

Resource Book Employee - Management Cooperation

2

Training Manual

ILO/APINDO Project on Capacity Building and Promoting
Sound Industrial Relations at the Enterprise Level in
Indonesia

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ILO

Resource Book Employee - Management Cooperation

1. Lesson Learned on Employee – Management Cooperation from Selected APINDO's Member Companies

2. Training Manual on Employee – Management Cooperation

3. Trainers' Guide on Employee – Management Cooperation

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Foreword

In Indonesia, the Manpower Act no.13 of 2003 provides the legal basis for the establishment of bipartite cooperation schemes. It is important that bipartite cooperation between management and workers is strengthened to ensure good communication and relations to allow problems to be discussed and resolved through fair processes. Effective communication can create an atmosphere of trust, promote participation and encourage consensus in enterprise level decision-making. It can result in productivity improvements for enterprises and the adoption of new approaches to both protecting workers and rewarding them for their contributions.

While the gateway to enterprise level regulation of industrial relations is facilitated by the bipartite cooperation bodies, collective labour agreements and company regulations for specified companies, there is a need to provide practical assistance on the application and implementation of these cooperation modalities. In a bid to gain further credibility as a professional and representative organization of value to its members, the Indonesian Employers' Association (APINDO) is enhancing its efforts to promote enterprise-level cooperation and to develop related industrial relations services.

In a commitment to support APINDO's capacity building in this area, Employers' Activities Bureau in ILO Geneva (ACT/EMP) and the ILO-Jakarta office, supported by the Netherlands/ILO Cooperation Programme (NICP) are assisting APINDO to strengthen its services to members on industrial relations. This support includes a series of activities:

- (1) benchmarking and compiling lessons-to-be-learned from ten (10) member companies of APINDO on sound workplace relations and employee management cooperation,
- (2) developing guidelines of good enterprise level labour relations to promote labour management cooperation for workplace efficiency, productivity, flexibility and stability, and
- (3) developing training manual and trainers' guide on labour management cooperation for APINDO members.

A set of training materials on labour management cooperation was developed during a Training of Trainers for APINDO members in Bandung in December 2008. The training materials consist of the Training Manual and Trainer's Guide. The corollary objective is to ensure sustainability and to encourage employers to conduct their own activities based on their specific needs.

The publications on Lesson-Learned on Employee-Management Cooperation from Selected APINDO's Member Companies is largely based on actual experiences and best practices as well as challenges identified by companies from various sectors and of different size. There is no single approach in the establishment and operationalization of employee-management cooperation. Each one must adapt and take into account the particular circumstances in each enterprise.

We would like to extend our deep appreciation to Mr.Djimanto and his team in APINDO who have worked very hard to develop the labour management services in APINDO. Our appreciation also conveyed to Mr. Juan Amor Palafox, Mr.Bach Macaraya, Mr. Carmelo Noriel and Mrs. Maretta Dian Arthanti as the consultants and for the formulation and development of the training materials and lesson-learned.

The ILO-Jakarta Office and ACT/EMP wish to express the hope that these publications will be of lasting usefulness to APINDO, its members, and other interested parties for establishing and successful bipartite relations at the workplace.

Alan Boulton

Director, ILO Jakarta Office
June 2009

Jean Francois Retournard

Director, ACT/EMP Geneva
June 2009

Foreword

I would like to congratulate for the publication of manual book for trainers on Employee-Management Cooperation (EMC). This manual book has been tailored through a long-road process of Focus Group Discussion as well as workshops towards expectation that enables this employee cooperation at the workplace could be well transferred by the trainers who have successfully attended the workshops. I should thank the ILO who has put in a lot of efforts to the creation of this manual book and for sure to all parties who have taken participation in it.

It is inevitably doubted that the Employee-Management Cooperation should have been the start point of the development of company. The idea of EMC at a company that has been spreading should be developed simultaneously since the employee or the management must have interest for the future development of a company. EMC is also expected to be able to stand alone as a cooperation institution and would not be falling down into bargaining or whatsoever between the employee and management.

Hence, when seeing the human resources at a company who are direct business partners for the development of the company, therefore, EMC as a cooperation institution between the employee and management that reflects the business interest for the company should be absolutely developed. This is also due to the fact that the management as the manager of company needs workers and conducive working situation to manage the company; meanwhile the workers also need the company as to earn their living.

When talking about a company as the business entity should be placed on the appropriate position. As a business entity, the development will be necessary in the future. EMC will be the only way to develop the company in the future as it also actively incorporates actors within the company. In the other hands, EMC can also be used as the indication of the harmonisation of industrial relation in the company. When the cooperation between the employee and the management goes well, the industrial relations will be much harmonised and conducive for the business climate. At last, it is expected that EMC as the main contributor for the creation of favourable working situation and better work at the company.

Sincerely yours,

Sofjan Wanandi,
President of DPN APINDO

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Training on Employee - Management Cooperation(EMC)

Program Objectives

At the end of the program, participants should be able to:

1. Understand the concept of Employee–Management Cooperation within the context of workers participation;
2. Confidently discuss the historical and legal premises for bipartite workplace cooperation and other forms of employee-management cooperation in Indonesia;
3. Advocate the need for employee-management cooperation in an increasingly global economy and within the economic development strategy of Indonesia;
4. Initiate the establishment of appropriate EMC mechanisms at individual company own level through initiating groundwork and a facilitation process;
5. Establish and manage functioning EMCs or other forms of cooperation in their companies by using examples of successful EMCs and good practice models in Indonesia;
6. Guide or facilitate the institutionalization and functioning of various committees of EMC;
7. Assist in the formulation of EMC action plans, and management of EMC meetings;
8. Monitor, evaluate, and follow up on EMC activities and performance; and
9. Develop methods to keep up to date on the latest in dynamics and new processes regarding labor management cooperation.

Module 1:

Fundamentals of Cooperation in the Workplace

1. Employee – Management Cooperation Concept

Employee–Management Cooperation, like Collective Bargaining, forms part of what is commonly known as “industrial democracy” or “workers participation” in management. The terms “industrial democracy” or “workers participation” in management simply means democratizing the workplace by empowering the workers, through participation, to be involved in the decision-making process of an organization on matters agreed by the parties and which are mutually beneficial to them. Employee – Management Cooperation is not meant to replace, but rather complement, collective bargaining.

“Employee–Management Cooperation” is defined as a state of relations where labor and management work hand in hand to accomplish certain goals using a mutually acceptable means such as:

- Information sharing
- Discussion
- Consultation
- Negotiation
- Other forms or procedures that the parties may agree upon.

Employee–Management Cooperation normally operates through the creation of a joint institution such as an Employee–Management Council (Committee), Labor–Management Council (Committee), or Employee - Management forum.

2. Employee-Management Cooperation versus Collective Bargaining

As stated above, Employee-Management Cooperation is not meant to replace Collective Bargaining. It is, however, worth knowing the broad distinctions between Employee-Management Cooperation and Collective Bargaining. These are as follows:

	Employee-Management Cooperation	Collective Bargaining
1. As to approach	Generally focused more on a problem solving approach rather than confrontation	Generally takes a confrontational approach to negotiations
2. As to the objective	Concern with increasing the corporate economic pie	Normally concerns itself with distribution of the corporate economic pie
3. As to the process	Usually pro-active	Usually re-active

Thus the success of Employee-Management Cooperation at enhancing the corporate economic value necessarily means a bigger amount is available for distribution in Collective Bargaining.

Managerial, Moral and Psychological Foundations of Employee Participation

Paradigm of participation: the more people who will be affected by a change are involved in the decisions leading to that change, the more they will be committed to implementing these changes.

Comparative Principles of Scientific Management vs. Joint Management

Traditional Management	Joint Management
Management specifies how each task should be performed	Management believes workers can best decide how to do the job
Management rewards each worker according to individual output	Management is more concerned about group accountability and rewards
Management hires people who will accept detailed instructions and train them to do so	Management hires people who can take responsibility and trains them to take on more responsibilities
Management does all the thinking and requires workers to do exactly as they are told	Management allows workers to combine thinking and doing, and lets workers and managers think collaboratively

Participatory Elements in Total Quality Management

Criteria	Quality-Oriented HRM	Traditional HRM
Philosophy	Teamwork, shared understanding and commitment	Individually-oriented— reward for individual
Quality Objectives	TQM orientation in every area and level of organizational activity	Production-control-oriented
Employee involvement	High-people-oriented culture	Low-system-oriented culture
Education and training	Multi-skilling orientation	Development of skills for a specific job
Reward structure	Formally owned and administered jointly by managers and workers	Management owned and administered
Structural orientation	Decentralized	Centralized

The above models show that employees' participation in aspects of work is not inconsistent with trends in management literature. In fact, these frameworks illustrate that employee cooperation is critical to corporate success. Thus management should have greater motivation to initiate and sustain workers' cooperation.

3. Historical and International Legal Bases of Employee-Management Cooperation

The ILO, ever since its inception, has always strived to implement forms of workplace cooperation through social dialogue, which is defined “to include all types of negotiation, consultation or simply-exchange of information between, or among representatives of government, employers, and workers on issues of common interest relating to economic and social policy.”

Various ILO Conventions and Recommendations contain standards related to workplace bipartite cooperation. These are as follows:

- Freedom of Association and Protection of the Right to Organize Convention, 1948 [No. 87]
- Right to Organize and Collective Bargaining Convention, 1949 [No.98]
- Collective Bargaining Convention, 1981 [No. 154]
- Cooperation at the Level of the Undertaking Recommendation, 1952 [No. 94]
- Consultation (Industrial and National Level) Recommendation, 1960 [No. 113]
- Communications within the Undertaking Recommendation, 1967 [No. 129]
- Examination of Grievances Recommendation, 1967 [No. 130]

4. Legal Basis in Indonesia for Workplace Bipartite Cooperation

In Indonesia, the Manpower Act, Act Number 13 Year 2003, provides the legal basis for the establishment of Employee-Management Cooperation schemes and workplace bipartite cooperation. Provisions in the new Manpower Act include:

- Article 106 of the said Manpower Act provides that "Every enterprise employing fifty (50) or more workers shall establish bipartite cooperation institutions.
- The institutions shall function as a forum for communication, consultation and deliberation on labor issues in an enterprise.
- The membership of the institutions shall include the employer's representatives and workers' representatives who are democratically appointed by workers to represent their interests in the enterprise.
- The ruling concerning the procedures for establishing the membership of the bipartite forum shall be determined and specified under a ministerial decision.

The Minister of Manpower and Transmigration of the Republic of Indonesia in the implementation of the mandate of the Manpower Act issued the Ministerial Decree number: KEP. 255/MEN/2003 as amended by Ministerial Regulation No.32/Men/XII/2008 dated 30 December 2008 which lay down the procedures for establishing a bipartite cooperation institution and its membership and structure. The salient provisions of the Decree read:

- The functions of a bipartite institution shall be:
As a communications, consultation and deliberation forum between an entrepreneur and representatives of trade unions/labor unions or representatives of workers/laborers at enterprise level in order to increase workers/laborers productivity and welfare, which will ensure the continuation of the enterprise's business and to create industrial peace in the workplace.
- Selection of workers representatives in a bipartite cooperation institution:
 - a) If there is only one trade union/labor union at the enterprise and all the workers/laborer of the enterprise are members of this sole trade union/labor union, then the trade union/labor union's official shall automatically appoint their representation in the bipartite institution.
 - b) If there is no trade union/labor union at the enterprise, all the workers/laborers of the enterprise shall democratically elect their representatives in the bipartite institution.
 - c) If there is more than one (1) trade unions/labor unions and all the workers/laborers of the enterprise are members of any of these unions, then the representatives of each trade union/labor union at the enterprise shall be proportionally represented in the bipartite institution.
 - d) If there is only one (1) trade union/labor union at the enterprise but not all the workers/laborers of the enterprise are members of the sole union, then the relevant

trade union/labor union shall appoint its representatives in the bipartite institution and the workers/laborers who are not members of the union shall also appoint their own representatives through a democratic election to represent them in the bipartite institution.

- e) If there is more than one (1) trade union/labor union at the enterprise and yet there are workers/laborers of the enterprise who are not members of any of the unions, then each trade union/labor union shall be proportionally represented in the bipartite institution and the workers/laborers who are not members of the unions, shall also be represented in the bipartite institution by their own representatives whom they shall elect democratically (Article 5).
- Structure and composition of bipartite institution:
The entrepreneur and the representatives of the trade union/labor union or representatives of the workers/laborers shall meet to:
 - a) Establish a bipartite institution;
 - b) Determine the members of the bipartite institution (Article 6).
 - c) The membership of a bipartite institution shall have representatives of the entrepreneur and representatives of the workers/laborers with a ratio of 1 to 1, the number of which shall be adjustable according to needs, provided that the minimum number of members shall not be less than six (6) persons (Article 10).
 - d) At the minimum, the bipartite institution shall have a structure with officials comprising of a chairperson, a secretary and members. A representative of the entrepreneur and a representative of the workers/laborers may hold the position of the chairperson of the bipartite institution in rotation (Article 11).
 - Requirement for registration and notification:
 - a) The newly established bipartite cooperation institution must be registered with the government agency responsible for labor affairs in the district/city where it is established within a period of no longer than fourteen (14) working days after its establishment (Article 9 par. 1).
 - b) In order to be registered with the government agency the institution's officials shall submit, either directly or indirectly, a written notification of the bipartite institution's establishment and the attachment of official report on its establishment, the structure of its officials and the address of the enterprise (par. 2).
 - c) Within a period of no later than seven (7) days after receiving the notification of the bipartite institution's establishment, the government agency responsible for labor affairs shall issue a registration proof number (par. 3).

5. Essential Requirements for a successful Employee-Management Cooperation

Voluntary and compulsory establishment of Employee-Management Cooperation

In Indonesia, the establishment of an EMC can be both voluntary and compulsory. For firms employing less than fifty (50) workers/laborers, organizing an Employee-Management Cooperation is voluntary. However, the law requires that "Every enterprise that employs fifty (50) workers/laborers or more is under obligation to establish a bipartite institution".

a. First essential requirement for a successful bipartite cooperation is for the parties to realize the need for cooperative employee-management relations.

Whether the establishment of bipartite cooperation is voluntary or compulsory, to succeed, both the employees/laborers on one side and the entrepreneur on the other side must realize the need for cooperative employee-management relations: (a) to enhance the chance of their firm survival, (b) to increase the corporate economic pie and (c) to have a larger pie to distribute.

Why is there a need for bipartite cooperation?

Aside from the fact that employee-management cooperation enhances the survival of the firm, employee-management cooperation is also intended to:

- promote worker's participation in decision making processes
- create a labor relations climate conducive to productivity improvement
- improve the quality of working life
- achieve and sustain economic growth

Specifically what are the benefits that the parties will gain from bipartite cooperation?

In bipartite cooperation both the workers/laborers and the entrepreneur will benefit as follows:

Workers/laborers	Entrepreneurs
1. Opportunity to participate in Policy and Decision Making Process; 2. A channel of communication to Top Management 3. Means to make inputs in solving operational problems and management plans affecting workers in the workplace 4. Avenues for employees to air complaints that cannot be appropriately addressed through the grievance procedure 5. Opportunity to demonstrate that the Union is a responsible organization with a constructive role to play beyond the traditional contract negotiations and grievance settlement 6. Opportunity to help enlarge the corporate economic pie and therefore create a larger pie to divide in collective bargaining 7. Opportunity for self-improvement and on the job leadership training	1. Forum to share information 2. Opportunity for advanced discussions of operational problems and plans 3. A means to relate with the Union 4. Opportunity to demonstrate responsiveness to constructive suggestions and valid complaints of employees in improving the workplace 5. Means to tap the large reserve of know-how and creativeness of employees 6. Channel for communication with workers/laborers 7. Enhancement of human factor in organizational effectiveness

b. The second essential requirement for a successful bipartite cooperation relates to the sharing of information.

Whether the bipartite cooperation is voluntarily organized or compulsory, its success, to a large degree, is dependent on the openness between the parties through the sharing of information. The quality of cooperation and its effectiveness largely depend on the quality and accuracy of information. But sharing of information is often made difficult by: a) the attitude of the parties; b) lack of appropriate skills; and c) lack of suitable structures.

- **Attitude of the parties**

Trust is defined "as confidence in and reliance on good qualities, especially fairness, truth, honor and ability." Trust is an attribute that cannot be imposed but must be earned. Mutual trust between the parties is necessary for a successful and efficient bilateral cooperative relation.

"Trust" or "distrust" is normally a consequence of negotiations whether individual or collective. Where negotiation procedures are smooth, resulting in substantial benefits to the workers, the latter will have a high degree of trust in the process and will increase the ability of management to reach an agreement. On the flip side where the negotiations are turbulent and difficult, negotiations may result in a deadlock or even strikes and other concerted actions by the workers. Here, the level of trust of the workers to the management is low.

"Trust" is also a factor in the determination of the issues that will be the subject of bilateral cooperation. Up to what level of information sharing will the management be willing to trust the workers? Bernstein has developed what he calls the range of issues over which control (cooperative relations) may be exercised. This dimension ranges from the immediate work-situation of the employee, to the way the organization functions, to the major goals and goal-setting activities.

- **Lack of appropriate skills**

The representatives of both the management and the workers in sharing information must learn the tact of a diplomat. Information, which by its very nature is sensitive, must be delivered with judgment so as not to appear offensive to the other party. For instance, a situation where there is a need to change the company's composition and which would also call for the dismissal of some workers, must be delivered with extreme care. While it may be true, it is not wise to inform the other party that **"we have to reengineer to promote efficiency and we have to dismiss a substantial number of workers."** The more appropriate and tactful way of presenting this problem is **"we have to discuss whether we have to reengineer to promote efficiency and we should also work on whether we have to dismiss some workers and what skills will be needed."** The first statement would appear to the other party as a decision already made and they are just being used to 'rubber stamp' the decision. The second statement would show sincerity on the part of the management to seek the cooperation of the workers, even if a decision to reengineer had already been made.

The art of timing in the delivery of shared information is also crucially important. Critical information should not be delivered too early where because of time it will be forgotten or too late where it becomes of no use to the parties. Information must be given at the appropriate time and when it is needed.

- **Lack of Suitable Structure**

A suitable structure where exchanges of information take place and where Employee-Management Cooperation may be pursued, enhanced and successfully executed is needed. Various countries have different names for this institution such as Labor Management Council, Labor Management Committee, Employee-Management Cooperation, Labor Management Board, etc.

The formal or legal procedure in establishing such bipartite institutions are largely based on agreement between the representative of employees and those of the entrepreneurs as follows:

- a) The employees and the entrepreneur are essentially free to determine the membership numbers in the bipartite institution. These should not exceed 20 and must have equal representation (Article 10, KEP. 32/MEN/XII/2008);
- b) They shall determine by agreement the structure of the bipartite institution's official (Article 8, par.2, KEP. 32/MEN/XII/2008). This must include a chairperson and a secretary (Article 11, par.1);
- c) The chairperson shall be rotated between the representatives of employees and representatives of the entrepreneurs (Article 11, par.2);
- d) The establishment and the structure of the bipartite institution's officials shall be recorded in an official report which shall be signed by the entrepreneur and the representatives of the trade union/labor union or representatives of the workers/laborer in the enterprise (Article 8, paragraph C); and
- e) Finally, it must be registered with the government through a written notification of the bipartite institution's establishment (Article 9, par.1).

On procedural matters, the law requires under Article 14 of KEP. 32/MEN/XII/2008 the observance of the following:

- a) Bipartite institution meetings at least once a month or at any time where such meeting is deemed necessary;
- b) The materials of the meetings may come from the entrepreneur, the worker/laborer or from the officials of the bipartite institution;
- c) The agenda shall be determined and discussed by the bipartite institution; and
- d) The relations between the bipartite institutions shall be cooperative, consultative, and communicative in nature.

c. The third essential requirement for a successful bipartite cooperation concerns the economic returns.

The workers must feel the importance of their contribution and that the bipartite cooperation is mutually beneficial to the entrepreneur and the workers. Bernstein argues that such reward: a) must be separate from the basic wage; b) will constitute regular monetary feedback to employees from the surplus that they themselves have produced; c) must come in the nature of partner bonuses; and d) the distribution must come from common earnings. This payment may be a share of the year-end bonus or it may be a more frequent return from productivity margins calculated monthly. He also suggested the following important qualification:

- the return must belong to the employees by right;
- the return must be made to the entire participating group, managers included;

- the return must be separate from the basic wage; and
- if the return comes frequently, it can usefully inform the worker/decision makers of immediate effects of their efforts. In that respect, it can help to alert them to problems (when surplus declines) not just reward them for improvements (when it rises).

d. The fourth essential requirement for a successful bipartite cooperation concerns guaranteed individual rights.

To ensure the quality and success of bipartite cooperation, the persons participating in the bipartite cooperation must be guaranteed individual rights. These guaranteed individual rights will secure the active participation of the participant in the bipartite institution without fear of retribution. These guaranteed individual rights are:

- Freedom of speech
- Freedom of assembly
- Petition for grievance
- Secret balloting in elections particularly the selection of workers/laborers representatives

- 1) "Freedom of speech" means the right to speak or act without restriction, interference, or fear. It means that the participants in the bipartite institution can freely speak without any restriction on the topic or subject before them. It is not, however, a license to put to shame a participant or the participants in the bipartite institution. Nor are the use of abusive terms such as "shit," "asshole," etc. included in the protection of freedom of speech.

The above definition of freedom of speech has three components, namely: a) the right to speak without prior restriction; b) the right to speak without interference; and c) the right to speak without fear of reprisal.

- (a) The right to speak without prior restriction.

As part of the guarantee of freedom of speech, is that each of the participants should have the right to speak without prior restriction. The bipartite institution should ensure that, for as long as the speech of a participant, however, remotely it addresses the concern or topic of discussion, such participant is free to speak his/her mind. For instance, an agreement among the bipartite participants that only those in favor of the proposal shall be allowed to speak constitutes prior restriction because those who are against the proposal will have no chance to speak. On the other hand, an agreement that requires that only those in favor of a proposal shall speak first and after that those against is not prior restriction but procedural matter. This is because those against will eventually have the chance to speak.

- (b) The right to speak without interference.

A participant should be given the chance to speak without interference from other participants. The reason for this is that each participant should be given the time to pursue or explain his/her position. But if the participant is involved in the delivery of

a very long speech that is calculated to monopolize the discussion on a topic, the other participants who want to participate have the right to ask him/her to go straight to his point. Normally, the chairman of the bipartite institution has the right to specify a speaking period for participants, i.e., five minutes for instance, to conclude his speech.

(c) The right to speak without fear.

A participant in the bipartite institution should be allowed to freely speak his/her mind. He/she should be assured that he/she will not be punished just because he/she spoke either in favor or against a proposal.

- 2) "Freedom of Assembly" means the right to meet or assemble. The participants should be allowed to meet, provided it will not interfere with the operations of the corporation. For instance the workers/labors' representatives in the bipartite institution may conduct separate meetings or may be allowed to meet the workers and consult with them on the subject or topic under discussion before the bipartite institution.
- 3) "Petition for Grievance" means an appeal or request to a higher authority to address a grievance. A participant in a bipartite institution should be guaranteed the right to petition to a higher authority if their rights as a participant are violated. For instance where a participant was deliberately prevented from participating in the discussion of a proposal because he/she disagreed with the proposal, he/she should be given the right to petition to a higher authority to correct the situation.
- 4) The right to secret balloting in the selection of the representatives of the workers. This right concerns the workers before the establishment of the bipartite institution and when there is a need to replace a representative. The reason is obvious. Only secret balloting will be able to democratically determine the true will of the workers/labors.

Here, in Indonesia, the above individual rights are already guaranteed by the Constitution and the Manpower Act. But it is still worthwhile to conclude an agreement between the management and the union or workers/labors' representatives containing such guaranteed individual rights if only to emphasize to the workers that their representatives have such guaranteed rights.

e) The Fifth Essential Requirement for a Successful Bipartite Cooperation is the Legal Requirement of Registration

In most countries where the bipartite cooperation institutions are voluntary, registration of such an institution with the government is no longer necessary. In Indonesia however where the establishment of bipartite cooperation institutions is, in certain situations, voluntary and in others, compulsory, the law requires registration of these institutions with the government.

In Manpower Act No.13 of 2003, Article 106 provides that "all companies that have fifty (50) workers or more should establish bipartite cooperation institution".

In Permenakertrans No.Per.32/Men/XII/2008 regulates that:

- "(1) The newly established bipartite cooperation institution must be registered with the government agency responsible for labor affairs in the district/city where it is established within a period of no longer than fourteen (14) working days after establishment."
- "(2) In order to be registered with the government agency as referred to under subsection (1) the institution's officials shall submit, either directly or indirectly, a written notification of the bipartite institution's establishment and with the attachment of official report on its establishment, the structure of its officials and the address of the enterprise."
- "(3) Within a period of no later than seven (7) days after receiving the notification of the bipartite institution's establishment, the government agency responsible for labor affairs shall issue a registration proof number."

Module 2:

Initiating Employee-Management Cooperation at Enterprise Level

As first steps in creating an institution with cooperative mechanisms within the enterprise, both parties may, or Management must take the following initiatives:

- a. Arrive at an explicit decision to initiate the start up process for an EMC;
- b. Appoint a champion to lead the start-up process, or compose a mixed team of Management/ Employees' representatives to oversee the process;
- c. Both parties may engage an external facilitator to lead the process;
- d. Design an overall education and development program to be implemented by an acceptable third-party on the concepts and operational concerns of an EMC; and
- e. Prepare and execute an action plan that generally adheres to the following phases in the start up of an EMC.

From the requirements in the previous modules, let us review the socio-psychological factors and conditions that may assist in initiating employee-management cooperation schemes at any unit in the enterprise.

1. Assessing the Internal Environment Ready for Cooperation

Anatomy of Cooperation

(Why do people cooperate?)

From competition to conflict; from self-interest to concern for others

Relating with others, either as an individual or as a group can vary along a continuum ranging from concerns for others to self-interest. On one end would be pure altruism, the other, conflict.

Altruism. Behavior that is motivated by regard for the needs of others. This usually comes at some cost to the helper and the helper does not expect any reward or compensation in return.

Cooperation. Working together for a joint goal or mutual benefit. In contrast to altruism, the helper in cooperation expects some reward or return. One helps another and by doing so, helps him/herself. In a cooperative situation, parties or individuals benefit from their combined efforts, whether or not the efforts exerted are equal or not.

Competition. When two or more persons or groups are striving for a goal that can be obtained by only one. Competition against one group or team can spur cooperation within that team.

Conflict. When one person/group senses that another frustrates, is about to frustrate, or actively blocks their efforts to achieve a goal. Conflict occurs when two groups have mutually exclusive goals, and their interactions are designed to defeat, suppress, or inflict cost, damage or resistance on the other's effort to accomplish objectives.

Why and when do people show concern for others?

Factors towards cooperation

Individual Factors

1. **Principle of Reciprocity.** "We tend to treat others not as we would prefer to be treated ourselves but rather as they have treated us."¹⁵ There is a tendency to behave towards others as they have behaved towards us in the past. Thus in LM cooperation, if one party, mostly management, has not shown trust in laborers or has behaved otherwise, say in stating profits or transparency in the granting of incentives, laborers are commonly observed to show mistrust.

Implication: the key task in establishing cooperation is getting it started. Managers wishing to encourage cooperation should get the process underway. Also, bases for historical mistrust must be actively surfaced and resolved.

Action plan:

- **For Management:** Pinpoint work area concerns that may be easy to get started on; issues that are of critical interest to employees, and issues that management are willing to allow employees to participate in.
 - **For employee group:** Be willing to bring forward issues that are light, that do not threaten major decision-making authority, to allow management to appreciate the capacity and responsibility of employees to participate in decision-making processes.
2. **Personal orientations to cooperation.** Simply, there are persons (i.e. cooperators) who are competitive and there are persons who are attuned to cooperation. There are individuals who are primarily interested in maximizing joint gains. Then there are competitors (those who want to maximize their own gains relative to others), individualists (those who maximize their own gains regardless of others) and equalizers (those who want to minimize differences in outcomes, particularly when disadvantaged). Which ones are to be actively involved in the EMC process?

Implication: If the company is engaging an internal officer or external consultant, he/she may initially identify actors who are more cooperators in the initial stages of the EMC organizational start-up.

Action plan:

- **For Management:** To appoint to the EMC the management representative/s most acceptable to the employees' group; perceived as fair, generous, approachable and cooperative.
 - **For employee group:** To lessen their conflict-approach to management initiatives; to increase participation in trust-building initiatives undertaken by management.
3. **3. Beneficial Communication.** *Failure to communicate* is often blamed for lack of cooperation. Better and more frequent communication or contact between people or groups facilitates cooperation. A minimal level of communication is necessary, but more frequent, regular meetings are more conducive to cooperation. The quality and content of communication is also critical. While honesty and directness are often desired in discussion, overt threats reduce incentives for cooperation (e.g. if we do not produce, we will be forced to retrench.)

Implication: actors must institutionalize regular communication while practicing constructive communication, and avoiding negative content.

Action plan:

- **For Management:** beyond labor-relations issues, to engage employee groups and their representatives with increasing frequency; to invite them to any communication forum, whether for educational purposes or for the EMC start-up process
 - **For employee group:** to welcome any invitation from management to any communication forum; in reciprocity, the employee group may also invite management to any labor gatherings to increase personal and institutional contacts.
4. **Group size and communication.** Bigger teams are harder to manage and so is their level of cooperation. This is because when groups grow in members, there is a diffusion of responsibility (i.e. each member feels less and less responsible for outcomes; finger pointing)

Implication: keep committees to no more than 8 members; and always remind individuals of their accountability.

Action plan:

- **For both groups:** Implement training and development programs for leadership and communication skills in group settings.

Organizational Factors

Organizational structure that rewards and institutionalizes cooperation or competition.

When the organization has different divisions and business units that practice "winner takes all" bonuses and incentive systems; such may create efficiency in the winner but frustration and bad feelings in the others.

This factor has implications for team incentives for gains in any labor management cooperation scheme.

Implication: to start practicing norms of cooperation at all units and levels to show partnership concepts in the organization.

Action plan:

- **For Management:** To restructure its process to highlight coordination and cooperation between units, and to incorporate employee representatives in planning and decision making processes, whether on small or serious matters.
- ♦ **Untuk kelompok Pekerja:** To welcome participation in all processes to develop skills in cooperation, and to initiate involvement.

Inter-dependence of work. Organizations that recognize that teams are interdependent in relation to the production of products and delivery of services are more inclined towards cooperation.

Implication: Labor and management must indeed recognize that they are interdependent- thus the need for a cooperative scheme.

Common threats. Organizations' sectors, which consider their institutional viability threatened, are chastised to the point that they recognize the need to instigate critical partnerships for their organizational survival.

Laborers and management must consider enterprise termination of operations as a constant threat, not in a negative sense, but to spur greater cooperation.

Implication: Management must prepare a comprehensive education program on pressures facing the enterprise and necessitate the institutionalization of cooperative mechanisms.

The EMC Champion or EMC Start-up Team must ensure that the internal environment is conducive to the initiation of an EMC in the enterprise.

Facilitators must recognize that even though there is no single ideal environment for initiating cooperative mechanisms for labor and management, there can be general reasons for initiating them.

Actors will be less likely to initiate cooperative mechanisms if their level of trust is extremely low and their animosity is extremely high. The explanation for this is that no one party will be able to start the initiative. In extreme contrast, it is recommended that parties in a firm with a high level of industrial peace, even without extra cooperative mechanisms, need not institute one because it may not be needed. Why fix something that is not broken?

To create the internal environment that is conducive to cooperation, the following instrument may be used for assessment:

The answers to these questions shall guide the facilitators or EMC start-up committee in the proper organization of the EMC.

Employees' or Employees Group's Point of View

1) Type of industrial relations environment, labor-management relations

- a) Generally cordial, open? Closed and conflicting?
- b) Any history of L-M conflict in the past?
- c) Any persisting, enduring or unresolved issues?
- d) Can the relationship start from some positive grounds or events in the immediate past?

2) How do workers/laborers perceive management?

- a) Is management perceived as honest in its dealings with the Employees' Group/employee organization?
- b) Is top management convinced that it can lay down its cards with the Employees Group? How far?
- c) Has management been perceived as fair and reasonable in its dealings with employees?
- d) Will management be willing to delineate clear parameters in its relationship with the Employee Group in terms of financial and strategic business considerations?
- e) Are middle and frontline supervisors supportive and professional enough to handle labor relations issues at their level?
- f) Who will take charge of a healing relationship? Identified acceptable, credible actors in management?

3) How does the Employees Group assess itself in its past, current and future relations with Management? (You may transform the questions to make it relevant to Management)

- a) Has the Employees Group generally been welcoming of changes in management programs? Is the Employees Group politically or ideologically anchored?
- b) What have been/are sources of contention with management? Contentious issues?
- c) Are there issues in the past that the Employees Group feel are unresolved or that Management was not willing to tackle?

- d) Can the Employees Group veer away from political issues and concentrate on economic issues? Which political issues?
- e) Can these economic issues be seen from win-win perspectives?
- f) What goodwill can the Employees Group bank on to generate greater management goodwill?

4) Operational EMC concerns

- a) Does the Employees Group welcome a cooperative structure, and regular dialogue with management?
- b) Are there preferred parameters by the Employees Group in its cooperative dealings with Management?
- c) Does the Employees Group understand that Management may use financial limitations and prerogatives as parameters in any form of cooperative mechanism?
- d) Does the Employees Group sufficiently feel that management is capable of sustaining win-win perspectives in the EMC? Can the Employees Group do the same?
- e) Would parties be open to gain-sharing mechanisms or other forms of distributive rewards when gains are attained?
- f) Will the Employees Group and management welcome third party interventions to facilitate cooperation?
- g) Will laborers be open to benchmarking processes to better understand the economic and business environment?
- h) If the initial EMC process broke down, would parties be willing to contact/contract a facilitator to exert more effort for the process to succeed?
- i) What are the expectations of Employees Group and/or management that may weaken the EMC process? Existence of militancy? Adversarial stance?

5. Sustaining environment

- a) Aside from the EMC, which structures and processes would be needed to sustain a cooperative and professional labor relations' environment within the organization?
- b) How would employees perceive this?

Management Point of View

1) Can management take strong initiatives to develop a positive, open and cooperative relationship with the Employees Group?

- a) Is management perceived as honest in its dealings with the Employees Group?
- b) Is top management convinced that it can reveal its cards to the Employees Group? To what extent?
- c) Has management been perceived as fair and reasonable to deal with?

- d) Will management be willing to create clear parameters in its relationship with the Employees Group in terms of financial and strategic business considerations?
- e) Are middle and frontline supervisors supportive and professional enough to handle labor relations issues at their level? To understand the necessity of an EMC?
- f) Who will take charge of a healing relationship? Identified acceptable, credible actors in management

2) The type and inclination of the Union/Employee Organization

- a) Has the Employees Group generally been welcoming to changes in management programs? Is the Employees Group politically or ideologically anchored?
- b) What are the Employees Group's sources of contention with management? Contentious issues? Personalities involved?
- c) What past issues have the Employees Group felt have been left unresolved or were Management not willing to tackle?
- d) Can the Employees Group veer away from political issues and concentrate on economic issues?
- e) Can these economic issues be seen from a win-win perspectives?
- f) What goodwill can management rely on to generate more Employees Group goodwill?

3) Operational EMC concerns

- a) Can management share relevant financial statements to labor? When? Why not?
- b) What about cost projections?
- c) Would management or the Employees Group be capable of understanding win-win perspectives during collaborative⁴ discussions?
- d) Would management be willing to share gains in a cooperative environment? What forms and processes?
- e) Can Management sustain the cooperative effort on its own, or with external assistance?
- f) Will the company support benchmarking activities to educate laborers on the economic and business environment?
- g) If the initial process broke down, would parties be willing to contract a external facilitator to exert more effort for the process to succeed?

4) Sustaining environment

- a) Which structures and processes would be needed to sustain a cooperative and professional labor management relations environment within the organization?
- b) How would employees perceive or receive this?

If the general trend of answers point to a positive outcome, then the parties are ready for institutionalized cooperation.

By its assessment, if the external facilitator or EMC start up committee has decided an EMC is viable in the enterprise it shall call for the following

- a) Orientation-Seminar on How to Operationalize an EMC
- b) First Organizational Meeting of EMC Representatives

Further more, the facilitator shall be guided in the conduct of the seminar by answers to the above diagnostic questions related to the initial content of the EMC on the following:

1. Objectives of the EMC
2. Structure and processes of the EMC
3. Officers and members of the EMC and its various committees
4. Guidelines in the conduct of EMC meetings and activities
5. Resource and financial support

Module 3:

Implementation and Monitoring of the Employee Management Cooperation

1. Agree on the Nature, Functions and Structures of EMC Schemes

What is Labor Management Cooperation?

- It is a state of relations where labor and management work hand-in-hand to accomplish certain goals through mutually acceptable means.
- It is the outcome of a continuing process of enhancing mutual trust and respect through: **Information sharing to Discussion to Consultation to Negotiations**
- As schemes of workers' participation in decision-making processes on matters not covered by collective bargaining agreements.

Necessity of Labor Management Cooperation

- This is necessary, primarily because laborers and management are social partners sharing a common interest in the success and growth of the enterprise and the economy, resulting in the stability and security of employment and the competitiveness of the organization.
- Active cooperation is aimed at
 - Promoting workers' participation in decision making processes
 - Creating a labor relations climate conducive to productivity improvement
 - Improving the quality of working life
 - Achieving and sustaining economic growth

Areas of Concern Covered by Labor Management Cooperation Schemes

EMCs and other forms of cooperation usually cover various areas of concerns and issues but a common form involves a process of sharing of information, discussions, consultations and negotiations on matters outside of the collective bargaining agreements in organized companies, or additional participative mechanisms in these contexts, as well as individual employment contracts in non-organized enterprises.

Most common concerns include:

- Effective implementation of personnel policies
- Improvement of productivity
- Business strategies
- Strengthening of job security
- Improvement in the quality of work life
- Occupational health and safety programs
- Introduction of new technology, automation and machinery
- Friction free retrenchment programs
- Workers' welfare and livelihood programs
- Sports, recreation and social activities

Benefits for Employees from EMC

- Opportunity to participate in policy and decision making processes affecting their welfare
- Access and direct communication with top management
- Means of providing input to solve operational problems and discuss management plans affecting work and work processes at the shop floor level
- Avenues for employees to air complaints that cannot be appropriately addressed by the grievance machinery or by the courts
- Opportunity to demonstrate that employees are responsible
- Opportunity for self-improvement and on-the-job leadership training

Benefits of Employer/Management from EMC

- A forum to share information about business conditions, quality problems, product development and other matters that demonstrate the role of employees in the success of the enterprise
- An opportunity for discussions of operational problems and plans, particularly those affecting employee work schedules, overtime, transfers, etc.
- A forum to relate with the Employees Group without being too legalistic or bogged down by the framework of collective bargaining
- Opportunity to demonstrate responsiveness to constructive suggestions and valid complaints of employees in improving work and work relations
- Means to utilize the know-how and creativeness of employees
- A channel to communicate issues and directions to employees
- Enhancement of social and institutional relationships for the overall effectiveness of the organization

Guiding Principles for the EMC

The most important considerations that the facilitator should ensure in starting up and maintaining the EM cooperation scheme (see first part of the material)

1. Focus on mutual benefit concerns
2. Consensual decision making
3. Non-legalistic approach to employer-employee issues
4. Non-encroachment on management prerogatives
5. Non-modification of company rules and regulations
6. Non-modification of contractual obligations
7. Not to interfere with employee rights

It is usually recommended as good practice that any form of EMC schemes should agree on core basic guidelines or principles that govern the scheme:

- The objectives of the council and the committees
- Coverage of specific areas of concern of the council and the committees
- Structure and size of the Committee and Council
- Time, place, duration and frequency of meetings
- Parameters of decisions, e.g. budget
- Procedure for the timing and exchange of agenda
- Recording, maintenance and dissemination of minutes of meetings
- Coordination with regular functions and structures (very critical!)
- Other core matters that need to be included

2. Perspectives on Factors affecting Effectiveness of EMC Schemes

Factors Necessary for the Success of Labor-Management Cooperation

Proper Attitudes of EMC Officers and Members

- | | |
|----------------|------------------|
| • Sincerity | • Mutual support |
| • Mutual trust | • Teamwork |
| • Openness | • Objectivity |
| • Commitment | • Mutual respect |

Appropriate Skills of Officers and Representatives

Leadership Skills

- Communication

Facilitation Skills

- Meeting management

- Problem Solving
- Decision-making
- Conflict management
- Others: _____
- Planning
- Networking
- Consensus-building
- Others: _____

Characteristics of an Ideal EMC

Joint Management, A Parallel Structure

Joint management occurs when employees and management enter into an agreement to provide employees with greater opportunities for participation in decision-making processes or greater influence in the implementation of activities that concern their welfare. Sometimes, units of a parallel organization are set up at every organizational level and are used to design and support specific activities. In other cases, the parallel organization consists of only one top-level employee-management committee, which advises the top management hierarchy about issues and concerns.

Visible Structure in Employee Participation

All employee participation arrangements are structured. Structure could mean simply the set of rules that govern an activity. The issue for employee participation is not so much whether they should be structured, but how they should be structured. Structure in effective employee councils creates trust among its participants, provides for continuing control by employees and management on specified areas, is clearly understood by the participants, is enforceable by the parties, and provides for the participation of a significant number of employees in making various types of decisions.

Trust among participants. Trust is a desirable element of all integrative processes. Parties must trust each other to abide by decisions. They must also trust each other to be open, honest, and respectful during meetings. Trust can be sustained only by actual performance. A participative system without a visible set of rules and procedures or without a means for the parties to monitor its operations has no tools with which to build trust.

Joint Continuing Control

This is one of the most difficult elements to attain. There is a natural tendency for management "to drop the uncomfortable parts of employee participation" and retain the comfortable ones. Thus, management, in an effort to initiate employee participation, starts out in areas of concern that do not threaten management prerogatives, usually in social and sports activities. Until employees prove that they are mature enough to not limit their participation to narrow employee interests and to not contradict efficiency and entrepreneurial goals of the company, joint control will be difficult to attain. To test capabilities, management allows such councils to be recommendatory in the initial stages of the forum, then closely monitors implementation of projects prior to giving them more say in decisions.

Clear understanding

It is critical that all members of the organization understand the goals, rules and procedures of the participative structure. They need to understand the decision-making process that creates these goals, rules and procedures and the process by which they can be influenced. If employees do not understand how things work, they will be inclined to resist it.

Enforceability

Even if councils are essentially voluntary, its members are bound by formal guidelines or rules. If members cannot perform specified responsibilities, they should be made accountable, or there must be mechanisms for replacing erring, unmotivated or unwilling representatives.

Scope

Employee councils can either be directly participative or indirectly participative. Those that elect representatives are indirectly participative—usually used when there are too many people involved.

To avoid creating confusion, parallel structures have defined scope or areas of functions or accountability. These must be set from the start.

Adequate Systems have the following characteristics

1. Meetings of the participants take place during working time
2. Representatives should have time for research, networking, preparation and follow-up
3. Information regarding agendas should be submitted to the representatives on time
4. There should be a procedure established to handle internal conflicts
5. There should be administrative, secretarial, and organizational support (such as a meeting place, possibly a permanent office, access to telecommunication, services of a secretary, facilities to file all documentation, press relations services, etc.)
6. There should be financial support

Support for employee participants

1. Education, training and development on various competencies (leadership skills, project management skills, presentation skills, personality development, teambuilding)
2. Research training and access to information (research skills, sharing of management information relevant to committees)
3. Creation of study circles among employees (encourage the ventilation of issues)
4. Publication of successes (communicate to employees achievements of the committees)
5. Recognition of participants (rewards for additional tasks)

Best Practices Characteristics in EMC

1. Support for EMC must come from the Top.
Upper level management must not only support the LM cooperation but must provide support for it through positive actions such as the provision of rewards for employees,

regular functions, programs and initiatives, attendance at meetings, and through the provision of resources for the proper functioning of the EMC.

2. Make EMC a permanent part of operational concerns.
EM cooperation must be a continuing part of enterprise activities; the value of collaboration must be practiced in the organization, incorporated in systems, processes and structures, and be recognized.
3. Create new channels of communication.
Invent and utilize new and varied forms of communication between workers and management, including training programs, regular meetings, informal chats and discussions, newsletters and other media, and bulletin boards.
4. Devolve decision making to the frontlines of the enterprise and involve employees at every turn.
Employees become more committed to changes as they are involved in decision making. Communication lessens mistrust and increases openness to change.
5. Reduce hierarchy and eliminate status symbols that divide management and workers.
Investigate elements of the organization that do not enhance cooperation because they serve as physical and psychological barriers between employees and management.
6. Practice interest negotiations and discussions, not rights and positions.
Parties in labor management cooperation would benefit from discussing how their interests are best served by collaboration - not just because it is each other's right or obligation to cooperate.
7. Get active assistance from a neutral third party
When all internal initiatives fail and there is no progress in cooperation, try seeking assistance from a neutral facilitator. This should provide a fresh approach and perspective for the parties.
8. Train and retool, preferably outside the workplace.
While any training intervention should be appreciated, parties are better off learning in a neutral environment without distractions - an offsite location.
9. Build and strengthen alliances and networks with stakeholders.
It is not sufficient for parties to isolate others in an effort to cooperate. They must involve others in the partnership to strengthen and widen the scope of cooperation. These alliances could include clients, government, customers and community.
10. Initiatives in labor management cooperation must create and result in business impact, such that it strengthens the performance of the business thus maintaining investor interest and securing jobs.

Illustrations of EMC Company Set-ups

To maintain a sense of balance, EMCs consist of an equal number of representatives from laborers and the business, with each group selecting a spokesperson to serve as co-chairperson.

Representatives from both sides must feel that the actions taken by the committee are for their mutual benefit, and they must be certain that decisions reached by the committee will be viewed favorably by their constituents.

The EMC is Not

1. an alternative mechanism for all due process obligations of the employer under the law,
2. a cure all for all work and work relationship problems in the company,
3. an easy solution to all problems,
4. utilized to the disadvantage of one sector,
5. used to formulate more stringent rules against employees, or
6. a forum to obstruct the legal rights of all employees

3. Two Generalized Structures of EMCs

A. Departmental or Sectional Sub-Committees

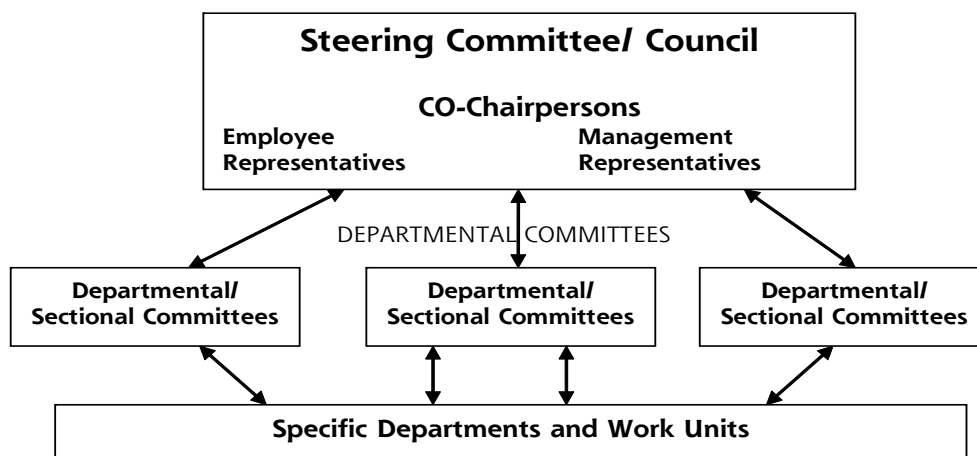
(or Business Unit Committees)

Committees are constituted at discrete units or work groupings where representatives are selected, appointed or, preferably, elected.

Komite Pengarah: keseluruhan badan yang memutuskan isu-isu dan perhatian-perhatian yang tidak bisa diputuskan oleh komite, atau isu kritikal yang bukan tanggung jawab komite-komite kerja. Badan ini menetapkan pengarahan kebijakan dan memperluas atau membatasi tanggung jawab unit-unit yang lebih rendah.

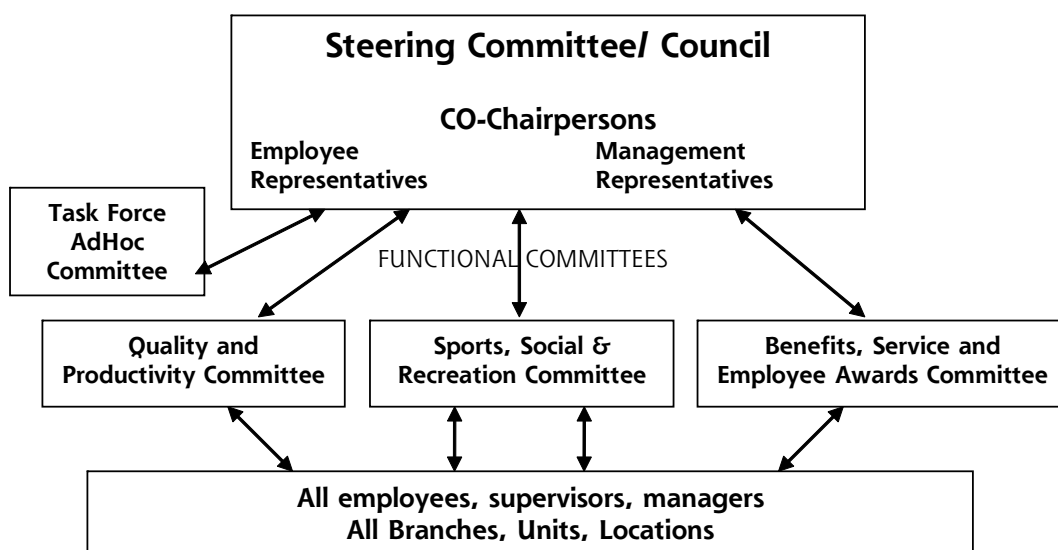
The Steering Committee: The overall body that decides issues and concerns that are not resolved by the committees, or critical issues that are not within the responsibility of work-unit committees. It sets the policy direction and expands or limits the responsibilities of lower-level units.

Departmental/Sectional Committees: EMC units formed per department or sizeable work-unit; are responsible for gathering and researching issues that occur at the unit level. They may resolve such issues within their power or delegate the generalized issue to the Steering Committee for decision.



B. Functional Committees or Task Forces

Committees can also be formed to tackle functional or activity areas such as the following, in this type of set-up:



Functional Committees: is responsible for the specific issues under its responsibility; employees may raise an issue with the committee regardless of the worker unit assignment.

Task Forces: ad hoc or temporary units that are formed on a needs basis for concerns that may occur temporarily, ex. Plant Re-location Committee.

A Sample list of Committees by function or nature of coverage

- Cooperative, Savings and Loans Cooperative

- Quality and Productivity Committee (serves as steering committee for quality and productivity teams)
 - Quality and Productivity Teams
- Quality of Work Life Committee (oversees the following sub-committees)
 - Sports and Recreation Sub-Committee
 - Transportation
 - Canteen and Meals
 - Uniform and Clothing
 - Service and Employee Awards
- Employee Relations and Discipline
- Health and Safety
- Training and Development Programs Committee
- Livelihood and Outreach Programs
- Other Committees
 - Task Forces as needed

In another company, these Committees were formed:

- Employee Welfare Committee
- Sports Committee
- Socials Committee
- Arriving on Time Committee
- Health and Safety Committee
- Security Committee
- Transportation Committee
- Uniform Committee
- 5 S Committee
- Work Simplification Committee
- Employee Livelihood Committee
- Community Relations Committee
- Employees Service Awards Committee
- Employee Savings Fund Committee
- Quality and Productivity Committee
- *Aksiyon Agad* (Immediate Action) Committee— to investigate immediate employee concerns
- Way Ahead Committee-business strategies committee, working hand in hand with Quality and Productivity Committee

EMC Suitable Structures

1. Addresses identified needs and concerns
2. Can be formal, informal or both
3. Assures adequate representation of employees and management
4. Ensures the attainment of decisions by consensus
5. Provides a feedback mechanism at all levels of the organization

Internal Factors Ensuring Success

- Management must have a strong desire to encourage workers to participate in discussing and providing solutions to work problems. Workers must be willing to participate.
- Workers must be educated about work and work processes; and developed communication skills to give them confidence.
- Labor and management must practice active collaboration and cooperation in place of silent hostility.
- Management must share long term profits and productivity gains through better terms and conditions of work.

Hindrances to EMC Operations (What to Avoid in an EMC)

- a. Poor attendance, non-participation in EMC meetings,
- b. Poor communication skills of representatives; inhibitions; do not feel free to express views,
- c. Lack of information regarding EMC activities.
- d. Open hostility and adversarial attitude of either party.
- e. Unwillingness of management to share decision-making authority on specified matters; unwillingness to be influenced by the EMC.

4. Monitoring, Evaluation and Development of EMC

The SC and its officers must monitor the continuing effectiveness of the EMC and its various committees.

The success/effectiveness indicators may include the following:

1. Number of regular meetings
2. Number of active Committees, officers and members
3. Reconstituted and re-activated Committees
4. Number of activities implemented, if activities have been passed on to Committees rather than implemented by HR Department
5. Number of issues and concerns resolved if Committees are empowered to resolve these issues
6. Number of workplace/quality improvement issues tackled if Committees are adjunct to Productivity and Quality improvement

7. Increases in productivity and quality indicators
8. Savings resulting from EMC initiatives
9. Maintenance of industrial peace and harmony in the enterprise
10. Other labor relations and employment issues or indicators.

Energize and Re-structure

When EMC committees cease to be relevant, do not hesitate to re-structure or eliminate them. Create new committees and keep up with new needs and trends.

Implement teambuilding and bonding activities between members of committees.

If the EMC does not seem to be taking off, try another structure; or elect new officers and members to the committees.

Always emphasize all the accomplishments of the EMC. Honor and reward employees who provide more than regular commitment and who demonstrate extraordinary effort in the activities of the EMC.

1. Documented Consequences of Cooperative Schemes

The following are documented results of well-run labor management cooperative schemes:

- Regular and more effective communication between management and employees
- Improved problem solving skills of employees
- Improved physical working conditions
- Higher managerial and employee morale
- Increased employee commitment to organizational goals
- Greater understanding and consideration from management
- Fewer incidences of rule violations by employees
- More commitment from workers and a more industrious workforce
- Improved productivity and efficiency
- Greater sense of voluntarism
- Better company public image

There are other procedures that the EMC may formulate and measure before its actual operations.

Module 4:

Some Illustrations of Successful EMC in Indonesia

Case Study 1: Company A: One Trade Union Exist in the Company

Good Practice Elements:

1. Building mutual trust and respect between labour and management at plant level.
2. Understanding common objectives, interests and benefits of employers and workers.
3. Effective dispute prevention and resolution.

Summary of Industrial Relations Situation:

The company is one of the largest textile companies in Indonesia with a total of 11.000 employees comprising 60% female and 40% males. The worker union in the company has been active since the 1990's, and its members are all employees of the company. The company has a Collective Labour Agreement (PKB).

The Employee Management Cooperation (EMC) was established in 1995. However, after the enactment of Ministerial Decree No. 255 of 2003, the management and employees, as represented by the trade union, held initial dialogue and discussions on technical aspects of EMC formation in the company. Since its formation, there have been no critical obstacles. The employees and management have a sound understanding of the purposes and objectives of EMC formation and both have been willing to establish a joint institution between Management and Employees.

The proportion of management to employees in EMC is 5:5. The representatives from company management were elected from the Human Resources and Legal Departments. This consists of 5 people, some of whom work at managerial level. Previously, management representatives came from all divisions in the company, however, in the course of its operation, this representation was viewed as less effective. Conflicts mostly concerned the activities in each department. Meanwhile, the employee representatives were elected by administrators or the Chairman of Trade Union from workers in each department. Members elected to the EMC must have served a term of service of at least 5 years, be permanent employees, be respected and

accepted by the relevant parties and possess a sound understanding of the company's overall business.

The EMC consists of a Chairman who is currently represented by the management, a Secretary, also from management and general members comprising of management and workers. The term of service in the organization is 2 years and may be extended or renewed.

Explanation of Good Practices:

To date, the activities organized by the EMC include meetings/consultations to consider the concerns and issues related to the working relationship between the employer and employees. Initially, EMC meetings were regularly held once a month, however, as a result of its operations and improved relations between employers to employees, these meetings are now only being organized for incidental purposes, to promptly consider and resolve emergency situations. During this period, EMC meetings did not discuss issues associated with production as such issues had been adequately handled by each department. Most discussions included matters related to the agreements set forth in the Collective Labour Agreement, but growing concerns which have not yet been contemplated in the Collective Labour Agreement have been continuously communicated. Solutions are such as initiating an employee housing allowance plan and a policy for maximum employee age has been discussed. In the EMC forum, a maximum employment age was discussed and the company adopted the policy that the maximum age provisions are not only intended for females, but for all employees in the company. The same maximum employment age for female and male employees now applies.

During this period, in the course of maintaining a working relationship, the employer and workers have attempted to:

1. Build trust and mutual respect between the workers and management. Management communicates information and accountability reports on a regular basis, initiates the provision of assistance for employees and the workers have continuously complied with the policies and regulations with a sense of responsibility.
2. Develop an understanding of the objectives, interests and benefits of the employer and employee relationship by organizing proper employee trainings linked to industrial relations from which employees and employers discern their rights and obligations in the company.
3. Effectively minimize and settle disputes and grievances through amicable negotiations in the EMC forum and best problem solving practices for both parties through which the employees' work performance is not affected.

Study Case 2: Company B: Multiple Trade Unions Exist in the Company

Good Practice Elements:

1. Effective dispute prevention and resolution
2. Open two-way communication

Summary of Industrial Relations Situation:

The company engages in Palm Oil agro-business/agriculture and categorized as a large-scale company with a total of 33,000 employees distributed around Indonesia (total employees in principal company and affiliated companies). The company owns 14 affiliation companies with different legal enterprises as representatives in each region. The company already operates under Company Regulation. Affiliation companies also already have Collective Labour Agreements. Given it is such a large-scale company with a focus on palm oil agricultural business, management should be able to anticipate the specific activities of each region and their different characteristics. Currently, entire areas already have Trade Union affiliation in line with national legislation and independent Trade Unions.

Employee Management Cooperation (EMC) has been established in almost all companies in the region. The beginning of the establishment of EMC is due to the company's aspirations to adhere to the regulation stipulated by Government. Around the middle of 2004, EMC was established under the coordination of the Manpower Department in each region. Initially, the establishment of EMC did not experience any significant obstacles in the majority of regions due to the cooperation with local Manpower Departments for socialization. The employees also recognized that EMC was supported by the Government. However, because each region had its own "specialty", instant there were some challenged. For instance, in Bangka, the Trade Union disputed the establishment of EMC since they thought EMC will diminish the Trade Union's functions at the company level.

The membership comprises of equal representation of employees and management: three representatives from management and three from employees. The election system is made is through appointment for management. Representatives from management are the Managers in each work unit consisting of the Administration Head, Manager and Assistant to Agronomy. Representatives for the workers are submitted to the Trade Union of each region, and representatives are usually selected from the informal leaders among workers who have a good comprehension about the workplace regulations. The organizational structure of EMC consists of a Chairman, Vice Chairman, Secretary and Treasurer with alternate composition between management representatives and employees' representatives. Election of EMC members are conducted once every 2 years and each establishment of a new EMC and its regular activities are reported to the local Manpower Department.

Explanation of Good Practices:

EMC meetings are conducted once a month. The EMC activities include discussions about policies and changes to structures before being applied to employees. EMC has been successful in reducing the occurrence of disputes related to discharges, minimizing strikes and increasing solidarity within the company by conducting collective fasting breaks and Halal Bi Halal (family meetings after Idul Fitri) with all employees.

In an effort to open two-way communication, the company conducted information sessions for employees to explain the limits of the EMC forum so that the EMC meetings could run effectively. Management and employees also created a relationship of mutual trust through EMC. Communication between management and the informal leaders who represent the workers has been an effective way to resolve complaints by employees and convey information from management to employees given the informal leaders' substantial influence for other workers.

Case Study 3: Company C: Informal Employee Management Cooperation

Elements of Best Practices:

1. Respect for fundamental rights of workers and employers to freedom of association and collective bargaining
2. Effective dispute prevention and resolution
3. Open, two-way communication
4. Make the labour management cooperation programme a permanent part of company operations

Summary of Industrial Relations Situation:

As one of the growing retailers in Indonesia, this company has opened 42 branches and will continuously expand its business throughout the regions in Indonesia. The current number of company employees is approximately 11.000 persons with a male to female ratio of 80:20. Since its establishment in Indonesia in 1998, the company has formed an internal Trade Union, however the members comprise of only about 10% of all employees. This company has its own Company Regulation. Based on experience and observations, industrial disputes rarely occur, and if they do occur, the number of cases is small.

In the company, there is an informal bipartite forum which carries out the functions to negotiate; however, there is no formal bipartite forum in place. The communication and cooperation between workers and management have been facilitated through internal gatherings or forums created in each store. Through the presence of a communication forum during the internal group gatherings of employees, the company has received considerable benefits to increase productivity and to promote the growth of the company.

This internal gathering group (Paguyuban) was formed in 2000 to carry out its functions as a communication forum between the employees and management and to facilitate team work and a sense of unity in the company. The forum was officially established and fully supported by the company. The company also provides the necessary facilities and exemptions for employees actively involved in related activities. All activities performed by the internal group are reported to all members and the head management in the company.

This organization consists of a Chairman, Vice Chairman, Treasurer and field Coordinators for activities such as Sports, Islamic Spiritual activities, Christian spiritual activities and Arts. All employees are automatically members of the internal group. Organizers of the internal group are directly and openly elected from employees without discrimination based on group or position including their status as representatives of either the management or employees. The activities of internal group gatherings are mostly organized and controlled by HRD staff. Employees who are nominated as organizers include those with adequate capacity to communicate and manage activities, are well respected, trustworthy and have a sound understanding of the company's business operations. The election of the organizers of internal gathering group (*Paguyuban*) is held once per year and a Time Shift scheme applies due to the high mobility rate of employees.

Explanation of Good Practices:

The activities in which the internal gathering group engages include monthly meetings to address all forms of employee activities such as sports, arts, and religious activities involving a form of fair competition. These activities have in turn developed a sense of unity among employees. This has been demonstrated by:

1. Minimum number of disputes among the employees to prevent potential dispute.
2. Reduced number of customer complaints.
3. Low employee "turn over".

In addition, there morning coffees with the organizers has been organized to discuss and address the issues on orderliness of the store, office, canteen and others issues. Issues relating to dissemination of government regulation and company policy are usually brought up at the special training meetings held by the company. The activities of internal gathering groups are running smoothly and none of the discussions thus far have led to polemical negotiations and problems. This outcome is supported by employees' understanding that the internal forum is not the appropriate place to raise debate or initiate negotiations. Through the internal gathering group the parties have managed to respect and uphold the rights of workers and employers to freedom of association and to negotiate through open two-way communication. Workers and management will in turn set up an integral program for the company's operations to effectively deal with and prevent industrial disputes.

