

Pancasila Industrial Relations: A Philosophical Approach

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Abstract

*The system of Industrial Relations is different in every country, depending on the influence of the country's principles and philosophy. Therefore, Indonesian Industrial Relations can be said to be the reflection of the Indonesian way of life, the **Pancasila**. Pancasila means five principles: belief in god, humanity, nationalism, democracy, and prosperity. The Pancasila Industrial Relations system is connected to the political system.*

*Besides the five principles, Pancasila Industrial Relations also embody the **Tridharma** (from Sanskrit, Tri means three, Dharma means duties, tasks and responsibilities). Tridharma carries three elements that develop dynamic relations between workers and employers.*

The Tridharma consists of:

- a. **Rumongso Handerbeni**, a principle connoting a partnership, namely partnership in production, and partnership in profit.*
- b. **Melu hang rungkebi**, a principle of partnership in responsibility.*
- c. **Mulat sariro hangrosowani**, a principle of self-recognition and introspection.*

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The principles can be achieved through a kind of accommodation among the three elements in the Industrial Relations, namely the workers, the employers and the Government.

Introduction

The system of Industrial Relations is different in every country, depending on the influence of the country's principles and philosophy. The Indonesian principles and philosophy are called *Pancasila*. Therefore, the life of the workers as well as the life of the Indonesian people should reflect the relations that are based on *Pancasila*. In short, it should be apparent in the total way of life of the Indonesian people.

What is *Pancasila*?

Pancasila means five principles. Each principle contributes to the totality of the five, and each of the five will never come into contradiction with each other, nor can they be separated from each other. The principles are as follows:

1) Belief in God

This means that the Indonesian people truly believe in God. It suggests the belief that all people will experience another life, the life after death. This belief drives people to achieve the noble value that life is not only the condition they are now in. Indonesia is not a theocratic country, the country of one religion. Indonesia allows its people to choose their own religion.

2) Humanity

This principle places human beings as they are intended to be as God's creatures. The characteristics of this principle can be seen in the manifested attitude towards other people. Respect for each other as well as for people from other countries are the expected behavior of all Indonesians. With this view, Indonesian people see that there should not be any kind of oppression, either physical or psychological, political or economic, or in any other way.

Either committed by the state or by foreign countries, oppression is highly avoided.

3) Nationalism

This principle keeps the nation united. Nationalism seems to be the only reason for supporting the country in this modern age, for without nationalism, any country is considered to be an easy target for attack and destruction. *Pancasila* nationalism compels the remission of the dominance of certain ethnic groups, inheritance, discrimination, religions and the like.

4) Democracy

Democracy, in a broad sense, is government from the people, for the people and by the people. Decisions are only made after there has been a consensus by all.

5) Prosperity

This principle aims that all Indonesian people be prosperous. The prosperity intended is dynamic and continuous. It is not static. It means that all of the resources owned by this country as well as all the potentials shall be explored for the best advantage of all Indonesian people.

Even though the formulation of *Pancasila* had been made clear and effective since Indonesian's independence in 1945, through some negative political influence, there had been an attempt to deflect *Pancasila* in its development.

From the time of the declaration of independence up to the time when the New Order regime was declared, *Pancasila* had been continuously shaken both by the leftist and the rightist perspective. Up to July 1959, *Pancasila* was declared as liberal as it seemed to reflect notions of liberalism. By the time of Led Democracy (Ind. *Demokrasi Terpimpin*) in the year 1959, *Pancasila* was even labeled as Marxist, for Marxism was starting to develop in Indonesia. The birth of the New Order regime in 1966 gave rise to the strong urge to return to the pure concept of *Pancasila*, as it was conceived.

In the light of purifying *Pancasila* as outlined in the Preamble of the Indonesian Constitution of 1945, which is elaborated in the Indonesian Constitution, the idea of conceptualizing Labour Relations explicitly on the basis of *Pancasila* was made. The labour relations are then called *Pancasila* Labour Relations.

The Development of Labour Relations in Indonesia

Before analyzing *Pancasila* Labour Relations further, we will look first at the development of Labour Relations in Indonesia. The Labour Relations system in Indonesia seemed to follow the one developed in Western Europe, which belongs to the liberal trend. Such condition had happened from the time Indonesia was under Dutch colonization up to the time Indonesia declared its independence. Even though since 5 July 1959 we had returned to the Indonesian constitution 1945, the system of liberalism had not been absolutely eliminated.

The birth of the New Order in 1966 led to a strong drive to return to the purity of *Pancasila* and the Indonesian Constitution of 1945. It also became the impetus for the development of a new concept in the field of Labour Relations, the concept which is regarded to meet the purity of the spirit of *Pancasila* as well as the Indonesian Constitution.

By 1969, though the term "*Pancasila* Labour Relations" had been mentioned by the Minister of Manpower, its concept as well as its formulation were not yet clear. However, since Indonesians did have a sense of belonging to *Pancasila*, it was impossible at that time not to use the term "*Pancasila* Labour Relations". After that, either workers or the government began to formulate the contents of *Pancasila* Labour Relations. It forced them to focus on the aims at its development.

On 18 February 1974, the Central Board of All Indonesian Workers Federation (DPP FBSI) extended several recommendations to the Government for the purpose of refining the scheme of the second Indonesian Five-Year Development. The recommendations urged the Government to conduct a national seminar to discuss *Pancasila* Labour Relations that was to be participated by union representatives, Government, management and university scholars. The main purpose was to formulate *Pancasila* Labour Relations as well as to ensure that it would be responsive to any kind of challenge. Most of all, it should become a national consensus.

On 16 August 1974, in his speech before the DPR (the House of Representatives), the President emphasized the importance of the relation between labour and management in the context of *Pancasila*. Through the initiative of the Minister of Manpower Transmigration and Cooperatives, on 4-7 December 1974, the National Seminar on *Pancasila* Labour Relations was conducted and participated in by workers representatives, employers as well as experts from various universities. The seminar succeeded in formulating and building the basic principles, the concept and the means to implement the *Pancasila* Labour Relations. Even though the formulation was not perfect yet and it was even necessary to have some improvements, it however had been agreed upon as a national consensus.

It is obvious that every effort and activity toward the possibility of the existence of *Pancasila* Labour Relations (including its concept, its basic principles, its formulation and everything else dealing with *Pancasila* Labour Relations) had been done earlier by various parties including workers representatives, employers, the Government and experts from various universities.

The Concept of *Pancasila* Labour Relations

The concept of *Pancasila* Labour Relations according to the conclusion of the said seminar is that the relations among those involved in the production process of goods and service (workers, employers and the Government) is based on values which are the manifestation of all five principles of the *Pancasila* and the Indonesian Constitution of 1945. It is to develop the identity of the Indonesian Nation and Culture. From this concept, a conclusion can be drawn that *Pancasila* Labour Relations are Labour Relations based on *Pancasila* and the Indonesian Constitution of 1945. They were also developed from the identity and the national culture of Indonesia. The manifestation is what we call *Tridharma*, which consists of three principles concerning Labour Relations.

Since *Pancasila* is a totality, where each of the principles of the *Pancasila* has to endow and has to be endowed by the other four principles, all the five principles will automatically reflect on each other. It will also be extended to all parties involved in the production process, namely workers, employers, and the Government on behalf of the people. Every way of thinking, step and action of each party that has to do with the production

process should meet the essence and the truth of the five principles of *Pancasila* as well as the *Tridharma*.

The Bases

Since *Pancasila* Labour Relations system is based on *Pancasila* and the Indonesian Constitution of 1945, it cannot be separated from the whole system of the Indonesian Constitution. It also means that *Pancasila* Labour Relations system is connected to the political system as well as the national goals of the Indonesian people. As a result, the aims to be achieved in the implementation of *Pancasila* labour relations will be aligned with the national goals. Therefore, the basis of the *Pancasila* Labour Relations is not different in concept from the philosophy of *Pancasila* and the Indonesian Constitution of 1945.

Practically, the foundation of the *Pancasila* Labour Relations is *Pancasila* which is also the foundation of the Indonesian Constitution. This means *Pancasila* functions as a constitutional base, while the State Guidance Policy (Ind. GBHN) acts as an operational base. The State Guidance Policy is manifested in the Five-Year Development Planning Programme and are implemented in phases by the Government's Financial Estimation and Budgeting every year.

Therefore, the *Pancasila* Labour Relations, in essence are:

- a. Labour Relations are based on belief in God. In this way, it will never allow discrimination to exist, either caused by the different notions in religion or by any other belief.
- b. Labour Relations are based on human principles, so that a worker is not to be considered as merely one of the production factors - regulated only by the law of supply and demand. Everyone is to be considered as persons with all their personality as well as their human values.
- c. Labour Relations are based on the principles that support the totality of the nation, so there should not be discrimination among social classes, political affiliations, religions, ethnic groups and sex.

- d. Labour Relations are based on the principles of democracy, which attempt to eliminate any distinctions and to recognize affinities towards an agreement between workers and employers. In other words, it can be developed in order to meet the interests of the workers and the employers. Thus, it is expected that the gap can be bridged.
- e. Labour Relations aim for prosperity for all Indonesian people. This means that prosperity should be justly enjoyed by workers as well as by all Indonesian people. Workers should receive proper compensation for their contribution and achievements. This condition is also applied to all Indonesian people.

The Principles of *Tridharma*

History tells us how our ancestors viewed the relations between workers and employers in the past. The relations proved to have relevance to present labour relations. Our ancestors practiced what we all know as *Tridharma*. It carries three elements that develop dynamic relations between workers and employers.

The principles of the *Tridharma* are :

- a. *Rumongso handarbeni*
- b. *Melu harungkebi*
- c. *Mulat sriro hangroso*

Rumongso handarbeni means a state of belongingness. Hence, the condition in the workplace is created in such a way that all participants involved in the production process have a moral sense of owning and belongingness to the workplace. Workers are considered to be the major contributors to production. So, when workers do their work, they feel that they work for something they themselves own.

The first principle of the *Tridharma* is often called the principle of partnership, which means a certain kind of cooperation between the workers and employers. The principle of partnership consists of two aspects namely **partner in production** and **partner in profit**.

The aspect of partner in production requires the workers to take part in increasing the production rate and to make it

properly balanced. The workers should also have the advantage of being the partner in profit. This aspect requires the employers to extend and distribute the profits obtained by the companies to the workers.

The aspect of partner in production does not seem complicated. The question is: if workers have worked well and have been responsible for all the tasks assigned to them and have carried them out sufficiently, what happens to the partnership in profit between the employers and the workers? The employers should distribute justly the profits obtained by the enterprise to the workers. But how many percent of the profit the employers should distribute?

To answer the question, the most important thing is that if the enterprise gains profit, the first thing to do is to have a coordination, fully aware of the fact that part of the profits are due to the workers. Therefore, it is only proper that the employers should give what they owe the workers. This distribution can be in the forms of salary/wage increase, social insurance as well as in the form of annual bonus. All these things can be arranged through a mutual agreement between the workers and the employers.

However, the problem is not that simple, for there will be questions, for example: How many percent of the company profit should be distributed to the workers, how many percent should be for the shareholders and, how many percent should be reinvested? This complex problem is something that both workers and employers have to solve. In this case, the Government's guidance will be very helpful.

For the companies that base their method of operation on human resources (labour intensive work), the role of workers is greater. For companies that base its profit sharing on the operation of capital, the role of capital is greater. That is why the issue of making a decision on the percentage of the profit through a mutual agreement at the enterprise level is important.

The second *Dharma* is called ***melu harungkebi***. It means that there should be a sense of responsibility for the advancement of the companies where the workers work. Hence, the sense of being responsible for the companies will exist and vice-versa. This principle is also called the aspect of partnership in

responsibility. Both workers and employers should have the responsibility, which in this context here has a broad meaning. The workers and the employers are not merely responsible for/to the companies and their own prosperity and their own families, but they are also responsible for/to the people concerned, the country and, most importantly, to God the Almighty. The Government as the party that should represent the interests of the common people. This responsibility of course must be in accordance with the condition of Indonesia being a developing country, which holds certain expectations from the workers, employers and, the Government, all of which are based on the philosophy of *Pancasila*.

The third *Dharma* is called ***mulat sariro hangroso mani***. It means that there should be courage to acknowledge one's self-limitation by all parties involved in *Pancasila* Labour Relations. Workers, employers and the Government as well should recognize their own ability in the field of labour, working condition and the like, for it is their main duty to cope with, especially in connection with Labour Relations.

The workers should ask themselves whether they have endowed all the five principles of *Pancasila*, whether their *dharma* as a partner in production has been fulfilled well along with the accompanying responsibility.

On the other hand, the employers must do the same. Have they really dealt with the daily problems of workers? They should ask themselves whether their obligation as partners in profit has been fulfilled dutifully. Does any improvement or any increase of profit have a direct impact on the workers' level of prosperity? Similarly, they should ask if they have played their role for the prosperity of their workers and their whole families.

The Government should also be part of the third *dharma* and ask similar questions as the workers and the employers. The Government in this context represents the common people's concerns. This makes the Government's position higher than the workers' and the employers'. In this matter, the Government is expected to maintain the balance and the harmony of both the workers' and the employers' concerns.

The balance and the harmony of the workers and the employers are created to achieve a good working condition that will enable the increase of production rate. Thus, it will increase

the value of prosperity received by the workers and their families due to the aspiration that the Government is obliged to realize, namely, prosperity for the people both materially and spiritually, according to the aspiration as contained in *Pancasila* and the Indonesian Constitution of 1945.

In realizing the balance mentioned above, it is important to consider that there are two different realities: namely the workers' group which belongs to the weak and the employers' group which belongs to the strong and capable. The balance between the two groups will never come into reality if the Government gives no assistance and let the two groups solve the problem by themselves. In this case, the Government's policy seems to be of great significance. If this policy does not work, then the strong will most certainly defeat the weak. This potential fissure reflects the possible outcome of non-conformity with the Principle of Prosperity as stated and elaborated in accordance with *Pancasila*. Therefore, to ensure the balance and the harmony, the Government has to give a certain kind of protection for the workers.

The principle of protection should be reflected either by the Labour Regulations or by the governmental policies and the regulations and the policies should be observed and implemented without failure. The application of the principle of self-acknowledgement as the third dharma of *Tridharma* should be able to answer questions such as : Has the Government given sufficient guidance and protection for the workers so that the balance and the harmony between workers and employers can be achieved? It certainly needs good government officials who understand the problems being faced, study them and, use their sensitivity towards the aspiration of the people in general.

Conclusion

1. *Pancasila* Labour Relations is the labour relations based on the values which are the manifestation of all five principles of *Pancasila* as well as the Indonesian Constitution of 1945. It emanates and develops from the nationalism and the Indonesian culture.
2. *Pancasila* Labour Relations has three main principles, namely :
 - a. the principle of partnership,

- b. the principle of responsibility and,
- c. the principle of self-acknowledgement and introspection.

The principles that have been stated above can be achieved through a kind of accommodation among the three elements involved in the Labour Relations, namely the workers, the employers, and the Government.

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