A QUALITATIVE APPROACH OF THE TRADE UNION AND ITS REACTION WITH THE EMPLOYEES’ PERFORMANCE IN PT. MEARES SOPUTAN MINING

Richard F. Rimbing¹, Peggy A. Mekel², Merinda Pandowo³
¹²³IBA Program, Economics and Business Faculty, Sam Ratulangi University, Manado, Indonesia

Email: ferdinandrizar54@gmail.com

ABSTRACT

Mostly the large companies in Indonesia even the world have workers who joined in trade union. The general purpose of trade union is to fight, defend, or protect the rights of the workers. The goal of this research is to explore the relation between trade union and employees’ performance in company. The research informants are 11 persons, some of them are members of trade union and the rest didn’t join the union. This research uses qualitative method by interview, case study approach and exploratory design. This research is conducted in PT. Meares Soputan Mining. The result shows that the employee performance; Employees’ Motivation, Job Knowledge, and Employees’ Discipline. The management of the company and leaders of trade union must conduct intense evaluation meetings, in order to know and respond about employees’ condition in the field.

Keywords: Trade Union, Employee Performance


Kata Kunci: Serikat Pekerja, Kinerja Karyawan
1. INTRODUCTION

Research Background

Almost all large companies in Indonesia and even the world have workers who joined in Trade unions. With a variety of purposes, the workers join the union. Trade unionists and human rights advocates have stressed the importance of trade union rights (freedom of association and the right to collective bargaining) as fundamental rights for workers to create and sustain a change in their working conditions. These rights are enshrined in various International Labor Organization (ILO) conventions (nos. 87, 98, and 135, respectively), the Universal Declaration of Human Rights (Article 23), and the International Covenant on Economic, Social and Cultural Rights (Article 8). The Australian Bureau of Statistics has defined unions as: “An organization, consisting predominantly of employees, the principle activities of which include the negotiation of pay and conditions of employment for its members” (ILO, ‘World Labor Report 1997-1998’) and Knowles and Eade (n.d.) wrote that the core business of labor unions is to organize press for fair terms and conditions of work, negotiate on behalf of the work force, provide services for members, network, and mobilize them.

Indonesia is one country that has the largest number of workers in the world, requires that Indonesia has its own regulations governing the employment and labor unions. Based from Peraturan Menteri Tenaga kerja no. 5/MEN/1998, there are 63 trade unions recognized by the Indonesian government. Labor unions in the company, considered to be a threat to the profitability of the company is or may also be an element that can synergize with the company. The existence of trade unions is expected to assist the government in improving the welfare of worker, the general terms that the union is fighting for are wages, and safety Assurance.

Employee performance within a company is one of the important elements that can determine the level of growth of the company. Livingstone and Raykov (2005) has squeezed many studies and expressed that both formal and informal learning are deeply embedded in many union cultures. Companies that become the object of research is one of the largest mining companies in North Sulawesi, PT. Meares Soputan Mining. Location Mining PT. Meares Soputan Mining, located in the district of North Minahasa Regency is possible worker to join the union in the area or unions that have branches in the area. There have been many previous studies conducted on the impact of the existence of trade unions for employees, but most often is a correlation between the presence of unions and employee satisfaction levels. In some journal, revealed that trade unions also provide training and education to its members in order to enhance their performance in the company. Therefore, this study tries to find the relation between Trade Union and Employees’ Performance in the company with a qualitative approach.

Research Objective

The research objectives are follows:
1. To Study the Relation between Trade Union and Employees’ Performance in the Company.
2. To Identify the Issues between Trade Union and Employee’s Performance in Company.

Theoretical Framework

Human Resource Management

HRM is a vital function in organizations. It engages everyone and it take time. According to Gary Dessler (1999) "Human resource management refers to the policies and practices one
needs to carry out the people or human resource aspects of management position including recruiting, screening, training, rewarding and appraising”. HRM involves “all management decisions and actions that affect the nature of the relationship between the organization and employees–its human resources” (Beer, M., Spector, B., Lawrence, P.R., Quinn Mills, D. and Walton, R.E. (1984) p. 1).

Trade Union

According to the Indonesian law No. 13 in 2003, trade union is an organization formed of, by, and for workers / laborers either within the company or outside the company, which is free, open, independent, democratic, and responsible to fight, defend and protect the rights and interests of workers / labor and improve the welfare of workers / laborers and their families. Knowles and Eade (n.d.) labor unions is organization of workers which have organize press for fair terms and conditions of work, negotiate on behalf of the work force, provide services for members, network, and mobilize them as their core business.

Employee Performance

Employee Performance is the output of this research, according to Vroom (1964) an employee’s performance is based on individual factors, namely: personality, skills, knowledge, experience and abilities. Employee performance is affected by several factors those are the effectiveness and efficiency, authority, discipline and initiative (Prawirosentono, 1999).

Previous Research

Yi Lua, Zhigang Taoa, and Yijiang Wang (2009), focused on union effects on the performance of, and employment relations in, China’s private enterprises. The study finds that, although unions do not directly contribute to positive wage gains for the workers, they do contribute to better employee benefits, increased signing of formal employment contracts, and hence more harmonious employment relations in China’s private enterprises. Tomislav Hernaus, Ana Aleksić, and Ivana Marić (2012) Focused to analyze the relative importance of trade unions for dissemination of innovative work design practices. These research findings clearly indicate how trade unions have a significant impact on the implementation of different work design practices. Chris Doucouliagos and Patrice Laroche focused to make more lucid the relation between union and productivity, The results from meta-analysis presented here suggest that if all of the available evidence is pooled together, measures of central tendency indicate a near zero association between unions and productivity. Carol Gill from University of Melbourne (2008) focused to collate, examine and interpret the literature and research on unions and HPWP (Hight Performance Work Practice), This study has argued that voice facilitates the adoption of HPWP, however voice is also delivered through many HPWP. Decentralization, extensive training, reduction in status differences, and even the mechanisms leading to contingent compensation, may all embed voice practices. Muhammad Tariq Khan, Dr. Naseer Ahmed Khan, Sheraz Ahmed, and Mehfooz Ali (2012) used developed on descriptive secondary information searched from research literature about role of labor unions for human resource development (HRD - training and education) of workers throughout the world. This study concluded that unions besides seeking benefits for their members under collective bargaining also take part in the activities of human resource development by exerting efforts for training and education of workers.
2. RESEARCH METHOD

Type of Research

This research uses qualitative method, exploratory design and case study approach in order to find out the relation between trade union and employee performance in PT. Meares Soputan Mining.

Place and Time of Research

This research was conducted in PT. Meares Soputan Mining between May – July 2015.

Research Procedure

There are some steps that have been done to conduct this research:
1. Study about qualitative analysis interview method and human resources material, trade union material, especially from secondary data like journals, articles and books.
2. Select the potential respondents to be interviewed. Gain the permission to conduct research in PT. Meares Soputan Mining.
3. Devise the questions for the interview.
4. Conduct observation while doing interview with the informants to get information.
5. Doing analysis while collecting the data.
6. Doing final observation and interviews to do data triangulation and complete the materials.
7. Re-checking all the interview and observation results then write the results.

Population and Sample

Population is identifiable group of elements (e.g, people, products, organizations) of interest to the researcher and pertinent to the information (Hair et. al, 2006:310). According to Spradley (1980) in Sugiyono (2007) in qualitative research there is no population term but only social situation, which consists of three elements: place, actors and activity. The social situation of this research is all elements that can be respondent about the relation between trade union and employees’ performance in PT, Meares Soputan Mining. Sample is the subset or subgroup of population (Sekaran and Bougie, 2010). While as quoted from Sugiyono (2007) sample in qualitative research is not called as respondent instead as a sources, participant, informant, friend and teacher in research process. Sample in qualitative research also is not statistical sample but a theoretical and constructive sample because the purpose is to gain theory and the source data is the source of constructed phenomenon that was previously unclear before. There are 11 samples for this study.

Data Collection Method

The data collection method can be from primary and secondary sources. The researcher obtains primary data from interview. The secondary data is collected from books, journals, and relevant literature from library and internet.

Data Analysis Method

Qualitative Data Analysis

According to Hair et al (2007:292), steps in qualitative data analysis are Data Collection, Data Reduction, Data Display, Drawing and Verifying Conclusion.
Reliability and Validity

In this research, method triangulation and data triangulation were employed. The data were gathered from interviews with different informants, observation from many resources, and also reviewing different literature from various researchers.

3. RESULT AND DISCUSSION

Result

Characteristic of the Informants

This part will describe and differentiate the informants based on their department/division, joint to the trade union, and length of work.

1. Informant 1 is an employee in Manado Office. He has in the company for 2 years and He is not a member of the Union.
2. Informant 2 is an employee in Land Division. He has in the company for 3 years and become a member of the Union for 3 years also.
3. Informant 3 is an employee in Environmental Department. He has in the Company for 1 year and also become a member of the Union for 1 year.
4. Informant 4 is an employee in Human Resources Department. She has in the company for 4 years and she is not a member of the Union.
5. Informant 5 is an employee in Human Resources Department. She has in the company for 2 years and she is not a member of the Union.
6. Informants 6 are the leaders of the Trade union. They are the chief and the secretary of SPSI. The Chief join the SPSI in PT. MSM as from a year ago but he have experienced this organization since 1996 when he has worked in another mining company, while the Secretary has join in the SPSI about 4 year ago.
7. Informant 7 is employee in OHS Department. He has in the company for 8 years and become a member of the Union for 4 Years.
8. Informant 8 is employee in Land Division. He has in the company for 5 years and become a member of the union for 1 Month.
9. Informant 9 is employee in OHS Department. He has in the company for 4 years and become a member of the union for 4 years also.
10. Informant 10 is a Leader in Human Resources Department. He has in the company for 10 months.

Involvement and Understanding about Trade Union

All Employees are understand about the trade union and almost all Employees ever Involve in Trade Union activities:

1. The main purpose and common activities of trade union: All informants from employee are understand about the main purpose of trade union, almost all of them also have exact same answers except Informant 9, but still his answer have the same meaning with the others. While their answers about the common activities are depend on their own experience or their vision about the trade union operation in PT. Meares Soputan Mining: Their main purpose are to unite the workers and defend their rights. While they common activities is assemble the “voice” from the workers. (Informant 1). The main purpose is defend the workers’ rights and the common activities is to conduct meeting of the trade union leaders who represented the members of the trade union (Informant 2). The union purpose is to defend the workers’
rights and the common activities that union conduct is to channeling the workers’ aspiration (Informant 3). Defend the workers’ rights is the main purpose and for the common activities is to advocate the employees’ problem with the management and also follow the meeting to discuss about the PKB’s Form (Informant 4). The main purpose is to defend the workers’ rights and the activities are being trained by the company about the negotiation skills and regulation awareness/knowledge (Informant 5). The main purpose is to defend the right of the workers and the common activities are conduct the discussion about the PKB with management and coordination meeting with the coordinator in each department - if there are aspirations from the workers, they can give it to the leaders via coordinator in each department (Informant 7). The main purpose should be to fight for the welfare of the employees and I don't know about the common activities of the trade union (Informant 8). For the main purpose is to become the social control regarding the decisions from the management which means the union must fight for the employee rights based from the constitutions. While for the common activities is to conduct socialization to the workers regarding the rules development. (Informant 9).

2. Obligation of the SPSI and reason not to join. All of the Informants that involve in the SPSI/become part of it, have similiar answer about the obligation of the organization. While there are 3 employees that not join the union, only 2 of them who want to tell about their own reasons.
- Obligation awareness in organization: the employees have similiar answer about their opinion on union’s obligation. Follow the action of the SPSI (Demonstrations) and pay dues (Informant 2), Pay dues for Organization (Informant 3), Pay dues and obey the AD/ART (Informant 6), Pay dues and follow the AD/ART. (Informant 7). Just pay dues and obey the rules of the union (Informant 8), Pay dues and give positive contribution to the movement (Informant 9)
- Reason not to join the SPSI. Here are the reasons of 2 employees who didn’t join the union: Before I was moved to the HRD, I was in the accounting dept. and the division not allowing me to join the trade union. It is like “Conflict of Interest”. But maybe I will join the union. (Informant 4), Because the recruitment socialization of the SPSI for me are so unclear and because the HRD always become the medium for the management and the union. So, for me the HR personnel should be neutral. (Informant 5)

3. Involvement in trade union. Informants from employees who didn’t join the union answered that they never involve in the union activities. Surprisingly, 2 (Two) of the employees who join the trade union also tells same answer that they never involve the trade union activities, but only 1 (one) of them who describe his reason: I never involve in SPSI’s activities. Because, I'm only a member, so I only receive information about the coordination among the unionist. (Informant 2), 1 (one) of the informant who didn’t joined the union, answered that he ever involved in union activities: I ever involve in activities, like socialization about regulation, safety and employee welfare (Informant 1), 3 (Three) of the employees who join the union say that they are involved in some union activities: My opinion are been taken for the decision making from my dept. to the union and follow the socialization regarding the deal between the union and the management. (Informant 3), I follow the coordination meeting with the coordinator in each dept. (Informant 7), I follow some of the discussions about the work-safety, regulation and employees welfare with the union leaders. (Informant 9).

Union Impact on Employees’ Job Satisfaction

Almost all employees answered that the union make their work become more comfort. They tell that it is because the union can become the medium of their voice to defend their rights. I feel comfort in workplace, because the trade union can become the employee “voice” medium to
fight the injustice situation that occur to the employee. And it have psychological influence (Informant 2). Because the union can give us back-up to deliver our aspiration and defend our rights. It make me more comfort. (Informant 3). Yes. I'm comfortable, I felt the impact of the union activities. They defend our rights through the PKB discussion with the management, and more good impact that the Union gives to us as employee. (Informant 4). Yes I feel more comfort. Because the SPSI's existence help the workers to deliver their aspirations. (Informant 5). I feel very comfort with the existence of SPSI. In the past, before the SPSI exist in this company. When I have something to say to the management it always undelivered and if work termination unilaterally happens, nobody can stand to defend the workers position. But now because the SPSI exist the workers more organized and well defended, SPSI become the medium for us (Informant 7). I feel comfort and safe with the union existence. Because, SPSI is the medium to defend and deliver the workers aspirations (Informant 8). Of course it gives make me more comfortable in workplace. Because, the SPSI become social control for the management regulation. In other company, the management can become unjustly to the workers because they didn't have unions (Informant 9).

The informant from the human resources department’s leader also support those statement above, he say that the union can become “Voice” medium for the employees: Based from my observation on some employees, they said that the Union make them feel good to work. From our last meeting with the union, the union gives and measures about the issues or problems that exist among the workers in the company. So, I’m sure that the employee feels comfort with the existence of the union (Informant 10).

There are 1 (One) informant tell that the existence of the union didn’t have impact on his work at all: actually the union is not affected me at all. It have no effect to me if they are exist or not exist in this company. It have no impact on my work comfort. (Informant 1).

The Relation between Trade Union and Employee Performance

Almost all of the informants answered that there are good relations between their performance and trade union, some answer tells that SPSI make them more motivated to Work, More Discipline, and Knowledge: it is affected to my attitude and I become more discipline because I have to keep the good reputation of the SPSI (Informant 2). It is affected psychologically but not professionally. I got motivated (Informant 3). I think it is more “mental” impact. It means, it had motivated me in work (Informant 4). It gives me motivation to work (Informant 5). Not professionally, but it gives me motivation to work and I become more discipline because I have to defend the reputation of the union (Informant 7). It pushed me to work more professionally and feel safe more. And because I’m from OHS dept. so, the union objectives are sync with my department. It is about the regulation for the workers’ safety. The point are I got motivated and new Knowledge (Informant 9).

The management and the union support those answers above. The management described the variables that been used to rated the employee performance in the company and point the variables that have relation with the trade union. While the union explain that they didn’t conduct training for the employees for particular reason and tell that they are concern in employee performance by conduct performance evaluation of the members. Both of them prefer discipline is the variable that has relation. We measured the variables into 2 major categories those are Soft-skill and Hard-skill. Soft-skill is about the personality of the workers itself, such as; motivation to work, networking/interpersonal skills, and discipline. About the Hard-skill it more ‘Professional’ skills, that rated in each departments. I think that discipline is the variable that has strongest relation with trade union (Informant 10). We still have obstacle to do employee’s training, because our financial condition didn’t support it. The dues is too low, the number of dues now is just like when I was in Newmont. So, you can imagine the Rp. 5000 in
1996 and Rp.5000, nowadays, but we still discuss with the coordinators in each dept. about the nominal (Informant 6, The Chief). We concern about employees’ performance but if we talking about performance we have to see their welfare, because their welfare are the most affected variable to their performance. So, we still fight to increase the salaries and wages based from our observation about employee’s daily life and comparison with another mining company. Honestly in other mining company their minimum wages are 3.5 million rupiahs but in this company we still use the UMP (Provincial Minimum Wages) which is very low for the mining industries. We all know that the income from mining sector is very large, so it must be adjusted with the salaries and wages. I think the problem is in our government, because they didn’t have a specific standard for Minimum wages. The Government must be consider and concern about the industries differentiation, they should conduct a standard wage regulation based from industrial analysis not only regional. (Informant 6, the Chief). The employee performance are affected to their satisfaction, we are still fight for it. But in the past we are success to negotiate with company about the housing-fee for the workers and the work hours which are 10 hours per day become 8 hour. I think the results should give positive impact to their performance. We also give our members an discipline strengthening in work by evaluate their work performance, to keep a good relation between the union and the company. (Informant 6, the Secretary).

There are 2 (Two) Informants from employees who argue that the union have no relation with their performance. 1 (one) of them is a member of the Union, he tell that the union have no relation with his performance because he was new in the Union but he insist that the employees must join the union. I think the union has no relation with my performance, because I was new in this union. But I believe that all workers must join the union in order to defend our rights (Informant 8).

**Discussion**

Majority of the informants mention that trade union and employees’ performance are related. There are 3 (three) variables that related to the trade union existence. First, knowledge this answered by Informant 9 as one of his performance variable that related by the union existence, as follow: It pushed me to work more professionally and feel safe. And because I’m from OHS dept. so, the union objectives are sync with my department. It is about the regulation for the workers’ safety. The point is I got motivated and new knowledge (Informant 9).

Breaugh (1981) states in his research that there are four different performance dimensions on which employees are measured, named: quality, quantity, dependability and job knowledge. Based from Informant 9 statement, the new knowledge is gained from trade union because it is related with his department. So, this is called job knowledge. Viswesvaran (2000) mention that job knowledge is one dimension of individual work performance.

Motivation also become 1 (one) variable who have relation with the trade union existence. This is the variable which is asserted from majority of the Informants. The management explained that motivation is 1 (one) of the variables that used to measure the employee performance in the company, as follow: We measured the variables into 2 major catagories those are Softskill and Hardskill. Softskill is about the personality of the workers itself, such as; Motivation to Work, Networking/Interpersonal skill, and Discipline. About the Hardskill it more ‘Professional’ skills, that rated in each Departments (Informant 10).

Motivation to work is the most frequently answer that mention by the employees. Some said that they have to keep good performance by keep motivated because they should defend the SPSI reputation.
Discipline is variable that related to the trade union existence. It is mention by the management, union leaders, and several employees. In the statement before from management it explained that discipline is 1 (one) of the variables that use to measure the employee performance in the company. Campbell (2001) mention that discipline discipline is 1 (one) of individual work performance dimensions same like Wisecarver (2007). The union leaders said that they cooperate with the management to evaluate their members’ performance specifically their performance, as follow; We give our members an discipline strengthening in work by evaluate their work performance, to keep a good relation between the union and the company. (Informant 6, the Secretary).

This study explored and finds out that Motivation, Knowledge and Discipline are the variables which have relation with trade union in PT. Mares Spouting Mining.

4. CONCLUSION AND RECOMMENDATION

Conclusion

After examining the findings and discussing them, there are some conclusions in this research, listed as follows:

1. The Union has a good relation with the employees’ performance. It is related to Employees’ Motivation, Job Knowledge and their Discipline.
2. Based from the findings, there are 3 (three) major issues among employees, company and union that related to the employees’ performance. Those are the collective labor discussion, the insurance matter and the deportation of expatriate workers. The most heated issue is the collective labor discussion (PKB).

Recommendation

This thesis was done with hope that it could contribute to the future researchers, the company, the government, and the union. There are recommendations that hopefully can be useful as suggestion, as follows:

1. There are 3 (three) variables of employees’ performance that related to the trade union, those are Motivation, Job Knowledge and Discipline. The future research can continue this research with more specific and details by using descriptive design to have deeper explanation about the impact of trade union existence on employee’s performance.
2. The management should conduct a month-evaluation meeting with the union. So, the union can measure and explain about their members’ finding on the fields regarding the employees’ aspirations. Also, the management especially human resources department should conduct more events with the Union, such as Socializations about Employment.
3. The North Sulawesi Province Government should make a regulation about minimum wages, which is set about minimum wages nominal based on the industrial sectors. Of course, it should be consistent with laws of Indonesian no. 13 in 2003 about employment.
4. The union must conduct coordination meetings 2 times per week with the coordinators in each department, to upgrade information about the work situation among the employees. Also, the union regulation about the members’ dues nominal must be revised in national executive meeting, the dues should be 2% (two percent) from members’ salaries/wages in order to union can conduct more beneficial activities or events.
REFERENCES

Books

Papers

Articles from Internet
