Assessing Union Strategies in Indonesian Telecommunications Industry

Aryana Satrya
PhD Student
School of Political Science & International Studies
University of Queensland
aryana@uq.edu.au, aryanasatrya@yahoo.com.au

Abstract:
This article explores the implementation of a comprehensive model of union strategy, consisting of union aims, union methods, union tactics, and level of decision-making (Gahan 1998). The analysis further employs the framework of Boxall and Haynes (1997) to assess the dominant strategy pattern of the unions. Empirical data are provided from a survey of seven national enterprise unions in the telecommunications industry in Indonesia. Research findings reveal that consultancy unionism is playing important roles in explaining the relationships among unions, workers, and employers. This pattern of strategy places more emphasis on servicing and limited partnership with employers. The stronger organising solidarity from their members may improve their partnership in the interest of union survival facing tough competition in the telecommunications business.

Introduction
The telecommunications industry in Indonesia has a long history since the colonial period. In 1961, the telecommunications company was split from the postal company, and in 1967 it was separated into the international and domestic providers. The achievements were marked by the launch of its telecommunication satellite in 1976, the establishment of the foreign joint venture scheme in 1996 to build five million fixed telephone lines, the introduction of mobile services in early 1990s, and the issuance of the 3G (third-generation) mobile network licenses in 2003. Recent data indicated that there were 19.45 million fixed phone users in 2002 (ITU 2003: A-4), more than 50 million mobile phone users (Broto 2006), and 16 million internet users (APJII 2006). Private players were permitted only since 1989, and in 2004 all monopoly practices ceased.
Unions in the telecommunications sector were established after the independence of Indonesia in 1945, namely the Postal Telecommunications and Telegraph Union (SBPTT) (Oey 2003: 139). During Soeharto’s period from 1965 to 1998, the workers belonged to the Corps of Civil Servants of the Republic of Indonesia (KORPRI). It was not until the middle of 1999 that unions were re-established in public companies.

The 2005 Labour Survey (BPS 2005) showed that workers in telecom, transport, and storage industries accounted for 5.8% of the 94.95 million Indonesian workers. The telecom workers are dispersed into two full-service network providers (FNSP – fixed line, cellular, satellite, and multimedia services), ten cellular operators, 267 internet providers, ten television broadcasters, and hundreds of telecom equipments and value added companies (see: www.postel.go.id, www.apjii.or.id, www.assi.or.id). However, it was estimated that less than 20 companies have been unionised.

This paper attempts to evaluate the strategies of the Indonesian union movements in the telecom business, an industry which still attracts new foreign investors. It describes four components of strategies adopted by unions. Based on the results, it further reviews which strategy pattern that dominates the activity of unions.

**Union Strategy**

Union strategy is not commonly associated with conscious, planned, and long-term planning characteristics, since union activity is usually characterised as defensive and reactive. Decisions are often collective, made by different interest groups. Gardner (1989: 56) offers a framework for union strategy consisting of policy arenas, level of negotiations, involvement in policy formulation, methods for job regulation, range of tactics, relation to other unions, sequence of activity, and union values.

Gahan (1998) provides a simple but more systematic and thorough framework for union strategy, which consists of union goals, union methods, union tactics, and the level at which strategy is developed. Unions pursue their goals using methods selected at a certain level in the organisation. Tactics are then developed to implement the chosen strategy. The model prevents the overlapping of strategy dimensions. Thus, for instance, both the methods for job regulation and the policy arenas in Gardner’s model can be classified as union methods.

The result is quite comparable to other studies. Gahan (2002: 292) proposes to group union objectives into wage, employment, organisational, and political goals. It is
appropriate to classify the policy arenas and the methods for job regulation (Gardner 1989: 56) as union methods. Kochan et al. (1986: 17) recognise the level of policy formulation and operation, namely the strategic or national, functional, and workplace level. In the US, Bronfenbrenner’s rank-and-file intensive strategy (1997: 211), and the use of information and computer technology (ICT) (Fiorito et al., 2002) can be viewed as the dimension of union tactics. Likewise, industrial-actions in Australia (Gardner 1989: 56) and partnerships in Asia (Erickson et al. 2003; Kuruvilla et al. 2002; Verma et al. 1995; Warner 2002) are also regarded as union tactics.

The result of a number of studies (Boreham and Hall 1994; Gahan and Bell 1999) confirms that union strategy variables are among the most important determinants of organising success. If unions use a comprehensive campaign rather than individual tactics, they will significantly influence effectiveness (Bronfenbrenner 1997).

Boxall and Haynes (1997) further examine the effectiveness of union strategy in relation to workers and employers. They show that in a neo-liberal environment, when the support from the government is decreasing, classic unionism strategy that combines solid organising with servicing, and implements less co-operations with employers, are more effective compared to other strategy patterns, namely: paper tiger, consultancy, and partnership unionism. Relying on servicing methods and neglecting members’ participation will threaten union effectiveness.

**Research Variables and Methods**

This research is based on a theoretical framework provided by Gahan (1998) to investigate union strategy, which consist of the following dimensions: goals, methods, tactics, and levels of decision-making. The indicators of union strategy are derived from the literature. I also explore union and company characteristics.

The first set of variables – union goals – highlights the importance of each type of goal: wages and benefits goals, employment goals, organisation goals and political goals. The second set of variables identifies which strategy method has been pursued, whether collective bargaining, arbitration, or political actions. The third set of variables consists of the respondent’s tactics, which comprise traditional, organising, services, and social movement tactics. The fourth set of variables identifies which levels of union organisation that have the most influence on the creation of strategy. The fifth set of variables consists of organisational characteristics related to the union.
(backgrounds, resources, and members involvement in decision-making process) and the company (number of employees and major shareholders).

The unit of analysis of this study is the union as organisation, not the individual members. Therefore, each union, represented by its leaders, filled one questionnaire, which contains closed and open ended questions. The study was carried out in 2005. The respondents were seven nationwide enterprise unions: two FNSP, two cellular operators, one data telecom provider, one paging operator, and one telecom integrator. Two companies have partly been privatised, as the other was wholly state-owned. The remains were private companies, of which two were jointly owned by the privatised and foreign telecom companies, and the others were owned by domestic companies.

All unions were formed after 1998. Their members range from 50 to 28,000 workers, with union density between 20% and 95%. About 80% of 40,000 workers in those companies have been unionised. The union coverage ranges from low-level workers to general managers in any occupations, since the Trade Unions Act No. 21/2000 does not prohibit managerial employees from becoming union members or officials.

**Union Objectives**

The unions have assessed employment-security oriented goals as their priority. Although cellular operators have expanded, two state-owned companies have cut their workforce, mostly through voluntary early retirement programs. Even the paging operator could no longer compete with newer technology, such as mobile phone. This is in line with the labour market condition in Indonesia. In 2005 the dismissal cases increased by 7.6% compared to 2004 (MI Online 21 December 2005), and unemployment level was 10.85 million or 10.25% of total workforce (BPS 2005).

A realistic approach has been made by the unions, as they rated economic goals as the next priority. Three unions succeeded in influencing their companies to increase wages or benefits. The privatised companies and their subsidiaries have also provided their employees with the employee share ownership (ESOP) schemes.

Strengthening the organisation might be crucial for the less established unions through gaining internal membership and external support. Indeed, managers from private companies were reluctant in providing support, taking the view that unions must support themselves. Political goals for influencing decision making process were
considered to be of the least priority, although the unions from the privatised companies have exercised their powers on various issues, such as privatisation.

**Union Methods**

As unions operate at the enterprise level, they have a preference to choose collective bargaining agreement (CBA) engagements with employers as strategy methods. CBA covers all workers irrespective of their union membership status. Four unions were covered by CBA, including all unions from the state-owned companies. Other unions failed to establish CBA since their memberships were less than 50% of workers as a requirement for bargaining.

There was a general agreement among unions to utilise arbitration method. The Committee for the Settlement of Labour Disputes (P4D/P4P) (Sharma 1996: 62) has been used by four unions as the arbiter to settle cases such as the disputes of CBA and dismissal. Since coming in force in 2006, the Settlement of Industrial Relations Disputes Act No. 2/2004 has reduced the authority of the P4D/P4P to the mediator role. Deadlocked cases are submitted to the newly established Labour Court.

Unions occasionally combined the above methods with political action by lobbying parliaments or government agencies. Four unions have used this method, such as reporting internal corruption cases, and rejecting the policy on privatisation. However, no unions have had formal political arrangements with particular political parties.

**Tactical Strategies and Levels of Strategy-Making**

*Union-Employer Relations*

Unions face a choice between adversarial and cooperation relation with employers in enforcing their methods of pursuing goals. Although all unions have ever submitted petitions to the management, only three of them escalated into industrial actions.

The development of partnerships with employers was constructed through direct and indirect participation. The importance of partnerships is in line with the study of Warner in Asia (2002: 390) and in the Philippines (Erickson et al. 2003: 384). In the 1990s, most companies implemented quality control circles (QCC) as a form of direct participations. However, after the crisis in 1998, those activities ceased due to lack of support from management and government.
Four unions have had indirect participations by attending regular meetings with employers, with subject matters of personnel policies, grievance handling, pay and benefit, or even up to good corporate governance subjects. Despite unions can have a say, the meetings were conducted in communication, rather than negotiation style, since almost all issues had to be raised to the Directors. Similar conditions were also found in India, Malaysia, the Philippines (Verma et al. 1995: 346-9), and even in developed country such as at British Telecom (Barrett and Heery 1995).

Union-Worker Relations

The case study fell into two main groups. The first is the more established unions from the state-owned companies. Since most of them have high-level densities of membership, they are less committed to recruit new members. They have covered by CBA, implemented check-off system for collecting union dues, employed full-time officers, and the employers provided facilities and funding supports. Members gave their strong commitment primarily through mass-meetings and local meetings.

In contrast, the unions from the private companies have struggled harder. Most of them have conducted intensive recruitment activities. However, resources acquired were limited, since most of them have not applied check-off system, did not have full-time officers, and lacked of employer supports. Members provided modest support through moderate meeting attendance. Although union delegates participated at national and regional level to set up annual plans, the decision-makings were still dominated by the officials at national level.

The unions have coordinated and assisted regional officials and members by frequent use of ICT, such as telephone, electronic mail, word processors, and spreadsheets. However, access to computers was limited to the union officials and administrative workers. The unions offered no consumer services, such as financial loans or shopping discounts, but they provided legal services for advocating their members.

Discussions and Conclusions

The review has identified the component of strategy of the Indonesian union in the telecommunications industry, which consisted of union goals, union methods, union tactics, and the level of strategy-making.

The employment-security and economic oriented objectives were the most prevalent union goals. This occurred because of tough competition and unfavourable labour
market condition, indicated by high level of dismissal and unemployment. If they were able to meet the requirement on bargaining, they would use collective bargaining agreement as primary union method for pursuing their goals.

Overall, there are obvious tactic differences employed between the unions from the state-owned and the private companies. Unions from the state-owned companies used regular meetings to engage with employers, while attempting to conduct a sporadic adversarial approach focused on crucial issues such as privatisation. They were likely to be under-exploiting organising tactics, and relying more on servicing, as they have already acquired enough funding, facilities, and membership supports. Realising their weakness in bargaining power, the unions from the private companies tended to employ a more cooperative way and preventing opposition. Indeed, although the unions have worked hard to strengthen unionism, they still failed to stimulate sufficient level of activism among their members, partly because of their centralist approach to decision making.

Therefore, all unions in the Indonesian telecom industry are better categorised as the consultancy unionism. The unions from the state-owned companies were actually more appropriate to represent such unionism, as they emphasised servicing and some adversarial engagement with employers. However, despite their extensive organising and cooperative efforts, the unions in private companies might not yet be classified as applying partnership unionism, since they showed inadequate signs of strong solidarity. Their bargaining powers were not enough to show ‘both an opportunity and a threat to an employer’ (Boxall and Haynes 1997: 578).

Fierce competition, accompanied by rapid innovation, in telecom technology creates more pressure and complexity for the unions. In order to survive, unions have to strengthen their commitment in organising, to improve solidarity and participation, and subsequently to construct a partnership based on members’ support (Gahan and Bell, 1999: 15).
References


