

Brief Overview on Industrial Relations in Indonesia

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CURRENT SITUATION ON SELECTED DATA ON INDUSTRIAL RELATIONS INSTRUMENT

No.	IR Instrument	Total	Remarks
1.	Company Regulation	42,461	
2.	Collective Labour Agreement	10,667	
3.	Bipartite Cooperation Body	12,099	
4.	Tripartite Cooperation Body	31 268	Provincial level Municipal/Regency level
5.	<u>Trade Union</u> Federation Confederation Company Level Member	91 4 11,852 3,414,455	

Source : Directorate General of IR, MOMT, 2010

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Social Security Membership, 2010

No	Sector	Total			
		Workers		Company	
		active	inactive	active	inactive
1.	Formal	8,495,732	20,534,943	115,683	84,531
2.	Informal	411,597		-	

Source : Directorate General of IR, MOMT, 2009

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The implementation of the ILO Decent Work Agenda

(ILO Declaration adopted by Indonesia in 2002)

- Implementation of fundamental principles and rights in workplace:
 - Freedom of association and collective bargaining (ILO Convention No.87 and 98)
 - Elimination of all forms of forced or compulsory labour (ILO Convention No.29 and 105)
 - Abolition of child labour (ILO Convention No.138 and 182)
 - Elimination of discrimination in employment and occupation (ILO Convention No. 100 and 111)
- Employment creation (including improving productivity in small-medium enterprise)

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continuation

- Social dialogue through Bipartite Cooperation Body, and capacity building of industrial relation stakeholder;
- Social protection, such as, social security, occupational safety and health, and HIV/Aids in workplace.

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INDONESIA MAJOR LAWS ON INDUSTRIAL RELATIONS

- Act No.3 of Year 1992 concerning Workers' Social Security
- Act No.21 of Year 2000 concerning Trade Unions
- Act No.13 of Year 2003 concerning Manpower
- Act No. 2 of Year 2004 concerning Industrial Relations Disputes Settlement

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GENERAL PRICIPLES

1. Act No.3 of Year 1992 concerning Workers' Social Security

- Compulsory for companies employed 10 workers and above
- Coverage Programmes:
 - Old Age Benefits Scheme
 - Employment Accident Benefits Scheme
 - Death Benefits Scheme
 - Health Care Benefits Scheme

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2. Act No.21 of Year 2000

- Freedom of Association
 - Every worker/labourer has right to form and become a member of trade union/labor union
 - A trade Union is formed by at least 10 (ten) workers/laborers
 - A federation of trade union/labour union is formed by at least 5 (five) trade unions/labour Unions
 - A Confederation of trade unions/labour unions is formed by at least 3 (three) federations of trade unions/labour unions

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RIGHT TO ORGANIZE AND COLLECTIVE BARGAINING

- Everybody is prohibited from preventing or forcing a worker/ laborer from forming or not forming a trade union/labor union, becoming union official or not becoming union official, becoming union member or not becoming union member and or carrying out or not carrying out trade/labor union activities;
- The employer must provide opportunity to the officials and members of a trade/labour union to carry out trade/labour nion activities during working hours that are agreed upon by both parties and or arranged in the collective labour agreeent.

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3. Act No.13 of Year 2003 concerning Manpower

- Partnership relationship:
 - Bipartite Cooperation Body (compulsory for those companies that employed 50 workers over)
 - Tripartite Cooperation Body (National, Provincial, and Regency/municipal level)
- Tems of Employment:
 - **Working hours:**
 - 7 hours/day and 40 hours/week for 6 workdays/week
 - 8 hours/day and 40 hours/week for 5 workdays/week
 - **Weekly rest:** 1 day after 6 workdays/week or 2 days after 5 workdays/week

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- **Annual rest:** 12 workdays after working 12 months consecutively
- **A long leave of rest of no less than 2 months after completing 6 years of service.**
- Terms of Employment
 - Maternity rest: female workers are entitled to a 1,5 months period before the time that is estimated to give birth and another 1,5 months thereafter;
 - Miscarriage: 1,5 months of a period of rest as stated in the medical statement

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WORKING CONTRACT

- Permanent working contract:
 - Probation period (optional)
 - in the case of termination of employment compensation is mostly required
- Definite working contract:
 - Maximum 2 (two) years and can be extended for 1 (one) year
 - Renewed for maximum 2 (two) years

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WAGES POLICY

- Safety Net / Minimum Wages
 - Decided by Governor based on recommendation of Provincial
 - Review annually
 - Based on living needs
 - Applied to: single workers and workers with service period up to one year
- Negotiated Wages
 - Bipartite Agreement (Company Regulation or Collective Labour Agreement/CLA)

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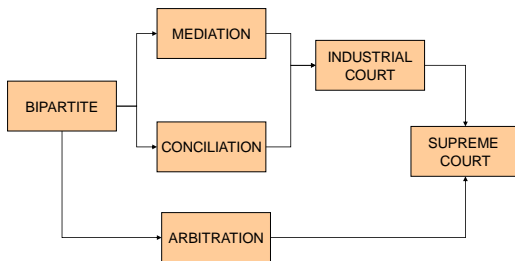
4. Act No.2 of Year 2004

Basic Principle:

- a. It applies to employers and workers as individual or as a group (Trade Unions)
- b. It encourages bipartite settlement
- c. Modes of settlement :
 - Litigation process : through "Special Court" in General Court and Supreme Court
 - Adjudication process : through arbitration
- d. Both the above processes should be preceded by bipartite negotiation or mediation
- e. Special Court consist of Ad-Hoc Judge from representative of Employers' organization and Trade Unions, as well as a career judge.

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INDUSTRIAL RELATIONS DISPUTE SETTLEMENT



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CHALLENGES

1. Effective decentralization implementation;
2. Accountability of roles and functions of trade union/laborers union;
3. Government accountability (in the area of Industrial Relation);
4. Public participation in policy making.

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