environment (eg, subject, time, and activity). The case study also allows the researcher to focus on exploring the holistic understanding of the system in the scenario planning process and describe the characteristic of developed scenario accordingly (Creswell, 2014; Mc Combes, 2022). [6]

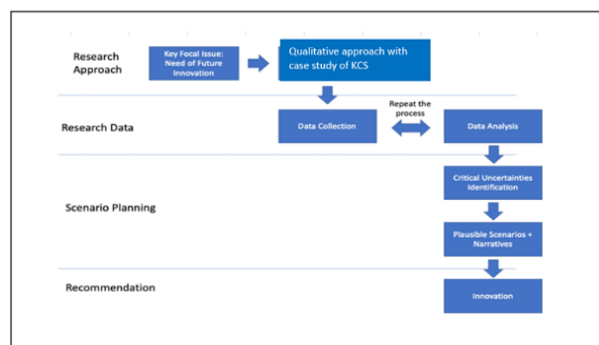


Figure 2. Research Design

Figure 2 shows the research design framework that will be adopted throughout this research process. This research is started with selecting the research approach, using qualitative method and case study at PT. LAYAR BERKEMBANG Indonesia, that is bounded to the main issue or research questions. The next step is to collect the data and work through data analysis. At this stage researcher will explore and discover several trend and activities as the basis of scenario development, and will be used as key driving forces. The selected driving forces are then used in the scenario planning stage as critical uncertainties in order to develop the plausible future scenarios. The scenario planning output (improvement) can be leveraged to define the future Negotiation Strategy for PT. LAYAR BERKEMBANG Indonesia.

B. Data Collection Method

Data collection methodology determine how the researcher tried to find some facts and future trends in scenario planning process (Van Notten, Rotmans, Van Asselts, & Rothman, 2003). [7] There are two data sets that are collected in this research, Primary and secondary data. Primary data is data type that is gathered from data source through participatory approach while secondary data is compiled from different sources as journal, articles, research paper and other sources,

To make this research more accountable and support the analysis purpose of the current issues of decision-making process related to Collective Labour Negotiation Process in PT. LAYAR BERKEMBANG Indonesia, the researcher will use the following Data Collection methods:

1. Primary Data Collection

Primary data collection involves the collection of original data directly from the source or through direct interaction with the respondents. This method allows researchers to obtain firsthand information specifically tailored to their research objectives. Knowing that decision making process of Collective Labour Agreement is a sensitive data and information for the company, the researcher will use the following techniques for primary data collection:



1. Questionnaires

In this technique, researchers design semi structured questionnaires or surveys to collect data from individuals or interviewee in this research. The question is designed to trigger the discussion between interviewee and researcher to find more accurate information related negotiation strategy and process at PT. LAYAR BERKEMBANG Indonesia and best practice in the industry.

2. Interview

To enrich and provide more clarity on the survey data, Researcher will conduct an Interviews involve direct interaction between the researcher and the respondent. For this Interview method, researcher will formulate a structured (with predefined questions), semi-structured (allowing flexibility) interview process, or unstructured (more conversational) to get all information needed related to decision making process on Collective Labour Agreement within PT. LAYAR BERKEMBANG Indonesia.

3. Focus Groups Discussion:

The researcher will also conduct Focus Groups Discussion with certain position within PT. LAYAR BERKEMBANG Indonesia. Through this FGD, the researcher will form a small group of individuals who are the key decision maker in the company, to discuss how Strategic Negotiation process is conducted and set prior to conduct Collective Labour Negotiation process with the unions. This method will help the researcher in understanding opinions, perceptions, and experiences shared by the participants on how Strategic Negotiation decision making process is conducted prior to conduct collective labour negotiation process with unions.

2. Secondary Data Collection

To complete data collection method, researcher also will use Secondary Data Collection method involves using existing data collected from the relevant department (Human Resources) and the responsible Director/Manager related to Collective Labour Agreement process. The purpose of this secondary data collection is to allow the researchers make an analysis and interpret current data to extract relevant information.

Through this Secondary data collection method, the researcher will obtain several data from various sources, including:

1. Published Sources:

Researchers refer to books, academic journals, magazines, newspapers, government reports, and other published materials that contain relevant data.

2. Online Databases:

Researcher will study and collect data form numerous online database / websites from Ministry of Manpower RI and Industrial Update (Kemenaker.go.id) and Wikipedia.org) and ILO website that provide access to a wide range of secondary data, such as research articles, statistical information, economic data, and social surveys.

3. Government and Institutional Records:

Government agencies (Indonesia Manpower Department), research institutions, and organizations often maintain databases or records that can be used for research purposes.

4. Publicly Available Data:

Data shared by individuals, organizations, or communities on public platforms, websites, or social media can be accessed and utilized for research.

C. Data Analysis Method

Data analysis is the process of collecting, modelling, and analysing data using various statistical and logical methods and techniques.

Since the data is collected in this research collected through a qualitative approach, in-person interview, it contains a large amount of data that is difficult to understand and summarized. This data has no meaningful information to clearly answer the research question, Therefore, it needs to be systematically segmented and organized to form several key texts, (Creswell, 2014). [6] To transform the data in to highly organized information, Content Analysis is chosen as the methodology.

The analysis of the data needs to start with transcribing the recording version to texts, so that the researcher could get the raw data and have it processed further. According to (Erlingsson& Brysiewicz, 2017), [8] analysis of raw data from verbatim transcribed

interviews to form categories or themes is a process of further abstraction of data at each step of the analysis from the manifest and literal content to latent meaning.

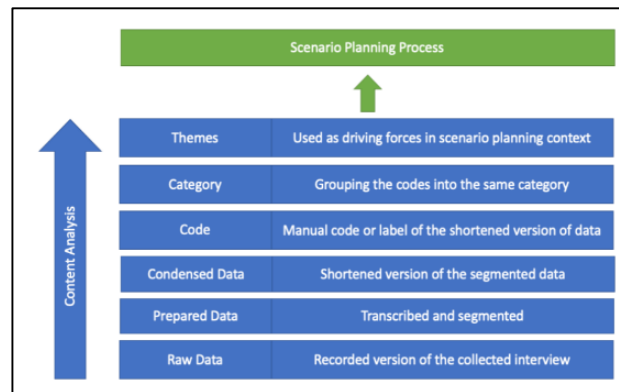


Figure 3. Data Content Analysis

Once the text is ready, the data is then analyzed from bottom up, inductively, through different stage. The transcribed text, from the raw data, later will be segmented into separate sentences and will be given an initial label so that it can be arranged accordingly. The segmented data is then shortened with the intention to make it condensed while maintaining its substance. At this stage, the researcher will need to re-read the sentences several time to ensure the context is established and shorten the sentence as well. The initial label can still be re-tagged if it is required, for example due to the condensed version has different meaning with the label. This label is considered as a code, where it represents the concrete substance of the condensed sentence, The next step is to categorization of codes that are related each other to form a context, One or multiple categories will then be generalized into themes. In the context of scenario planning, these themes are considered as the driving forces, which can then be used is scenario planning for the next negotiation strategy for PT. LAYAR BERKEMBANG Indonesia.

RESULTS AND DISCUSSION

A. Analysis

The author has analyzed the business environment and Process of negotiation strategy of PT. LAYAR BERKEMBANG Indonesia both externally and internally.

In doing the analysis, the author examined external factors that could affect the Strategic Negotiation process by using PESTLE analysis, and Industry Analysis. Meanwhile, the analysis of internal business environment is carried out by using resource-based view analysis, core competency gap analysis and SWOT Analysis.is also acceptable if you separate the “Results” and “Discussion” into different sections.

External Analysis

PESTLE that contains of Six aspects that are; Political, Economy, Sociocultural, Technological, Environmental and Legal as well as the Five Forces framework that contains of Rival Firms, Buyers, Suppliers, New Entrants and Producers of Substitute Products are all part of company’s external environment as illustrated in below figure.

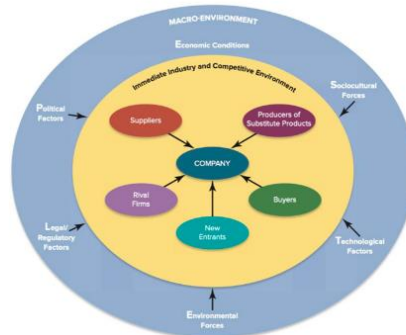


Figure 4. Component of Company Macro Environment

1. Political

Indonesia’s Political landscape has been influenced by so many factors such as; conflict of interest of ruling parties, politicians, Macro and Micro Economic indicators, Oil price, interest rate, widespread closure of vulnerable businesses, rising prices, reduced standards of living and massively increased unemployment rate in every province. For Multi National company like PT. LAYAR BERKEMBANG, the political situation in Indonesia is very important factor to consider prior to set its business strategy. The change of political situation in Indonesia will bring much influence to PT. LAYAR BERKEMBANG in determining the strategy of Collective Labor Negotiation process including the budget for employment benefit increment that might affect Company’s business performance in throughout the years.

Implementation of OMNIBUS LAW (UU CIPTAKER NO:11 Year 2020)

Indonesia’s employment Law political landscape has been dominated by so many factors such as; political situation, Micro and Macro Economic indicator, interest rate, widespread closure of vulnerable businesses, rising prices, reduced standards of living and massively increased unemployment. The issuance of OMNIBUS Law or CIPTAKER ACT in November 2021 has given significant change on employment practices in Indonesia. The regulation change specifically on Employment Chapter under OMNIBUS LAW has put the company (firms) at higher and strong bargaining position against Union in day-to-day industrial relation process as well as during Collective Labor Agreement negotiation process.

Many scholars and NGOs have demonstrated their disappointment to the Government. The Omnibus Law is associated with profound adjustment to legislation that otherwise presents obstacles to investment, including the revision of 79 laws, reorganization of legislation into 11 clusters and adjustments to more than 1000 articles, including those impacting labor law, social law, and national social security agency law (Amnesty International 2020). [9] Many protections from the 2003 labor legislation have been deleted or modified. A new law on wages and job security is considered a threat, specifically because it does not consider inflation rates for the minimum wage. Therefore, it revokes the set city district minimum wage. In practice, without inflation and cost living criteria for determining the minimum wage, poor areas like Papua are further weakened with not enough income to cover the daily cost of living (Usman Hamid 2020). [10]

Another issue of concern is the relative security of the worker when signing a job contract. Under the Omnibus Law, employers cannot offer a permanent job contract but can provide a temporary contract for an indefinite period, meaning that the worker can more easily lose their job. The review of Labor Law presents a new threat with the possibility of performing “work for free”, meaning extra work that does not produce income for the worker. Moreover, article 93 (2) of the Labor Law does not allow for paid time off during menstruation, which is a significant violation of women’s rights. [11]

Below is the summary of Amendment of Employment Benefit through OMNIBUS LAW (UU No:11 Year 2020) that is being replaced by PERPU No:2 Year 2022.



Table 2. Omnibus Law - Amendment of Employment Chapter

NO	Amendments of EMPLOYMENT CHAPTER	Scale of Impact to BUSINESS			Compliance Level	Remarks
		Low	Medium	High		
1	EMPLOYMENT AGREEMENT			V	100%	Direct Impact to current business process, UU has implemented this approach in current Fixed Term of EA
2	TERMINATION			V	100%	Direct Impact to current business process, Immediate change must be made, Subject to Adm. Sanction
3	SEVERANCE PACKAGE			V	100%	Direct Impact to current business process, Immediate change must be made, Subject to Adm. Sanction
4	OUTSOURCING			V	100%	Direct Impact to current business process, Immediate change must be made, Subject to Adm. Sanction
5	OVERTIME and REST TIME			V	100%	Direct Impact to current business process, Immediate change must be made, Subject to Adm. Sanction
6	MINIMUM WAGE			V	100%	Direct Impact to current business process, Immediate change must be made, Subject to Adm. Sanction
7	JOB LOST SECURITY			V	100%	No Change to current business process, Follow Government regulation
8	ADMINISTRATIVE SANCTION			V	100%	No Change to current business process, Follow Government regulation
9	JOB TRAINING			V	100%	Follow Government Regulation
10	FOREIGN WORKERS			V	100%	Follow Government Regulation

The changes of Employment Chapter under OMNIBUS LAW have brought significant impact for both Company and Employees. To revive domestic competitiveness and create more jobs, the Omnibus Law reformed Indonesia’s labour-related regulations. But while the relaxation of labour laws can induce higher private investment, it can also harm workers.

2. Economy

Inflation Rate

The economic indicator and outlook are the main reference for benefit negotiation during Collective Labor Agreement negotiation process. Inflation rate and Cost of Living Adjustment are the main economic indicators used by the company to convince unions and employees on lower or minimum increment for wages and other employee benefits.

Inflation in Indonesia is mostly driven by supply-side pressures (cost-push inflation), demand-side pressures (demand-pull inflation) as well as inflation expectations. Cost-push inflation factors include exchange rate depreciation, the impact of imported inflation, especially from trading partners, higher administered prices as well as negative supply shocks due to natural disasters and disruptions in the distribution chain. On the other hand, demand-pull inflation factors include high demand for goods and services relative to supply. In a macroeconomic context, demand-pull inflation is a condition illustrated by real output exceeding potential output or aggregate demand exceeding economic capacity. Meanwhile, inflation expectations are affected by the behavior of the public and economic actors in terms of taking economic decisions based on expected inflation. Therefore, inflation expectations are adaptive or forward looking.

Table 3. Inflation Rate in Indonesia (Bank Indonesia)

Tahun	Target Inflasi	Inflasi Aktual (% ,yoy)
2018	3,5±1%	3,13
2019**	3,5±1%	2,72
2020**	3±1%	1,68
2021**	3±1%	1,87
2022*	3±1%	5,51
2023*	3±1%	
2024*	2,5±1%	

Besides Inflation Rate, there is another Economic indicator that is used by Company when designing company’s strategy and the budget for Collective Labor Agreement Negotiation Strategy, which is Indonesia export and FDI.

Cost of Living Adjustment

In PT. Layar Berkembang, Management also considers cost of Living adjustment in Indonesia as the other factor of designing employment budget for Collective Labor Agreement Negotiation Process. Cost living adjustment is considered as part of Merit increment that is linked with Individual Performance throughout the year, the better the performance of an employee then the higher merit increment will be received during merit increment pay out.

3. Socio Cultural

The socio-cultural environment plays significant role for development of the business. The nature of socio-cultural environment is also constantly evolving and changing, giving rise to opportunities and threats for businesses. Therefore, companies need to monitor these trends and consider their strategic implications for them. Socio-cultural factors or social culture (socio-cultural environment)



refer to elements surrounding attitudes, behavior and values in society as a whole. Their trends and developments are closely related to population, lifestyle, culture, tastes, customs and traditions. These factors are created by society and often, passed down from one generation to another.

4. Technology

The use of latest technology platform in PT. LAYAR BERKEMBANG Indonesia will provide the employees with easy access to information, collaboration and support employee's daily activity. With all technology infrastructure that PT. Layar Berkembang have in Indonesia, it is much easier to Management to build the communication platform with union, employees and other stake holders inside and outside the company. PT. LAYAR BERKEMBANG Indonesia can also utilize its technology platform to create internal online survey like 'my voice' channel, online townhall session, training and coaching which will make employees feel heard and have positive thinking toward the company. This at the end will make company's position strong and create a feeling of loyal to the company.

5. Legal

As a multinational company that operate globally, PT. LAYAR BERKEMBANG Indonesia has a strong compliance and adherence to prevailing laws and regulations in Indonesia. As the process of Collective Labor Agreement Negotiation process is regulated under these regulations, Management of PT. LAYAR BERKEMBANG Indonesia and labor Union should fully comply and follow all mechanism as stipulated under these regulations.

The main sources of Employment Laws in Indonesia that are used as reference for conducting Collective Labor Agreement Negotiation are:

1. Labor Law No:13 Year 2003 on Manpower as recently amended by Law No. 11 Year 2020 on Job Creation and recently revoked by Government Regulation in Lieu of Law No. 2 Year 2022 on Job Creation;
2. Law No. 21 Year 2000 on Labor Union; and
3. Law No. 2 Year 2004 on Industrial Relations Dispute Settlement.

These 3 Laws clearly regulate the Mechanism of conducting Collective Labor Negotiation Process in a company, the right and composition of union to represent employees in Negotiation Process with the company including the mechanism of Industrial Dispute if Negotiation could not reach an agreement or arrives in a 'Deadlock' situation. Besides, the above Laws, there is Ministry of Manpower Regulation No:28 Year 2014 which also regulate the mechanism of conducting Collective Labor Agreement (PERJANJIAN KERJA BERSAMA) Negotiation process that obliged to be followed by both Company's and Union Negotiating team.

6. Environment

PT. LAYAR BERKEMBANG Indonesia has the global agreement with Greenpeace regarding usage of sustainable product. Apart from that, company also run initiative for energy conservation and reduction of greenhouse gas (GHG) emissions. Below are some initiatives run by PT. LAYAR BERKEMBANG to support Environment and green living:

1. Solar Panel
2. Waste Water Treatment Plant
3. Forest Rehabilitation
4. Waste Product Management System

The initiatives to take care of Environment is very important for PT. LAYAR BERKEMBANG and therefor company put strong commitment and allocated some budget for green environment to support the existence of the company within the society. Company realizes that failure in managing the environment will have significant impact on its sustainability and potentially to be protested by Union, Workers, local community and the Government.

Internal Analysis

The SWOT analysis is a very simple tool for company that need to assess Union's bargaining position. Management Negotiating team can use SWOT analysis during the preparation stage, so the Management team will be able to identify opportunities to create better strategies and develop action plans prior to Collective Labor Agreement Negotiation Process.



STRENGTH

By Exploring internal strength, PT. LAYAR BERKEMBANG negotiation team will have the advantage toward Unions Negotiating team prior to conduct negotiation process. What is PT. Layar Berkembang strength compared to Union's strengths?

1. One of the strengths of Management Negotiating team is the access of information related to Company's financial ability. By having this information in advance, Management Negotiating team can prepare and set financial relates benefit offers during negotiation, developing alternatives, and building proposal for benefit and wage increase according to company's financial ability.
2. Support from the Board of Directors of the company. The Management negotiating team has the flexibility to develop negotiation plan in advanced and lead the process within the desired framework.
3. Strong Employee engagement. With strong employee engagement data, Management Negotiating team can use the information to convince Unions representative that proposal of employment benefit from management already align with employee's voice and will reduce any risk of work stoppage, slowdown or any form of industrial dispute performed by workers and Unions.

WEAKNESSES

Management can also measure the weakness points of current condition through several assessment and methodology.

1. Leadership capability

Does PT. LAYAR BERKEMBANG Indonesia has a strong team with Strategic Negotiation skills and experience in conducting a lawful negotiation process? This is very important to explore as the Negotiation Process is complex process and therefore, the leadership capability is a crucial factor in Collective Labor Agreement Process.

2. Negotiation skills,

PT. LAYAR BERKEMBANG Indonesia must ensure that the Negotiating team also has sufficient negotiation skills and Strategic Negotiation knowledge. The ability to convince, persuade Union's representative is very crucial in leading a negotiation process and without these skills and knowledge, the negotiation will be unproductive and fail to achieve the desired outcome of the company.

3. SOP and Negotiation Framework

The other weakness of PT. LAYAR BERKEMBANG Indonesia is the lack of SOP and Negotiation Framework to support the negotiation process. This condition was caused by the history of company's ownership in the past (family business) prior to acquisition process by Kimberly Clark in 2020 and become PT. LAYAR BERKEMBANG Indonesia.

Based on the interview result with Mr.ZA (HR Director), it is confirmed that PT. LAYAR BERKEMBANG Indonesia has not yet developed SOP for conducting negotiation framework due to lack technical competency of previous Head of Industrial Relations of the company. He also confirmed that the culture of previous company was still under family business (PT.XXX) culture where the was no standard or regulation used when conducting Collective Labor Agreement Negotiation process with Union. Therefore, there is no proven evidence to show where collective labor agreement negotiation process was conducting as per SOP guideline and prevailing regulations in Indonesia.

4. Poor communication skills

It's vital to bring all negotiating member on board with the big picture of success of negotiation process, If the negotiating team don't understand the purpose or feel connected to the vision, they will be unable to build a proper communication -process with Union team during the negotiation process taking place. Based on the interview with HR Director of PT. LAYAR BERKEMBANG, it is found out that the company is lack of resource with public communication skills and the company is planning to train some leaders in Public Speaking and Negotiation Sills as part of next Negotiation Process with Union.

OPPORTUNITY

Disregard the weakness point that PT. LAYAR BERKEMBANG might have, there are several opportunities that can be maximize by management negotiating team prior to conduct Collective Labor Agreement Negotiation process. The Opportunities section of the SWOT analysis considers the external factors that could potentially offer the company a competitive advantage and achieve a productive and lawful negotiation outcome.

1. Training the team

PT. LAYAR BERKEMBANG Indonesia might consider training the negotiating team who will negotiate on behalf of the company in specific negotiation techniques. There are several negotiation training and technique which can be delivered to the team to upgrade their skills and knowledge on a productive and lawful negotiating process.

2. Establish coordination with Manpower Authority

The other opportunity that could be applied by management of PT. LAYAR BERKEMBANG Indonesia is to build coordination in advanced with local manpower authority, The Management of PT. LAYAR BERKEMBANG Indonesia may request for assistance during the preparation stage and get technical guideline on how to conduct a lawful negotiation process as refer to prevailing regulations.

THREAT

The Threats section of the SWOT analysis considers the external factors that could potentially harm the company or derail the pursuit of its goals. Who or what is your company worried about right now? Are there any issues that could ruin your negotiation plans and make the negotiation process become un productive?

1. Influence of Union Federation

It is very important to build communication to Union Federation SPSI as the affiliate partner of PT. LAYAR BERKEMBANG Union. In some to cases, Union’s Federation plays significant role in directing their member during negotiation process and any industrial issue in the company.

There have been major changes to trade unions in Indonesia since the political transition to democratization, beginning in 1998. From 1975, the All-Indonesia Workers’ Federation (FBSI), later changed to FSPSI, was the only trade union permitted in Indonesia and was significantly shaped by the government. Workers protests grew in the 1990s and workers attempted to establish their own organized movements outside the SPSI. However, attempts by workers to organize outside of the FSPSI were met with heavy repression, with several union activists imprisoned and protests quashed by the government.

2. Impact of OMNIBUS LAW (JOB CREATION LAW)

It is a public knowledge that unions and its federation in Indonesia are still rejecting the implementation of OMNIBUS law until today. There are massive rejection and rallies against the government in all areas and this might be a threat for company when the Unions Negotiating Team insist to include the Omnibus Law related points to be subject of Collective Labor Agreement Negotiation process.

3. The increase prices of fuel have increased the living cost and affect working daily expenses. This could be another external factor that could use by union as the reference for increasing current benefits entitlement. The fluctuating interest rates in the country after COVID-19 pandemic also do not provide a stable financial and economic environment which will make Union’s bargaining power stronger and make themselves in defending and aggressive mode rather common interest base negotiation approach.

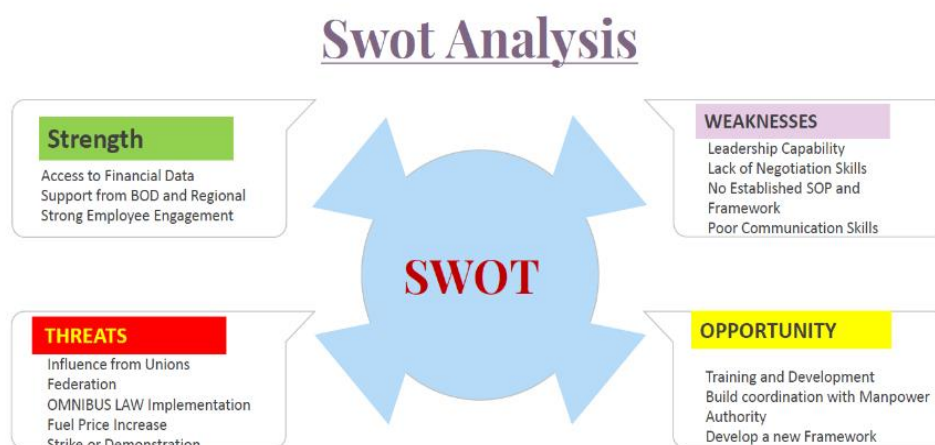


Figure 5. SWOT Analysis

SWOT Tows Matrix

Following the completion of SWOT Analysis, the author develops strategic Negotiation Option for PT. LAYAR BERKEMBANG Indonesia by using SWOT TOWS Matrix as illustrated in the following picture. Through the SWOT Matrix, the author will explore how PT. LAYAR BERKEMBANG Indonesia make use of its strength to take advantage from external opportunities to support its negotiation strategy in Collective Labor Agreement Negotiation process.



Figure 6. Component of Company

CONCLUSION

As explained in Internal Analysis, the Author has identified some factors that cause a prolong Collective Labor Negotiation process such as: Leadership Capability, Lack of Negotiation Skills, No SOP and Negotiation Framework in place and Poor Negotiation Skills of internal resources (company negotiating team). Those factors should be addressed properly and timely by the Management of PT. Layar Berkembang prior to the next Collective Labor Agreement Negotiation process.

The process of Collective Labor Agreement Negotiation should be auditable and in accordance to Ministry of Manpower Regulation No:28 Year 2014. The step and mechanism of conducting Collective labor Agreement Negotiation process is clearly stated under this regulation and it is a compulsory for company to follow this mechanism for a lawful and successful negotiation process with unions. This is in line with the research question on what is the reference for conducting a successful negotiation process with unions and what is the reference to be used by the company. The author found out there was no evidence and documentation of previous Collective Labor Agreement Negotiation process to prove the company has applied the Ministry of Manpower Regulation NO:28 Year 2014 as reference for conducting a negotiation process with union.

The lack of Industrial and regulation knowledge, documentation process and leadership capability are considered as the main issue and subject for improvement for the company in the future. Management of PT. LAYAR BERKEMBANG must take significant effort to rectify this condition in order to fully comply with prevailing regulations and avoid internal audit finding on the process of the making of the next CLA book.

It is fair to state that a legal process would stimulate collective agreement negotiation result would bring harmony, peace, discipline and stable industrial relations that are the key to the company’s growth and employment benefits of the employees.

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