

# The Contemporary Study of the Theory and Applications of Pancasila Industrial Relations from the Perspective of Indonesian Labor Law

Adnan Hamid

Faculty of Law, Pancasila University, Jakarta, Indonesia

**Email address:**

[adnan\\_hamid@univpancasila.ac.id](mailto:adnan_hamid@univpancasila.ac.id)

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**Abstract:** This research is very important because the theory and application of Pancasila industrial relations (*Hubungan Industrial Pancasila* or HIP) is considered to be inconsistent in its application. For example, industrial relations on the one hand are under the strict control of the central government and on the other hand are decentralized. Then, the classic problems of industrial relations in Indonesia tend to be unresolved regarding the position of workers/laborers who are still weak compared to employers, for example the protection of workers' rights in the labor law. The purpose of this paper is to examine the meaning and contemporary of the theory and application of HIP from the perspective of Indonesian labor law. A focused literature review was carried out to review HIP in line with advances in information and communication technology (ICT) which have changed the visual representation of the industrial world in various countries in the world which are heading towards a global value chain. The methodology used in this research is using a normative juridical method approach. The research findings reveal that the industrial relations policies carried out by the government and the legislature in the labor sector in Indonesia are still considered not in accordance with Pancasila as *filosofische grondslag* (fundamental philosophy) and as a source of all sources of law or as a source of national basic law in the legal system. in Indonesia, and the 1945 Constitution. The results of this study are expected to provide a significant contribution to stakeholders in the labor sector in making and implementing Pancasila industrial relations policies in order to create a conducive employment ecosystem.

**Keywords:** Industrial Relations, Information and Communication Technology, Labor Law, Pancasila, The 1945 Constitution, Indonesia

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## 1. Introduction

At this time, contemporary studies on the theory and application of industrial relations Pancasila (*Hubungan Industrial Pancasila* or HIP) from the perspective of labor law are increasingly important and have relevance along with advances in information and communication technology (ICT). The implications of ICT significantly encourage the acceleration of the formation of a global society, global value chains (Global Value Chains or GVC).

GVC refers to the international division of production, a phenomenon in which production is broken down into activities and tasks are carried out in different countries [29] thus impacting growth and employment [53]. Global society can be interpreted as the idea that people are fully integrated

with each other in the international trade sector, international politics, and even share culture [52] in the industrial era 4.0. The industrial era 4.0 provides real-time information about the entire manufacturing process through the organization's value chain [9].

Organizational value chains have changed the production process [10] through electronic means [33], so that it can encourage economic growth and increase productivity [26, 32]. On the other hand, advances in ICT have implications for trade liberalization, investment [29], employment structures and changing the nature of work in society [13].

The advancement of ICT has become a necessity at this time related to the production process [38] to increase labor

productivity and create new job opportunities in different industries and in newly created markets [34]. It is predicted that this will increase the need for a competent workforce, thus having an impact on business organization and the nature of industrial relations [27].

According to Ouchi in Hamid [14], labor law plays an important role so it must be able to adapt to advances in ICT in order to empower, protect workers/laborers, and ensure that the employment relationship between employer-employee must be monitored with respect to the accountability of both parties for their actions. According to the Alliance for Global Justice's in Hamid [15] that international labor relations, where governments and employers often undermine workers' rights while fighting for justice for all workers, demand and support the welfare of their own people, not by creating major inequalities. and huge profits for employers at the expense of workers in factories and in other fields of business.

The issue of international labor relations has resulted in Indonesia, since 1971, a relationship based on partnership and harmony between employers and workers has been declared through an HIP policy. Then, since 1974, HIP has been enacted to create industrial peace, industrial relations that will provide benefits for the achievement of the national goals of the government, employers and workers as a manifestation of the ideology of Pancasila, the philosophical foundation.

Legally, HIP functions to regulate and control the application of industrial relations refers to its compatibility with the values of Pancasila. Pancasila as *philosophische grondslag* (fundamental philosophy) is binding and determines how state power is exercised and managed. Pancasila is the nation's view of life, has the main function as the basis of the Indonesian state. In this case, Pancasila occupies the highest position, as a source of all sources of law or as a source of basic national law in the legal system in Indonesia.

However, industrial relations problems in Indonesia are often colored by conflicts of interest between employers and workers. This conflict of interest has an impact on financial losses, especially in the context of HIP in Indonesia. Problems in the theory and application of HIP are important issues to be studied comprehensively so that this research becomes significant, especially related to industrial relations in Indonesia. In this context, HIP is still in transition and it is still unclear, especially in its implementation, for example industrial relations is under the tight control of the central government and is decentralized.

On the other hand, the classic problems of industrial relations in Indonesia remain a very important agenda, especially the application of industrial relations. Industrial relations problems that tend to remain unresolved are the position of workers/laborers who are still weak compared to employers in the labor law, and also the issue of the protection of workers' rights which continues to cause problems in the field of employment in Indonesia. Furthermore, the problems of industrial relations in Indonesia

after the reform era did not show a conducive direction. This is further exacerbated, with the passage of the Job Creation Act No. 11 of 2020 [44] thus strengthening the argument about the weak position of workers/laborers compared to employers. This latest labor law tends to potentially reduce everyone's right to work and receive fair and proper compensation and treatment in employment relations based on Article 28D of the 1945 Constitution (UUD 1945), and others

Referring to these various descriptions, this research is very significant because until now there has been a tendency related to the inconsistency between the theory and application of industrial relations from the perspective of Indonesian labor law which is based on the philosophy of Pancasila and the 1945 Constitution. has been described above. Furthermore, the most recent and happening labor problem in Indonesia is the high number of lawsuits filed by workers as plaintiffs to fight for justice in Industrial Relations Court (*Pengadilan Hubungan Industrial* or PHI) cases, which is 2,645 of 2,993 decisions [2].

Thus, the formulation of the research problem proposed in this paper is as follows: *What and how is the theory and application of Pancasila industrial relations (HIP) in Indonesia?* Therefore, this article is entitled: *'The Contemporary Study of the Theory and Applications of Pancasila Industrial Relations from the Perspective of Indonesian Labor Law'*

## 2. Legal Materials and Methods

The approach method used in this research is to use a normative juridical method, a research method on the applicable laws and regulations [6] both in terms of the vertical hierarchy, and the harmonious relationship between laws and regulations horizontally [4]. The materials used include the 1945 Constitution [40], Law No. 13 of 2003 concerning Manpower [42], Law Number 11 of 2020 concerning Job Creation [44], Law No. 2 of 2004 concerning Settlement of Industrial Relations Disputes [43], Law No. 21/2000 on Labor Unions [41] and other laws and regulations.

The research material used aims to obtain data and information needed in the legal field [7], types based on their binding strength, for example laws and regulations set by parliament and decisions of administrative agents [1]. The method of studying legal literature in the form of secondary data as the basis for research by conducting a search on regulations and literatures [7] related to the problems of theory and application of industrial relations Pancasila in Indonesia. Furthermore, the systematics of this paper successively begins with the introduction and legal materials and methods, results and discussion as follows: (1). Labor Law Review, (2). Industrial Relations Theory, (3). Development of Industrial Relations in Indonesia, (4). Pancasila Industrial Relations Application, (5). Pancasila Industrial Relations Policy Model, and (6) ends with conclusions and suggestions.

### 3. Result and Discussion

#### 3.1. Labor Law Review

The organization and nature of business can be very important in the context of industrial relations from the perspective of labor law. Labor law regulates individual and collective employment relations in relation to other relevant legislation including Constitutional law, civil law, criminal law as well as supranational ILO Conventions [48].

According to Ahmad [48] that labor law aims to correct the imbalance of power between workers and employers and to prevent employers from firing workers without good reason, to prevent employers from making contracts according to the employer's wishes, including in terms of setting minimum standards for work safety and paying wages to employees. workers/labor.

Labor law can also regulate the labor market: a country so that it can choose to enact appropriate laws to set a maximum or minimum limit on wages or hours worked, either nationally or in a particular sector or industry. According to Hamid and Hasbullah [21] that labor law has the following elements: (1). A series of written and unwritten regulations regulate the occurrence of working relationships between workers and employers; (2). There are people who work for and under other people to earn wages in return; and (3). Arrangements for the protection of workers/labourers covering issues of illness, menstruation, pregnancy, childbirth, the existence of worker/labor organizations and so on.

Then, Blackburn [11] stated that labor law has 2 (two) purposes for: (1). Correcting the imbalance of power between workers and employers with the aim of protecting the rights of workers/labourers such as organizing in trade unions, bargaining collectively, and preventing employers from firing workers without good reasons; and (2). Promote socially acceptable working conditions, limit contract partners' freedom to conclude contracts, and set minimum standards such as working time, health and safety, and pay, to avoid exploitation of the weaker party.

Furthermore, labor law can help to harmonize industrial relations or employment relations between employers and employees. The aim is that no employer can exploit their employees, and both parties can negotiate on an equal basis with each other in the context of harmonious industrial relations covering working conditions [14], remuneration, trade unions, and, social security and disability insurance [18].

In Indonesia, the labor law is regulated by Law Number 13 of 2003 dated March 25, 2003 concerning Manpower (Law No. 13/2003), as amended by Law Number 11 of 2020 dated November 2, 2020 concerning Job Creation [44]. After UUCK [44], the government has issued government regulations to implement both UUCK [42] and UUCK [44], namely: Government Regulation Number 35 of 2021 dated February 2, 2021 concerning Fixed Time Work Contracts, Outsourcing, Working and Rest Time, as well as Termination of Work; and Government Regulation no. 36 of 2021 dated

February 2, 2021 regarding Salary.

The other two main laws are: Law Number 2 of 2004, dated January 14, 2004 concerning Settlement of Industrial Relations Disputes [43]; and Law Number 21 of 2000, dated August 4, 2000 concerning Trade Unions [41].

Based on the previous explanations, industrial relations from the perspective of labor law can be interpreted as laws and regulations governing efforts to increase recognition of the rights and responsibilities of workers/labourers in relation to legal protection of the physical, social and economic environment through norms prevailing in the environment. work.

Thus, industrial relations or working relations between workers and employers are aimed at regulating legal protection for workers/labourers in order to create a conducive working relationship in accordance with the theory and application of industrial relations in general and industrial relations Pancasila in particular.

#### 3.2. Industrial Relations Theory

According to the American Museum of Natural History [49], a theory is a well-proven explanation of aspects of the natural world that can incorporate laws, hypotheses, and facts. A theory not only explains known facts and a theory also allows scientists to make predictions about what they should observe if a theory is true [49].

Industrial relations refers to all types of relationships between employers and workers, whether at the national, regional or corporate level; and for all matters relating to social and economic issues, such as setting wages, working hours and working conditions [51].

Furthermore, Ray et al. in Hamid [19] stated that the focus of Labor Law is on the relationship between management and employment in the private sector, especially with regard to national labor laws/employment relations. Each industrial relations system is based on national historical, economic, and political contexts and therefore differs from country to country [19].

Law No. 13/2003 concerning Manpower Article 1 point 16, defines industrial relations as a system of relations formed between actors in the process of producing goods and/or services consisting of elements of entrepreneurs, workers/labourers, and the government based on values. the values of Pancasila and the 1945 Constitution. The most basic thing in the concept of industrial relations is the equal partnership between workers and employers [37].

Then, experts in Hamid [19] state that: (1). Employment relations or industrial relations refers to a system in which employers, workers and their representatives and, directly or indirectly, the government interact to establish basic rules for regulating employment relations, and (2). Employment relations or industrial relations are interactions of people and organizations in the workplace related to how individuals, groups, organizations and institutions make decisions that shape or regulate the relationship between employers and employees.

Referring to its historical background, industrial relations

were initially known in Europe in the mid 18th century until after the industrial revolution in the late 19th century along with the emergence of the industrial revolution, first starting in England around 1750–1760 which took place between 1820 and 1840 where the influence of liberalism views workers as objects or objects of the economy so that workers are always the oppressed party and experience sad conditions so that workers try to strengthen their position by establishing an organization, a trade/labor union [12].

According to Demartoto, A. [12], at the end of the 19th century and the beginning of the 20th century there was a shift in views in industrial relations, and gave rise to a new approach in the field of management known as scientific management which was popularized by F. W. Taylor, in this view the workers began to be seen as individuals and also social beings who interact with others.

Based on the previous descriptions, theoretically, industrial relations from the perspective of labor law can be interpreted as a working relationship between workers/laborers and entrepreneurs as regulated in labor laws related to the rights and obligations of both parties. generally related to the determination of wages, working hours and working conditions based on the historical, economic, and national political context at the national, regional or company level.

Thus, the theory of industrial relations is increasingly complex as technology advances, where the organization and nature of its work has changed so that the setting of rules and other forms from the perspective of labor law must be adaptable.

Therefore, industrial relations theory is becoming increasingly complex in the industrial era 4.0, including the increasing participation and involvement of workers/laborers in management along with the advancement of ICT in the form of rapidly developing communication information flows, legal status that regulates the rights and obligations of workers/laborers and entrepreneurs, work agreements, prevention and resolution of various types of labor disputes and others.

### 3.3. Development of Industrial Relations in Indonesia

The term industrial relations is generally known as the relationship and interaction in industry, especially between labor and management related to the management of industrial affairs and the economy as a whole. The focus of industrial relations is on the rules governing employment. In this case, the industrial relations or work relations referred to in the labor law in Indonesia are the relationship between the entrepreneur and the worker, while the entrepreneur referred to in the law is the person who runs the company [16].

Referring to the historical record that industrial relations in Indonesia have experienced a relatively long development, starting from the Dutch colonial period to the Post-Reformation Era. According to Demartoto [12], the development of industrial relations in Indonesia is as follows:

#### 1) Colonial Period

Industrial relations in Indonesia began to be recognized along with the growth of private capital in Indonesia. This

growth in capital opened up opportunities for Europeans to work in private companies and certain areas of the colonial bureaucratic system. During the colonial period, industrial relations more closely reflected the relationship between European workers and European private companies and the Dutch government. Meanwhile, the Bumiputera workers were placed at the lowest status so that the relationship between the Bumiputera workers and the management of European private companies more closely reflected the relationship between the masters and slaves or the colonizers and the colonized.

#### 2) Early Period of Independence and Guided Democracy

At the beginning of independence, industrial relations did not experience significant changes, namely, they were still characterized by a political orientation. After the proclamation of independence, the Indonesian Workers' Front was formed which was initiated by labor leaders in order to maintain independence. In the decade of the fifties (1950), especially during the reign of Prime Minister M. Nasir, the labor movement was difficult to separate from the political movement. In this Guided Democracy era, the communist party plays an important role. Correspondingly, industrial relations based on Marxism also developed rapidly, and the practice of industrial relations during this period was antagonistic and confrontational.

#### 3) The New Order Government Period

During this period, there was a reversal of the development of industrial relations again, as in the colonial period when the government was deeply involved in structuring industrial relations. During the New Order, the labor movements became politically deserted, and workers were exiled, excluded from politics and confined under the sole body of the trade union. Then, in the 1990s, the New Order's grip on the labor movement began to loosen. This phenomenon is marked by the emergence of the phenomenon of labor unions outside the "official" trade unions. The phenomenon of the labor strike towards the end of the New Order also shows that there has been a change in class relations: labor and state-capital.

#### 4) Post-Reformation Era

The fall of the New Order or *Orde Baru* (ORBA) regime and the implementation of regional autonomy greatly affected the development of industrial relations in Indonesia. The real change in governance from a centralized to a decentralized system has also changed the decision-making mechanism regarding the industrial relations system, namely begin to be decentralized and dialogical. One of these important changes was the emergence of an industrial relations system that allowed workers to freely form trade unions at the company level in accordance with Law No. 21/2000. In addition, the government has also ratified several ILO (International Organization – United Nations) conventions. Industrial relations after the New Order were faced with the problem of determining the Regional Minimum Wage or *Upah Minimum Regional* (UMR) and Provincial Minimum Wage or *Upah Minimum Provinsi* (UMP). Industrial relations were tested by the existence of

disagreements between employers and workers regarding Kepmenaker No. Kep-150/Men/2000, and Kepmenakertrans No. Kep 78 and 111/Men/2001, Law No. 21 of 2000, and the Bill on Settlement of Industrial Relations Disputes (PPHI). Various industrial upheavals that arose after the fall of the New Order regime, among others, were triggered by differences in interests and misunderstandings in understanding government regulations and company regulations between employers and workers. Employers tried to reduce production costs, and workers through labor unions considered that employers were not open to discussion, felt empowered, and pay less attention to the fate of workers so that workers lose confidence. Then, workers judge that government policies are not in favor of workers and in terms of making policies, workers are often not involved [12].

Based on various previous descriptions, the theory and development of industrial relations in Indonesia was initially recognized along with the growth of private capital in Indonesia during the Dutch colonial period. However, at the beginning of the period of independence and guided democracy, industrial relations were characterized by a political orientation and the presence of antagonistic and confrontational practices that became increasingly prominent.

Meanwhile, during the *Orde Baru* (ORBA) administration, the government tended to be deeply involved in structuring industrial relations. The application of industrial relations during the ORBA regime in Indonesia was like a return to what had been practiced by the Dutch colonial government.

Furthermore, industrial relations in the post-Reformation era related to government policies in the employment sector are considered to still tend to be unfavorable to workers/labourers. For example, the Law and Development Doctrine used in the academic text of the establishment of the *Omnibus Law UUCK* [44] which is legal certainty is a veil to cover the agenda of legal instrumentalization in the context of capital accumulation, so it is not surprising that the mantra 'legal certainty' is most often recited by the state. and business actors..

Thus, the industrial relations policies carried out by the government and the legislature in the labor sector in Indonesia so far tend to be judged not to be in accordance with the Pancasila industrial relations theory. Industrial relations policies in Indonesia should be guided by Pancasila as the philosophical foundation and the 1945 Constitution as the basic law.. Wardana [36] stated that the law is used as an instrument for the state and economic actors to predict the work of the law which in turn is used in calculating its business actions.

### 3.4. Pancasila Industrial Relations Application

Law No. 13/2003 [42] concerning Manpower Article 1 number 16 defines industrial relations as a system of relations formed between actors in the process of producing goods and/or services consisting of elements of entrepreneurs, workers/laborers, and the government based on Pancasila values. and the 1945 Constitution.

The most basic thing in the concept of industrial relations

is equal partnership between workers and employers who both have the same interest in improving the standard of living and developing the company. In this case, the Pancasila industrial relations (HIP) in Indonesia is regulated in Article 28 D of the 1945 Constitution which has been amended.

Article 28 D of the 1945 Constitution Paragraph (1) states that everyone has the right to recognition, guarantee, protection, and legal certainty that is just and equal treatment before the law; and Paragraph (2). Everyone has the right to work and receive fair and proper remuneration and treatment in an employment relationship.

Pancasila as the state ideology is the vision or direction of the life of the nation and state in Indonesia. Pancasila are the noble cultural and religious values of the Indonesian nation based on the five precepts, a life that upholds the value of God Almighty, just and civilized human values, Indonesian unity, democracy led by wisdom in deliberation, and social justice for all. all Indonesian people. According to Ismail and Zainuddin [22] that all the values contained in Pancasila are closely related to workers/labor as follows:

- 1) *The first precept*, Belief in One God - This emphasizes that we must not exploit people because exploitation is strictly prohibited in Indonesian religion.
- 2) *The second precept*, just and civilized humanity - This confirms that the Pancasila Industrial Relations does not recognize the slavery system. Therefore, in Indonesia the slavery system is strictly prohibited because it is not in accordance with the fairness and etiquette of the Indonesian people.
- 3) *The third precept*, Indonesian Unity - This can be interpreted in our motto, namely *Bhineka Tunggal Ika*, which means that different is still one in other words there is no difference in rights and obligations even though there are physical differences.
- 4) *The fourth precept*, Democracy Led by Wisdom of Wisdom in Representative Deliberations – This is taken for how workers and employers find the best way for both by way of deliberation.
- 5) *The fifth precept*, Social Justice for All Indonesian People - This explains that there must be social justice for all Indonesian citizens with all their rights and obligations.

Then, from the perspective of labor law in Indonesia, UUK No. 13/2003 concerning Manpower regulates matters relating to industrial relations in Indonesia as follows:

- 1) Article 5 of UUK No. 13/2003 states that every worker has the same rights and opportunities to obtain a job and a decent living without distinction of sex, ethnicity, race, religion, and political orientation according to their interests and abilities including equal treatment towards persons with disabilities;
- 2) Article 6 of UUK No. 13/2003 obliges employers to give rights and obligations to workers/laborers without distinction of gender, ethnicity, race, religion, skin color, and political orientation;
- 3) Article 11 of UUK No. 13/2003 contains the right to

acquire and develop competence.

- 4) Article 12 paragraph (3) UUK No. 13/2003, contains the right to participate in (get) training.;
- 5) Article 31 jo; Article 88 UUK No. 13/2003, states the right to choose the type of work and earn income, both at home and abroad; Article 86 paragraph (1) UUK No. 13/2003, states the right to occupational health and safety;
- 6) Article 99 paragraph (1) UUK No. 13/2003, contains the rights of workers and their families to obtain security for workers (Jamsostek).; and
- 7) Article 104 paragraph (1) UUK No. 13/2003, the right of workers to be involved (form or become members) in a trade union/labor union..

Furthermore, government policies related to the application of HIP in UUK No. 13/2003 are expressly regulated in the scope of protection for workers/laborers, among others, related to obtaining a decent job and living both at home and abroad, the right to obtain and develop competence, guarantee of occupational health and safety through the Jamsostek program.

The Social Security for Workers (JAMSOSTEK) or the Social Security Regulations is a social security program for workers. Jamsostek is protection for workers in the form of compensation in the form of money in lieu of part of the income and services lost or reduced as a result of events or conditions experienced. by workers in the form of work accidents, illness, pregnancy, childbirth, old age, and death [45].

With regard to the right to organize for workers/ laborers to establish trade unions/ laborers or labor parties, it is a forum for workers/ laborers to fight for justice in employment relations. The Indonesian authorities ratified the ILO Convention No. 98/1949 in 1956 (ILO Convention on the Right to Organize and Collective Bargaining) [24].

This has been guaranteed in the constitution as regulated in Article 28 D of the 1945 Constitution, namely the freedom of association and assembly, expressing thoughts verbally, and so on are stipulated by law, as well as in Law No. 21 of 2000 concerning Trade Unions. Law No. 21/2000). Article 1 paragraph of Law No. 21/2000 reads: 'A trade union/labor union is an organization formed from, by, and for workers/labourers both inside and outside the company, which is free, open, independent, democratic, and responsible. responsible for fighting for, defending, and protecting the rights and interests of workers/ laborers as well as improving the welfare of workers/ laborers and their families'.

Based on several articles in UUK No. 13/2003, it can be interpreted that this labor law has attempted to accommodate HIP from a theoretical perspective. However, the application of HIP in accordance with UUK No. 13/2003 has not been optimally implemented as this has become an industrial relations problem which is a critical issue in Indonesia at this time which is marked by the number of cases of violations of HIP in Indonesia which tends to increase. An indicator that is increasingly ironic in the application of HIP in Indonesia is the enactment of UUCK [44] of the Employment Cluster

using the omnibus law concept, a solution to problems caused by too many overlapping regulations and rules [19, 20].

However, the latest labor law is considered by workers/laborers, experts and the wider community to tend to degrade the value of welfare for workers/laborers in Indonesia [24]. According to Kususiyanah [24], UUCK [44] contains seven major changes to UUK No. 13/2003, there are several shifts in content regarding employment, including regarding Foreign Workers (*Tenaga Kerja Asing* or TKA), Specific Time Work Agreements (*Perjanjian Kerja Waktu Tertentu* or PKWT), outsourcing (outsourcing), wages, and so on. Therefore, in theory and its relation to the application of HIP in Indonesia is experiencing challenges.

With the enactment of UUCK [44], labor/labor is viewed only as an economic object, as a factor of production, thereby further weakening the rights and obligations of workers/labor. UUCK [44] is considered likely to cause new problems that have a negative impact on worker protection, and does not show the role and presence of the state so that it has deviated from the conception of Pancasila industrial relations [54].

In principle, the HIP concept regulates the interaction between actors and the process of producing goods and services based on the noble values of Pancasila. It aims to realize the ideals of the Proclamation of Independence of the Republic of Indonesia on August 17, 1945 in national development, to create a just and prosperous society, and to participate in carrying out world order based on Pancasila [5].

The application of HIP policies in Indonesia is to follow the new government administration and decentralization policies. According to Rahayu, and Sumarto [35], government administration policies in Indonesia have changed the way decisions are made in the industrial relations system and are in the process of transitioning from a highly centralized system that is fully controlled by the central government to a more decentralized system in which companies and workers/labor collective bargaining more democratically on terms and conditions of employment at the enterprise level.

Then, the application of industrial relations policies in Indonesia is still influenced by the paternalistic and authoritarian practice of the central government in the past [35] that the application of HIP is considered to be far from the five precepts of Pancasila.

Therefore, various parties involved in the labor sector (government, employers and employers' organizations, workers/labor and organizations/labor/labor unions) are expected to be able to carry out their respective functions in order to apply HIP from the perspective of labor law in Indonesia. In this context, the government's function is to establish HIP policies, carry out integrated, consistent and sustainable supervision and law enforcement against labor law violations.

The function of entrepreneurs and employers' organizations is to create and apply the HIP-based partnership model in operations by applying the principles of

good corporate governance. Furthermore, the function of workers/labor and labor unions is to carry out work in accordance with their rights and obligations as regulated by the provisions of the applicable laws and regulations.

Thus, the government, employers, and workers are important elements in the context of harmonious and just industrial relations in accordance with the five precepts of Pancasila to create an employment ecosystem in Indonesia.

### 3.5. Pancasila Industrial Relations Policy Model

The HIP system adheres to an economic democratic system with a welfare state model as affirmed in Article 27 paragraph 2 in conjunction with Article 28 D paragraph 2 of the 1945 Constitution. In the context of the HIP that the task of the Indonesian state is not only to create jobs but the state must ensure that in every working relationship all parties especially workers/laborers get a decent living as human beings and get fair treatment.

In this context it can be interpreted that Article 27 paragraph (2) in conjunction with Article 28 D paragraph (2) of the 1945 Constitution is the ideal of the Indonesian Manpower Law which is in line with the national economic development goals that adhere to the Pancasila economic democracy concept, realizing prosperity for all Indonesian people. Therefore, HIP has the following characteristics:

- 1) Workers/laborers and entrepreneurs are very important elements in the production process so they are obliged to work together for the smooth running of the business;
- 2) Net income from operating results should be shared together; and
- 3) Workers/laborers and entrepreneurs will be responsible for all their work activities together, both responsibility to God Almighty, the nation and state, the surrounding community [3].

Article 27 paragraph 2 of the 1945 Constitution) states firmly that every citizen has the right to work and a decent living for humanity. In relation to HIP, it requires the parties involved in the field of industrial and labor relations to be based on and inspired by the values contained in the Pancasila as follows:

- 1) Industrial relations are based on the value of God Almighty, an industrial relationship that recognizes and believes that work is a gift from God and that work is a dedication to God with the aim that with this work humans can carry on their lives;
- 2) Industrial relations are based on just and civilized human values. This means that in carrying out their work, workers/labourers must be placed in accordance with their nature and dignity as human beings, not as production machines, humanizing workers/labourers;
- 3) Industrial relations are based on the value of unity. The meaning of unity here is that in the implementation of industrial or labor relations there should be no distinction or discrimination based on race, religion, gender, and class. Where such distinction or discrimination is contrary to the principle of unity.
- 4) Industrial relations are based on the value of

deliberation and consensus. The meaning of this value is that the implementation of industrial relations minimizes the occurrence of differences and seeks similarities between employers (entrepreneurs, employers, companies) and job recipients (workers or workers), especially in the case of labor disputes. If a dispute occurs, it will be resolved as much as possible through a deliberation mechanism to reach consensus between the two disputing parties.

- 5) Industrial Relations is based on the value of social justice. This means that in industrial or labor relations the ultimate goal to be achieved is to provide welfare not only to employers (entrepreneurs or employers) but also to provide welfare to workers/ laborers and their families [31].

Furthermore Toha et al. [8] stated that the objectives of HIP are:

- 1) To succeed in development in order to carry out the ideals of the Indonesian nation, namely a just and prosperous society;
- 2) To take part in implementing world order based on independence, eternal peace and social justice;
- 3) Creating tranquility, peace and order in work as well as peace of mind;
- 4) Improve product and work productivity; and
- 5) Improving the welfare of workers and their degrees in accordance with human dignity

Thus, the Pancasila industrial relations policy model can be described as shown in Figure 1 below:

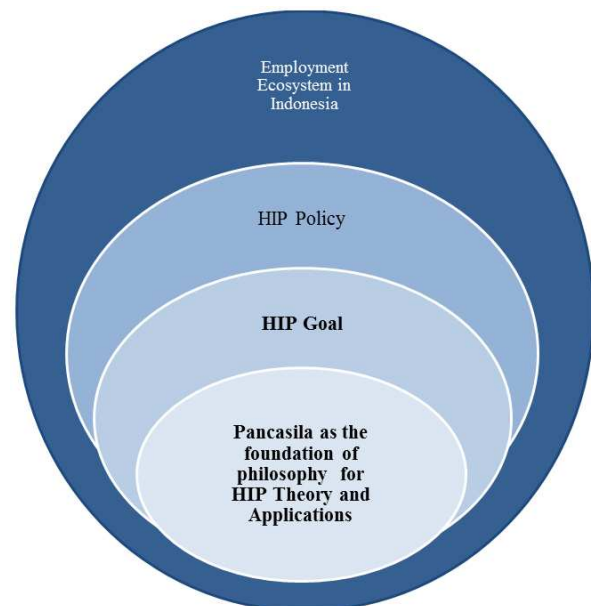


Figure 1. Pancasila Industrial Relations Policy Model.

Referring to Figure 1, Pancasila is the theoretical basis and application of industrial relations in Indonesia. Pancasila is the philosophy of the nation and state of the Republic of Indonesia. This means that in every aspect of life, society, nationality, and statehood must be based on the values: Divinity, Humanity, Unity, Democracy and Justice.



Therefore, the HIP policy model in Indonesia can be interpreted as a system of thought or industrial relations ideas based on the five precepts of Pancasila which is used as a whole and integrated as a guide and justifies the industrial relations application model in Indonesia.

Therefore, the Indonesian government together with the DPR RI are expected to be able to formulate strategies and policies and have comprehensive legislation [15, 17] related to the application of HIP policies in the perspective of labor law in Indonesia based on Pancasila and the 1945 Constitution. This is very important because the application of the HIP policy is a manifestation of Pancasila-based industrial relations which aims to improve a conducive employment ecosystem in Indonesia. The employment ecosystem in Indonesia from the perspective of labor law can be interpreted in the form of recognition of human rights, physical and technical protection, legal, social and economic through the norms that apply in the work environment in accordance with the five precepts of Pancasila.

## 4. Conclusion and Suggestion

Pancasila industrial relations or *Hubungan Industrial Pancasila* (HIP) from the perspective of labor law in Indonesia regulates the interaction between actors and the production process of goods and services based on the noble values of Pancasila and the 1945 Constitution. Pancasila and the 1945 Constitution. Indicators related to this are, among other things, that there are still many problems that occur both in the implementation and in the preparation and stipulation of laws and regulations. The latest problem in Indonesia is that the government and the Indonesian House of Representatives have ratified UUCK [44] which has drawn controversy and raised tremendous resistance from various parties (workers, students, academics, observers and the wider community). The controversy over UUCK [44] is considered to have weakened the position of workers/laborers in industrial relations which was previously regulated in UUK No. 13/2003. In the end, on November 25, 2021, UUCK No. 11/2021 by the Constitutional Court ruled that Law Number 11 of 2020 concerning Job Creation was conditionally unconstitutional and ordered the government and DPR to revise the law within a maximum of the next two years.

Thus, the government and DPR RI are expected to be able to make laws and regulations in line with the ideals of the Proclamation of Independence of the Republic of Indonesia dated 17 August 1945 based on Pancasila and the 1945 Constitution by paying attention to the fate of the workers/laborers and to encourage the creation of a conducive employment ecosystem.

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