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Tripartite Forum & Workshop: Shaping the Future of Industrial Relations amidst Changing Forms of Employment & Industry Transformations in Indonesia

Gran Melia Hotel, Jakarta
19 July 2018





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Industrial Relations Updates from ASEAN Countries

Highlights of the 8th Regional IR Seminar, Nov 2017

Theme: Promoting sound industrial relations through social dialogue and implications of changing forms of employment for industrial relations in the ASEAN region



PRESENTATION OUTLINE

ASEAN Labor Market Overview

NSFE Overview

IR Country Updates



Labor Market Trend in ASEAN

- ASEAN labour market growth based on low-cost labour and low-skill production
- Trade agreements and economic partnerships are anticipated to intensify competition for investment, technology, skilled labour and productivity
- Increased demand for higher wages, better working conditions, not only comply to national law, but in line with international labour standard. E.g. Responsible Business Conduct in Supply Chain



Cont'd

- Increasing number of migrant workers
 - Total number of international migrants in ASEAN is estimated at 10.2 million (*World Bank, 2015*)
 - Movement within ASEAN countries
- Less predictability of labour demand and supply, especially with technology advances
 - Low-skill workers at labour-intensive sectors are at risk of being replaced with automation
 - New opportunities and skills
- Large informal sector and irregular employment
 - Almost 60% irregular employment in ASEAN (*ADB, 2015*)
 - Non-standard form of employment (NSFE)
 - Flexibility Vs Perception of lower wages, lack of job security, social security etc.



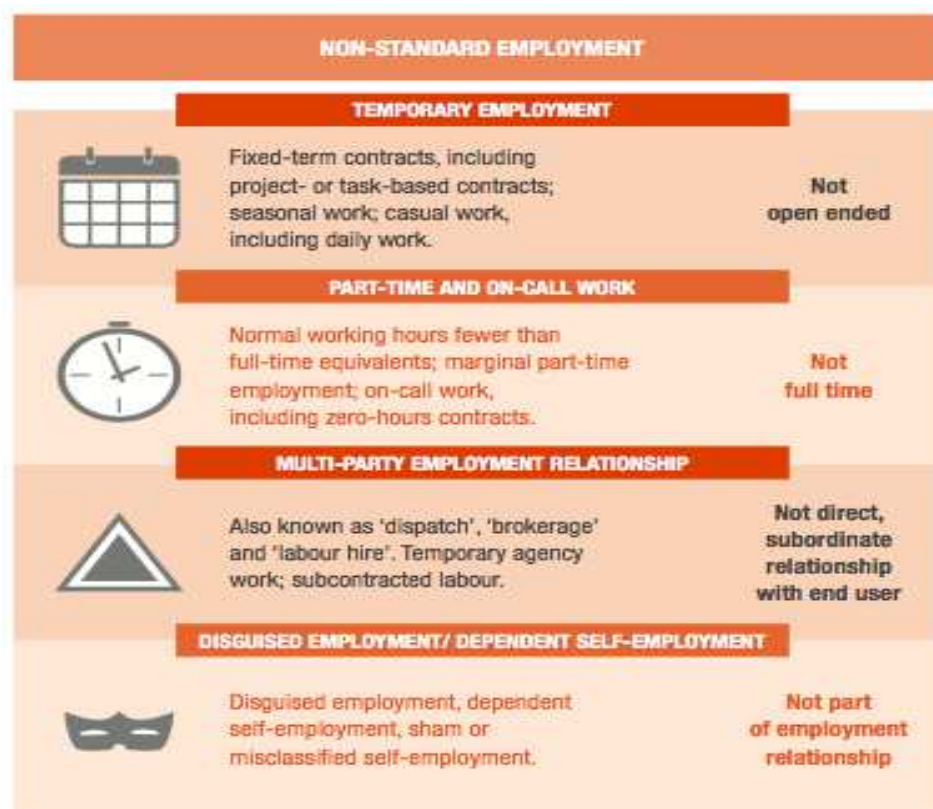
Understanding the trends



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Changes in Employment Relationships

Growing rate of Non-Standard Forms of Employment



Understanding the trends

Types of NSE in ASEAN cont'd

- Important to recognize employers need for flexibility, respond to changing demands
- In some countries, legal/regulatory systems do not provide adequate flexibility
- Across ASEAN, have wide variety of definitions for various types of NSE. Difficult to compare, statistics and data are incomplete; NSE is different than informal economy
- All four types of NSE exist in ASEAN, two are more predominant
 - Temporary Employment
 - Outsourcing/Subcontracting



Understanding the trends

TRENDS IN TEMPORARY EMPLOYMENT

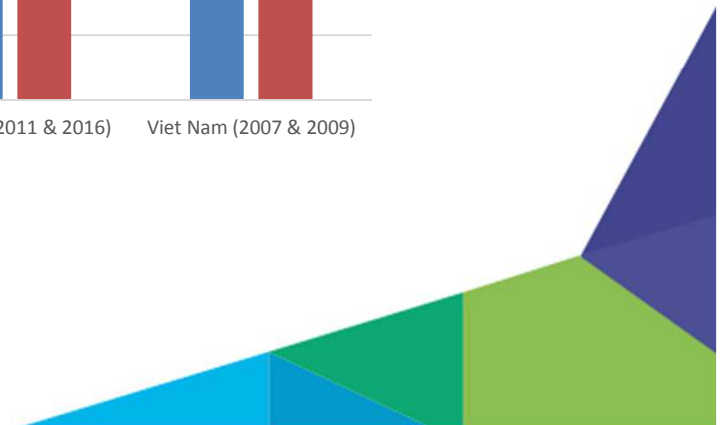
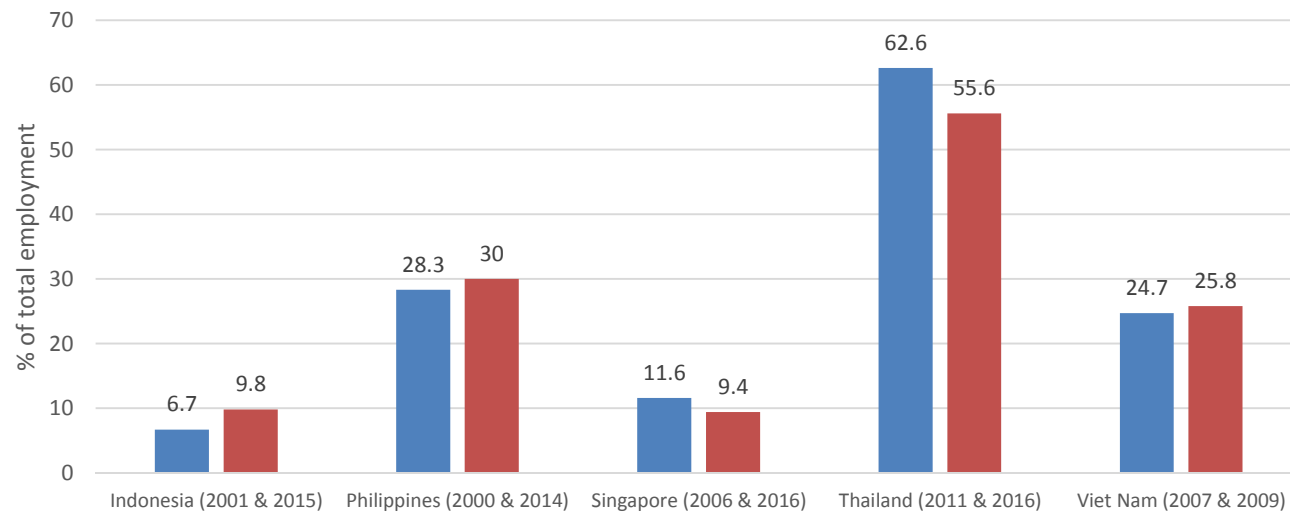
- In most ASEAN countries, use of temp contracts is limited by maximum duration of time, or nature of work.
- Where data is available, general trend towards increasing use of temp contracts
- Where national statistical data not available over time, not reflected in charts



Understanding the trends

TRENDS IN TEMPORARY EMPLOYMENT

Figure 2: Incidence of temporary employment in selected ASEAN countries (and informal employment in Thailand)

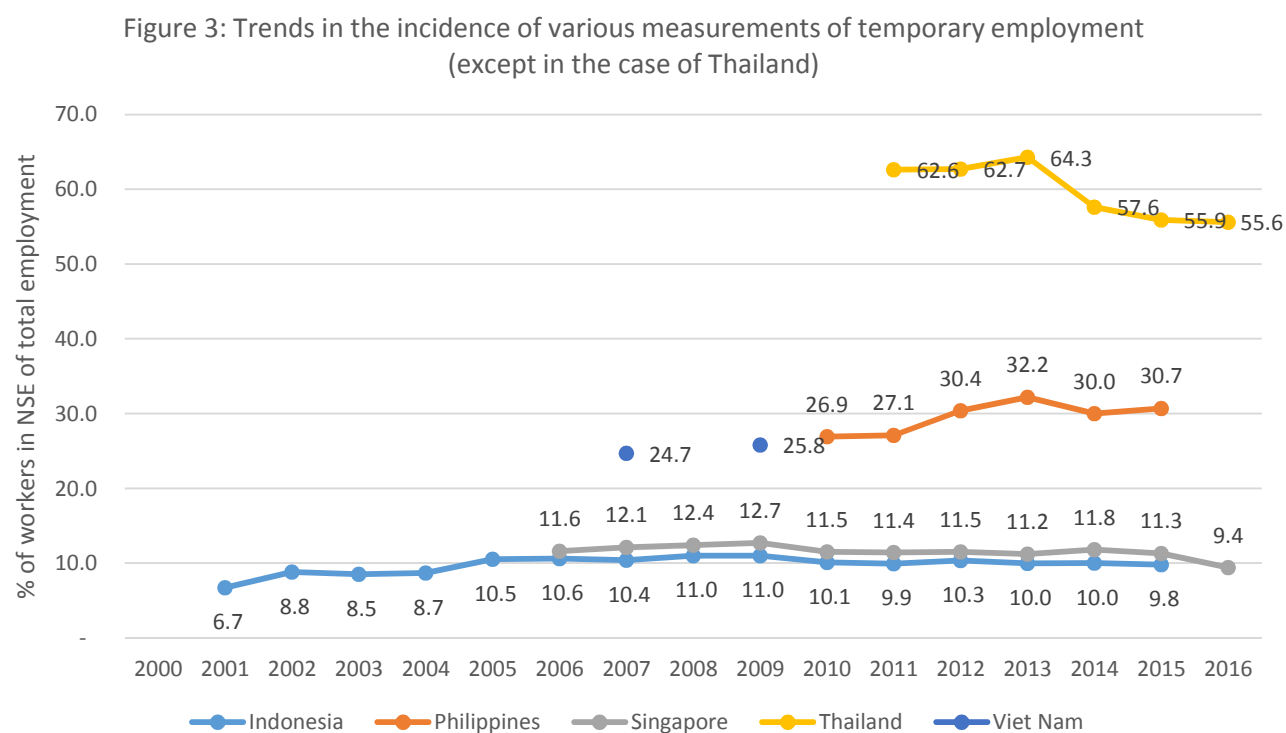




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Understanding the trends

TRENDS IN TEMPORARY EMPLOYMENT



Understanding the trends

Multi-Party Employment Relationship

- Subcontracting
- Outsourcing
- Temporary Agency
- Labour Dispatch
- Growing incidence of complex contracting chains, involving four or more parties
- Indonesia – number of outsourcing agencies increased from 2,000 to over 6,500 between 2005 and 2012.



Scope of the informal economy

Economic units

- Own-account workers
- Employers
- Members of cooperatives and of social and community-based

Contributing family workers

- In the formal economy
- In the informal economy

Employees holding informal jobs

- Subcontracting
- Supply chains
- Paid domestic workers

Workers in unrecognized or unregulated employment relationships

Impact of NSE on SD and IR

- Major source of disputes and poor IR in many countries in region
- Links between NSE and working conditions
 - Lower wages
 - Limited access to training
 - Job insecurity
 - Greater OSH risks
 - Barriers to FA/CB



Impact on IR and SD

- Report cites some negative examples from Cambodia, Indonesia, and Philippines with regard to links between organizing and use of NSE
- Report also highlights some successful organizing attempts of outsourced and temporary workers in Indonesia, Malaysia, Singapore, Philippines, & Thailand





Malaysia



- Increased Union organization and membership
- Harmonious industrial relations effective laws, good enforcement & cordial relationship between employer and the employee and their trade unions
- Low number of picket and zero strike for the last 5 years
- Settlement rate of trade dispute through conciliation : > 70%
- Program of Industrial Engagement (PIE)

Challenge & Response:

- Industry 4.0
- Changing of Tech & market conditions
- Estimated 54% of all jobs in Malaysia - high risk of being displaced in the next two decades
- Social dialogue & skills dev't
- Role of Unions in the 21st century



Thailand



- Currently discussing labor law reform
- Disputes & conflicts stabilized but demand for increase in wages rising
- Happy Workplace Program





Vietnam



- Institutions has been reformed, basically conforms to the ILO standards
- Nominating mediators and Labour Arbitration Council's member is implemented timely and lawfully
- Solving disputes through mediation trends to increase

Challenge & Response:

- No regulation allow private labour mediators
- Ineffective labour dispute resolution system
- Many wildcat strikes
- Ongoing labor law reform
- Building the strategy of enhancing capacity for mediators and arbitrators from 2017-2020



Brunei



- No Income tax, free healthcare & education
- Gov't limit Trade Union activities (only 1 union active)
- High need for foreign workers
- Country Foreign Employment Policy and Institutional Frameworks
- Established Darussalam Enterprise (DARe), a statutory body aimed at nurturing and supporting local SMEs. Also holds dialogue with employers and employees
- Employees in the private sector can now lodge workplace complaints online





Cambodia



- Building capacity for labor inspections
- Implementation of Trade Union Law, Social Security scheme and Health Insurance
- Drafting of Minimum Wage Law & Labor Dispute Adjudication Law
- Strikes remain the biggest challenge
- provision of a 24-hour hotline service (along with social media/ FB) for complaint mechanism and grievance procedures





Myanmar



- Goal of ensuring social security for all workers
- In progress: Foreign Worker Bill & OSH Bill
- Adopting measures for labor dispute resolution
- National Tripartite Forum formed
- Employment Contract (Notification No. 140/2017 as of August 2017)

Challenge & Response:

- Promote social dialogue at various levels, at the work place, enterprise, industry as well as national society
- Promote transparency among stakeholders
- Raise more awareness, and training for officials, employers and workers' organizations
- Tripartite conference, workshops and seminar should be held as a regular basis



Lao PDR



- Government is upgrading the Tripartite Labour Relations Committee & improving legislation
- Integrating ILO conventions in the legal framework
- Continuing to disseminate the regulations to the employees and employers in general

Challenge & Response:

- lack of skilled workers to meet growing demand & investment
- Implementation challenges due to limited budget





Philippines



- Integrated Survey on Labor and Employment implemented
- Two major reforms ongoing: transparency of labor dispute settlement system and de-judicialization and promotion of ADR mechanisms for labor cases
- Ongoing: formulating laws and policies in relation to security of tenure, contracts and labour flexibility through social dialogue

Challenge & Response:

- Currently crafting a medium term blueprint that coherently spells out how investment, infrastructure, climate concerns and governance, among others, interplay toward providing decent and productive employment for Filipinos





Indonesia

- Sharp decline in number of disputes and strikes in recent years
- Social dialogue is very important since economy is mostly comprised by SMEs
- Currently transforming the workers social security program
- Working to ensure a fair wage system

Challenge & Response:

- emerging challenges associated with digitalization and automation in workplaces, particularly in the labour-intensive industries
- application of apprenticeship
- controversial determination of minimum wage
- Using all social dialogue forums to avoid dispute and improving the quality of labor governance



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TUESDAY, 03 JULY, 2018 | 22:04 WIB

Govt: Industry 4.0 will Likely Create 10 Mn Jobs

[+ Zoom Out](#) - [Zoom In](#) [A](#) Normal

TEMPO.CO, Yogyakarta - Industry Ministry predicted the implementation of [Industry Revolution 4.0](#) in Indonesia would likely create 10 million jobs until 2030.

"There will be 10 million jobs by the implementation of Industry 4.0 until 2030," said the Ministry's head of Industrial Research and Development Agency, Ngakan Timur Antara, on the sideline of the International Conference at Yogyakarta today, July 3.





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