IMPROVEMENT INDUSTRIAL RELATIONS AT THE ENTERPRISE LEVEL

A Resource Book for Trainers

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Foreword

The challenge of industrial relations in Indonesia is to transform labour-management relations at the enterprise level from conflict to cooperation, based on shared perceptions of social and economic development through enhanced productivity and enterprise viability on the one hand and protection of workers' rights' and welfare on the other.

In order to assist companies with meeting this challenge, and with the assistance of DPP APINDO (Asosiasi Pengusaha Indonesia – the Indonesian Employers Association) and DPD APINDO East Java, the "ILO/ Japan Project on Improving Industrial Relations in Indonesia at the Enterprise Level" provided industrial relations training for managers and workers in twelve companies in the Greater Jakarta Area (JABOTABEK) and twenty four companies in Surabaya.

The project started with a Training of Trainers Workshop in Jakarta conducted by Mr. Robert Heron, in which nine persons from universities, NGOs, etc. were trained. There was a similar Workshop held in Malang with thirteen trainees from Surabaya and its surrounding areas, under the guidance of Messrs. F.X. Djoko Soedibjo and Abdul Halim bin Mansor, Deputy Secretary General of the Malaysian Trade Unions Congress.

Following these, trainings at the enterprise level were conducted based on training needs analyses at each company which agreed to participate. In view of the widespread level of interest in the trainings, sixteen among the thirty six companies participated in a Joint Training at the Enterprise Level in Surabaya.

The subjects covered in the enterprise level training included industrial relations in general, influence of external factors on industrial relations, improvement of communication, mechanisms of complaints and disputes resolution, workplace cooperation, prevention and settlement of conflict, and problem solving. In general, the trainings at the enterprise level were positively received and enthusiastically followed by the participating companies. More requests for training were received than were able to be provided under the pilot project.

The pilot project was the first of its kind where workers and management were trained together. Its aim was to bring the parties together so as to benefit from the same training and to share the vision, perception and understanding of the subjects. This will hopefully lead to the improvement of communication and social dialogue between workers and management at enterprise level.

On 26 March 2002 a Seminar on the Improvement of Industrial Relations at the Enterprise Level was held in Jakarta, marking the close of the Project activities. The Seminar was attended by seventy eight people representing selected trade unions, APINDO, managers and workers of the target companies, and project trainers. It was opened by the Director of Industrial Relations of the Department of Manpower and Transmigration, the Charge d'Affairs of the Embassy of Japan, the Liaison Officer of ILO/Japan Multibilateral Technical Cooperation based in Bangkok and myself.

The purpose of this book is to make available to enterprises and workers in Indonesia the materials which were used in the course of the project. These materials include the contributions from DEPNAKERTRANS and

the representatives of the Government of Japan at the Seminar, together with the Training Materials prepared by Robert Heron and the presentation by Abhik Ghosh, Senior Specialist in Industrial Relations, ILO/SEAPAT. The materials will assist in future trainings in bipartite cooperation at the enterprise level and generally contribute to the improvement of industrial relations in Indonesia.

Finally, the generous support of the Government of Japan for the project and this publication is acknowledged. Further, we would like to extend our gratitude to DPP - APINDO, DPD APINDO East Java and the Labour Attache of Japan for their assistance in the selection of target companies; to Robert Heron, for having produced the Resource Book of Trainers and conducted the training of trainers in Jakarta; to Messrs. Djoko Soedibyo and Abdul Halim bin Mansor for having given their valuable inputs, trained the trainers in Malang as well as conducted trainings at the enterprise level and coordinating the trainers; to all the project trainers; and, last but not least, to the management and workers of the participating companies, and others who supported the implementation of the project, without whose contribution the Project could not have been successful.

Alan J. Boulton
ILO Country Director
Indonesia

Industrial Relations and Workplace Cooperation Introduction

Presented by
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ILO-SEAPAT, Manila

Introduction

- Industrial relations may be described as individual and collective relations between workers and employers at work and arising from the work situation, as well as, relations between representatives of workers and employers at the industry and national levels, and their interaction with the state
- Industrial relations theory recognizes that there are inherent conflicts of interest between employers and workers. It also recognizes that there are areas of common interest. Emphasising the commonalities and reconciling the differences can achieve harmonious industrial relations.

Introduction (cont'd

- The history of industrial relations has travelled the long road from the power theory to the rights theory and eventually to the consensus theory, based on democratic principles.
- Workplace cooperation is about giving workers a say in decisions that affect them. It reflects industrial democracy at the workplace.

What is Workplace Cooperation?

- State of relations where labour and management work hand-in-hand to accomplish certain goals using mutually acceptable means
- Outcome of a continuing process of enhancing mutual trust and respect through:
  - > information sharing
  - > discussion
  - > consultation
  - > negotiations

  as schemes of workers' participation in decision-making on matters not covered by collective bargaining agreements

Why is there a need for labour & management to cooperate?

- Primarily, because labour and management are social partners sharing a common interest in the success and growth of the enterprise and the economy .
- Specifically,
  - > to promote workers' participation in decision-making processes
  - > to create a labour relations climate conducive to productivity improvement
  - > to improve the quality of working life
  - > to achieve and sustain economic growth

What are the mechanisms to promote labour-management cooperation?

- Direct participation mechanisms through small group activities like quality control circles or productivity improvement circles
- Indirect participation mechanisms through joint consultative bodies like works committees or labour-management councils
- Combination of direct and indirect participation mechanisms like joint bodies and small group activities

What factors are necessary for the success of labour-management cooperation?

- Attitudes
  - Sincerity
  - Mutual trust
  - Commitment
  - Mutual respect
  - Mutual support
  - Openness
  - Teamwork
  - Objectivity

What factors are necessary for the success of labour-management cooperation?

- Appropriate skills
  - Leadership
  - Communication
  - Problem-solving
  - Facilitation
  - Team-building
  - Planning

What factors are necessary for the success of labour-management cooperation?

- Suitable structure
- Addresses identified needs and concerns
- Can be formal, informal or both
- Assures adequate representation of labour and management
- Ensures attainment of decisions through consensus
- Provides feedback mechanism at all levels of the organization

What are usually covered by labour-management cooperation programmes?

- Information sharing
- Discussions
- Consultations
- Negotiations

on matters outside CBA, covering management decisions such as:

What are usually covered by labour-management cooperation programmes?

- personnel policies
- production plans
- business expansion programmes
- productivity improvement programme
- productivity gain-sharing programme
- job security
- improvement of quality of worklife
- occupational health and safety programmes
- introduction of new technology and machinery
- retrenchment programmes
- business mergers or closure
- workers' welfare and livelihood programmes
- sports, recreation and social activities

What benefits can workers derive from labour-management cooperation programmes?

- Opportunity to participate in policy and decision-making processes
- A channel of communication with top management
- Means to make inputs in solving operational problems and management plans affecting workers in the workplace

What benefits can workers derive from labour-management cooperation programmes?

- Avenues for employees to air complaints that cannot be appropriately addressed in the grievance procedure
- Opportunity to demonstrate that the union is a responsible organization with a constructive role to play beyond the traditional contract negotiations and grievance settlement
- Opportunity for self-improvement and on-the-job leadership training

What benefits can management derive from labour management cooperation programmes?

- 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 advanced discussions of operational problems and plans, particularly those affecting employee work schedules, overtime, lay-offs, transfers, etc.

What benefits can management derive from labour management cooperation programmes?

- A means to relate with the union without being bogged down in labour relations issues
- Opportunity to demonstrate responsiveness to constructive suggestions and valid complains of employees in improving the workplace
- Means to tap the large reservoir of know-how and creativeness of employees
- A channel of communication with employees
- Enhancement of the human factor in organizational effectiveness

Steps in the formulation of labour-management cooperation programmes

* Orientation on labour-management cooperation
* Recognition of common objectives and problems and the need to cooperate and agree on mutually acceptable solutions
* Determination of appropriate organizational structure
* Adoption of operating guidelines to govern the cooperation programme

Steps in the formulation of labour-management cooperation programmes

- Setting-up of the operating structure
- Training of persons involved in the cooperation programme
- Identification and prioritisation of problems
- Formulation and development of plans and projects
- Implementation of plans and projects
- Monitoring and evaluation of projects

Guidelines in setting up appropriate organizational structure

- To ensure orderly operations of labour - management cooperation councils, it is desirable for the parties to agree on basic guidelines or principles, including:
- The objectives of the council
- Coverage of the council's activities
- Structure and size of the council
- Time, place, duration and frequency of meetings
- Procedure for the timing and exchange of agenda
- Recording, maintenance and dissemination of minutes of meetings
- Other matters the parties may wish to include

Organization and structure of a labour-management cooperation council

- Composed of an adequate number of representatives from labour and management
- Labour representatives shall be elected by at least the majority of the workers in the establishment
- Management is represented by top level officials, the personnel or industrial relations manager, the production manager and other officers including supervisors

Organization and structure of a labour-management cooperation council

- There are two co-chairmen – one from each side – who serve concurrently or on a rotating basis. A secretary is also appointed
- A third party facilitator acceptable to labour and management may assist the committee particularly in the early stages of its operation
- Sub-committees may be formed to consider specific concerns at the shop-floor level

Steps in the problem-solving process

- Define the problem
- Marshall all the facts
- Find the root cause of the problem
- Propose alternative solutions
- Evaluate proposed solutions
- Select the best solution
- Implement the corrective action
- Evaluate the corrective action undertaken

Role of third parties

- Help enhance mutual trust between labour and management
- Assist the parties in identifying common interests, problems and opportunities
- Facilitate the first few and often difficult meetings of a new labour-management council
- Provide objectivity and encouragement to the council

Role of third parties

- Guide the committee in problem-solving techniques
- Provide technical assistance to the committee
- Assist parties to obtain technical assistance from other agencies and institutions

Conclusions

- Investing time and effort to achieve workplace cooperation can lead to substantial gains.
- Workplace cooperation helps enterprises to meet the challenges of globalisation and increased competition in domestic and world markets. It promotes innovation, improves flexibility, facilitates change, enhances productivity, efficiency and competitiveness, and leads to greater job satisfaction, better wages and improved working conditions for workers

Conclusions (cont'd)

- Workplace cooperation can result in more effective decision-making and more equitable sharing of profits from the enterprise
- Workplace cooperation can also help reduce the incidence of industrial disputes and improve industrial relations

Conclusions cont'd

- Successful enterprises have invested in new strategies to improve labour-management relations through information sharing, discussion, consultation, negotiation and effective communication, based on mutual respect, trust and confidence

"People who are informed
why something is happening,
And have been consulted on
how it should happen,
Will be much more willing to make it happen"

IMPROVING INDUSTRIAL RELATIONS AT THE ENTERPRISE LEVEL

A Resource Book for Trainers

by
Leon R. Heron

Introduction

The performance of Indonesia's enterprise level industrial relations system is less than satisfactory. Cooperation and harmony are increasingly being replaced by conflict and disputes. Labour-management conflict and its related disruptions have negative implications for workers, enterprises, and the nation as a whole. Conflict must be prevented or if it cannot be avoided, resolved quickly and fairly.

Poor labour-management relations can be caused by a variety of factors some of which originate outside the enterprise, but most of which occur within the enterprise itself. These internal factors include a lack of information, limited skills, negative attitudes, ignorance, apathy, hostility, poor communication, misunderstandings, and a general perception that conflict is 'normal' and cooperation is the exception.

This must change. The key to change and improved labour-management relations lies in training, particularly training for workers' representatives in enterprises, and managers and supervisors at all levels.

Training involves providing people with new knowledge, better skills, different attitudes, different perceptions, and improved techniques, all directed to changing the behavior and improving the performance of both individuals and groups within the enterprise, whether they be workers or managers.

Training does not just happen. It requires careful planning, good organization and innovative implementation. Above all, it requires skilled trainers able to assess what needs to be done, and able to actually do things to assist in bringing about desired improvements.

You have been selected as a trainer to assist in improving labour-management relations in 30 Indonesian enterprises. Your job is to conduct training activities in those enterprises, with a view to improving industrial relations in each one. Each enterprise is different and although common problems exist, the solutions to those problems will have to be customized to the needs of each enterprise.

As a trainer, you will require relevant training materials on enterprise-level labour relations, plus the ability and skill to use these materials effectively. This Resource Book is designed to assist you by

(a) providing information on your role as a trainer, including identifying target groups, assessing their needs, designing training activities to meet those needs, and using interactive training methods,

(b) providing technical information to strengthen your background knowledge on industrial relations at enterprise level,

(c) providing exercises, case studies, role plays and questions for discussion to bring real life to your training.

You will participate in a 6-day trainer-training workshop to provide you with up-dated technical knowledge on important aspects of enterprise-level industrial relations, and to provide you with improved training skills to enable you to design and conduct relevant training workshops to be conducted in enterprises.

Remember, training is not an end in itself. We do not conduct training activities just for the sake of it. We

train to improve performance. In this case, that means improving labour-management relations at enterprise level. This is what we want to achieve and this is the standard by which our work will be assessed and judged.

The training workshops to be conducted at enterprise level will not normally require you to present formal lectures. The training will be more inter-active in nature, involving interaction between you as trainer and participants, and interaction between participants themselves. These interactions will be based on discussion questions, exercises, role-plays and case studies. It will be necessary, however, for you to impart some information to participants before engaging them in discussions and group and individual tasks.

Some of the topics in which you could be expected to provide technical information and leadership are as follows.

- Industrial relations: An overview.
- The legal framework.
- The economic framework.
- Workplace cooperation.
- Nature and causes of conflict.
- Preventing and resolving conflict.
- Improving communication between workers and management.
- Solving problems.
- Pay and productivity.
- Workplace safety and health.

Information on each of these topics is included in this Resource Book.

As a trainer, you will be required to design a 5-day training workshop to be conducted in each of the 30 enterprises. This must relate to the particular needs of each enterprise and, thus, each workshop will be different. It is expected, however, that some common elements will exist and these will constitute the core activities in each workshop.

Part A of this Resource Book covers some of the basic issues concerning training.

Why is training important?

How do I design a training workshop?

How do I design a training session?

How do I conduct a training session?

How do I use interactive learning methods?

How do I evaluate a training activity?

This part is intended to give focus to our training activities, to ensure they are relevant to the real needs of participants, and that they play a key role in performance improvement.

Part B provides the technical information and subject matter that you, as trainer, will be required to impart to others. This is what workers and managers at enterprise level need to know, do, and feel if they are to change their behavior and improve labour-management relations at enterprise level. It also includes suggestions as to how this information can be conveyed to others, some overhead transparencies that can be used to support your training sessions, and questions for discussion.

Part C consists of various case studies, role-plays and exercises to be used as a basis for interactive learning. Each trainer is encouraged to prepare additional materials based on his or her own experience of industrial relations in Indonesian enterprises.

Part A:

The Role of The Trainer

YOU AS A TRAINER

As a trainer concerned with industrial relations at enterprise level you need to know

- **What** you want workers and managers to **know** and **do** to improve and strengthen industrial relations at enterprise level in Indonesia.
- **How** to transfer this knowledge and skills to others.

This means that you must have the technical knowledge that constitutes the **content** or **subject matter** of your training activities. You also must have the knowledge and skills to enable you to convey this subject matter to your participants. This involves using a range of training **methods** to ensure that learning takes place.

Training overview

As a trainer, you need an understanding of the training function in general.

- Training is concerned with making improvements, making positive changes, doing better. We are particularly concerned with improving labour-management relations in Indonesia's enterprises, with a view to encouraging cooperation and harmony.
- Training is concerned with providing people with the knowledge, skills and techniques to enable them to **do** something. Training is different from education. Education is concerned with developing general intellectual capacity including reading, writing, calculating, speaking, thinking and absorbing information of a general and technical nature, but without this being related to a particular job. Training is concerned with providing people with the specific knowledge and skills to perform a particular task or series of tasks. We want to provide workers and managers with new knowledge and improved skills, to enable them to improve the performance of industrial relations systems at enterprise level.
- Training is also concerned with helping people change their attitudes about themselves, about other people, situations and events. Training can help change how people feel. This is important in the field of industrial relations as, for example, where employers have a negative attitude to trade unions, and workers consider managers to be greedy and uncaring.
- Training must relate to the **needs** of those participating in the training activity. Needs must be carefully assessed to determine those which are real, as compared with those that are wants, or more in the nature of preferences. **Real needs** relate to those things that can improve industrial relations at enterprise level - preventing labour disputes, sharing information, resolving problems,

encouraging consultation and negotiation.

- Training must consider the technical needs of learners (the knowledge and skills they require) and also respond to their needs as people. Workers and managers engaged in enterprise industrial relations are adults. Although they may have different levels of education, as adults they respond best to training situations that enable them to interact with the trainer and each other, by sharing experiences, and discussing problems. Accordingly, the technical needs of learners determine the **content** of the training, their needs as adults influences the choice of training **methods**.
- Training is expensive concerning both its direct and indirect **costs**. Financial outlays may be required for trainers and materials (direct costs) and working time is lost when workers and managers attend the training activity (indirect costs). Training, however, also generates **benefits**. Well-planned and implemented training activities can have benefits to both trainees and the enterprise far in excess of When training leads to improved industrial relations, the enterprise benefits from increased production and profits, and workers benefit from additional wages and allowances. These benefits, in turn, contribute to improved economic and social progress for the nation as a whole. Training can be **cost-effective** if it is well planned and relates to the real needs of the people it is designed to benefit.
- Training should strive to have multiplier effects. We should encourage the people we train to share their new knowledge with others either through informal conversation or, alternatively, by conducting their own training activities.

DESIGNING A TRAINING ACTIVITY

As a trainer you are required to design and organize an industrial relations training workshop of 5-day's duration. The following guidelines will assist you.

Identify the target group for the training activity

We know the target group for our training workshops. It will comprise some 20 participants from each enterprise – 10 workers' representatives, and 10 managers and supervisors. In addition to the number, you will need to identify the target group by

- position in the enterprise
- years of experience
- fields of experience
- education level
- gender composition
- age composition
- language proficiency
- experience in industrial relations

Without specific information and a clear profile of the target group you will have difficulty in identifying real needs. You will be tempted to make assumptions based on what you **think** target groups of this type require, or assumptions based on your previous experience. Do not assume. Identify the target group as precisely and specifically as possible. Once this has been done you can start assessing needs.

Identify the specific needs of the identified target group

This requires you to identify the target groups'

- shortcomings
- problems
- poor performance
- difficulties
- limitations
- obstacles
- strengths
- experiences
- expectations

You will need to do this separately for workers and managers. The needs of each group may differ and your challenge is to determine areas of common need. For example, if workers indicate that "management never listens to our demands and does not take us seriously" and managers indicate that "workers make totally unrealistic demands", there is evidence of a common need. It appears that both parties need to reconsider their approach to negotiation.

If workers argue "we have produced more this year and should receive more pay" and management says "more was produced, but that was the result of the new equipment, not the efforts of labour" there is further evidence of a common need. Both parties need to increase their knowledge of productivity, and the relation between productivity improvement and pay increases.

Your task is to determine why the performance of the target group as a whole is lower than acceptable, or below what it seeks to attain, and how to use its strengths to assist in performance improvement.

- Workers lack the ability to interpret financial statements.
- Management gives little attention to communicating with workers.
- The number of labour disputes in the enterprise is increasing.
- Workers have little knowledge of labour laws.
- The number of work accidents is increasing.
- Workers and managers are poor negotiators.

In all of the above cases something needs to be done to improve the performance of workers, managers, or both. There may be a need for new knowledge, improved skills, different procedures, new equipment, new laws and regulations. You will need to decide which of these needs can be met through training, and which require other interventions. Where training is identified as the appropriate response, you will need to decide whether the training should focus on new knowledge, new skills, or different attitudes.

As a trainer you have to identify these needs.
This can be done by

- discussion with and observation of representatives of the target group
- discussion with outsiders as to what they consider would benefit the target group
- examination of statistics and reports
- comparison with better performing groups
- analysis and interpretation of media reports
- formal testing and self-assessment
- examination and interpretation of laws and regulations
- situational analysis workshops

State the objectives that must be achieved if needs are to be met

You need to distinguish between **goals** and

objectives.

Goals are very general statements of intention that indicate the overall **purpose** of a training activity and state how the training will contribute to the achievement of some desired final result.

Example

The **purpose** of this training workshop is to strengthen the capacity of workers' representatives and managers to improve labour-management relations at enterprise level in order to prevent labour disputes and resolve those that do arise through consultation and negotiation.

Objectives

Broad statements of intention or purpose must be translated into specific objectives. Objectives are specific statements of what participants will be able to **do** as a result of the training activity.

Examples

By the end of the training activity, workers' representatives and managers will be able to

- **outline** the steps to be followed to improve the communication system within the enterprise.
- **distinguish** between labour disputes over existing legal rights and those concerning future interests.
- **explain** the difference between consultation and negotiation.
- **identify** the key articles of the labour law concerning labour relations.
- **outline** the steps to be followed in strengthening industrial relations at enterprise level.
- **explain** the nature and purpose of negotiation, and **outline** the steps to be followed in a formal negotiation process.

There may be many needs to be addressed, resulting in many specific objectives. It is necessary to identify **priority** needs to ensure that objectives focus on those things most likely to lead to performance improvement.

Select the content to be included in the training activity

The content or subject matter will logically flow from the stated objectives. You should distinguish between the subject matter that is **essential** for the achievement of the objectives, and that which is of secondary importance.

For example, if workers and managers are to outline the steps to be followed in conducting a negotiation, they will need information or subject matter on the following:

- A definition of negotiation.
- The difference between common interest and conflicting interest.
- The main stages of negotiation – preparation, discussion, bargaining, closure and agreement.
- Negotiation skills and techniques.
- Setting the negotiation agenda.

For example, if workers and managers are to identify the steps to be taken to introduce a new pay system in the enterprise, they will need to be informed about

- the nature and purpose of minimum wages.
- the distinction between productivity and production.
- the difference between total productivity and labour productivity.
- the measurement of productivity.
- productivity-based pay systems.
- time-based and performance-based pay systems.

The subject matter must then be arranged in a **logical sequence** to facilitate learning. For example, the subject matter concerning the negotiation process requires previous knowledge on the nature of common and conflicting interests as the very basis of negotiation. Once this is understood, it is then appropriate to indicate the key stages of the negotiation process. Thus, the logical sequence for arranging the subject matter is defining negotiation, followed by preparing for a negotiation, followed by discussion, followed by bargaining, followed by closure and agreement.

The subject matter should also be arranged in a suitable **learning sequence**. This usually involves moving from the simple to the complex, starting with something the participants already know, and then moving to something new and different.

If workers and employers are to learn the skills to enable them to negotiate more effectively, a suitable learning sequence might be

- provide **information** on the nature of the negotiation process
- **demonstrate** the negotiation process through role-playing or training videos
- allow participants to **practice** their skills.
- provide opportunities for **repeated practice**.

Decide on the most suitable form of training that will best contribute to the achievement of the purpose and objectives

The most common forms are

- training courses
- seminars
- workshops

A training course is usually structured in such a way that the trainer decides the content and subject matter, usually after a process of needs identification, and then proceeds to present that content to participants. The trainer is accepted as having superior knowledge and experience in the field, and tends to dominate the activity (although this may still include a variety of interactive learning methods.)

A training seminar is usually less structured than a training course, with the trainer leading and facilitating the discussion, but not dominating the learning process. The trainer may set a broad agenda or broadly define the problems to be addressed, but participants are encouraged to discuss issues and come up with solutions of their own, rather than those provided by the trainer.

A training workshop is an activity in which the trainer and participants, together, set the subject matter and content, and then work in partnership to generate possible solutions to problems. The trainer is not dominant but more in the nature of an experienced participant, with high level facilitating skills.

The approach to be followed in the enterprise level industrial relations training activities is a combination of training course and training workshop. Sometimes the trainer will provide information and ideas, and be more dominant but, at other times during the training, he or she will be more of a facilitator, encouraging interaction between participants in learner-centred activities.

Decide on the most suitable training methods

The methods available to the trainer may be

- trainer-dominated
- trainer-centred
- learner-centred

All three methods can be used during a single training activity or, indeed, a single training session.

Trainer-dominated approaches concentrate on lectures and one-way communication. This may be suitable for providing new information to a large number of participants but should not be used for extended periods.

Trainer-centred approaches are more interactive involving lecture-discussion, and interaction between participants as well as between the participants and the trainer. The trainer makes every effort to engage participants in discussions but still directs the learning towards specific objectives. Trainer-centred approaches require the trainer to ask questions and use the answers as a key part of the learning process.

Learner-centred methods involve group discussions, case studies and role-plays, in which the trainer delegates much of the learning process to the participants. There is a chance that participant interaction and enthusiasm will take the training away from its agreed objectives, but the trainer may make appropriate interventions to minimize this possibility.

In selecting the appropriate methods for training, the trainer must ensure that the chosen methods

- contribute to the **objectives** of the training activity,
- relate to the **subject matter** and **content**,
- take account of the **needs** of learners as **adults**.

Prepare a training outline and timetable.

The trainer is required to prepare a training outline that indicates the objectives and subjects selected to meet the needs of the target group, and then arrange the training content into a timetable.

The timetable should have

- a **logical continuity** so that one session flows from and into another.

  Example. It would be better to have a session on national labour laws before a session on working conditions and collective bargaining.

- a suitable **learning sequence** to ensure that participants learn most effectively.

  Example. In training workers and managers on the negotiation process it would be better for them to know the nature and purpose of negotiation (instruction) before they are shown how to do it (application.)

- a high degree of **integration** to ensure that all sessions or parts of the training activity fit together and contribute to its objectives.

  Example. A training activity on performance-related pay systems would not normally include a session on HIV-AIDS as this would not integrate with the objectives of the activity.

In preparing a timetable you should take account of the following:

- Set aside time at the beginning to create a suitable learning climate
- Allow time for review sessions
- Provide for breaks and rest periods
- Don't make the sessions too long
- Provide time for participants to exchange information, ideas and experiences, and to ask questions
- Alternate information-giving sessions (lectures) with activities tasks and exercises
- Schedule key sessions when participants are fresh and concentration levels are high
- Avoid scheduling heavy sessions when participants are likely to be tired.

Make an appraisal of your training activity outline and timetable.

Once you have designed the training activity, you should make an appraisal of whether it will work or not.

Appraisal means comparing the expected benefits of the training with its estimated costs. It is very difficult to assess, objectively, expected benefits before the training has actually commenced. It is possible, however, to ask a series of key questions to determine whether the training is likely to be cost effective – good value for the planned expenditure.

This can be done by

- presenting your training proposal to colleagues for comments
- presenting your proposal to a committee (e.g. a resource allocation committee)
- engaging a training specialist to give an independent opinion on the proposed training.

Questions which you might ask in the appraisal process include the following:

- Do my stated objectives reflect the needs of the target group?
- Does the training content relate well to the objectives?
- Is the chosen methodology compatible with the objectives and content?
- Is the activity too ambitious for the available time?
- Does the timetable have continuity, sequence and integration?
- Have follow-up activities been considered?
- Is this workshop likely to improve enterprise industrial relations?

DESIGNING A TRAINING SESSION

Your training workshop is divided into a number of sessions, typically of 60 to 90 minutes' duration. Whether your session will take the form of a lecture followed by discussion, whether it is an interactive session from start to finish, whether it consists of group discussions on selected cases, whether it involves watching and discussing a training video, or whether it involves conducting a role-play exercise, **every** session needs to be carefully planned.

Your training session should have

- a purpose
- some specific objectives
- a specific subject matter
- a proper structure
- a time sequence
- appropriate methods

Purpose

The purpose of the session refers to the contribution it will make to the overall training workshop. It usually refers to the knowledge and information to be conveyed to participants.

Example. The purpose of this training session is to provide workers and managers with knowledge of national labour laws concerning industrial relation in Indonesia.

Example. The purpose of this training session is to provide workers and managers with the knowledge and skills required for effective negotiation.

The **purpose** of each session does not require specific

detail. It provides general guidance to you, as trainer, to keep your session focused and "on track" and to remind you that it has to integrate well with other sessions in your workshop.

Objectives

The objectives refer to the specific outcomes the session seeks to achieve.

Example.

By the end of the training session participants will be able to

- **define** the nature of labour-management disputes.
- **identify** the main causes of disputes and **outline** the steps to be taken to prevent disputes from arising.
- **outline** the steps to be followed in resolving a dispute by negotiation, conciliation and arbitration.

Your objectives need to be written. You should avoid such statements as "by the end of the training session participants will be competent negotiators." This is far too ambitious for one training session. The best you can hope for is that participants will have gained the essential knowledge and information concerning the nature, purpose and stages of negotiation.

Whether participants can apply their knowledge to real work situations and actually negotiate effectively will depend on further training and the opportunity to put into practice the learning acquired.

Subject matter

The subject matter refers to the actual information to be presented during the training session.

- In selecting the subject matter be aware of the length of your session. It is better to cover a few key matters very well, rather than attempt to present a large amount of material in a superficial manner.
- Concentrate on subject matter that is essential rather than marginal.
- What is essential is determined by the objectives of the training session.
- The subject matter should focus on the needs of participants, not on your preferences as trainer.

Structure

Your training session consists of three parts:

- The beginning or introduction
- The middle or body
- The end or conclusion

Introduction

At the start of your session you must gain the attention of participants and lead them into what will follow.

- Indicate **why** this session is important.
- Make clear to participants what they will learn in this session.
- Link your session to what has happened in previous sessions of the training activity.

Example. "In previous sessions of this training workshop you have learned about the crucial role of harmonious industrial relations in contributing to national economic and social progress. This included an overview of the main actors or players (workers, employers, government) in the industrial relations system, and the different levels of their interactions (national, industry, enterprise.) We examined the difference between bipartite

and tripartite interactions and the circumstances in which they are appropriate. We also considered the outcomes of these interactions, including those that result in on-going cooperation between labour and capital, and those interactions which lead to conflict and disputes. In this session we will look in detail at industrial relations at enterprise level and discuss what can be done to improve cooperation between workers and management, and prevent and reduce labour disputes. We will start by looking at enterprise industrial relations in a theoretical context, and then move progressively to some of the practical interactions between workers and managers in the workplace. The session will include a number of activities in which you will be expected to interact with each other.

By the end of this session it is expected you will be able to....." (You should then indicate the specific objectives of your session.)

In a 60-minute training session, the introduction should take about 5 minutes, for a 90-minute session about 10 minutes.

Body

This is the middle of your session and comprises its real substance. If it is a lecture-discussion this is where you convey the information and ideas that meet your learning objectives. If it is a structured discussion that requires participants to focus on a particular problem or issue, this is where you encourage the participants to interact with each other and report on practical solutions to the problems you have posed. If it is a role-play, this is where the participants act out a particular scenario and you, as trainer, direct it towards the attainment of a number of learning outcomes.

Examples.

If this is a lecture-discussion session on productivity and pay you will need to

explain the difference between time-related pay and pay based on piece-work or performance.

discuss how work performance should be assessed and measured.

discuss how disagreements over assessments and measures can be resolved.

explain how performance pay systems might be applied to situations where it is difficult to measure the work output of the individual worker (e.g. service enterprises, supervisors and managers.)

If your session involves a group discussion on the establishment of a grievance procedure acceptable to both management and workers, the body of your session will involve you in leading the discussion towards some specific recommendations, keeping the discussion focused on the issue, and encouraging everyone to participate.

Irrespective of whether your session is a lecture, a lecture-discussion, a case study, or a role-play you should

- arrange your session in such a way that it unfolds in a logical manner,
- present your material in separate and distinct portions that can be easily 'digested'
- use examples and statistics to illustrate and support your arguments,
- use visual aids to enable participants to "see what you are saying."

The **body** should take about 50 minutes of a 60-minute session, and about 70 minutes of one lasting for 90 minutes.

Conclusion

Your training session must come to an end, in accordance with your session plan. The end is not simply a matter of saying "I have finished." You should take the opportunity to highlight the key points of your session, to review and summarize, and to challenge participants to critically evaluate what you have presented.

You can also use the conclusion of your session to lead participants into the next session of the training activity.

Example.

"In this training session we have outlined the nature of industrial relations and highlighted the distinction between national, industry and enterprise-level interactions between workers, employers and their organizations, and government. We are now more aware of the complexity of these interactions and the environment in which they take place. We have distinguished between the different forms of interaction, particularly between bi-partite and tripartite interactions, and also considered the outputs of these interactions. This, of course, does not actually create the system and make it work. We must now translate ideas into reality.

In our next session we will look at the preparation of a detailed action plan that once implemented will result in the creation of an operational integrated labour inspectorate. In our action plan, we will give particular attention to the retraining required for all inspectors if the integrated approach is to be successful. Remember, however, our fundamental purpose — to improve working conditions and the working environment in enterprises for the benefit of both workers and employers."

The conclusion should take no more than 5 minutes in a 60-minute session, and up to 10 minutes for a 90-minute session.

Time sequence

As a trainer you must be aware of time constraints. You must arrange the limited time available to ensure that most of your time is devoted to the most important things.

You will make best use of your time if you

- write down the specific objectives of your session
- prepare a training session plan, showing how much of your time will be spent on the introduction, body and conclusion,
- indicate the sequence of the various parts of the body of your session, and the time to be spent on each part.

Methods

The methods you choose for your training session will depend on

- the number of participants
- the time available
- the objectives of your session.

Where the number of participants is large (say, 30 or more) it is difficult to use learner-centred methods.

Where the number of participants is small (10-15 participants) it is not appropriate to give a formal lecture.

Your training workshops in enterprises will have some 20 participants. You will need to use a combination of methods. You should avoid giving lectures. Try to make your training as interactive as possible.

Where it is necessary to convey new information to participants this might be done by giving a short lecture (10 minutes), followed by questions and discussion to determine whether the information has been understood and learning has taken place.

If your training session is very brief (30 minutes) it will be difficult to use learner-centred approaches.

Most of the sessions in your workshop will be between 60 and 90 minutes. This provides sufficient time to vary your methods. For some parts of the session you may need to give information (lecture or trainer dominated). Keep this short. These parts might be followed by some discussion where you encourage participants to share their ideas on what you have presented (interactive learning or trainer-centred.) For other parts of your session you may wish to have participants discuss some issues among themselves (learner centred).

Where appropriate, your training session should be supported by visual aids to enable participants to learn by listening and seeing. The visual aids, however, should be used to support your presentation, and not to replace you as the trainer.

PRESENTING INFORMATION TO OTHERS

As a trainer, you must have a good technical knowledge of your subject. The broad subject area of concern is enterprise-level industrial relations. This covers many things:

What does industrial relations mean?

What are the main interactions that take place in an industrial relations system?

How does industrial relations at enterprise level differ from industrial relations at other levels in the system?

What is the current state of industrial relations at enterprise level? How do we assess this?

What needs to be done to improve industrial relations at enterprise level? What are the priority areas?

What action needs to be taken to address these priority concerns?

How will we monitor and evaluate the impact of any initiatives to improve enterprise industrial relations?

Preparing the technical information on the above subjects is an important part of your work as a trainer, but is not enough. Much of the success of your training workshops will depend on how you actually conduct each workshop and how information and ideas is presented to your participants.

Effective presentation, whether it be in the form of a lecture, leading a discussion, introducing a case study, or conducting a role play, requires high quality communication skills. Effective communication requires that you

- organize and structure what you want to say before you say it
- use a number of skills and techniques to minimize the possibility of communication failure.

Verbal communication

- Speak more slowly than you would in a social conversation.
- Speak clearly. Pronounce each word carefully and clearly.
- Vary the tone of your voice.
- Speak sufficiently loudly to enable the most distant person in the room to hear you without effort.
- Refrain from using technical language unless you are confident the participants understand it.
- Avoid the use of slang and colloquial expressions.

Non-verbal communication

In addition to the words you will use during the conduct of your workshops, your body movements and facial expressions become part of the communication process. This is normal, but in conducting your training

sessions, you should pay some attention to the following to ensure that your non-verbal communication does not have a negative impact on your verbal presentation.

- Maintain eye contact with your participants. This is easier for a group of 20 people but even if the audience is very large you should look at the people rather than look at your notes, or the floor, or the ceiling, or anywhere else!!
- Avoid making irritating gestures that might cause participants to focus on the gesture rather than the message.
- It is good to use gestures during your presentation, but these must support what you are saying. For example, if you are talking about workplace cooperation you could bring your hands together, or bring them towards your body. A clenched fist would normally convey a message of power, or possibly of anger. Hands open with palms upward would normally show openness with a willingness to work together.
- Control your facial expressions. Eye contact will be appreciated, but other things such as blinking, head shaking, excessive smiling, or constant frowning, will not be well received by your participants. These will be seen as 'interferences' and will create obstacles to the communication process.
- Adopt a suitable posture. Decide whether you will sit or stand during your session. Of course, you can do both at different times. Standing may give you more confidence: sitting creates a less formal atmosphere. The **way** in which you sit or stand can also affect the way in which the message you wish to convey will be received. For example, standing can convey a superior attitude depending on the way in which people stand. If you choose to stand during your presentation, avoid the superiority approach, and maintain eye contact.
- Dress suitably. The way in which you dress will affect the way in which you are accepted by your audience. If you are inappropriately dressed, your audience will focus on your dress rather than the content of your presentation! Your standard of dress is a matter of personal choice, combined with local and national standards.
- Avoid making sounds during your sessions that do not mean anything. This means avoiding things such as 'ah', 'um', 'er' and other noises that are not real words. It is better to be silent for a few seconds rather than make noises that mean nothing!!

Appraising your session

You should be aware that your participants will make judgments on your workshop sessions, both during and after. You can benefit from this by asking yourself in advance a number of questions:

- Am I well prepared?
- Are my objectives clear?
- Does my session have a proper structure - an introduction, a body, a conclusion?
- Are my chosen words suitable, clear, and not too technical?
- Is my dress appropriate?
- Have I thought how I can make contact with participants?
- Have I planned the available time?

If you have considered these questions in advance, there is every prospect your session will be very successful and achieve its objectives.

Visual aids

Your session should be supported by various visual aids. This will enable participants to **see** what you are saying to reinforce what they hear. The most usual visual aid is the overhead projector transparency. When using an overhead projector take account of the following:

- Check that the equipment is working before you start your session.
- Prepare your transparencies by keeping a margin of 2-3 centimeters on all sides.
- Do not write too many words on your transparency – about 20 to 30 words is sufficient.
- Use diagrams to illustrate your verbal presentation.
- Use the transparencies to assist your presentation – they are not meant to replace what you say.
- Do not talk to the screen when illustrating a point on the transparency. Maintain eye contact with the participants. Use a laser-light to point to the screen, or a pointer on the transparency itself.

You may also have the use of a whiteboard/ blackboard or flip chart. If you use either of these:

- Write clearly. It is better to use capital letters.
- Make sure your writing is large enough to be seen by all.
- Don't write too much. Use key words rather than full sentences.
- Use diagrams to illustrate what you are saying.
- Don't ask participants to copy what you write on the board or flip chart.
- Don't talk to the board or flip chart – maintain eye contact with your participants.

INTERACTIVE LEARNING

When conducting your workshops, you should try to interact with participants, and encourage them to interact with each other. This can be done through lecture-discussion methods, or small group discussions.

A **lecture-discussion** is an interactive method that is trainer-centred, but not trainer dominated. The trainer presents information and ideas to participants, collects reactions and ideas from participants, and builds on these responses by asking further questions and giving more information.

The method draws on the trainer's questioning and listening skills. You should try to ask 'open' questions — ones that cannot be answered by 'yes' or 'no'. They encourage participants to think about an issue and then speak.

"I am going to talk about industrial relations. What do you understand by the word 'relations'?" You would use the responses of participants to convey the idea of interaction — interactions by whom?, interactions on what?

The lecture-discussion is difficult to use with large groups (more than 30 participants). It works best with a group of about 20 participants and should be the most frequently used method in your workshops.

Group discussions are learner-centred, and involve the trainer in surrendering control of the training session to participants. The trainer can either guide the discussion by acting as a facilitator and asking questions or, alternatively, allow the groups to operate without supervision. If there is no supervision, the trainer exercises control by the way in which questions and problems are stated, and by the instructions given by the trainer. Once discussions commence, however, the outcome is no longer in the hands of the trainer.

Guided discussion is a most suitable method for

you to use in your enterprise workshops. You, as trainer, pose a question or problem, or present a theme for discussion. After you have indicated the subject for discussion and given a brief introduction, you encourage the participants to share their ideas and experiences.

You would guide the discussion by asking occasional questions, using prompter statements, and summarizing the main points from time to time.

The effectiveness of this method depends in part on the size of the group. It works well for 8 to 10 participants. You could divide your 20 participants into 2 groups, with you leading one group and a co-trainer leading the other.

The effectiveness of group discussions also depends on your skills as a trainer, and the choice of topics. As the trainer/group discussion leader, you should

- have clear objectives for the discussion session
- prepare questions and prompter statements before the discussion commences
- listen carefully
- know the subject under discussion
- be able to summarize
- encourage all in the group to participate
- respect the viewpoints of others (even if you disagree)
- don't impose your own views.

You will achieve best results with this method if you

- choose a topic likely to be of interest to everyone (e.g. What can we do to improve cooperation between workers and managers in the enterprise? How should we handle the grievances and complaints made by workers? Should we change our pay system?)
- provide the group with sufficient background information.
- ensure the issue to be discussed is clearly understood by all.
- select a topic with a number of points of view.

Buzz-groups can be used as part of a lecture-discussion session. Participants are divided into small groups, usually 2 or 3 participants. They are asked to discuss a particular issue or question for a short period (e.g. 3 to10 minutes) and then report briefly on the outcome of their discussions. The trainer summarizes and builds on these responses, and uses the information to lead into the next part of the session. For example, during a session on industrial conflict you might ask buzz groups to identify three causes of conflict with which they are familiar. You use their responses to help build up a picture of the causes of conflict at enterprise level and, at a later stage, use the ideas presented as a lead-in to examining ways of resolving this conflict.

Buzz groups are very useful in 'breaking up' a long session and enable participants to actively involve themselves in the theme of the session.

Role plays

Role-playing is a most suitable method for various aspects of industrial relations training. It requires participants to act out a problem or situation. As actors, they usually do something different from their normal situation. For example, you may ask a manager to play the role of a worker, you may ask a worker to play the role of a supervisor, or a supervisor to play the role of a shop steward.

Role-playing has the advantage of

- bringing reality to the training room
- serving as a bridge between theory and practice
- allowing participants to practice new skills in the safety of the training room where mistakes can be

made and corrected

- providing an opportunity for participants to learn from the behavior of others.

The successful use of role-playing in training activities requires that the trainer give attention to

- preparing the role play
- conducting it
- bringing it to a conclusion

Preparation

As the trainer you will have to create a situation that is suitable for interaction. It is best to describe this situation in writing (e.g. a meeting between a supervisor and a worker who is not meeting the required performance standards, an interview between a shop steward and a worker who claims he has been unfairly dismissed, a discussion between management and workers over ways to improve safety in the enterprise, a meeting between management and a union to discuss the introduction of new pay system.) This is the **background information** or the **scenario**. It explains the general situation in which the actors will play their respective roles.

Normally, you will also need to prepare written instructions for the actors to give them some idea of how they will behave, and what they might say. It is not necessary to write down the actual words or lines they are expected to say, but some guidance is necessary to ensure that the actors can better understand the characters they are required to play. For example, some actors may be required to be aggressive, others to be submissive, interruptive, rude, pleasant, cooperative or ignorant. Once written instructions are prepared, each actor is asked not to share his/her instructions with the actors on the other side or team.

Some role-plays can be spontaneous, without preparation or instructions. For example, the trainer may assume the role of manager and ask a participant to be a worker. The manager then asks the worker to explain why he is late for work. The manager and the worker then have a short interchange, without instructions to direct them.

You, as trainer, would normally give the actors some time to prepare themselves for their roles. This is particularly important where a number of actors are to work together as a team (e.g. three union representatives discussing the introduction of a new pay system.) About 30 minutes preparation time should be given for more structured role-plays. This will enable the participants to read the background information and consider the instructions you have given.

Conduct

Role-playing is a learner-centred activity. The trainer gives up control to the actors. Although the trainer has prepared the problem and the instructions for the actors with a view to encouraging a particular learning outcome, the trainer can never be sure just how the actors will behave.

Before the acting actually commences you, as trainer, should

- check that any furniture and equipment required is in place
- stress the learning objectives of the exercise
- reassure those participants who are anxious or reluctant to play their allocated roles
- set time limits
- explain that you will intervene in the role play if it is "going off the rails", meaning that it does not contribute in any way to the planned learning outcomes

- indicate that the participants who are not actually acting are assigned the role of observers. They will be given an opportunity to comment on the issues and the actors once the role-play is over. Indicate that the observers should not interject or intervene in the role-play.

Conclusion

Once the acting is over, that is not the end of the activity. As trainer, you should take charge and use the role-play experience to show the learning that has taken place. This means you should

- give the actors a chance to talk about their roles and how they felt about them
- allow the observers to make comments
- offer your own comments.

Your task is to slowly lead the actors away from the experience of acting to the reality of the learning that has taken place.

EVALUATING A TRAINING ACTIVITY

Evaluation is concerned with comparing the actual outcome of a training activity with what was planned. As a trainer, you will want to know whether your training session, or entire training workshop, was successful or not. Evaluation is not the same as appraisal.

Appraisal is concerned with comparing **expected** results with **expected** costs. It is done **before** the training activity or session commences. **Evaluation** is concerned with comparing **actual** results with **planned** results. It takes place **after**, or possibly during, the training activity.

As a trainer, you can evaluate

- the entire workshop to find out whether it achieved its stated objectives. You can also find out whether the cost of the course was justified, and how to improve the course if it was to be conducted again.
- a training session to find out whether the objectives of the session were achieved, how it could be improved, and how the trainer performed.

As a trainer you can do some self-evaluation by asking yourself some questions after your session is over.

Where my objectives clear?

Where my objectives appropriate for this group?

Did the session follow my planned structure?

Did I manage the available time?

Was my voice and manner appropriate?

Was my material too simple or complex?

Did I make use of visual aids?

You can also ask others to comment on your session by asking them to answer the above questions.

As well as evaluation your own performance, you can evaluate your participants. Evaluating participants can focus on

- reaction evaluation, or
- learning evaluation

Reaction evaluation concentrates on finding out what participants **feel** about your training workshop. It is based on their opinions obtained from discussion, interviews, questionnaires, and observations. The stated reaction of participants is not always what they really feel. There is a tendency for participants to give the reactions they think the trainer would like to hear!
(What did you like best about the workshop? What did you like least? Was the workshop useful for your work?)

Learning evaluation concentrates on finding out what learning has taken place as a result of your training session. This would normally require a written, oral or practical test. Such a test, however, provides no indication of whether the participants can actually **apply** their learning to their real work situations. For example, you could ask participants to write down the steps to be followed if the enterprise was to introduce a successful system of workplace cooperation. The participants may be able to correctly identify the necessary steps, but this does not mean they will be able to actually introduce a system of workplace cooperation. This involves higher levels of evaluation in the form of **performance** and **impact evaluation** that can only take place some months after the training workshop has been completed.

Example

Management finds there is a large increase in the number of individual labour disputes in the enterprise. This is causing production losses and the ability of the enterprise to meet its orders. It is thought that the problem is due to a lack of training for supervisors. As a result, a training course is planned and conducted to provide supervisors with new knowledge, skills and techniques, particularly concerning inter-personal relations.

A **reaction evaluation** for this training would find out whether the supervisors found the training to be worthwhile by asking their opinions. Did you like the training? Was it relevant to your work? Was it interesting? Was it well delivered?

A **learning evaluation** for the training would require the supervisors to complete a written test, and have it scored by the trainer. Alternatively, they might be required to undertake a practical test where they interact with a worker and are given a rating or score by the trainer for their performance, based on the observations of the trainer. A high score on a written or practical test does not necessarily mean that the supervisor will always be more effective. It simply may mean that the supervisor performs well in test situations!

A **performance evaluation** would require the supervisors to apply their new knowledge and skills on the job, and for them to be assessed on their actual performance some months after the training has been conducted. This would require observation and assessment by the trainer of the way in which supervisors interact with workers and find solutions to problems. Do they interact better than before? Is this interaction likely to lead to an outcome that improves relations between workers and supervisors?

An **impact evaluation** would assess whether the training was successful in solving the problem it was designed to overcome. If it is found, in spite of the training, that the number of individual disputes remains the same or increases, the training provided has had no real impact because the problem it was designed to resolve still exists.

As a trainer, most of your evaluation work will focus on **reaction** and **learning evaluation**.

Part B :

Training Session Outlines

This part of the Resource Book consists of ten (10) Training Session Outlines. You can use this material for various training activities.

- You could use it, as presented, for a lecture-discussion session.
- You could divide the material into parts and then use it as an introduction for a group discussion session.
- You could use it as a basis for answering questions on a particular subject.
- You could use as a basis for preparing your own case studies and role-plays.

Each outline is presented as follows.

Title

Introduction

Body

Conclusion

Overhead Transparencies (OHTs)

Supporting Questions and Exercises

Each outline includes the technical material to be included in your workshop sessions, and also gives guidance on the methods you might use to enable your learning objectives to be achieved. Remember, these are only outlines. You should develop and adapt them to meet your particular circumstances. You should include information on your national situation and illustrate the material by using as many examples as possible.

1. INDUSTRIAL RELATIONS: AN OVERVIEW

INTRODUCTION

Explain that 'relations' means interactions - refer to international relations (between countries), personal relations (between individuals). Industrial relations does not mean interactions between industries. It refers to interactions between employees and employers, between workers and managers, between unions and employers, between workers and government on labour matters, between employers and government on such matters. It refers to interactions between worker and worker, union and union, employer and employer within an employers' organization.

Stress that the common feature of these interactions is the workplace. We are concerned with interactions that take place at work or arise out of the workplace. **Ask** what is a workplace? This will depend on the definition in Indonesian law but usually covers any place where there is a contract of employment between a worker and an employer. Thus a workplace could be a factory, a farm, a plantation, a bank, a mine, a fishing boat, a shop, even a private home.

Explain that the interactions in industrial relations between workers, employers and government, can take place at different levels - national level, provincial or regional level, industry or sector level, and enterprise level. For example, disagreement between trade unions and government over the level of minimum wages involves interactions at national and regional levels. A dispute between a worker and his employer over pay levels involves interactions at enterprise level. Give some other examples.

Stress that our interest is in the interactions that take place at enterprise level, within individual workplaces. **Emphasize** that our aim is to improve interactions between workers and employers, and their respective organizations, at enterprise level. We want to reduce conflict between them and increase cooperation.

Explain that industrial relations is concerned with the interactions between workers and employers and their respective organizations, as influenced by government, at work or arising out of the work situation. Indicate that this definition will be further developed during the session.

BODY

Indicate that we will explain industrial relations by reference to a simple 'input-output' model involving four parts, namely, inputs, process, outputs, and outcomes.

Show OHT/1/1. **Explain** that **inputs** are transformed into **outputs**, through some **process**. The **outputs** result in **outcomes** that can either be satisfactory (harmonious relations) or unsatisfactory (conflict.)

Start with an explanation of the **inputs**. The inputs are comprised of

- the actors. There are three actors or parties, namely, workers and their organizations, employers and their organizations, and government at various levels. The actors have different amounts of **power** and frequently different **ideologies**.
- the environment in which they interact.

Show OHT/1/2. **Explain** that the seven boxes represent the seven key actors in the system, namely,

- the individual worker
- the individual employer
- a single trade union
- a single employers' organization

- a trade union federation
- an employers' federation
- government

Start with the individual interactions between an individual worker and his/her employer. The employer may be an individual person, a company, a partnership. **Explain** that the relation between the individual worker and the employer is based on a contract of employment. This is a legally binding agreement between the worker and the employer that sets out the rights and obligations of each party. But the government is indirectly involved in this contract because it sets minimum standards concerning pay, allowances, holidays, hours of work, safety and health, and various other matters depending on national practice. **Stress** that this is an individual interaction between a worker and an employer.

Explain that it is also possible for workers to join a trade union or workers' organization and, thus, **collectively**, interact with their employer. The union or association may be an in-house or enterprise level organization or, alternatively, may have **external** affiliations. **Stress** that workers have the right to form and join trade unions of their choice and that this right is protected by the constitution and national legislation.

Explain that employers also have the right to join an association or organization to further their interests. Give examples, such as a garment manufacturers' association, hotel association, or bankers' association. The right of employers to join an association of their choice is also protected by the constitution and national legislation.

Indicate that this could lead to interactions between workers' organizations and employers' organizations, **outside** the enterprise. This represents a **collective** interaction, but at industry rather than enterprise level.

Explain that workers' organizations may affiliate to form a national federation of trade unions. In some countries, there is more than one such federation! Employers' organizations may also form a national federation. **Indicate** that such bodies can interact, collectively, at **national** level.

Explain the role of **government**. It interacts with the other actors at **all** levels. **How**?

- It interacts with **individual workers** through
  - the contract of employment
  - social security contributions
  - social security benefits
  - taxation payments
  - labour administration services (e.g. labour inspection, employment services)
- It interacts with individual employers through
  - the contract of employment
  - social security contributions
  - labour administration services (inspection, safety and health, employment services, labour market information)
  - taxation payments
- It interacts with workers' organizations/trade unions and employers' organizations through
  - registration procedures
  - scrutiny of financial affairs
- It interacts with workers' and employers' federations through
  - registration procedures
  - scrutiny of finances
  - policy consultations
  - joint programmes

Stress a number of points concerning the interactions that take place in industrial relations

- They take place at different levels
- They can be collective or individual
- They can take place within organizations as, for example, within a trade union, or within an employers' organization. (These 'internal' interactions may take the form of power struggles, differences of opinion, faction-fighting.)

Stress also that the nature of the interactions in industrial relations will depend on

- The **power** of the actors. For example, a union with just a few members, few subscriptions, and limited finance, has virtually no power. A union with all workers in an enterprise as subscribing members will be much stronger. A union with international affiliations can be very strong.
- The **ideology** or **beliefs** of the actors. For example, if a union is driven by a belief in socialism and an employer is committed to the principles and practice of capitalism, there is some scope for conflict on ideological grounds. If a union and an employer both believe in capitalism, ideological disputes are not likely. It is still possible, however, for disputes to occur concerning the sharing of the proceeds of production under the capitalist system.

Explain that the **environment** in which the actors operate is another important **input** in the industrial relations system. The environmental factors include

- The political environment

  Is it supportive of trade unions?

  Is it pro-employer?

  Does it support consultation, openness and transparency.
- The legal environment

  Is it highly interfering, meaning that the government always seeks to take control?

  Is it a framework environment in which the government establishes the broad rules and allows employers and workers to work out the details?

  Does it support freedom of association and collective bargaining?
- The economic environment

  Is the economy strong and growing, or weak and contracting?

  Is unemployment on the increase?

  Are enterprises closing, leading to retrenchments?

  Is inflation increasing?

  What sectors are expanding and contracting?
- The technological environment

  Is there an emphasis on labour intensive or capital intensive production methods?

  How skilled is the workforce?
- Social and cultural environment

  What are the traditional ways of resolving conflict?

  Is there an emphasis on competition and winning, or on cooperation and compromise?
- Religious environment

  Is there a tendency for religious beliefs to influence industrial relations interactions?

  Have labour laws been influenced by religion (e.g. Shariah Law)

Summarize the **inputs** by showing OHT/1/3. **Explain** how the actors and the environment combine and interact to make up the **inputs** of an industrial relations system at national, industry and enterprise levels.

The process

Show again OHT/1/1. Highlight the part of the OHT that refers to the process. **Explain** that this refers to two things, as follows:

- The **number** of parties or actors that are interacting,
- The **quality** of those interactions.

The number of parties can be explained as follows.

- One party dominates. This means that there is **no** interaction at all – one party tells, the other follows. For example, the employer changes the shift roster without any discussion with workers, or the employer tells the workers they must work overtime to hold their jobs. It could also refer to the government changing the level of minimum wages without any consultation with workers or employers, or government unilaterally changing the laws on maternity benefits. There may be cases of unions telling employers that they refuse to work until the workplace is made safe.
- Two parties interact. This is usually workers and employers coming together in bi-partite discussions and bargaining, but may also refer to interactions between government and employers, and worker and employers. Collective bargaining, leading to agreement between the parties, is the main form of bi-partite interaction but it may also include two parties discussing problems in a process of consultation without this leading to a formal agreement.
- Three parties interact. In this case government, workers and employers come together in a tripartite body to discuss problems and issues. The most common outcome is advice, usually to government, to enable it to make better decisions as a result of receiving the viewpoints of workers and employers. Such interactions do not result in legally binding decisions, and are usually initiated by government unless employer and worker organizations are powerful enough to insist that the government consult with them.

Show OHT/1/4 to summarize the interactions between the parties covering unilateral, bipartite and tripartite processes.

The quality of interactions refers to the extent to which the interactions are sincere and in good faith. For example, some interactions are synthetic and superficial with the parties not really committed to learning from each other. In this case the interactions are cosmetic and have no tangible result. For example, government may to decide to discuss a revised labour law with employers and workers, after it is in final form. In this case the consultations are meaningless because the government has reached a final position before consultations take place.

The interactions between workers and employers in a collective bargaining situation can also lack sincerity as, for example, where the workers have made up their mind before negotiations commence to go on strike as a show of power. Similarly, management may agree to negotiate with workers but adopts an unreasonable and fixed position, and has no intention of making even the smallest concession. Such interactions have a low level of commitment to true and real interaction.

Alternatively, the interactions may be driven by a desire to find a better result, with all parties placing a high value

on the interaction process because they have confidence in its outcomes. For example, government may initiate consultations with workers and employers at the very start of the law revision process because it believes the final outcome will be better as a result.

Workers and employers may enter a bargaining situation willing to make compromises, and be prepared to move from their initial positions to enable a mutually acceptable solution to be generated. This is an example of interaction based on respect and a willingness to compromise.

The output

Show again OHT/1/1. Highlight the part concerning outputs. **Explain** that the output is the immediate product of the interactions between parties. **Explain** that the outputs are the rules. **Stress** that industrial relations is a "rule-making process."

Explain that there are two types of rules, namely

- **substantive** rules
- **procedural** rules.

Explain that substantive rules are those with a clearly measurable content. Examples of substantive rules include the following:

- Wages will be increased by 5% commencing next month.
- Workers will receive two additional days annual leave.
- Overtime rates will increase by 10%.
- 50 workers will be made redundant.
- The probation period will be 3 months.

Explain that procedural rules concentrate on how things are to be done, rather than the actual detail of a particular rule. Examples of procedural rules include the following:

- There will be a new grievance procedure in the enterprise.
- All disputes will be referred to a conciliator in the first instance.
- Rights disputes will be referred directly to an arbitrator.

The outcome

Show again OHT/1/1. Highlight the part concerned with **outcomes**. This refers to the result or final impact of the interactions between the parties. It refers particularly of the reaction of the parties to the **outputs** or **rules**.

If the rules are **accepted** by the parties, there will be harmony and cooperation. If the rules are not accepted by all parties there will be conflict, discord, disagreements and possibly labour disputes. If there are disputes they will have to be resolved by

- negotiation and bargaining
- conciliation
- mediation
- arbitration
- adjudication

Summarize the input-output model by asking the following question.

> "If the outcome of the system is not acceptable, what needs to be done?" Refer to OHT/1/1.

If the outcome is not acceptable, it is necessary to change the outputs or the rules. In order to change the

rules, we must

change the inputs

change the process

change both the inputs and the process.

Ask what does all this mean for enterprise-level industrial relations?

We have to get the rules right!! If the rules are not accepted there outcomes will lead to disruptions.

How do we get the rules right?

We must strengthen the inputs, namely worker representatives and managers, by building their knowledge and skills, and encouraging attitudes directed towards increased cooperation. This involves building both abilities and willingness.

We must strengthen the process. This involves

more sharing of information

new structures to facilitate consultations and discussions

encourage consultation and joint-problem solving

encourage negotiation and collective bargaining.

CONCLUSION

Explain that industrial relations is concerned with interactions between workers, employers, (and their organizations) and government, arising at and out of the workplace.

Stress that these interactions are complex, but manageable. It works best when the parties are

- informed
- committed to harmonious relations
- willing and able to discuss their differences
- willing and able to compromise.

Training for all parties at enterprise level will make a difference, particularly if supported by systems and procedures to ensure that new knowledge and skills are multiplied throughout the enterprise.

Stress that industrial relations in a market economy accepts and recognizes that workers and management have a separation of interests. This is seen as legitimate. But this separation of interests does not have to mean constant conflict. Both parties can work together to resolve their differences and reach a common understanding. The conflicting interest creates the need to discuss and negotiate – the common interest creates the means to reach compromise and agreement.

OVERHEAD TRANSPARENCIES

OHT/1/1	Input-output approach to industrial relations.
OHT/1/2	Industrial relations actors
OHT/1/3	The actors and the environment
OHT/1/4	The industrial relations process

QUESTIONS FOR DISCUSSION

1. Define the term "industrial relations"? What is the difference between 'collective industrial relations' and 'individual industrial relations?'
2. "The role of government in industrial relations should be to intervene but not interfere." What does this mean? Do you agree?
3. How does the economic environment have an impact on industrial relations? Give some specific

examples.

4. Is a deteriorating economic environment likely to lead to more or fewer labour disputes? Why?
5. What is the source of power of trade unions in industrial relations? How can this be strengthened?
6. What is the likely impact of new technologies on industrial relations in Indonesia?
7. What is the likely impact of globalization on industrial relations in Indonesia?
8. Explain the difference between consultation and negotiation in industrial relations.
9. In industrial relations, what is the common interest between workers and their employer? What is the conflicting interest?

2. THE LEGAL FRAMEWORK

INTRODUCTION

Explain that the interactions in industrial relations are influenced by the legal framework in which those interactions take place.

Explain that it is not possible to understand industrial relations without an understanding of this legal framework. **Indicate** that it is not necessary to be a lawyer to understand and work in this legal framework, but on occasions the assistance of lawyers with experience in labour law is helpful and necessary.

Explain that in a democratic society the legal framework is an expression of the standards and rules that particular society finds acceptable. Thus legal frameworks change as society and its empowered representatives change.

Explain that in a democratic society there is usually a distinction between **policy intentions** and **legal enactments**. **Policy** represents what a society would like to achieve. It consists of **guidelines** that tell us what we want to achieve, but without these guidelines becoming legally binding.

Give some examples of policy statements.

> "We will encourage a system of workplace cooperation in enterprises, with a view to decreasing labour disputes and increasing labour productivity."
>
> "There will be a system of private conciliation to complement and support conciliation services provided by government."

These are both statements of intent. They tell us what the government would like to achieve. They provide

guidance for future action, but do not indicate the specific steps to be taken to achieve the policy objective.

Explain that laws refer to the various rules and standards that have to be formulated and applied in order to bring policy intentions to life. They are legally binding and are supported by a system of enforcement and compliance.

Stress that we are interested in the legal framework that applies to industrial relations at enterprise level. This requires, however, an understanding of the legal framework in general, and the overall industrial relations framework in particular.

BODY

Outline the general legal framework that applies in Indonesia. There is a distinction to be made between two main bodies of law, namely,

- criminal law
- civil law.

Explain that **criminal law** covers relations between the State and individuals or groups in that society. These are laws that bring order to society in general – rules concerning theft, murder, treason, assault, arson. People who do these things tend to upset the good order of society and, as a result, the State takes legal action against such persons with the aim of **punishing** them.

Explain that the State **prosecutes** an individual or group with the aim of **punishing** him/her/them because they have done something to disturb the good order of society as a whole. The main forms of punishment are a fine, a term of imprisonment, or some form of community service.

Explain that most aspects of industrial relations fall outside criminal law. The relation between a worker and an employer is a contractual relationship that normally falls outside the criminal law. It is possible, however, for an employer to be **prosecuted** for failing to comply with labour laws (e.g. dangerous working environment, persistent failure to pay the stipulated level of wages.)

It is also possible for individual and collective industrial relations to spill over into criminal law.

> For example, if a manager assaults a worker for a perceived failure to meet the required standards, that worker can file a criminal charge against the manager. In such a case, the State would prosecute the manager and, if found guilty, the manager would be punished (fined, imprisoned, probation, community service.)
>
> If a worker steals property from the enterprise, the enterprise can file a criminal charge against the worker. The State would **prosecute** the worker for the alleged theft. If the worker is found guilty he/she would be punished.

Explain that **civil law** is concerned with disputes between individuals. The State is not normally a party to such disputes but provides the institutional arrangements (courts and judges) to hear the case.

One individual/party **sues** another individual/party for compensation for losses suffered. The aim is compensation usually in the form of monetary compensation, not punishment. The **plaintiff**, the party bringing the legal action) **sues** a **defendant**.

Most industrial matters are part of civil law. For example, a worker claims he is paid less than the amount agreed under a contract of employment. The employer refuses to pay. If they cannot solve this by themselves the worker (plaintiff) could sue the employer (defendant) for compensation (loss of wages).

Sources of Law

The rules concerning industrial relations come from a number of different sources.

- The Constitution
- International treaties
- Statutes (laws and decrees enacted by parliaments or national assemblies)
- Regulations, orders and directives issued by a minister under the powers provided in a statute
- Common law (rules derived from case law in which the decision in one case serves as a precedent for a similar case)
- Custom and practice (unwritten rules that apply and are accepted in a particular industry or type of work),
- Collective agreements, that are written and legally binding arrangements between a group of workers and an individual employer, or an agreement between a group of workers and a group of employers)

The contract of employment

The most important aspect of the industrial relations legal framework is the contract of employment.

A contract of employment is a legally binding between a worker and an employer that sets out the terms and conditions of employment (e.g. hours of work, wages, leave) and sometimes the procedures to be followed if there is a dispute between the parties.

Explain that the contract of employment may be either **written** or **oral**, depending on national requirements. For a contract of employment to be valid and binding

The parties must have an intention to enter into a legal relationship (rather than a social arrangement that is not legally binding)

The parties must agree. Their "minds must meet".

The parties must have legal capacity, usually based on age or a person's mental state.

There must be good faith on the part of both parties, meaning no fraud or deception.

There must be a legal purpose. For example, a contract of employment to commit a robbery is not valid.

There must be clear terms.

Explain that national labour laws have a special significance for a contract of employment. Labour laws set standards concerning, minimum wages, maximum hours of work, minimum holidays, leave and allowances. A contract of employment cannot, therefore, include terms that are below these standards.

For example, if the maximum working hours (excluding overtime) stated in the labour law is 48 hours per week, the worker and the employer cannot agree on a period of 60 hours.

For example, if the minimum wage is 250000 rupiah per month, the employer and the worker cannot make a contract for 170000 per month.

Stress that the labour law provides minimum standards to protect workers. These cannot be eroded or diminished by the agreement of the parties. The same applies to collective contracts of employment or collective agreements. The parties can negotiate better conditions than those established by law, but nothing below the standards set by law. The parties, however, can agree on things where the law is silent including, for example, special allowances, bonuses, training.

You and the legal framework

Worker representatives and managers must know the legal framework in which they operate. This means a good knowledge of

- labour laws and their regulations (Manpower Protection and Development Act, Trade Union Act, Dispute Settlement Act)
- the parts of the constitution concerning labour and individual rights
- any collective agreements.

Workers and managers cannot be expected to know every detail of these laws. But they should have good knowledge of the main articles or sections, and have copies of relevant laws readily available.

Issues concerning employment contracts.

There are many issues in industrial relations that stem from the contract of employment. These include the following.

Is a worker an employee or self-employed?

Contracts of employment are contracts of service between an employer and an employee and are covered by national labour laws. Contracts between an employer and a person who is an independent contractor are contracts for service and is not covered by national labour laws. These are not employment contracts, they are commercial contracts governed by different laws.

Thus, a person may be a worker but not protected by labour laws because he/she is self-employed, not an employee.

Written, oral and implied contracts

A contract does not have to be written to make it legally binding. It may be a verbal contract or even one created by the conduct of the parties. It is better, of course, if it is written because the terms can then be verified and disputes resolved more easily.

Contracts with family members

Sometimes an employer will claim that the people working for him/her are not employees as such, but members of his family. If they are family helpers we have to decide whether they are covered by an employment contract and thus protected by the labour law.

When can a contract of employment be terminated?

This is a major issue in industrial relations and is the subject of many disputes with the most common complaints being that the employer terminated the contract unfairly.

Explain that a contract can be terminated before its completion date provided

- it is done in accordance with the law
- it is done in accordance with the procedures of the contract itself.

Two areas of concern when a contract is terminated are

- Was the termination fair?
- What payments are to be made on termination?

  For example, if a worker is caught stealing money from an employer and the employer dismisses that worker on the spot, the contract has been terminated? Is it fair? What payments can the dismissed worker claim?

  For example, if a worker is dismissed for being

regularly late for work, the employer has terminated the contract. Is this fair? What payments can the worker claim?

For example, if a worker is dismissed for being involved in union activities, the employer has terminated the contract. Is this fair? What payments can the worker claim?

CONCLUSION

Explain that both collective and individual industrial relations are based on the contract of employment, as defined in national labour laws. The contract of employment establishes the minimum standards that governs the employment relationship.

Explain that workers can seek better terms and conditions than those provided in the labour law by negotiation and bargaining for better allowances, wages above the minimum, hours below the maximum, better overtime rates.

Explain that disputes arise when either or both parties fail to meet their obligations under the contract. Some of the issues under dispute require a degree of interpretation as, for example, misconduct, wrongful dismissal, terminal benefits. These disputes are usually individual disputes over existing **rights**. They are usually settled by finding out the facts, examining evidence, and deciding who is right or wrong.

Explain that other disputes occur over the negotiation of **future** contracts of employment, over the terms and conditions which will apply in future. This type of dispute is usually resolved by bargaining or conciliation.

QUESTIONS FOR DISCUSSION

1. Explain the difference between criminal and civil law?
2. What 'tests' can we apply to decide whether a contract is one **of** service or one **for** service? Why is the distinction important?
3. On what grounds can a contract of employment be legally terminated in Indonesia? What payments is the worker entitled to receive in each case.
4. What is a collective agreement? What pre-conditions must exist if a collective agreement is to be made?
5. What is a contract of employment? What elements must be present if a contract of employment is to be legally binding?

3. THE ECONOMIC FRAMEWORK

Explain that industrial relation requires an understanding of three main areas of knowledge. These are law, economics, and human relations. **Show** OHT/3/1 to illustrate these interactions.

Explain that this session is concerned with acquiring a basic knowledge of the economic process a means to a better understanding of the interactions that take place in industrial relations. **Stress** that an understanding of industrial relations does not mean that you must be a professional economist, or a lawyer, or a psychologist, or a sociologist. Some knowledge of these disciplines, however, is useful and help improve the practical aspects of interaction.

Stress that this session is concerned with increasing or knowledge of the nature of the economic process, and the way in which the economic system works at enterprise level.

Explain that in simple terms economics is concerned with the nature of the production process.

What goods and services are produced?

Why these particular goods and services?

What quantities are produced?

How are they produced?

Where are they produced?

Who benefits from the production of goods and services?

Explain that the production of goods and services requires resources – "things that can be used to produce other things." Give some examples. Wheat is used to produce flour, iron ore is used to produce steel, people are used to produce garments, robots are used to produce vehicles.

Explain that economics is concerned with using these resources (also known as **inputs** or **factors of production**) effectively and efficiently. We want to make the best use of our scarce resources. Resources are limited and thus we must make decisions as to how they can be utilized in the best way.

Explain that we need to have an understanding of economics at the national or aggregate level (known as macro-economics) as well as at the level of the individual enterprise (known as micro-economics.)

BODY

Show OHT/1/1which illustrates the relation between inputs, processes, outputs and outcomes. **Explain** that we can use this approach to examine the economic process at both macro- and micro-levels.

Macro level

Explain that at the national or aggregate level, the inputs are the factors of production commonly referred to as land, labour, capital and information.

Land includes all natural resources, both above and below ground, as well as marine resources.

Labour refers to the human resource at all levels, including skilled and unskilled labour, technical and professional workers, managers and shop-floor workers, self-employed persons, young and old workers, men and women workers.

Capital refers to finance and man-made equipment, machinery, buildings and infrastructure.

Information in both traditional and modern forms.

Explain that these resources are then **processed**, meaning they are then brought together and managed in some way to produce goods and services. At macro-level the management of resources is influenced by government policy – fiscal policy, monetary policy, labour policy, social policy.

Explain that the output at national level is the total amount of goods and services produced. This can be measured in physical units but they can only be aggregated if we measure them in money terms. This is known as the Gross Domestic Product (GDP) – the total value of goods and services produced in a country in a given period, usually one year.

Explain that the outcome of the production process is concerned with how the GDP is shared or distributed in a country.

Who receives the benefits?

What share goes to workers?

What share goes enterprises?

What share goes to non-producers (welfare recipients, unemployed)?

What share goes to paying off debts?

How much is used on expenditure of goods and services?

How much is spent on machinery and equipment (investment)?

Summarize this section on macro-economics by referring to the main issues of concern to all parties.

- Gross domestic product
- Average income per head
- National debt
- National productivity
- Taxation
- Exports and imports
- Foreign exchange rates
- Foreign investment
- Balance of trade
- Balance of payments
- Unemployment levels
- Wage policy, including minimum wages
- Inflation
- Interest rates
- Budget deficits
- Budget surpluses

Explain that many of these things will have an impact on enterprises. They will also have an impact on enterprise level industrial relations. Give some examples.

Example. The government decides to increase interest rates. This will increase the cost of borrowing to enterprises and, thus, may reduce its profit levels. This, in turn, may reduce its capacity to pay additional benefits to workers.

Example. The inflation rate increases (meaning that the general level of prices increase.) This could lead to a demand by workers for an increase in wages to compensate for their reduced purchasing power. Management may reject such a claim by saying "inflation is beyond our control. It is due to external forces and is a government responsibility." This could lead to conflict between workers and management and, possibly, result in a dispute.

Example. The nation's currency is devalued. This means that the rupiah loses value in relation to other currencies. (For example, $1 = 5000 rupiah, but after devaluation $1 = 8000 rupiah.) This means

that buying imported materials will be more expensive in terms of rupiah. This increases production costs and could mean that the enterprise is less competitive. This could result in downward pressure on wages and profits, and possibly job losses in the longer-term.

Example. The government increases indirect taxes on goods and services. Workers claim they are now worse off because they have lost purchasing power. They claim additional wages from employers to compensate for the reduction in purchasing power. Management refuses, saying it does not have the capacity to pay for wage increases.

Micro economics

Explain that microeconomics is concerned with an analysis of the production process at enterprise level. **Show** again OHT/1/1 illustrating the relation between inputs and outputs, but this time at enterprise level.

Explain that the **inputs** are

Labour including workers at all levels

Management covering employees with responsibility for the work of others, as well as their own work, including supervisors, middle and senior managers

Finance including borrowed funds as well retained earnings

Equipment, tools, machinery, buildings and vehicles

Raw materials

Infrastructure facilities including water, power, fuel, telecommunications.

Explain that the **process** involves managers at all levels coordinating and supervising the use of resources to see that they are used to the best advantage of the enterprise and its stakeholders. This involves planning, communicating, monitoring, supervising, leading, motivating, and rewarding. These processes involve interaction between management and workers at all levels. The nature of these interactions influences the quality of industrial relations within the enterprise. This requires a consideration of the prevailing management style (authoritarian, participatory, consultative) and the communication system and its application (one-way, two-way, multi-channel.)

Explain further that the process can choose between labour-intensive methods or production methods based on the use of equipment and high level technology. The choice of technology can influence the quality of industrial relations, particularly where it is relatively easy for management to replace labour-intensive methods with ones that are more capital intensive.

For example, if an enterprise introduces new machinery this could lead to a reduction in the number of workers. This could lead to conflict over whether redundancies are, in fact, necessary, whether redundancies can be avoided, and the compensation packages for any workers who are eventually declared to be redundant.

Explain that the output of the enterprise refers to the total quantity produced or, more commonly, the total value of that production. **Explain** further, that the actual value of output is not the same as the sales revenue. Production has to be sold before the enterprise can receive revenue and make profits.

Explain that we need to look beyond the total output by considering the inputs that were required to produce it. This relation between output and input is known as **productivity**. We are particularly interested in **labour productivity**.

How many units of output are produced by each

worker per hour, per day, per month? This is an important measure because it might be used as a basis for setting or negotiating wage increases.

Labour productivity is sometimes measured by calculating unit labour costs. This refers to total labour costs divided by total output, where labour cost is calculated by multiplying the number of workers by individual wages and other benefits.

If labour productivity is to be used as a basis for wage determination, it is important that the parties agree on the actual method of **measuring** labour productivity.

Explain that the **outcomes** of the production process at enterprise level refer to the benefits that are shared.

Who gets what?

How are the benefits shared?

Explain that this involves the calculation of profit. This is done as follows.

Sales revenue

Less Costs of production

Equals Gross profit (or loss)

Less operating costs

Equals net profit (or loss)

Explain that most labour costs are included as a direct cost of production. Wages and salaries for administrative staff are usually included in operating costs.

Explain that most benefits for workers (wages, allowances) are paid before profit is calculated. If profits are made, these will be used to pay tax and dividends, or retained to finance future expansion of the business. They can also be used a source of bonus payments for workers, based on their performance. Profits are also seen by workers as the means to pay future wage increases. This, however, may not always be the case. For example, one year of profit after several years of losses does not necessarily mean the enterprise has "capacity to pay."

Explain that the financial outcomes of the enterprise are contained in two main documents, namely,

- The **balance sheet** which shows the assets, liabilities and the net worth of the enterprise on a particular date,
- The **revenue and expenditure statement** which shows income and expenditure and profit or loss over a given period, usually one year.

CONCLUSION

Show again OHT/1/1. **Explain** how this can be used to explain the economic process at both macro and micro levels. **Explain** again the meaning of **macroeconomics** and **microeconomics**.

Explain that industrial relations in the enterprise requires an understanding of the economic process at enterprise level. **Explain** that each part of the production process has implication for industrial relations in the enterprise. At the **input** stage, the quality (skill, training) and quantity (number of workers, number of union members) will influence the nature industrial relations interactions.

At the **process** stage, the style of management, the power of workers, and the institutional arrangements for interaction (consultative bodies, collective bargaining) will influence the nature of industrial relations.

At the **output** stage the productivity of labour will influence the overall level of production and, possibly, the rewards to be paid to labour.

At the **outcome** stage, the bargaining power of workers can influence the sharing of benefits for the **future**.

OVERHEAD TRANSPARENCIES

OHT/3/1 Law, economics and human interactions

OHT/1/1 Inputs, process, outputs, outcomes

QUESTIONS FOR DISCUSSION

1. Indicate the resources used in the production of garments. How might these resources be used more effectively?
2. The government finds it is spending more than it receives in revenue (budget deficit). What can it do to overcome this problem? What could be the impact of your suggestions on enterprise-level industrial relations?
3. What is the possible effect on enterprise-level industrial relations if the rupiah loses value against other currencies. What if it gains value?
4. When negotiating wage increases, should workers focus on

   sales revenue

   gross profit

   net profit

   labour productivity? Why?
5. In assessing the health of an enterprise, what financial statements would you wish to see? What would you look for in those statements to assess whether the enterprise is strong or not?

4. WORKPLACE COOPERATION

INTRODUCTION

Explain the meaning of workplace cooperation. A **workplace** is any location where the physical and mental efforts of individuals results in the production of a commodity or service. Examples include a factory, an office, a ship, a restaurant, a department store, a household employing servants. A workplace is not normally defined by physical size or number of employees. It is characterized by work effort for reward (wages).

Explain that cooperation means working together to achieve some common objective. In industrial relations it means workers and managers working together to produce an output from which they can both benefit.

Explain that the purpose of workplace cooperation is to find ways for workers and managers to work together to promote their common interests. Workplace cooperation has the following characteristics:

- It is bipartite, involving workers and the employer. There is no government involvement.
- It is voluntary.
- It does not require supporting legislation (although this may help in getting started).
- It may take place with or without trade unions.
- It requires open communication – talking, listening, sharing information.
- It is proactive. Workers and employers can take action to prevent problems from arising.

BODY

Ask why have workplace cooperation? What can it achieve? A system of workplace cooperation can contribute to

- increased efficiency, productivity and competitiveness (through management discussing with workers how to improve the production process)
- improved industrial relations through a stronger commitment to the common interest.
- an improved working environment – one that is safer and cleaner.
- increased job satisfaction through a willingness to consult and a stronger sense of belonging.
- better decision-making because of a willingness to share information.
- a faire distribution of the proceeds of production through consultation and negotiation.

Explain that these objectives appear obvious but, unfortunately, are not widely understood or accepted. It is necessary to educate workers and managers on these objectives, of the benefits to both employers and workers of workplace cooperation, and of the various forms it can take.

Forms of workplace cooperation

Workplace cooperation can take various forms ranging from simple approaches to information sharing (e.g. suggestion boxes and notice boards) to sophisticated forms of financial participation (e.g. productivity bargaining)

Information sharing. **Explain** that information sharing is the very basis of workplace cooperation. Without information sharing there will be very limited 'working together.' It is necessary for management to change its attitude towards information. It must change from a viewpoint that 'information is power' and thus must be protected, to a viewpoint that 'information is for sharing'. There may be some information that management seeks to retain as its right alone (e.g. managers'salaries and allowances) but, increasingly, management must be encouraged to share information that supports the common interest (e.g. production, sales, profits), including balance sheets and profit and loss statements.

Explain that information can be shared in various ways including

- mass meetings
- in-house newsletters
- meetings with union/worker representatives
- noticeboards
- public address system
- individual discussions
- training workshops

Consultation. **Explain** the meaning of consultation. It means two parties coming together to exchange information and ideas and to discuss issues, resulting in **advice** to management. Management retains the right to accept or reject the advice and thus take the final decision. **Explain** that consultation may be **direct** or **indirect**.

Explain that **direct consultation** means that management contacts workers individually or in small groups through questionnaires, suggestion boxes, group discussion, or ad hoc discussions with individuals. It usually takes place over things concerned with individual jobs such

as overtime, safety, training needs.

Indirect consultation refers to interaction between workers and management through formally constituted bodies (e.g. joint consultation committees with equal representation of workers and managers.) This type of consultation can take place on a regular basis and usually focuses on broader, longer-term issues of concern to the enterprise as a whole (e.g. the introduction of new technology, restructuring, plant closures.)

Collective bargaining. **Explain** that collective bargaining represents true power sharing. Workers and managers move beyond consultation and advice, to negotiation and agreement – agreements that are binding. **Stress** that

- collective bargaining usually involves trade unions, but need not;
- collective bargaining can cover whatever the parties agree to negotiate. This can cover many things other than the terms of employment including safety and health, and training.

Self-managed work groups. **Explain** that this form of workplace cooperation involves giving workers a high degree of autonomy over their work. Managers and workers cooperate to form autonomous work groups that then have a degree of freedom over how work will be performed, rest periods, group leadership, and allocation of tasks between group members. The efforts of managers focus on planning, training group members, performance standards, and remuneration criteria.

Financial participation. **Explain** that this is a way of involving workers in the benefits of their efforts but is not true workplace cooperation unless workers are actually involved in the planning and implementation of the scheme. The main forms of financial participation are

- payment-by-results under piece-rate schemes
- profit sharing schemes in which workers receive a share of final profits in addition to their normal wages and allowances
- productivity sharing in which workers share in the gains from increased output per worker **before** profits are calculated
- equity ownership in which workers become shareholders in the enterprise.

Workplace cooperation: How do we start?

Assume that an enterprise wishes to introduce a system of workplace cooperation. What steps should it take?

What is the current situation? The first step is to find out the current situation in the enterprise. Management should consult with workers and collect information on current performance.

What are our strengths?

What are our problems?

What could we do better?

This process of assessment is really a **performance audit**. It tells us about enterprise health (conflict, disputes, complaints, absenteeism, labour turnover, accidents, general efficiency), enterprise trust, management styles and communication systems.

It is essential that workers be consulted in the **performance audit** process.

What do we want to achieve? Once the enterprise has a clear and honest picture of where it is, it can then look ahead to the future. It can then set **goals** that can be pursued through various forms of workplace cooperation. It needs a **vision** for the future. Some examples of **vision statements** are

within a period of 6 months the overall labour

productivity of the enterprise will have increased by 15%;

within 4 months, a consultative mechanism between workers and management will be established and operational.

Once the enterprise has a vision (or a number of visions), it must be supported by a detailed plan of action. This indicates who has to do what and when to achieve the goals established in the vision.

Convincing others. **Explain** that having a vision and a supporting action plan is not enough. It will be necessary to convince others that the vision and action plan is worth supporting, that change is necessary.

Stress that some people resist change. Some managers and workers may fear that their jobs are at stake, that they will lose power or status, that they will be worse off in some way. This resistance to change can be overcome by

sharing information

educating others to the benefits of change

negotiating change and making concessions

involvement of those affected by the change

rewards for participation in the change process

providing sufficient time for people to adjust.

Implementing plans. **Explain** that this involves actually doing the things stated in the action plan. This involves leading, supervising, coordinating, consulting, motivating and monitoring.

Are we making progress? If not, why?

What is preventing us fro doing what we want?

How do we overcome the obstacles?

Evaluating results. At the end of the change process we must ask ourselves whether we achieved what we set out to do.

Did we achieve an increase in labour productivity of 15% in the stated time?

Has workplace cooperation improved and has it had positive results?

CONCLUSION

Summarize by showing OHT/4/1which outlines workplace cooperation in the form of a change cycle. **Explain** each step of the cycle. Give examples of each step.

Explain that the evaluation phase may show that we did not achieve all we set out to do, and thus we may need to start on a **new** cycle of change. Or it may be that we achieved what we planned but in the process identified other things that have to be changed.

OVERHEAD TRANSPARENCIES

OHT/4/1 Change cycle

QUESTIONS FOR DISCUSSION

1. "Collective bargaining is the best form of workplace cooperation." Do you agree? Why?
2. What are the essential pre-conditions in an enterprise if workplace cooperation is to be successful?
3. "Workplace cooperation is an attempt by management to reduce union power." Do you agree? Why?

4. "Financial participation is a very limited form of workplace cooperation because it focuses on outputs, not processes." Do you agree? Why?
5. Assume you are required to undertake a performance audit of an enterprise. What information would you collect? How would you collect it?

5. NATURE AND CAUSES OF CONFLICT

INTRODUCTION

Explain that industrial relations in a market economy is characterized by a separation of interests between workers and management. **Stress** that this is acceptable, legitimate and recognized.

Explain that the separation of interests between management and workers (between capital and labour) sometimes leads to conflict between the two parties. Sometimes this conflict will lead to a formal dispute: sometimes it can be resolved before a dispute takes place.

Explain that understanding conflict and thus understanding how to prevent and resolve it, requires a knowledge of

- what conflict is
- what forms it takes
- what causes it.

BODY

Ask what is conflict? **Explain** that conflict means disagreement, a state of opposition, a state of hostility, a fight or a struggle. Where the parties in conflict are workers and management, it is called industrial conflict or labour conflict.

Explain that some conflict has no apparent result or impact, but that sometimes it can have very serious consequences.

For example, if a worker is told by his supervisor that he is "lazy and useless" it can be expected that

the worker may resent this. He may, however, remain silent and continue to do his work, but vow to do as little as possible as a form of silent protest against the supervisor. There is conflict but it is below the surface. An outside observer would not find anything of concern.

The worker, however, may decide to take further action. He could complain to his shop steward and ask for disciplinary action against the supervisor. Or he might refuse to do any further work until he receives an apology. Or he may be so angry that he starts fighting with his supervisor.

Thus conflict can be either open or submerged. If it is open it can be seen in the form of specific action (fighting, complaining). If it is submerged there is no specific or obvious action and is thus more difficult to detect. But submerged conflict may come to the surface at a later date, with some specific action being taken for something that occurred in the past.

There are other expressions of conflict between workers and management that can serve as warning signals. If they are not addressed and resolved, specific action may result that turns the conflict into something more serious.

- **Increasing labour turnover**. **Explain** that this measures the period of time, on average, a worker stays with the enterprise. If the average is 3 months, this means the labour turnover is 4 times per year. This may be due to a range of factors – low pay, boring job, dirty environment. If the rate is considerably higher than for other enterprises in the same industry, it is possible there is some form of labour-management conflict that needs to be addressed. The specific action taken by workers is to leave the job, without complaint or dispute, and thus it is difficult to determine whether there is real conflict or not. But this is a sign that all is not well!!
- **Increasing absenteeism**. **Explain** that this is measured by the number of person-days per week/month/year/ when workers fail to come to work. Some of this may be for legitimate reasons (e.g. sickness) and high rates of labour turnover may not be an indication of labour-management conflict. But an **increase** in the rate may be a warning sign. There is no formal complaint or specific action from workers, other than the fact that they do not come to work for unspecified reasons, but it is possible that there is some submerged conflict that has not been identified but has to be addressed.
- **Increasing lateness**. **Explain** that this is another possible form of submerged conflict. More workers turn up late for work, and more often. An increase in the number and frequency of late-comers may be due to a variety of factors but some form of submerged conflict should not be ruled out.

Individual and collective conflict

Explain that some labour-management conflict is of an individual nature. This means that one worker is in disagreement with a supervisor or manager over quality of finished product, time-keeping, or toilet breaks. In many cases this type of conflict has no evident or identifiable outcome. Words are exchanged, there is disagreement, but work continues possibly with more tension than before. The worker is reluctant to proceed any further, possibly for fear of losing his/her job.

Sometimes, however, individual conflict goes further. For example, a worker is dismissed for poor performance. The worker complains that this is due to a faulty machine,

but management disagrees. The worker lodges a formal complaint with the Labour Office. This is an example of a conflict escalating into a dispute, because the worker has taken specific action that can no longer be ignored.

Stress that much individual conflict is due to misunderstandings. For example, a worker may disagree with management over the calculation of pay. There is conflict. But the conflict is resolved by the worker and management talking together – the calculations are explained, the figures checked and the conflict is resolved. The misunderstanding is overcome because the enterprise has an internal communication system to handle problems of this type.

Collective conflict. **Explain** that a group of workers or, indeed, all workers in an enterprise may be in conflict with management over an issue that affects them all (e.g. shift rosters, safety and health in the workplace, late payment of wages, forced overtime, future pay increases, closing the enterprise or a section of it, redundancy payments.)

A typical example is conflict over future wages. Workers may demand an increase in wages and allowances of 12%, and management offers an increase of 2%. There is disagreement, there is conflict. This type of collective conflict can be followed by industrial action that may take several forms.

Ban, meaning that workers refuse to undertake some types of work.

Go-slow, where workers reduce their work effort and output but without stopping work.

Strike, which means a stoppage of work by workers. Workers still consider themselves to have a contract of employment with a right to return to their jobs once the strike is over.

Lock-out, which means the temporary closing of the enterprise by the employer, thereby preventing workers from doing their jobs.

Explain that industrial action in these forms is usually, but not always, accompanied by a formal statement of intention that transforms the conflict into a dispute. In this case there is a progression from conflict, to industrial action, to dispute. **Show** OHT/5/1 to illustrate this progression.

Stress that industrial action can be

- organized (a planned strike) or spontaneous (walking off the job, refusal to work),
- collective or individual
- overt (strike, lockout) or covert (sabotage)
- legal (in accordance with the law or agreed procedures) or illegal (not in accordance with procedures established by law.)

Different types of disputes

Explain that conflict can lead to a dispute. It is necessary to distinguish between **rights disputes** and **interest disputes**. Indicate tha the distinction is important because of the different ways of resolving each type of dispute.

Rights disputes are concerned with existing benefits/ rights as established by labour law, individual contract of employment, collective agreement or existing work practices. These disputes are usually individual disputes.

For example, the law indicates a worker is entitled to a minimum wage of $3 per day. At the end of the month the employer pays $2 per day.

This is a rights dispute because it concerns the right of the worker (by labour law and the contract of employment) to receive $3 per day.

Ask what is the best way to resolve such disputes?

(Refer to the session outline on preventing and resolving conflict.)

Interest disputes are concerned with disagreements over future benefits. They are usually collective disputes and frequently result when negotiation and bargaining is deadlocked.

For example, workers demand and increase in wages of 15%. Management offers an increase of 5%. The negotiations become deadlocked and workers go on strike.

This is an interest dispute because it is over benefits to be paid in future.

Disputes over unfair labour practices

Explain that in some countries disputes over unfair labour practices are identified as a special type of dispute. Such disputes arise from the actions of the management of an enterprise that discriminate against workers for being trade union members, or for participating in trade union activities. **Stress** that these disputes are usually individual disputes and are a special type of **rights** dispute.

Recognition disputes

Explain that recognition disputes arise when the management of an enterprise refuses to recognize a trade union for the purposes of collective bargaining. These are collective disputes and are another special type of **rights** disputes.

Causes of disputes

Explain that some disputes are caused by factors **external** to the enterprise, including the following:

- Government policies that result in increased inflation, increased unemployment, changes in the law.
- Political issues (e.g. support by trade unions for particular political candidates or parties)
- Other enterprises as, for example, where one enterprise pays higher wages than others and this has a spill-over effect on other enterprises.
- Sympathy strikes where workers in an enterprise where there is no dispute, decide to go on strike in support of workers in another enterprise.

Explain that other disputes are caused by **internal** factors including the following:

- Wages (e.g. under-payment, late payment, refusal to increase)
- Bonuses (e.g. non-payment or reduced payment of bonuses that are seen by workers as a right.)
- Payment of over-time rates at less than rates provided by law.
- Forced over-time.
- Unfair dismissals (e.g. for worker involvement in union affairs)
- Non-recognition of unions for bargaining purposes.
- Unsafe and unhealthy working environment.
- Excessive hours of work, limited rest breaks.

CONCLUSION

Explain that conflict can frequently be resolved by good communication and a willingness to discuss problems. Hostility disappears and cooperation resumes.

Explain that some conflict leads to industrial action and labour disputes. The conflict thus becomes formalized

and remains until the dispute is resolved.

Stress that it much better to prevent disputes than resolve them. This requires that workers and management identify **potential** conflict and take steps to eliminate it by information sharing, discussion, consultation and negotiation.

Stress that conflict that is not addressed and resolved leads to mistrust and further conflict!

OVERHEAD TRANSPARENCIES

OHT/5/1 Conflict, action and disputes.

QUESTIONS FOR DISCUSSION

1. What are the main causes of labour disputes in Indonesia?
2. Explain the difference between a rights dispute and an interest dispute, based on your experience in Indonesia?
3. What conflicts, as distinct from disputes, are common in Indonesian enterprises? How could these be prevented?
4. What should be the role of government in dispute prevention and settlement?
5. "In Indonesia, the separation of powers between workers and management is legitimate and recognized." Discuss.

6. PREVENTING AND RESOLVING CONFLICT

INTRODUCTION

Explain that conflict means disagreement, that workers and management oppose each other, that they are hostile towards each other.

Sometimes this conflict is easily resolved as, for example, where it is based on misunderstanding or poor communication. Once the misunderstanding (e.g. over the calculation of pay on a pay slip) is removed the conflict is overcome, and the parties can resume their normal cooperation towards each other.

Explain that when conflict arises two issues have to be considered.

- How could we have prevented conflict from arising in the first place? For example, there would be no conflict about work accidents if workplaces were safe and healthy, and in accordance with the standards required by law.

  The emphasis on prevention requires us to learn from our mistakes. As well as asking "How could this particular conflict have been avoided?" we need to ask "How can we prevent similar conflict from arising again?"
- How can we **resolve** the conflict quickly and fairly? This requires that a distinction be made between **settling** and **resolving** conflict. Settling conflict means that the conflict is 'thought' to be over because someone has said it is finished.

  For example, a teacher tells two students to stop fighting, and they obey. The conflict is over for the time being, but it has not been resolved.

For example, a judge gives a ruling in a damages case. Neither party is happy with the decision. The matter has been settled, but not really resolved.

Resolving conflict means that it comes to an end in such a way that all parties are committed to the outcome. The conflict is **really** over.

BODY

Start by talking about the **prevention** of conflict. This involves a consideration of three main approaches, as follows:

- Labour inspection
- Workplace cooperation
- Bargaining and negotiation

Labour inspection

Explain that labour inspection is concerned with protecting working conditions and making workplaces safe and healthy. It covers three main areas, namely,

general inspection (terms of employment such as wages, hours, overtime hours, leave, allowances)

safety inspection (machine safety, materials handling, hazardous substances, electricity, fire)

occupational health inspection (noise, dust, illumination,temperature)

The purpose of inspection is to protect workers and prevent problems arising by ensuring **compliance** with labour laws and labour standards. This is done by

- informing employers and workers on the content of laws,
- advising employers and workers on what needs to be done to comply with the law,
- enforce laws through the application of penalties.

Explain that the emphasis in modern inspection is on **prevention**. The aim is to protect workers, not punish employers.

Example. Workers complain that they are being paid less than the minimum wage. The labour inspector checks the pay sheets and indicates to the employer that the wages paid are incorrect. The inspector explains to the employer that wages are underpaid and, after discussion, the employer admits the error. The employer then pays the correct amount, including back pay. The work of the inspector has prevented further conflict by explaining to the employer his legal obligations.

Example. Workers complain about the high level of dust in the factory. The labour inspector checks the working environment and advises the employer to install an exhaust ventilation system. The employer agrees, and proceeds with the installation. The inspector has presented further conflict by advising the employer what has to be done to comply with health standards.

Workplace cooperation (See also Session 4)

Explain the meaning of workplace cooperation. It involves workers and management working together to promote their common interests. **Outline** the characteristics of workplace cooperation. **Stress** the characteristics of workplace cooperation - it is bipartite, voluntary, proactive, low risk, and can take place without trade unions.

Explain the benefits of workplace cooperation and the main forms it can take. **Stress** that the main advantage of workplace cooperation is that it is entirely within the

control of the enterprise. There is no government intervention, no external influences. The parties can do it by themselves!

Bargaining and negotiation

Stress that bargaining and negotiation are not only ways of setting the terms and conditions of employment, but can also be used to prevent conflict, particularly by preventing small disagreements from becoming larger conflicts.

Example. Workers complain about the excessive heat in one part of the factory, and threaten to stop work. The nature of the production process makes it difficult to reduce the heat, but through negotiation it is agreed that the exposure of workers to heat will be limited to 2 hours at a time, with a rotation to another job in the intervening period.

Explain that negotiation and bargaining are concerned with making concessions, and reaching compromises, based on the common interests of workers and managers.

Stress that negotiation cannot be used in some circumstances.

Example. The content of the labour law cannot be negotiated. If the minimum wage is $40, workers and management cannot negotiate a minimum wage of $35.

Example. Safety and health standards should not be negotiated. If a work process becomes highly dangerous, management and workers should not negotiate and agree that work can continue in return for higher pay.

Negotiation to prevent conflict is often informal. Concessions can be made and agreement reached without discussions being drawn out.

Conflict at enterprise level

Explain that we are particularly concerned with the prevention and resolution of conflict that arises in the enterprise. Indeed, this is where most conflict begins, but it is not always where it ends!!

Explain that it is essential to have bipartite processes in place at enterprise level if disputes are to be prevented and resolved. **Stress** that without such arrangements, workers have no alternative. They resort to direct action as a **first** response because there is nothing else they can do. The common response of management is dismissal, and thus the conflict escalates. Even if the termination is unjustified, the dismissed worker may not receive all benefits, and thus further escalation results.

Explain that harmonious industrial relations at enterprise level requires the establishment of grievance and arbitration procedures to manage conflict and prevent it from escalating into disputes. These arrangements can be established by law or by agreement between the parties.

Explain that Indonesia's proposed law on dispute settlement seeks to improve dispute prevention and resolution at the workplace by providing that all establishments employing more than 50 workers must establish bipartite institutions and processes aimed to prevent and resolve disputes. This law, although still in draft form, is an important step in promoting in-house mechanisms for conflict prevention and resolution and places front-line responsibility for such matters where it clearly belongs – with management and workers.

Resolving conflict

Explain that if conflict cannot be prevented it must be resolved as quickly and as fairly as possible. The main methods are

- bargaining and negotiation

- conciliation and mediation
- arbitration
- adjudication

Bargaining and negotiation

Explain that collective bargaining is a means of resolving disputes, particularly those concerning future benefits (interest disputes).

Explain that negotiation is the very basis of the bargaining process.

Define negotiation. It is a process in which 2 or more parties who have both a common and conflicting interest come together and talk, with a view to reaching an agreement. **Explain** that the common interest in industrial relations is production; the **conflicting interest** is the sharing of the proceeds of production. The conflicting interest creates the need to negotiate, the **common interest** provides the means to reach an agreement.

Explain that bargaining and negotiation commonly apply to interest disputes. These are concerned with future terms and conditions of employment as, for example, where workers demand a wage increase and management responds by offering no increase at all.

Explain that there are four stages in a formal negotiation, as follows:

- preparation
- discussion
- bargaining
- closure and agreement

Preparation

Explain that in the preparation stage the parties set their objectives. **Show** OHT/6/1. This shows three levels of objectives for a union.

The first level is the **ideal** ($20) and is what the union would like to achieve. This would be the best possible result for the union.

The second level is the **target** ($14) and is what the union thinks is more likely to be achieved. This would be an acceptable outcome, although something less than the ideal.

The third level is the **resistance point** ($10). This is the 'bottom line' and represents the amount below which the union is not prepared to go. It would be willing to reach an agreement above $10 but anything below this means that the union has 'lost.'

Explain that in the preparation stage the employer will also have different levels of objectives. **Show** OHT/6/2.

The first level is the **offer** ($2). This represents the ideal position for the employer – what the employer would **like** to achieve.

The second level is the **target** ($8). This is the level the employer is prepared to go to if the union is strong and presents convincing arguments.

The third level is the **resistance point** ($12) and is the maximum amount the employer is prepared to pay. If the employer has to reach an agreement above this amount, this would mean that the employer has 'lost.'

Discussion

Once discussions commence, the **ambit** or scope of the negotiation will become clear. (This is the range of $20 to $2.) In the discussion stage there is no actual bargaining. The parties present arguments, ask questions, provide information and, generally, assess each other's

strengths and weaknesses. They test their ideal positions and start to think about compromises.

Bargaining

In this stage the parties start to make proposals and counter-proposals. They show that they are willing to move from their original positions and try to find common ground. **Show** OHT/6/3 to illustrate an area of overlap between the parties. This shows there is the possibility of an agreement between $10 and $12. Neither party has achieved its ideal position but neither has had to go beyond its resistance point.

Closure and agreement

At this stage the parties are now working together to finalize the agreement. The positions change from 'them' and 'us' to 'we.' Once they finally reach an agreement, the details of this have to be recorded and checked by the parties.

Stress that in practice negotiation is not always successful. If, for example, the union is not prepared to accept anything less than $14, and the management is not prepared to offer more than $8, the negotiations become deadlocked. In this case, it is possible that a formal dispute could be declared.

Explain that if negotiation and bargaining are to be successful in resolving disputes, the parties must

- willing to move their positions (meaning they must be prepared to make concessions).
- act in good faith (meaning they must really try to reach an agreement)
- focus on the issues, not the people. (The other party is not an 'enemy.')
- consider the possible consequences of failure (strike or lockout, and the losses and problems associated with each).
- keep the common interest in mind.

Conciliation and mediation

Explain that negotiations can become deadlocked and a third party may be required to assist to assist the two parties to reach an agreement. The third party is known as a conciliator. The **conciliator** is independent and impartial, and by using his/her skills and experience the deadlock can be broken and agreement still reached.

Stress that it is still the parties who make the decisions in conciliation. The conciliator is a facilitator who stresses the common interest as a means of reaching agreement.

Explain that **mediation** means the same as conciliation, except that the independent third party becomes more directly involved in the dispute by making positive interventions and offering suggestions to break the deadlock. **Stress** that the parties in conflict still 'own' the dispute and will make the final decision. The mediator is still a helper and has no power to direct the parties to make a decision.

Arbitration

Explain that arbitration involves an independent third party making an actual decision to settle a dispute. The arbitrator hears evidence from both parties and makes a binding decision.

Stress that arbitration does not take place in a court of law. It is an administrative rather than a formal legal process. **Stress** that arbitration means that the disputing parties have surrendered control of their dispute to third party. The outcome may satisfy one party, the other, but rarely both. **Explain** that arbitration is particularly applicable to rights disputes over **existing** terms and conditions of employment established by law or agreement.

Adjudication

Explain that adjudication refers to the settlement of disputes in a court of law. It is similar to arbitration but the formalities are different. The adjudication of labour disputes may take place either in a special labour court, or in the general court system. The parties are no longer in control of the outcome of their dispute and it is possible that the result will be win-lose.

CONCLUSION

Stress that it is much better to prevent disputes, rather than resolve or settle them. **Outline** the three main approaches to prevention, namely,

- labour inspection
- workplace cooperation
- negotiation and bargaining.

Give some examples from Indonesia's experience in which disputes have been prevented. How was this done? Who did it?

Outline the different approaches to dispute settlement and resolution. **Explain** the difference between them, and stress that resolution is preferable to settlement.

Explain the difference between negotiation, conciliation, arbitration and adjudication by reference to

- the number of parties involved,
- the nature and formality of proceedings.

OVERHEAD TRANSPARENCIES

OHT/6/1	Negotiation objectives: Union
OHT/6/2	Negotiation objectives: Employer
OHT/6/3	Reaching agreement

QUESTIONS FOR DISCUSSION

1. Explain the difference between dispute prevention and dispute resolution. Which is preferable? Why?
2. Outline the current situation concerning labour inspection in Indonesia. What is its contribution to dispute prevention? What needs to be done to strengthen this contribution?
3. "Conciliation is an extension of the negotiation process." Explain.
4. Explain the meaning and importance of **common interest** and **conflicting interest** in the negotiation process.
5. List the main knowledge, skills and personal qualities you consider negotiators should possess if they are to be successful.

7. IMPROVING COMMUNICATION

INTRODUCTION

Explain that industrial relations is concerned with interactions between workers and employers, and their respective organizations, as influenced by government, at work and arising out of the work situation.

Explain that interactions take place between the various actors at different levels in the industrial relations system. **Show** OHT/1/2 to illustrate and explain these interactions.

Stress that communication is the very foundation of these interactions and, thus, has a crucial role to play in industrial relations.

Explain that communication means the passing or transmission of information from one party to another by writing, speaking or action. It is more than the transmission of actual words – effective communication is concerned with the transfer of **meanings**. If one party does not **understand** what the other is saying or has written, there has been no effective communication.

Stress that in industrial relations at enterprise level, the quantity and quality of communications between management and workers is a significant factor in establishing and maintaining harmonious industrial relations.

Explain that effective communication in industrial relations requires a consideration of

who communicates with **whom**

what is communicated

how it is communicated

the **environment** in which communication takes place

the **reaction** of the receiver.

BODY

The communication process

Explain that, in simple terms, the communication process is the transfer of information (facts and ideas, using written words, spoken words, actions, pictures) and feelings between two parties – a **sender** and a **receiver**. **Illustrate** this by showing OHT/7/1. Use the OHT to explain how a message is sent from one person to another as, for example, from a manager to a worker. Sending the message is an example of one-way communication – the sender sends the message and 'hopes' that it is understood in the way intended. But the sender can never be sure, because there is no opportunity to interact with the receiver to check whether the message has been received as intended.

If the communication is a two-way process, the receiver will have an opportunity to respond to the message in some way or another (give feedback) to indicate the message is either clear, or that some clarification is needed. Two-way communication may result in the sender actually modifying the original message because it is realized, after discussion, that the message is not the one the sender really intended to send, or that the message in its present form is not acceptable to the receiver, and thus has to be modified. For example, a manager may say initially to workers "that you are lazy" and find that the receivers of this message (workers) disagree with it. Through two-way communication the communication is changed to "we need to find ways to increase production."

Stress that communication between sender and receiver can fail for a variety of reasons. This is known as 'noise' or 'static' in the communication process. This can

come from

the sender

the receiver

the environment.

If the communication is verbal, and this is the case in many industrial relations interactions, the 'noise' from the sender may be the result of

speaking too quickly

not speaking clearly

using technical language

adopting a superior attitude

gestures and mannerisms that distort the message.

The 'noise' from the receiver may be the result of

a hearing problem

negative feelings towards the speaker

poor concentration, distractions.

The 'noise' in the environment relates to the place where communication takes place and includes

physical noise (traffic, machinery, air-conditioners)

telephone interruptions

unsuitable seating arrangements

general conditions (heat, cold, dust)

the unsuitability of the location (because it is seen as favoring one party)

Explain that in industrial relations the role of sender and receiver constantly changes between management and workers. Sometimes management sends and workers receive, on other occasions workers send and managers receive. In a verbal communication, these positions change quickly.

Stress that it is the responsibility of both management and workers to reduce 'noise' if their verbal communication is to be effective.

Written communication

Explain that written communications between management and workers can also be distorted by noise. Written communications should be clear, concise and correct. Such communications become distorted if

the words are too technical

the message contains slang, colloquial expressions, or double meanings

the message is too long (for example, using two pages for something that can be written in one paragraph)

the message is too short (for example, using one paragraph for a message that needs a more detailed explanation)

the chosen words are culturally inappropriate.

Body language

Explain that verbal communication is usually accompanied by body language – the use of eyes, facial expressions, hand gestures, posture, and body movements – which can either support or detract from the message being sent.

Indicate that observing body language can reveal much about the other person's sincerity and honesty. Eye contact is particularly important depending, of course, on the cultural situation. In a negotiation situation, for example, the good faith and willingness of the parties to really seek a compromise-solution, can depend as much on the body language as the actual words used in the communication exchange.

Communication and consultations

Explain that consultations often involve group communications as, for example, with enterprise level safety and health committees. This is an example of multi-channel communication. This requires that the leader of the consultative group should not dominate the communication, but try to encourage the members of the group to exchange ideas with each other, as well as promote interaction between the group chairperson and members.

Stress that consultation provides an opportunity for informal communication. Consultation involves discussion leading to **advice**. In industrial relations, this means consultation between workers and management to exchange information and ideas, but with the intention of giving advice to management. The advice is not binding in any way and, thus, the communication that takes place does not need to be too structured. The emphasis should be on openness because, management, as the final decision maker, is not bound by the outcome of the consultations.

Communication and negotiation

Explain that in negotiation situations, communication is two-way and places particular importance on the ability to speak clearly and concisely, and to listen carefully. Communication in a negotiation situation tends to be more prepared and formal, particularly as the negotiation moves from the phase of discussion to actual bargaining. This is because the outcome of the communication is legally binding. **Stress** that consultation is a process of communication leading to **advice** to management, negotiation is a process of communication leading to **agreement** between workers and management.

As a trainer you can talk about communication in a theoretical context. This is acceptable but should be kept brief, particularly in an industrial relations context. You should focus on **practical interactions** between workers and management, and use these to illustrate what is required to make communication effective in a particular situation.

Refer to role-playing as a way of highlighting the practical nature of the interactions between workers and management. Consider the following examples:

A supervisor is not satisfied with the quality of work produced by an individual sewer in a garment factory. How should the supervisor communicate this to the worker? What words should the supervisor use? Where should the communication take place?

A supervisor is not satisfied with the quality of work produced by a group of 10 sewers in a garment factory. How should the supervisor communicate with the workers? What words should the supervisor use? Where should the communication take place?

A group of workers is very unhappy about the bad language and bad manners of a supervisor and want to do something about it. With whom should the workers communicate? Should they talk or write?

What should they say or write?

Management is concerned about the lack of discipline in the workplace as shown by almost all workers taking unauthorized work breaks in the morning and afternoon. How should management communicate its concerns to the workers? What should the management say or write? Where should this communication take place?

Workers have heard that the enterprise will introduce some new machinery that will result in 100 workers being laid off. With whom should the workers communicate? Should they talk or write? What words should they use?

Workers demand an increase of 10% in wages and a

25% increase in overtime rates. With whom should the workers communicate? Should they talk or write? What words should they use?

A worker is accused by a supervisor of stealing tools from the enterprise. With whom should the supervisor communicate? What should the supervisor say or write?

These are just a few of the situations you can expect to find in an enterprise, that have industrial relations implications. The way in which the communication takes place, as well as what is said will have a significant impact on the quality of industrial relations in the workplace.

CONCLUSION

Stress the importance of effective communication as an essential component of effective industrial relations. Effective communication means more than one party talking and one party listening. Effective communication involves talking and listening, writing and reading. It also involves one-way, two-way, and multi-channel communication between management and workers.

Stress that effective communication means more than the transfer of **words**. It is concerned with the transfer of **meanings**. In this respect, communication in industrial relations is best done by two-way and multi-channel communication, because these approaches allow for questions and discussion to clarify misunderstandings and ensure that messages are clear and understood.

Explain that effective industrial relations needs the support of a formal communication system in the enterprise. It also requires that communication take place on a regular basis, not just when there is a crisis. This requires that systems are in place to support consultative committees, problem solving groups, grievance procedures, and negotiation and bargaining.

OVERHEAD TRANSPARENCIES

OHT/7/1 Communication Process

QUESTIONS FOR DISCUSSION

1. What needs to be done to improve communications between management and workers in Indonesian enterprises?
2. In what circumstances is it appropriate for management to use one-way communication in enterprise industrial relations. List some examples based on your experience.
3. What are the advantages and disadvantages of one – and two-way communication?
4. What body language is common in Indonesian culture? How does this show itself in enterprise-level industrial relations?
5. "Management policy is to communicate on a need to know basis." What does this mean? Do you agree with this approach?

8. SOLVING PROBLEMS

INTRODUCTION

Explain that in enterprise industrial relations problems arise every day. Some of them a re minor, others are serious. But all of them have to be resolved. Even if a problem is small, it may soon become large and major if it is not resolved quickly and fairly. If problems are solved, industrial harmony can prevail; if they are not industrial conflict will be the norm.

Stress that the emphasis is on **resolving** problems. This means finding solutions acceptable to all affected parties. This is different from **settling** problems by imposing a solution and hoping it will work.

Explain that resolving problems requires

system and

dialogue

System means that there is a procedure to resolve problems, a step-by-step approach ranging from problem identification, problem analysis, considering alternatives, and then selecting the best alternative.

Dialogue means discussion, consultation, talking and listening, to ensure that an acceptable and lasting solution is found and that similar problems are prevented from arising in future.

BODY

Solving problems

Step 1 Problem identification

Ask what is the problem? **Explain** that we cannot solve a problem if we do not know what it is. Identifying a problem requires the collection of information, the collection of facts and ideas. The emphasis should be on the collection of facts or things that can be verified by observation or evidence.

A worker's hand is crushed in a machine. This can be verified by observation, by examination of medical reports, by taking statements from witnesses.

A worker is dismissed for involvement in union activities. This is more difficult to verify. An interview with the worker may confirm that union involvement was the real reason for dismissal. An interview with management could verify the fact of dismissal, but not necessarily the reason. Management may suggest another reason for the dismissal, such as poor work performance. In this case the dismissal is a fact, verified by interviews. The cause of the dismissal has not been verified and will take further investigation.

A group of workers sit on the floor and refuse to work because of management demanding they work overtime. The work stoppage and its reason can be verified by observation, interview and written reports.

Explain that in identifying problems it is necessary to try to go beyond the surface. We must make every effort to identify the **real** problem.

For example, workers stop work claiming they want higher wages. Further investigation may reveal that the real reason for the work stoppage is the unacceptable behavior of the supervisor (bad language, rude comments.)

For example, workers may stop work in support of a worker who has had an accident that the workers believe is due to a faulty machine. Further investigation shows that the machine was not at fault, but that the worker was under the influence of drugs.

Encourage participants to share their experiences on problem identification. **Ask** them to give some examples where the wrong problem was solved because of poor problem identification!

Step 2 Problem analysis

Explain that once a problem has been identified it has to be analyzed. This means it has to be broken down into its component parts, or a number of sub-problems. What issues does the problem give rise to?

For example, the workers in a factory find out that one of their co-workers is HIV positive. They indicate to management that they will go on strike unless the HIV worker is dismissed. When we analyze this problem what do we find out? What are the issues?

For example, in a dispute over the future level of wages negotiations become deadlocked and the workers go on strike.

In analyzing this problem and breaking it into parts we find out that there is a difference between the problem and its symptoms. The strike is not the problem, it is a **symptom** of some deeper problem – conflict between workers and management. If we concentrate on the symptom we can see that

- the workers have stopped work
- the workers are not being paid
- no goods are being produced
- the enterprise's stock levels are getting low
- obligations to customers are not being met
- the stoppage is bringing criticism from the general public.

If we focus on the problem rather than the symptoms we need to ask

- Were the workers' demands excessive?
- Could these demands have been met, but with a time delay?
- Did the enterprise really lack capacity to pay?
- Was there a history of deadlocks in negotiation?

Explain that it is necessary to analyze both the symptoms and the problem. The solution, however, will be found by focusing on the problem, not the symptoms. Analyzing the strike itself may **settle** the problem but not **resolve** it.

Step 3 Consider the options

Explain that in problem solving it is necessary to consider alternative solutions before making a final decision. It is also necessary to consider the **consequences** of each alternative.

For example, if the problem is related to a deadlock between workers and management over a future wage claim, what are the options for the workers?

The workers could reduce their demands. The consequence of this might be

the strike is ended

the union members lose confidence in their leaders

relations with management might improve

What are the options for management? Management could increase its offer. The consequences of this option might be

accusations of weakness

the strike ends

consumers become more confident

The workers/union and management could agree that they cannot solve the deadlock by themselves. The consequences could be

a loss of faith in negotiation as a means of resolving conflict

accusations of weakness against both parties for not being able to solve their own problems

the appointment of a third person to either resolve or settle the problem.

Stress that examining the options requires a willingness to do some **lateral thinking** – to be creative and innovative in generating the options. This can extend the range of options rather than limit it to one or two more obvious alternatives.

Step 4 Making a decision

Explain that once all alternatives/options have been considered, a decision can be taken. The decision may be one of the alternatives or a combination.

For example, the workers/union may decide to

call off the strike, and

explain the reason to its members

submit a new claim to be considered in 6 months

take other action to put pressure on the enterprise.

For example, the management may decide to

meet the workers/union demand

make this conditional on no further industrial action for 6 months

demand productivity increases before any additional claims will be considered.

Stress that once decisions have been made they must be implemented.

Summarize this part of the session by reference to OHT/8/1. **Explain** that this shows the problem solving process in a logical sequence of

- facts
- issues
- options
- decision

Apply this sequence to a particular problem - any problem at all. For example, ask participants to apply it to the following:

- Traffic congestion in a city
- A football team that is always losing
- A motor car that is always breaking down.
- A husband and wife who constantly argue.

Apply the same sequence to problems we encounter in industrial relations.

- An increasing level of absenteeism
- Decreasing labour productivity
- Increased labour turnover
- Reduced bonus payments
- Late payment of wages
- Forced overtime

Lateral thinking

Explain that sometimes the alternatives/options for the solution of a problem are fairly obvious and it can be decided by 'standard' thinking.

For example, children in a village are being hurt by falling coconuts. Standard thinking would tell us to keep the children away from the coconut trees or, alternatively, remove the trees.

Lateral thinking means bringing innovation and creativity to the decision making process. What **lateral thinking** solutions might apply to the problem of

falling coconuts?

Explain that in industrial relations lateral and innovative thinking is required by both workers and management in the solution of problems. Management must think beyond "lazy workers" as the cause of industrial relation problems and, thus, see solutions as something more than imposing sanctions on laziness. Workers must think beyond "poor management" as the cause of problems and, thus, see solutions as something more than refusing to cooperate because of management's shortcomings. Both parties must generate different solutions, with more creativity and innovation.

CONCLUSION

Summarize by referring to some of the problems we face in enterprise-level industrial relations. **Stress** that if these are not solved, they will lead to disagreements and conflicts and, eventually, labour disputes.

Outline the four key steps in problem solving by reference to OHT/8/1. **Explain** again the meaning of facts, issues, options, decision.

OVERHEAD TRANSPARENCIES

OHT/8/1 Facts, issues, options, decision

QUESTIONS FOR DISCUSSION

1. "You cannot solve problems without finding out the facts." Do you agree? Why?
2. What is meant by 'lateral thinking?' Give some examples that might be applied to the solution of industrial relation problems.
3. "Problem solving in industrial relations is hampered by a lack of information. Management has it, but is reluctant to share.' Discuss.
4. "We have a future of choices and a choice of futures." Do you agree? Explain.
5. "There are no problems in industrial relations, only challenges.' Do you agree? Explain.

9. PAY AND PRODUCTIVITY

INTRODUCTION

Explain that pay, in all its forms, is a key issue in enterprise industrial relations.

Explain that **pay** means more than wages and salaries. It includes a range of **direct benefits** that are reflected in a worker's pay package, and are included on the worker's pay slip. It also includes a range of **indirect benefits** some of which are paid in cash and some in kind.

Stress that the composition of pay can be complex. There is scope for disagreement between workers and management concerning the total pay package, as well some of its individual elements and components.

Indicate that during this session a distinction will be made between

- **wage/pay policy**
- **wage structure**
- **wage composition**

Explain that productivity is not the same as production. Production refers to **output** (the amount or value of goods and services produced). **Productivity** refers to the relation between output and the inputs required to produce that output. **Stress** that we are particularly interested in the productivity of labour because of its relation to pay levels.

Stress that we need to measure labour productivity and that both management and workers need to **agree** on this measure if it is to be used as a basis for calculating pay. If they do not agree, the possibility of conflict over the process (as distinct from the outcome) arises.

BODY

Wage policy

Explain the meaning of **wage policy**. This refers to the general guidelines that apply to pay and remuneration at national and enterprise level. At **national** level it includes arrangements for minimum wages, taxation (because of its impact on wages), benefits for time not worked (holidays, sick leave) and social security benefits (pension contributions, maternity benefits.) Wage/pay policy at enterprise level refers to the guidelines for the pay system in the enterprise.

Is the pay system exclusively time-related (payment for hours or days worked)?

Is pay related to performance and productivity?

Is pay related to seniority?

Is pay related to skills and qualifications?

Is pay influenced by years of service?

Stress the importance of consultations between management and workers in establishing and/or changing wage/pay policy at enterprise level.

Wage structure

Explain that wage structure refers to the pattern of wages in the enterprise, with particular reference to the difference between highest and lowest levels of wages, and the various grades/classifications/levels in between. If there is very little difference between highest and lowest pay levels, the wage structure is said to be compressed.

Is it better to have a compressed structure or one that is very wide? Why? (Encourage discussion on this. Refer to the fact that a compressed structure, with few levels and very little difference between them, provides limited incentives for workers to stay

with the enterprise and provides limited motivation for workers to try to improve their performance.)

For example, if all workers receive the minimum wage and nothing more (irrespective of years of service or output) the wage structure is totally compressed. This could be a reason for poor motivation and low performance.

For example, if workers receive annual increments (based on some objective system of performance appraisal) the pay structure becomes wider and workers may be more motivated in their work.

Wage/pay composition

Explain that wage/pay composition refers to the various components that make up the pay package of each worker. **Stress** that it consists of two main parts.

Direct payments in the form of cash to the individual including

- minimum wage (time-related pay)
- performance pay (output related)
- payment for skills or qualifications (irrespective of whether these are actually used in the job)
- overtime payments
- shift allowance
- attendance allowance
- seniority pay
- profit sharing and bonuses.

Indirect payments in the form of benefits which do not usually involve direct cash payments to the worker, and are not included in the normal pay statement including

- payments in kind (rations, free company products)
- housing (free or subsidized)
- social security benefits (paid sick leave, paid maternity leave)
- vocational training provided or paid by the enterprise
- free transport
- welfare services (canteen, clinic, nursery)
- personal loans
- work clothes and uniforms
- company cars, telephones
- assistance with education expenses.

In some cases, the cost of these benefits may be shared between workers and management. For example, social security contributions are usually paid by both workers and the enterprise; subsidized meals; subsidized transport.

Explain that these indirect benefits/costs are seen by management as **non-wage labour costs**. These may be a significant component of total labour costs, depending on the particular industry in which the enterprise operates. They are a potential source of conflict - management would like to reduce them (or, at least, not increase them); workers would like to retain them and, if possible, increase them.

Explain some of the problems concerning indirect benefits.

Preferences

All workers do not have the same preferences concerning these benefits. Some workers prefer higher direct cash payments, others prefer higher indirect benefits. This will depend on age, family situation, income levels, personal preferences.

Conflict or peace

Management may see the payment of such benefits as a way of reducing disputes - workers are 'happy'

and thus less likely to make complaints and disrupt production.

Workers, however, may see them as a way of making **additional** demands, thereby leading to increased conflict.

Competitiveness

A high-level of non-wage labour costs may reduce competitiveness, thus leading to pressure by management to reduce or eliminate such benefits.

Setting the level of benefits

How should these benefits be set? Is this a matter of management prerogative (as restricted by laws) or should they be set by negotiation and collective bargaining?

Minimum wages

Explain that minimum wages must be considered in any discussion on pay and industrial relations. The minimum wage represents the base wage in the enterprise and can influence the entire wage payments system.

Explain that a minimum wage is

- established by law as the lowest level of wages an enterprise can pay
- a time-based wage
- usually applicable to unskilled adult workers entering work for the first time
- legally enforceable.

Explain that the enterprise has no control over minimum wages. It applies to **all** workers (although there may be some exemptions for young persons, trainees, apprentices) irrespective of how much they produce, who have a contract of employment. Self-employed workers are excluded.

Explain that the main purpose of minimum wages is social – to prevent exploitation and avoid poverty. It may also be used as a means to enable workers to share in the benefits of economic growth.

Explain that once the minimum wage has been set, there is a need to adjust it from time to time.

How should this be done?

What criteria should be used?

What should be the frequency of adjustment?

Criteria

Explain that the criteria for adjustment are applied at **national** not enterprise level. The main criteria are

- changes in the cost of living
- capacity of enterprises to pay
- general economic conditions such as average wages, labour productivity, investment levels, international competitiveness.

Stress that individual enterprises have little control over these matters. The minimum wage is determined at national/regional/provincial level and each enterprise is legally required to pay it.

Frequency of adjustment

Should minimum wages be adjusted each year? This will depend on the trend in the indicators for the criteria. For example, if the cost of living is rising, this may strengthen the case for an increase. If there is a decrease in the capacity of enterprises to pay, this may be grounds for leaving the wage unchanged. Even if the minimum wage is not actually adjusted each year, it is preferable that the issue of adjustment at least be **discussed**.

Refer to some of the issues to be discussed concerning minimum wages.

- Who should be covered by minimum wages? Should there be some exemptions?
- How many different minimums should there be? Should there be one for the entire country, or should the minimum be different according to provincial and regional circumstances?
- How should changes in the cost of living be measured? Which goods and services should be included when measuring the cost of living?
- Should minimum wages be adjusted for an increase in labour productivity? For example, if minimum wages increase but labour productivity remains unchanged, the enterprise will be less competitive.
- What should be the institutional arrangements for adjusting the minimum wage? Should this be done by government alone, by an independent commission, or by a tripartite body?
- What will be the effect on labour markets if the minimum wage is set too high? What if the minimum wage is set too low?
- How will the minimum wage be enforced?

Productivity

Explain that there is increasing interest in enterprises in linking pay to productivity. **Discuss** this as a concept.

Is it acceptable to link pay to productivity and performance?

How would this work if there is also a system of minimum wages?

Discuss the operational aspects of linking pay and productivity.

How would it work in actual practice?

How would productivity be measured?

Explain that introducing a productivity-linked pay system would need to consider the following.

- **Don't rush**. It will take time to design such a system. Time spent in planning the system will be well rewarded.
- **Consult and discuss**. All parties must understand the system. What are its objectives? Who will be covered?
- **Agree** on the indicators of performance. What will be measured to assess productivity and performance? Will it be output, costs, profits, sales, value added, quality?
- **Keep it simple**. Everyone must be able to verify the calculations under the system.
- **Balance quantity and quality**. A performance pay system rewards increases in quantity, but this should not be at the expense of quality.
- **Grievances**. It will be necessary to establish a system to resolve pay complaints and disputes.

CONCLUSION

Explain there is increasing interest in reforming pay systems at enterprise level. Enterprises are facing increased competition and see pay reforms as one way of reducing unit labour costs and thus maintaining their competitive situation.

Stress that any system of pay reform must be consistent with **national** wage policy and related labour laws (e.g. minimum wages). **Stress** that pay reform should be tailored to the situation in each enterprise – it should be sufficiently to meet changing circumstances but, at the same time, fair to workers.

Outline the difference between pay structure and

pay composition. **Stress** that changes in structure and competition can be to the advantage of both workers and management, provided there is scope for discussion, consultation, and negotiation.

QUESTIONS FOR DISCUSSION

1. What are the advantages and disadvantages of a minimum wage system?
2. If a performance-linked pay system is to be introduced at enterprise level, what steps should be taken before it is introduced?
3. What is meant by 'capacity to pay?' How should this be measured?
4. What is meant by the 'cost of living index?' In Indonesia, what items should be included in this index if it is to be a reliable measure of inflation?
5. Is it possible to have a time-related minimum wage, and a performance-related wage at one and the same time? Explain.

10. WORKPLACE SAFETY AND HEALTH

INTRODUCTION

Explain that every year throughout the world there is some 200 million work accidents and tens of thousands of deaths at work or caused by work. Accidents and deaths are caused by hazards or dangers that, in many circumstances can be eliminated and controlled.

Explain that work hazards are cause of industrial conflict and disputes. For example, workers may refuse to work in conditions that are unsafe, and stop work. Management insists that the conditions **are** safe, and that the workers will be dismissed if they refuse to do the work. This is a case of conflict with every possibility it will lead to a dispute. If the workers do continue to work because of fear of losing their jobs, accidents could result. If workers are injured compensation has to be paid and production is lost. If the workers refuse to work, possible accidents can be avoided, but production is still lost and some workers may lose their jobs. It is in the interests of both parties to resolve their conflict before it escalates into something larger.

Clearly, there is a link between good safety and health practices, and good industrial relations. Give some examples from your local experience of where safety and health matters have led to conflict and disputes (e.g. machine accidents, materials handling, transport accidents, electricity, fire, extreme heat.)

Explain that it is in the interest of all parties for workplaces to be safe and healthy, based on standards established by labour laws. Any abuses of these standards will have negative economic and social consequences, and lead to conflict and industrial disputes.

BODY

Explain that there are hazards and risks in all workplaces. Give some examples – a floor is a hazard if it is polished too much. A door is a hazard if it is not opened correctly. An electrical cord is a hazard if it is lying across a floor. If we know these risks we can **prevent** accidents. **Stress** that the objective is to prevent accidents. If we are to **prevent** accidents, we must know what causes them. The causes can include

- technical equipment and processes (machines, tools, vehicles, chemicals, electricity)
- working environment including poor housekeeping (general untidiness and disorder at the workplace), noise, temperature, ventilation, lighting
- people who are untrained, lack experience, or who have no or incorrect information on the risks to which they are exposed.

Discuss the following accidents:

A worker with long hair has his hair caught in a drilling machine.
How could this have been prevented?
A worker using a grinding machine to sharpen a pair of scissors, gets a splinter of metal in his eye?
How could this have been prevented?
A worker gets a skin disease through constant handling of a chemical?
How could this have been prevented?

Explain that the standard approach to improved workplace safety and health and, thus, to improve industrial relations is as follows:

- Eliminate the hazard or risk completely. For example, a chemical-based glue could be replaced with a water-based one. A dangerous process could be done by a machine rather than a person (e.g. drilling concrete.)
- Isolate the hazard or risk. This means that it is not possible to eliminate the hazard but it is possible to ensure the hazard is isolated and placed at a distance from workers. For example, an enterprise may require a boiler for its operations but this could be placed in a remote part of the factory, well away from workers and work processes. Chemicals are a hazard, but can be stored in a special and secure location. The risk can also be reduced by ensuring the worker is not in direct contact with the hazard, as for example, placing guards on machines.
- Reduce exposure to the hazard. This recognizes that the hazard cannot be eliminated, so the risk is reduced by regulating the exposure of workers to that risk. This includes, for example, limiting the amount of time workers work in a high noise area, or rotating workers engaged in a work process involving excessive heat.
- Provide protective clothing and equipment. **Explain** that providing such clothing and equipment is not the ideal answer. It is much better to eliminate or regulate the hazard. For example, providing workers with ear-plugs or ear protectors is not as satisfactory as eliminating or reducing the noise.

Cooperation between management and workers

Explain that the employer has prime responsibility for providing a safe and healthy working environment. But workers and management **together** have responsibility for preventing work accidents and deaths.

Explain that this involves attention to the following.

- The enterprise should have a **safety and health policy**. This would provide written guidelines indicating the enterprise's intentions in the field of safety and health, based on the key objectives of minimizing work hazards, preventing accidents, and promoting safe and healthy work practices. Such a policy document is not, in itself, legally binding but makes it clear that management is serious about safety and health matters and committed to do something about them.

  A policy document should give attention to safety and health in all fields of relevance to the enterprise including

  - buildings
  - machinery and equipment
  - temperature and humidity
  - ventilation and air control
  - lighting
  - electricity
  - materials handling and storage
  - dangerous substances
  - noise and vibration
  - fires and explosions
  - personal protective equipment
  - sanitation and welfare
  - first-aid
  - emergency plans
  - access to medical facilities.

  The policy document should also stress that attention will also be given to various operational aspects of safety and health. These are particularly important in the context of industrial relations because if the enterprise fails to do these things conflict and disputes will result. This would include a statement in the policy document that indicates the enterprise will make every reasonable effort to

  - use work methods that are safe and without risk to health
  - train workers and supervisors in safe and healthy work practices
  - issue instructions on accident prevention and safe work practices
  - supervise workers and work practices
  - ensure the way in which work is organized (e.g. hours of work, rest breaks,) does not adversely affect safety and health
  - provide, without cost to workers, adequate personal protective clothing and equipment
  - engage external specialists to advise on particular problems.

  The safety and health policy should also spell out how the joint responsibilities of workers and managers on safety and health matters will be addressed. What, specifically, needs to be done? This part of the policy statement might refer to

  - the appointment of worker safety representatives in the enterprise
  - the establishment of safety and health committees
  - the distribution of information
  - the protection from dismissal of worker-safety representatives who activate workers on safety and health issues
  - the willingness to negotiate and bargain on safety and health matters
- The enterprise should have a safety and health committee, with equal representation of management

and workers. In some countries, such a committee is required by law but, if not, management should take the initiative to create one. Such a committee can contribute to improved industrial relations in the enterprise by

- meeting regularly to make recommendations to management
- making systematic inspections of the workplace
- reviewing the circumstances and causes of accidents
- discussing unsafe working conditions
- examining suggestions made by workers about safety and health
- organizing training and educational activities concerning safety and health

The enterprise safety and health committee should organize regular safety inspections of the workplace. Such inspections should be conducted jointly by management and workers, and are separate from the inspections conducted by government inspectors. These are known as self-inspection visits. These visits should be **systematic** meaning they follow an order and collect information in accordance with a checklist. They should also result in some positive action. Self-inspection, apart from the risks it identifies and problems it overcomes, has a very important **demonstration effect** in that the very inspection itself, conducted on a joint basis, sends a strong message to workers that both management and worker-safety representatives **care** about safety and health in the workplace.

- There should be a regular flow of information on safety and health to management and workers. This should come through the safety and health committee, but if there is no such body management should take the initiative in ensuring that relevant information on safety and health is regularly communicated to workers and supervisors. Information can be communicated in various ways as follows:
  - Chemical data safety sheets
  - Fire drills
  - Newsletters
  - Posters
  - Induction training
  - Minutes of safety committee meetings
  - Notices and sign in strategic locations
  - Safety competitions
  - Training courses
- There should be some obligations placed on workers to ensure that workplaces are safe and safety and health rules are actually applied. Workers should be required to
  - take reasonable care for their own safety and that of other workers who may be affected by their actions
  - comply with enterprise safety and health rules
  - use safety devices and protective equipment with care
  - report to their supervisors any situation they believe to be a hazard and which they cannot correct by themselves
  - report accidents or injury to health that arise in the course of their works
  - give first-aid to injured workers, which requires they be properly trained and that first-aid equipment and materials be available.

CONCLUSION

Explain that workplace hazards and risks cause accidents. They can also lead to conflict and disputes.

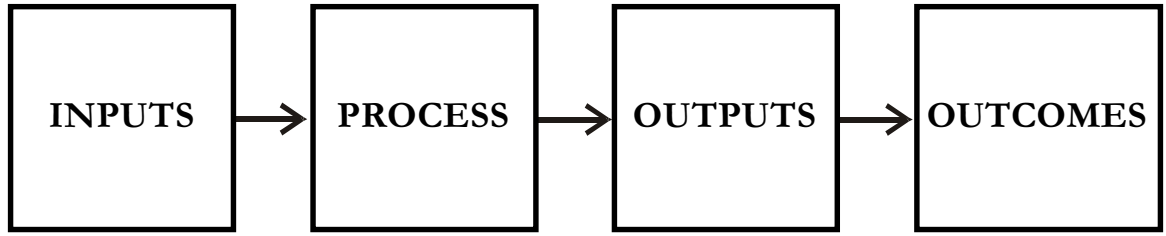
Stress that accidents can be prevented by eliminating or reducing risks. If risks can be eliminated or reduced the possibility of industrial conflict and disputes will also be reduced. **Stress** that good safety and health is good business. **Stress** that good safety and health is good industrial relations.

Emphasize that the prevention of accidents requires clear policy, good planning and on-going monitoring. Management and workers should work together in all these areas to reduce accidents and eliminate an important cause of conflict.

QUESTIONS FOR DISCUSSION

1. What should be the duties and responsibilities of an enterprise safety and health committee?
2. What hazards would you expect to find in the following workplaces?
   - A construction site
   - An hotel
   - A garment factory
   - A timber mill
   - A fishing boat?
3. How can information on safety and health be conveyed to workers? In your experience, what is the best way?
4. What are the direct and indirect costs of work accidents?
5. "Spending money on safety and health in the workplace is an investment, not a cost." Explain. Do you agree?

OHT/1/1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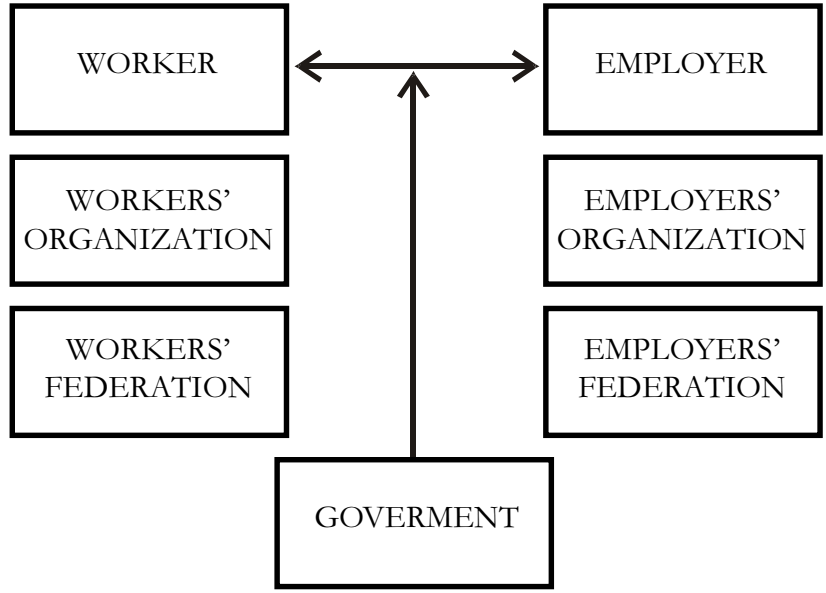
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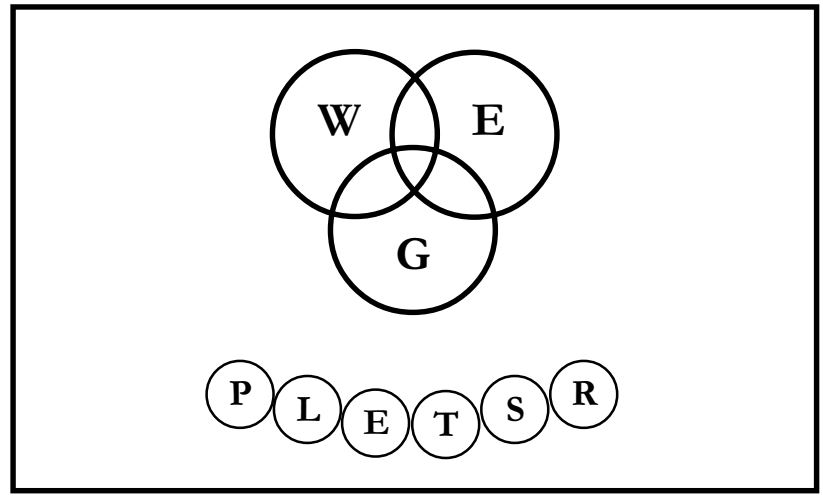

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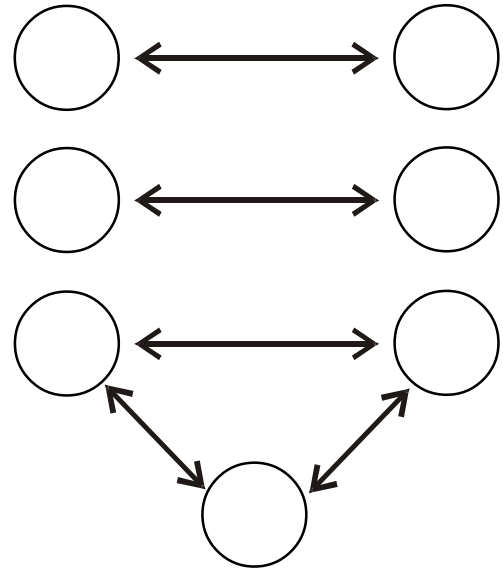

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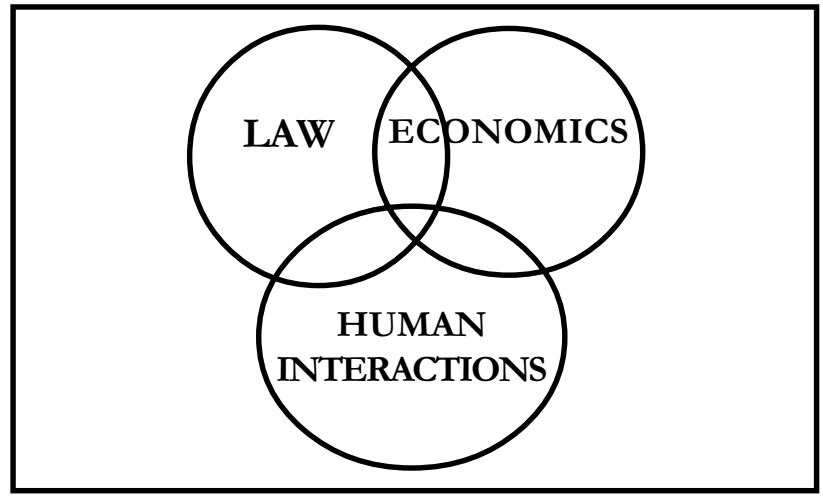
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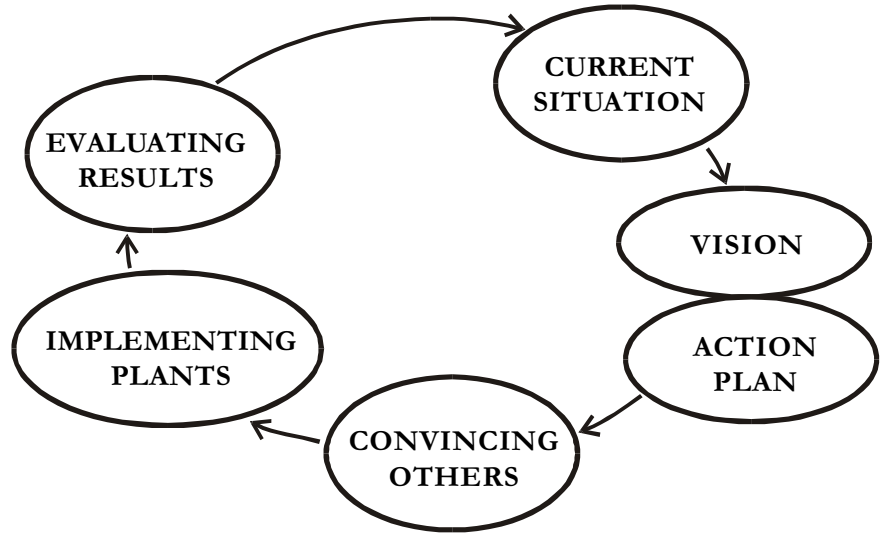
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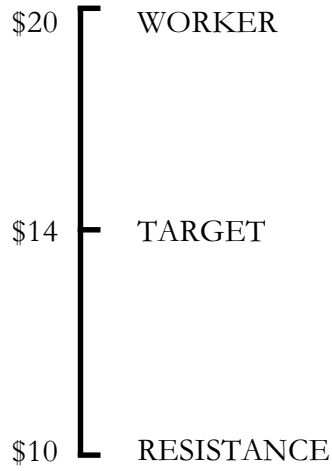
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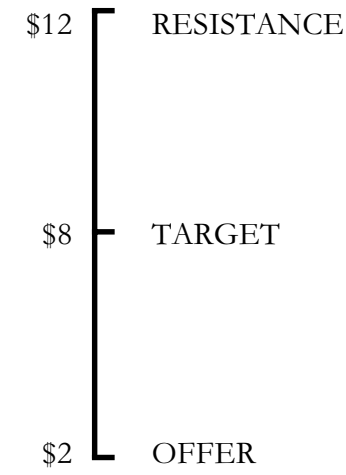

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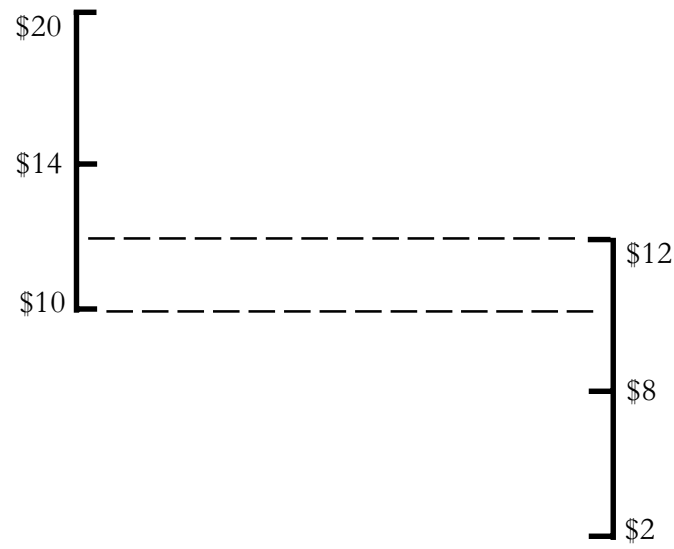

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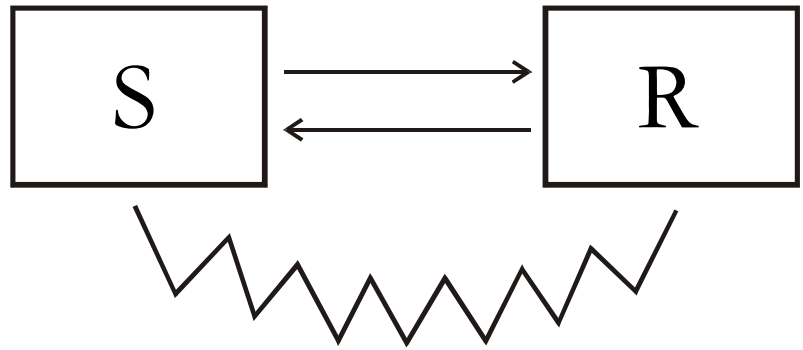

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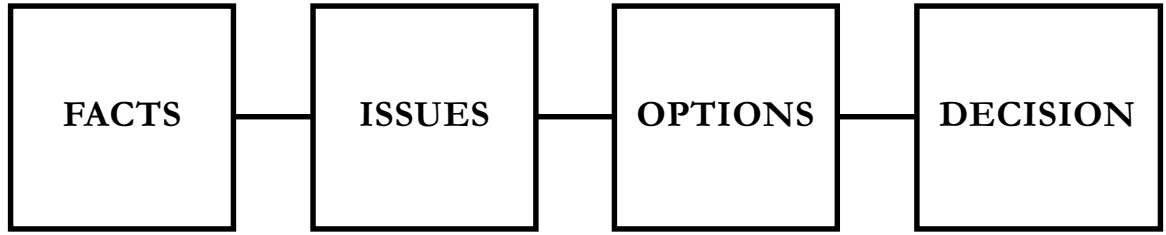

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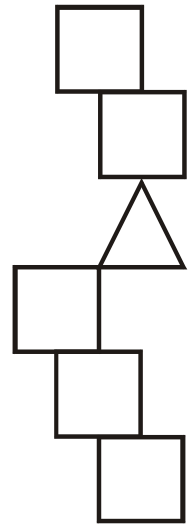

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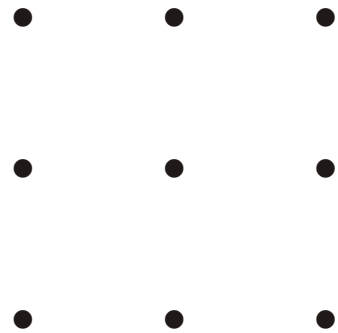

Part C :

Activities and Exercises

This part of the Resource Book is divided into three parts, as follows:

Case Studies

1. Assault at work
2. HIV positive
3. Hats and whistles
4. Theft at work
5. Miss Lima
6. Employees or helpers?
7. Compulsory overtime
8. Underpayment of wages
9. Unsafe working conditions
10. Custom and practice

Role Plays

1. George and Mammoth Insurance Company
2. Joseph and Apex Construction Company
3. Wage negotiation

Exercises

1. Workplace cooperation checklist
2. Workplace Cooperation
3. Workplace Cooperation
4. Workplace Cooperation
5. Communication
6. Communication
7. Communication
8. Communication
9. Problem Solving

Case Study 1 Assault at work

The Quality Shoe Company is managed by expatriate managers who have considerable difficulty communicating with workers in Bahasa language.

Mr. Jingo, and expatriate production supervisor, was making a routine quality check on the work of Mr. Kasi, one of the machine operators.

Mr. Jingo tried to explain to Mr. Kasi that his work was not of the required standard but Mr. Kasi failed to understand because of the language difficulties. Mr. Jingo roughly pushed Kasi aside to demonstrate what needed to be done. In doing so, Kasi fell against another machine and became angry.

Kasi then punched Mr. Jingo and a fight began. Other workers rushed to stop the fight.

After talking to both Mr. Jingo and Kasi, management decided to dismiss Kasi on the grounds of misconduct, without the payment of terminal benefits. No disciplinary action was taken against Mr. Jingo.

(a) How could this situation have been avoided?

(b) What alternative situations might have been considered?

(c) Is this case amenable to conciliation? Why?

Case Study 2 HIV Positive

You are the personnel manager of Smiling Fish Company, a seafood processing and packaging enterprise.

This morning the production workers have asked to meet with you. They claim that one of their colleagues is HIV positive and demand that the enterprise dismiss him immediately. They threaten to go on strike if their demand is not met.

(a) How will you handle this meeting?

(b) What information on HIV would you give to the production workers?

(c) What alternative approaches might you suggest to solve this problem?

Case Study 3 Hats and whistles

You are the Human Resources Manager of a factory producing hats, whistles and other party items. The factory has a shop on the premises that has very high sales figures. This is mainly due to the outgoing, pleasant and enthusiastic attitude of Mrs. Minnie, the sales attendant at the shop.

One day Mrs. Minnie's husband was killed in a motor accident. After a period of mourning, Mrs. Minnie returned to work dressed in black, as is the custom in her family. Some customers have started to complain that they do not like to buy party items from someone in mourning attire and have started to take their custom elsewhere.

The head of the sales department has asked Mrs. Minnie not to wear black during working hours, but she refused saying she cannot go against her custom.

(a) What alternative approaches could be considered to solve this problem?

(b) What is your preferred solution?

Case Study 4 Theft at work

Tam Kam Timbers specializes in growing quality trees used for making furniture. Recently, security guards of the company late at night saw a man in the company's forest loading logs onto a truck. The truck drove away before they could identify the person taking the logs, but the guards were able to write down the truck's registration number. By checking the registration number, it was found that the truck belongs to Mr. Daniel, an employee of Tam Kam for the last 15 years.

On the basis of this information, the management

of Tam Kam dismissed Mr. Daniel on the grounds of theft and gross misconduct.

As a result he was not paid any terminal benefits.

The management also brings criminal charges against Mr. Daniel, but when the case is heard in court, Mr. Daniel is found not guilty because of the lack of solid evidence, particularly the lack of positive identification.

Mr. Daniel, after being acquitted by the court, feels he has been unfairly treated by Tam Kam and demands to be reinstated in his job. The management refuses.

(a) Is management justified in refusing to reinstate Mr. Daniel? Why?

(b) Would it be possible to reach a negotiated solution? Why?

(c) What advice would you give to Mr. Daniel?

Case Study 5 Miss Lima

Miss Lima, a single lady of 22 years, applies for the position of secretary with a religious organization. During the interview she is told that the organization expects its staff to have high moral standards, in keeping with the teachings of the church.

Miss Lima is offered the job and accepts. Within a few months of commencing her employment Miss Lima commences a love affair with another worker in the church organization. Six months later she finds she is pregnant.

She explains her situation to the management of the organization and is dismissed on the spot for behavior that is considered by the church to be indecent and immoral.

Miss Lima considers her dismissal to be unfair.

(a) Is management justified in dismissing Miss Lima? Why?

(b) What advice would you give Miss Lima?

Case Study 6 Employees or helpers?

Mr. Zed is a worker in the PPR Plantation. His job is to pick pineapples. At harvest time there is a lot of work to be done and Mr. Zed invites his two sons, Ax and Bax, to come and help pick the pineapples. They work along side their father in the field.

After a few days the plantation foreman sees Ax and Bax working in the field beside their father. He nods his head in acknowledgement but says nothing to them or the father.

At the end of the week Ax and Bax go to the paymaster and ask for their pay. The paymaster says "you are not my employees, you are just helping your father."

(a) Are Ax and Bax employees or not? Why?

(b) Do they have any right to payment for the work they have performed?

(c) What advice would you give to Mr. Zed, Ax and Bax?

Case Study 7 Compulsory overtime

Miss Jazzi has been working in the Golden Dragon garment factory for 6 months. She is a good worker and normally works overtime when she is requested to do so.

Last month she was requested to work overtime on a Sunday. She told her supervisor that she had already worked the maximum number of overtime hours allowed per month and, in addition, she wanted to visit her mother who is ill.

The supervisor told Miss Jazzi that the company had just received an important order and that she was required to work overtime. Miss Jazzi refused. The supervisor reported her to the management and Miss Jazzi was dismissed.

(a) Is management justified in dismissing Miss Jazzi? Why?

(b) What advice would you give to Miss Jazzi?

(c) What advice would you give to the company?

Case Study 8 Underpayment of wages

The workers in Gemini Mining Company complain to the management that the pay they have received during the last 3 months is less than the minimum wage required by law.

The management checks the pay sheets and finds that the workers' complaint is justified and that they have, in fact, received less than the legal minimum. The company explains, however, that it is experiencing financial difficulties and that it expects the workers to make some sacrifices in hard times by accepting a wage below the minimum.

The workers threaten to go on strike if they are not paid the correct amount. The management says if it is forced to pay you the correct amount required by law it will have to close down and all workers will lose their jobs.

(a) What advice would you give the workers in this case?

(b) What might management do to overcome its problems, but still comply with the law?

Case Study 9 Unsafe working conditions

Juriki Plastics Company uses various chemicals in its production process. Workers in the production section complain of feeling ill and experiencing dizzy spells. Some workers have complained to management but management's standard response is "it is something you have eaten in the canteen."

Matters get worse and one day three workers in the production section have vomiting fits and collapse. Their co-workers refuse to work in the section saying the chemicals being used are causing the illness. Management tells them to go back to work but the workers sit outside the building refusing to move. Management threatens to dismiss all the workers in this section for refusing to obey management's instructions.

(a) Could this problem have been avoided? How?

(b) Are the workers entitled to refuse to work in these circumstances?

(c) What advice would you give to the management of Juriki Plastics?

Case Study 10 Custom and practice

For many years the workers in the packaging section of the Magic Shoe Company have made their own tea at all times of day. They all contribute to buy the tea and sugar and take it in turns to make the tea, which they then drink at their work-stations. This is not an authorized tea break but has been practiced for many years. The management knows of this practice but has never worried about it.

A new production manager is appointed to the company and he indicates to all workers that they must improve their performance and be much more disciplined. He tells the workers in the packaging section to stop making and drinking tea during working hours, as this is against the company's rules. The workers complain that they have been doing this for a long time and that it is not causing any harm or problems for the company.

The production manager then issues a circular saying that any worker drinking tea or coffee other than in authorized work breaks will lose one day's pay. A second offence will be grounds for dismissal.

The packaging section workers are very annoyed and are thinking of going on strike?

(a) How might this strike be avoided?

(b) Do the workers have the right to make and drink tea in this manner?

(c) What advice would you give to the management?

Role Play 1 George and the Mammoth Insurance Company

Background

George is a member of the XYZ Employees Union. He has worked for the mammoth insurance Company for 12 years and has had an excellent record until the last few weeks, when he started coming late. Last Friday he fell asleep in a storeroom and was found by his supervisor one hour after the lunch break was over.

The management decides to dismiss George on the grounds of gross misconduct and refuses to pay his terminal benefits.

The union representative has discovered that George has taken a second job in the evenings to pay back some gambling debts. He says that he needs another 6 weeks to repay the debts, and that he will never gamble again.

The union representative has heard that the Company is thinking of introducing a new computer system, and may want to reduce staff with George's qualifications and experience.

The union representative presents George's case to management demanding he be reinstated. The management indicates that it is not prepared to reverse its earlier decision and a dead-lock results.

Instructions to management (not to be seen by the union)

Your main interest is improving the efficiency of the company through the introduction of computers. The matter concerning George is of secondary importance. His dismissal was not related to the introduction of the computers but once the computers are introduced George, and others with limited skills, are likely to be retrenched.

The question of computerization has not been officially communicated to the union. Management is prepared to discuss it if the union so requests, but it is not prepared to change its plans. It sees the question of computers and technological improvements as part of management's prerogatives.

You will need to consider your ideal position (e.g. George is not reinstated and the computers are introduced) but you are prepared to change your position if convincing arguments are provided (e.g. George will be reinstated at a lower position and the computers will be introduced.)

You should also think about your resistance point beyond which you will not move (e.g. George is given a formal warning and the computers will still be introduced.)

Instructions to the union (not to be seen by management)

Your main concern is to ensure that George is not dismissed. This will demonstrate to the membership that the union really cares about its members.

You will need to consider your opening demand or ideal position (e.g. that George is reinstated and all benefits are restored), but be prepared to change your position (e.g. George is reinstated, a warning letter is issued, and the union gives a written undertaking that George will be of good behavior.) You should also think about your resistance point beyond which you will not move (e.g. George is reinstated but to a lower position, for a limited period.)

The information about the new computer system has not been officially communicated to the union but

you believe the management will introduce a computerized system in the near future, and that as a result it will wish to retrench some workers. The union supports the introduction of new technologies but is strongly against retrenchment. It also considers that management is being unfair in that it is using falling asleep at work as an excuse to dismiss someone who, in fact, they want to get rid of because of future computerization.

Role Play 2 Joseph and Apex Construction Company

Background

Joseph has worked for Apex Construction Company for 10 years. For 8 years he was very active in union activities and was a shop steward for most of that time. Two years ago he was promoted to the position of Construction manager. He and his brother Ali run a small building company, and from time-to-time Joseph works with him during off-duty hours.

Recently the owner of Apex Construction called Joseph into his office and told him he was being terminated for taking company materials to his brother's work site. Joseph denied the accusation.

The union objected to Joseph's termination and threatened to go on strike unless Joseph was reinstated. The owner refused and the union called a strike. The owner then terminated the other 5 construction managers who had stopped work in support of Joseph.

The situation is now deadlocked but management has indicated that it is prepared to try to find a negotiated solution to the problem.

Instructions to management (not to be seen by the union)

The Human Resources Manager at Apex says that two employees reported to him that they saw Joseph loading timber into his car at the company's premises. He does not want to reveal their names because they are union members and fear retaliation from the union.

The Human Resource Manager told the owner what the witnesses had seen and the owner believes their story. The owner considers this proves that Joseph was stealing timber for his outside business.

The owner is not anti-union but is glad to see Joseph go because of the problems he created when he was shop steward.

The owner could manage without the other 5 construction managers but would be prepared to take them back, provided Joseph remains terminated.

Instructions to the union (not to be seen by management)

Joseph says he had problems with the owner when trying to organize the union during the time he was a shop steward. Since he was promoted to manager, Joseph considers he has had good relations with the owner.

During the last 2 years Joseph has concentrated his after-work efforts on helping his brother with his construction company. He agrees that much of what he has learned at Apex Construction has been used in his brother's business, but denies taking anything of value from the company.

On the day of the alleged theft Joseph says he took three pieces of scrap timber from the waste area behind the main building. Joseph says this was used for firewood.

The union believes the owner is anti-union and has been waiting for an excuse to dismiss Joseph because of his past union activities. The union also believes the termination of the other 5 construction managers is simply a way to hire five new, anti-union managers.

The union wants Joseph and the other 5 construction

managers reinstated with full back pay.

The union representative dislikes the owner and is very angry with the owner's attitude towards the union.

Role Play 3 Wage negotiation

Background

The Golden Thread Garment Enterprise is a very successful garment factory. It has created an image for itself of being a progressive company, with a high concern for the welfare of its workers.

Recently, Golden Thread spent a considerable amount of money advertising the fact that it is a caring employer with a high concern for its workers.

Golden Thread applies all the minimum conditions as set out in the Labour Law and the wages paid are slightly above the minimum but below the wage of some of your competitors.

The enterprise has 1500 workers, and 80% of them are union members.

The union has presented management with a number of claims. Management has indicated a willingness to negotiate with the union.

Instructions to management (not to be seen by the union)

The union has requested an increase of 50000 rupiah per month. The company can afford this but you have been instructed by your head office that the maximum increase that can be given is 20000 rupiah per month, as senior management fear that wage demands of this magnitude will be come a yearly tradition. You have also been instructed to use every means at your disposal to settle below 20000 rupiah.

The union is also requesting an increase in the annual bonus from one month's pay to two months, and two extra holidays each year.

You are well-trained and tough negotiators who do not give in easily. Nevertheless, you are very concerned about your progressive and positive image and want to maintain good relations with the union. During the last five years there has not been any major industrial incidents, but the union is now threatening a strike.

Instructions for the union (not to be seen by management)

You are asking for an increase of 50000 rupiah but you know this is optimistic. You realize that you will have to accept something less than this, probably about 25000 rupiah which would bring wages into line with other enterprises in the garment sector. You also want an extra month's bonus (two months rather than one) and two additional holidays each year. Your main priority, however, is to see that monthly wages increase by about 25000.

Your negotiating team consists of new trade union representatives with little experience in negotiating. Because of your lack of experience your members do not have much confidence in your ability to represent them. You are determined to show your members that you can do a good job. You want to avoid industrial action since you realize that you are not strongly enough organized to carry out a successful strike.

Exercise 1 Workplace Cooperation

Design a checklist to be used on a joint management-worker workplace inspection.

Exercise 2 Workplace Cooperation

An enterprise has the following vision.

"Within 3 months the enterprise, in consultation with workers, will have a joint-consultative committee, comprised of representatives of workers and

management, established and operational."

What **action steps** are required to implement this vision?

Exercise 3 Workplace cooperation

An enterprise has the following vision.

"Within 12 months, labour productivity in the enterprise will have increased by 15%."

Exercise 4 Workplace Cooperation

An enterprise is experiencing the following:

- An increase in work accidents from 10 to 50 over the last year.
- An increase in labour disputes from 60 to 130 over the last year.
- A labour turnover rate that is three times higher than the industry average.

Write a **vision statement** to address each of these problems, and write down the **action steps** to achieve each vision.

Exercise 5 Communication

Ask selected individuals to describe the following in no more than 2 minutes.

- Tying a shoe lace
- Changing a tyre on a car
- A snake (to someone who has never seen one before)
- An umbrella
- A computer

Exercise 6 Communication

Select some articles from a newspaper or magazine (about 500 words) on some area of interest to industrial relations.

Ask selected participants to indicate the **meaning** of the article in a couple of sentences.

Exercise 7 Communication

Select some articles from Indonesia's labour legislation.

Ask participants to explain the **meaning** of each article as simply and briefly as possible.

Exercise 8 Communication

Look at the squares and triangles shown in OHT/E8.

Select one participant to verbally convey this picture to the other members of the group. The sender of the message has his/her back to the audience. No questions or prompting is allowed. This is an example of one-way communication. Time how many minutes it takes for the sender to communicate the message.

Repeat the exercise with the sender looking at the audience (but with the message concealed in a folder.) Questions are allowed to help the receivers be sure they are getting the right message. This is an example of two-way communication. Time how long it takes.

Compare the results. The outcome is likely to be that under one-way communication, the message was conveyed quickly but was not accurately received. Under two-way communication, the message is more clearly received, but it takes longer.

Exercise 9 Problem solving

Look at OHT/E9.

Ask participants to join the nine dots together by using four straight lines, and without taking their pen from the paper.

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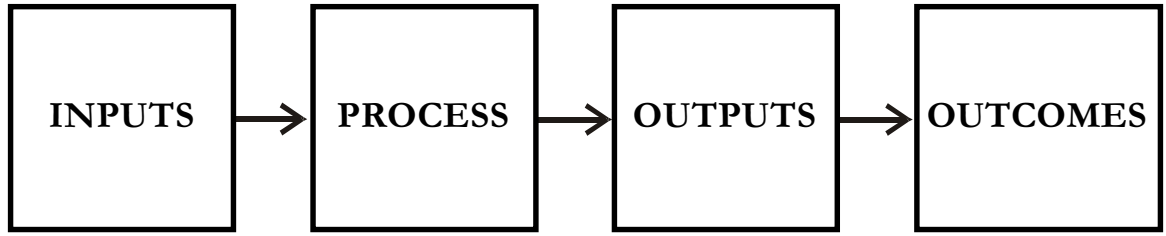
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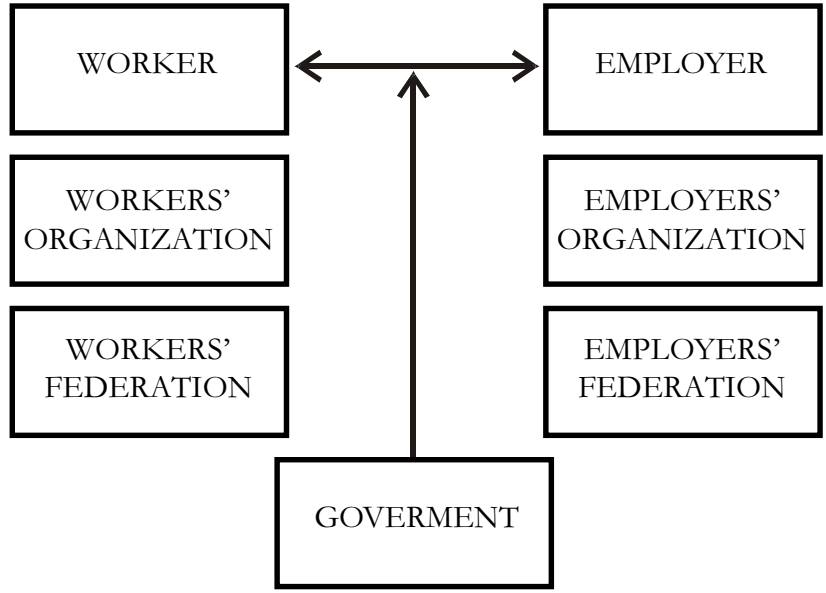
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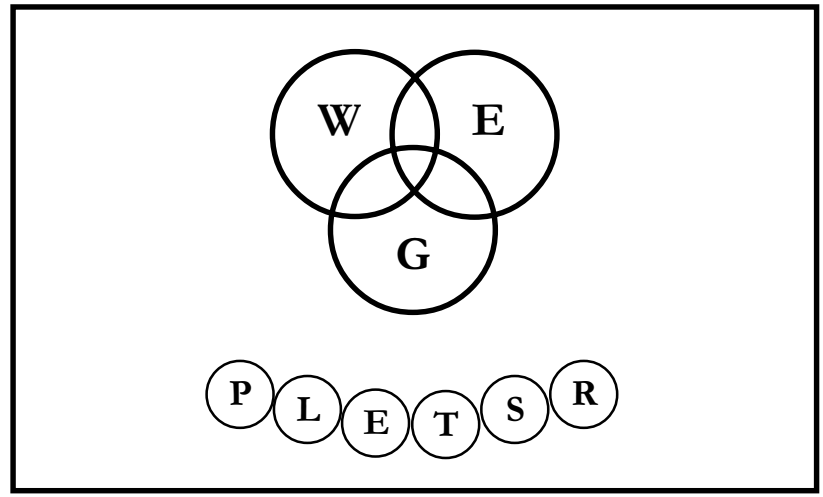

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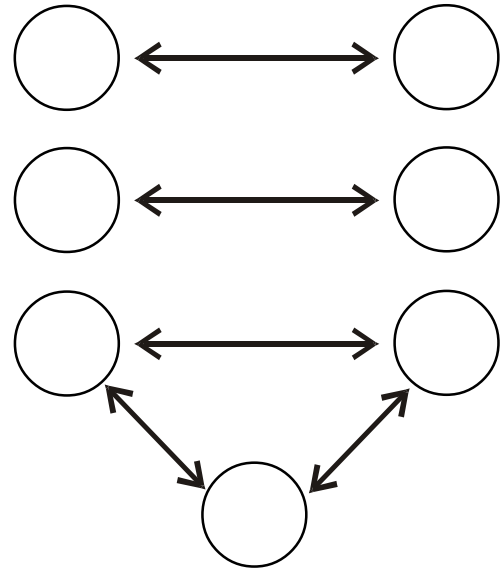

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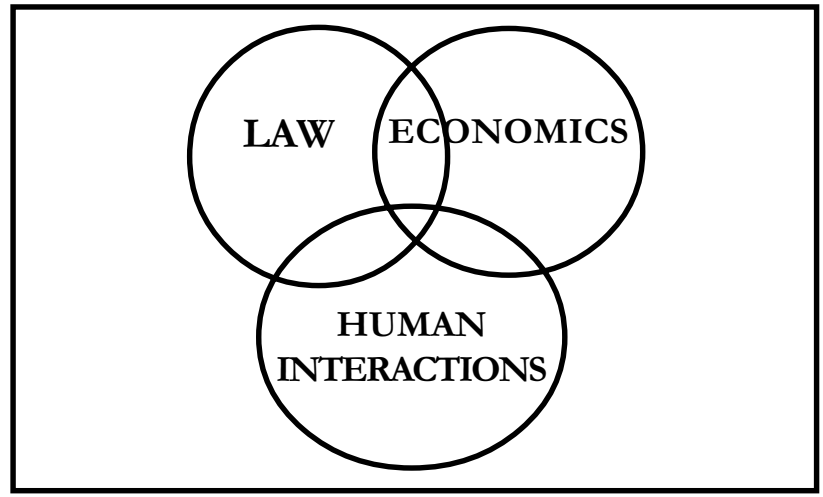
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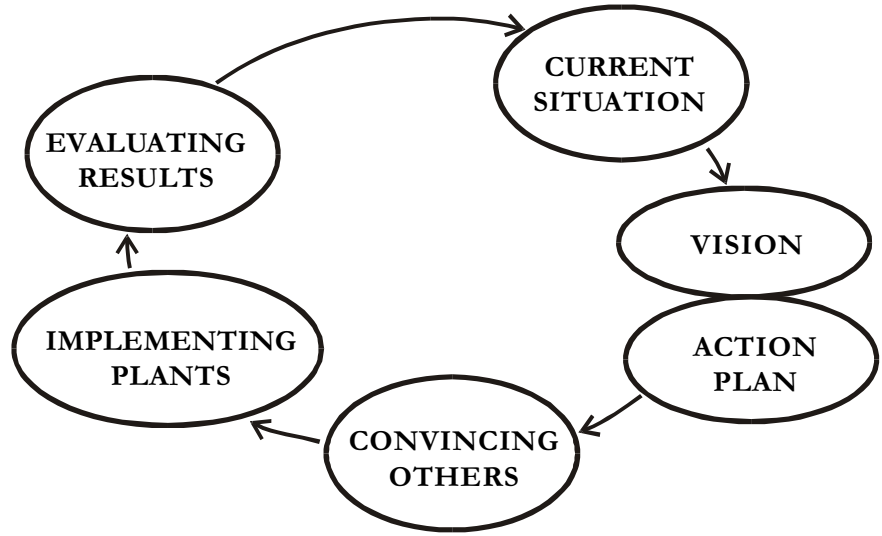
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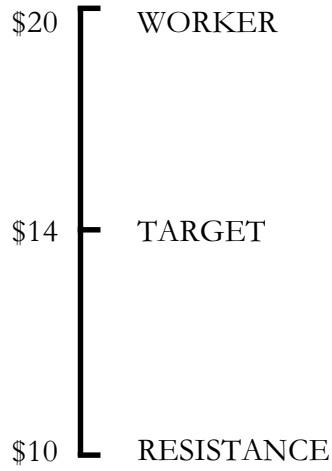
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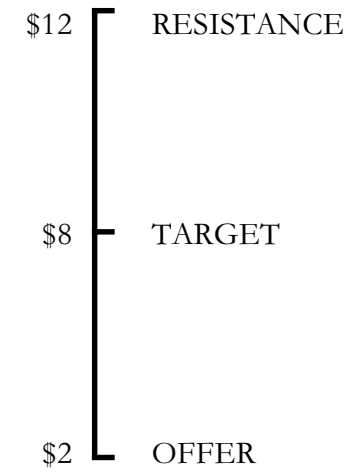
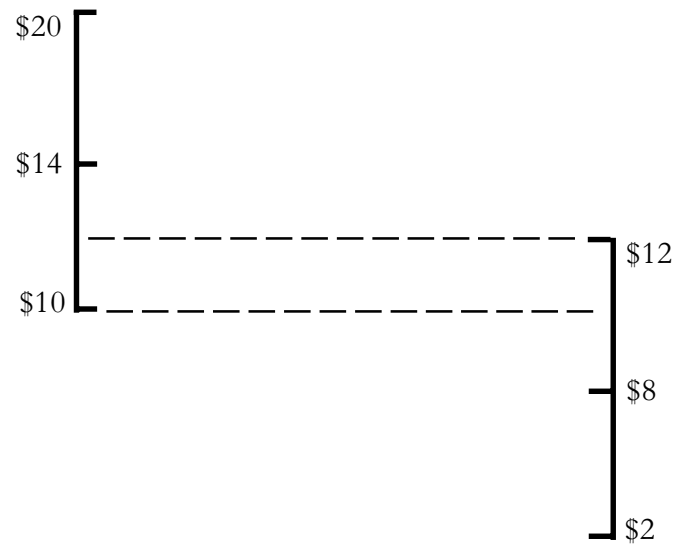
RESISTANCE

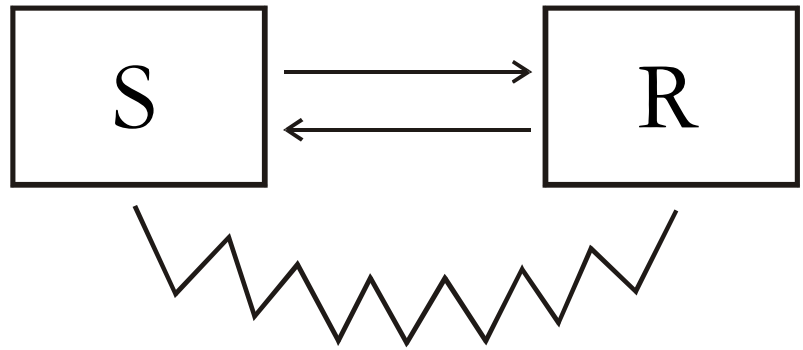
OHT/6/2



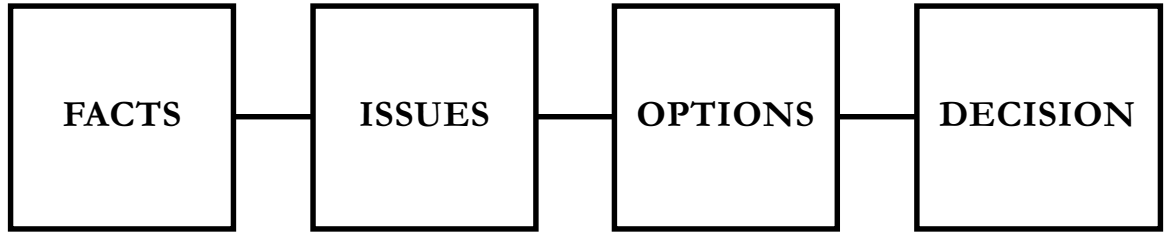
OHT/6/3



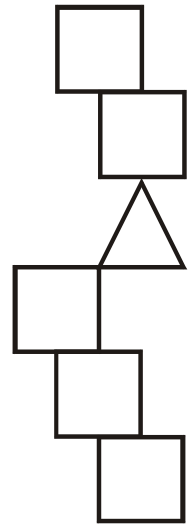
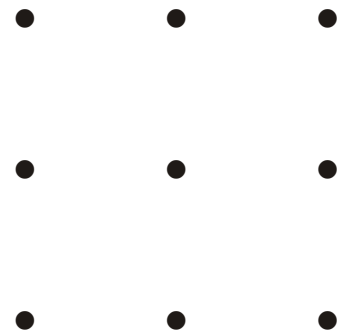
OHT/7/1



OHT/8/1



OHT/E8



OHT/E9