Design Transformation of The Industrial Relations Peace: Towards A Prosperous, Harmonious and Fair Work Relations Model In The Karawang Industry

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ABSTRACT
The minimum wage is one of the national strategic policies whose regulations are determined by the central government through laws and derivative regulations. The business problem faced by business actors in Karawang is the disruption of business operations due to the freeze that occurred during the minimum wage period at the district level. Even though discovery is a right as an Indonesian citizen, this research aims to initiate an industrial relations peace strategy for companies in Karawang to be able to carry out promotional, preventive, overcoming, and rehabilitative steps. This research focuses on the period 2019–2024 and analyzes the district minimum wage policy, which is accommodated by the Apindo Karawang Regency Leadership Council. The research methods used include literature studies, policy analysis, and interviews with relevant stakeholders such as business leaders, human resources managers, Government and Union Leaders. The results of the analysis highlight significant developments in the industrial relations paradigm in Karawang by identifying factors that influence welfare, harmony, and justice in work relations. The findings of this research provide in-depth insight into the impact of implementing minimum wages on the dynamics of industrial relations in companies in Karawang. This research provides a positive contribution to business as well as a better understanding of the strategies that can be used to achieve prosperous, harmonious, and fair working relationships in an industrial environment. It is hoped that the policy implications resulting from this thesis can provide guidance for stakeholders in developing steps that support the positive development of industrial relations in Karawang.

Keywords: design transformation; prosperous; harmonious; fair work; industrial relation

INTRODUCTION
Dunlop's Industrial Relations Systems (1958) provided a broad set of concepts for thinking about industrial relations issues. Dunlop's organizing framework for industrial relations began by analyzing the environment, then moved to consider the characteristics of the actors and their interactions, and ended with an explanation of the rules governing employment relationships (Niebuhr & Peters, 2020). And as the logic of industrialization played itself out over time, alternative systems of industrial relations were expected to converge toward a common set of formal arrangements and rules (Kerr, Habison, Dunlop, & Myers, 1960). Industrial relations in the private sector of the American economy has been changing in a number of important ways in recent years, most visibly in collective bargaining where we have seen important wage, benefit, work practice, and employment security concessions and tradeoffs negotiated in a number of major industries (Kochan, McKersie, & Cappelli, 1983). The periods from
2019–2024 are very important for the investigation because they give a full picture of labour relations during a time when the economy and rules are changing a lot. The district minimum wage policy put in place by stakeholders, in this case the Apindo Karawang Regency Leadership Council, plays a key role in shaping socio-economic conditions for workers and employers in the Karawang industry (Demougin, Gooberman, Hauptmeier, & Heery, 2019).

Karawang’s industrial landscape has changed a lot in the past few years, which shows how the social and economic world is also changing. As the Karawang industry tries to adapt to changes in the global economy, the industrial relations paradigm is being looked at and changed in order to better understand how industrial relations, regional economic dynamics, and the implementation of minimum wage policies all affect each other (Djumialdji & Soedjono, 1982).

The sharp increase in the minimum wage in Karawang could also reflect efforts to improve workers’ living standards amid rapid economic growth in the region (Garnero, Kampelmann, & Rycx, 2014). However, this significant increase could also pose challenges for companies, especially for small and medium-sized businesses, which may have difficulty adjusting to increased operational costs (Taherdoost, 2021).

This continuous and significant increase in the minimum wage is an important discussion in the context of industrial relations, worker welfare and economic dynamics in Karawang. This shows dynamic changes in employment policies which have an impact on the daily lives of Karawang people who are directly affected by this wage policy (Khairani, Yuliandri, Romi, Gettari, & Ramadhan, 2020).

Company Profile

The Indonesian employer Association (APINDO) is the sole representation of the Indonesian business world, which was formed on January 31 1952, under the leadership of the National Leadership Council (DPN) in Jakarta, and the Provincial Leadership Council (DPP) in 34 provinces and 350 Leadership Councils in County town. Apindo has a vision of creating a conducive, competitive and sustainable business climate for job creation and a mission: (Martins, 2020)
1. Develop industrial relations that are harmonious, dynamic, productive and fair;
2. Protect, empower and defend all business actors including MSMEs;
3. Play an active role in maintaining and increasing investment;
4. Play an active role in the advocacy and consultation process for preparing Government policies.
Focusing on Industrial Relations and Employment at the beginning of its formation, APINDO's role became increasingly strategic in promoting national interests, through expanding focus on various sectors and developing human resources and partnerships. As the sole representative of the business world, APINDO has representation in the Tripartite Institution (elements of Government, Employers, and Workers), where a number of APINDO Management representatives sit in the National Tripartite Cooperation Institution, the National Wages Council, and the Occupational Safety and Health Council.

To be able to carry out its organizational role, Apindo Karawang is responsible for its members, totaling 246 companies consisting of three industrial scales, namely large, medium and small industries, then consisting of 9 types of business sectors, there are: (Anwar, 2019)

1. Automotive industry (2 wheelers, 4 wheelers and large)
2. Industrial components
3. Chemical industry
4. Electronics industry
5. Food and beverage industry
6. Metal industry
7. Non-metallic Excavation Industry
8. Paper industry
9. Various industries
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Figure 4

Apindo Structure Organization in Karawang
Source : Structure Organization DPK Apindo Karawang 2023

Business Issue

Karawang is an essential component of Indonesia's economic growth because it has become one of the country's most important manufacturing centers. Large companies from many industries, such as manufacturing, automotive, and electronics, are interested in Karawang because it has a robust economy, a variety of industries, and good infrastructure to support them (Yang, Janssen, Pfeifer, & Backes-Gellner, 2013). In addition to being in a good spot, its success is also helped by the fact that local governments are involved and support policies that are good for business. Karawang has become an innovation and technological development centre in Indonesia due to its wide range of industries. This has created jobs, raised people's incomes, and helped the national economy (Yusman, Rezki, & Yunus, 2021).

Karawang's businesses have to deal with a number of problems related to wages. The region's minimum wage policy, which causes problems between workers and employers, is one of the main issues. A lot of protests and demonstrations happen when workers want higher wages so they can live comfortably. As guardians and supporters of workers' rights, trade unions help protect workers' well-being and bring attention to unfair working conditions. Workers often hold protests to voice their concerns and call for changes in wage policies and working conditions. So, to find a fair and long-lasting solution to the wage problem in Karawang, everyone involved needs to talk to each other and work together to make sure everyone is happy at work and the conditions are fair (Simanjuntak, 2011).
In Karawang, the increase in the minimum wage from year to year has become the main highlight, holding the title of "Highest Wage in Indonesia". Every year, the minimum wage set by the regional government has experienced a significant increase since 2013 amounting to 57% Rp. 1,269,227 in 2012 to Rp. 2,000,000 in 2013 since then the minimum wage in Karawang has always been the highest until 2020.

Figure 5
History of Minimum Wages of Karawang
Source: Create by author

In the 5 year period from 2019 to 2023, the Karawang Regency Manpower and Transmigration Service recorded average year by year almost 60 times demonstrations carried out in the company area with the Wages dominating these actions. Demonstrations are the final solution if demands regarding wages cannot be realized as well as a form of pressure from workers on the government and employers. Demonstrations are regulated in the Article on freedom of expression regulated in Undang Undang Negara Republik Indonesia Tahun 1945 chapter 28F and chapter 28E paragraph 3 "setiap orang berhak atas kebebasan berserikat, berkumpul, dan
This article on freedom of expression is further regulated in the Law No 8 of 1998 Concerning Freedom to Express Opinions in Public.

The difference between the wages that workers are paid and how productive they are is a big problem for businesses in Karawang. Workers are paid very high, but their productivity isn't always the same (73.25). This creates a wealth disparity that might impact businesses. Business interruptions caused by demonstrations by workers wanting higher wages also often lead to lower productivity, unstable production, and even breaks in the supply chain. To get a fair and sustainable work relationship in Karawang's growing industrial area, we need an elaborate approach that considers employee wellness, productivity, and the stability of the business.

Figure 6

Human Development Index
Source: Jawa Barat Dalam Angka 2023 BPS Jawa Barat

Karawang was able to maintain the region with the highest wages in Indonesia for 9 years where wages became a matter of prestige for inter-regional trade unions like a trophy that had to be achieved and maintained. An increase in minimum wages is also estimated to lower unemployment, as labor participation declines (Siregar, 2020). The wage itself creates a real GAP problem because along with the significant increase in the minimum wage, this also results in an increase in the unemployment rate. The Central Statistics Agency shows that Karawang occupies the position of the highest open unemployment rate in West Java at number 3 with the average number of unemployed from 2021 to 2023 being 10.22 below Kuningan Regency 10.33 and Bogor Regency 10.44, this shows that the labor supply in Karawang Regency is low and not optimal.
We start by looking at the most important factors that draw employers, since it's getting harder for various companies to find the right strategy for industrial relations. To get more information on this topic, we asked trade unions to pick from a list of the most important things to them when they found the best industrial relations conclusion. At the same time, we asked the government to list the things they think are the most important things as policy makers.

In this research, we should assess the problem to find the root cause through several analysis tools:

1. Pareto Diagram, to find what the pareto problem occur to achieve this problem & Gap between target vs actual impact the conflict during the 2019-now
   a. Demonstration effect
   b. Production result
   c. unemployment
   
   This tool to reach out what's the root cause of the problem occurs during industrial relation implementation such as strike, communication, trade unions, etc.

2. PESTEL Analysis, to reach out the phenomena from external factors (new regulation of labour, demonstration) has specific goals to gain a more comprehensive understanding of external factors that can influence employee engagement levels.
   a. Political factors: how to national election can change the wind of
   b. mindset the organization and employee in trade union and ensure the next Government leader can change the certainty and comfort of investing for employer
   c. Environmental factors: Environmental issues related to working conditions can influence union decisions and demands and Pressure for more environmentally friendly business operations can have an impact on union relations and corporate policy.
d. Social factors: Changes in social and cultural values can influence union demands and expectations

e. Economic factors: When the economy grows steadily, employees' confidence and well-being rise, but uncertainty and anxiety are increased during a recession.

f. Legal factors: The availability of legal protection for employees can influence their sense of security and engagement.

4M1E analysis, to find the best suggested solution after root cause analysis & find internal circumstances (social dialogue, company policy, union trend) the goal will be to investigate and understand the various factors that can influence the stabilization of business operations through industrial relation strategies in Karawang. By understanding the impact of people, machines, materials, methods, and the environment on the employee experience, organizations can identify potential areas for improvement and development.

The novelty of this research on industrial relations in Karawang is highlighted by its focus on the period from 2019 to 2024, capturing recent economic and policy changes, including the impacts of the COVID-19 pandemic. This study's comprehensive approach integrates multiple analytical tools, such as the Pareto Diagram, PESTEL Analysis, and 4M1E Analysis, offering a multi-dimensional view of industrial relations by examining both internal and external factors.

The research's specific regional focus on Karawang, an important industrial hub, provides a detailed understanding of local dynamics, particularly the impacts of the region’s minimum wage policy on socio-economic conditions and business challenges. By incorporating perspectives from various stakeholders, including trade unions, employers, and government officials, the study provides a balanced and in-depth analysis.

Furthermore, the study connects industrial relations with broader socio-economic indicators like the Human Development Index and unemployment rates, demonstrating the far-reaching implications of wage policies. This approach not only fills existing research gaps but also offers practical solutions and policy recommendations, contributing significantly to the literature on industrial relations.

RESEARCH METHOD

Research methodology refers to the systematic approach or framework used to understand and analyze the subject matter under investigation. For this final assignment, the choice of approach should be adjusted to relevant courses and other branches of science that strengthen research. The aim of this research is to obtain an objective view of the implementation of the peaceful transformation design for industrial relations, gain a comprehensive understanding of the dynamics of industrial relations that occur and deepen knowledge about how work relations create prosperity, harmony and justice. This plays an important role in expediting industrial activities in Karawang (Creswell & Poth, 2016).

The data analysis that will be carried out is looking for industrial relations problems in companies in Karawang through creating a prosperous, harmonious and fair model for achieving industrial peace by using LKS Bipartite view strengthening modeling by using SWOT analysis to be able to identify internal strengths and weaknesses, as well as opportunities and threats external (strengthening PESTEL analysis as initial analysis in research). By understanding these factors, researchers can formulate more effective research strategies, take advantage of advantages, overcome
obstacles that may arise and anticipate obstacles or risks that may occur during research and the 4W1H (Who, What, When, Where, Why, How) in the model. Research analysis provides a solid foundation for planning, implementing, and evaluating research systematically.

RESULT AND DISCUSSION

This section analyzes the implementation of the industrial relations peace transformation design to create prosperous, harmonious, and fair working relations based on the records of the Karawang district labor and transmigration office carried out by the Karawang DPK Apindo seen in cases of industrial relations disputes (interests, rights, layoffs, and between union). Work strikes and demonstrations as the main analysis to be able to see the correlation of business and economic consequences in Karawang as well as the impact that occurs due to industrial relations disputes on companies.

Implementation Plan & Propose Model

This sub-chapter explains the implementation plan for the peace model in industrial relations which aims to achieve prosperity, harmony, and justice in the work environment. This plan includes a research plan as well as identification of model infrastructure development as a proposed model.

Implementation Plan

This section presents the implementation plan for the peace model in industrial relations which will be implemented within a period of seven months. This plan is designed to create a prosperous, harmonious, and fair work environment, with steps that are structured and involve all stakeholders.

Table 2

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Source: Create by Author

Propose Model

The peace industrial relations model Towards a Prosperous, Harmonious and Fair is a concept that is expected to become a model of best practices for all companies in managing industrial relations in companies. This model is also expected to be escalated into a relationship model that can be applied in the tripartite realm (employers, workers, and government) so that a positive climate can create policies that are beneficial for economic progress in each region. In this way, the research can justify the results of the analysis in chapter IV into several core points that can be used as suggestions in creating a model of industrial peace relations Towards a Prosperous, Harmonious and Fair.
The industrial peace model through prosperity, harmony and justice is a holistic approach that emphasizes the importance of balance between economic, social and ethical interests in the work environment. In this framework, prosperity is defined as a fair distribution of wealth and opportunities, allowing all workers to enjoy the results of a company's economic growth. Harmony, on the other hand, refers to a harmonious and collaborative working relationship between management and workers, which can be achieved through open communication, worker participation in decision making, and constructive conflict resolution. Meanwhile, justice includes fair and equal treatment of all workers, both in terms of compensation, working conditions and career development opportunities. By ensuring these three elements—prosperity, harmony, and justice—are consistently observed and implemented, companies can create a stable and productive work environment, minimize industrial disputes, and improve the overall well-being of workers. This not only improves employee performance and loyalty, but also contributes to the company's positive reputation and its long-term sustainability.

**Development with Peace Building, Peace Making & Peace Keeping.**

The development approach of Peace Building, Peacemaking and Peacekeeping can be adapted into the industrial relations model to create a peaceful, productive and sustainable work environment. The following is a narrative that combines these three elements in the context of industrial relations:

a) Peace Building in Industrial Relations

Peace Building in industrial relations focuses on creating structures and processes that support long-term peace in the workplace. This includes developing fair and inclusive policies and practices, as well as building institutions such as strong and participatory trade unions. Communication and conflict resolution skills training for management and workers is also an important part of this effort. By building trust through transparency, participation in decision making, and employee well-being, companies can create a strong foundation for harmonious and sustainable working relationships.

b) Peace Making in Industrial Relations

Peace Making in industrial relations involves active intervention to resolve conflicts that occur in the workplace. This could take the form of mediation between management and workers or unions to reach a mutually beneficial agreement. Effective negotiation techniques and mediation conducted by a neutral third party can help resolve disputes about wages, working conditions, or company policies. The main focus...
of Peace Making is to reach an agreement that is acceptable to all parties and prevent the conflict from escalating into a strike or wider work disruption.

c) Peacekeeping in Industrial Relations

Peacekeeping in industrial relations aims to maintain order and stability after reaching an agreement or when the situation is still vulnerable to conflict. This can involve enforcing agreements that have been reached, monitoring compliance with company policies, as well as providing mechanisms for complaints and resolving problems quickly and effectively. An internal or external team serving as “peacekeepers” can help ensure that agreements are respected and provide workers with a sense of security that their rights are protected. They also play a role in supporting the recovery and reintegration process after conflict, helping to rebuild damaged relationships.

By integrating the Peace Building, Peace Making, and Peace Keeping approaches, companies can develop a work environment that is conducive to growth and productivity. This approach not only reduces the risk of industrial conflict, but also improves employee well-being, promotes a positive work culture, and ultimately improves the company's performance and reputation in the market. The synergy between these three elements creates healthy industrial relations, where the interests of management and workers are balanced, and peace and justice are the main foundations.

How to Implement the Model of Industrial Peace.

A peaceful industrial relations model can be realized through preventive, curative, rehabilitative and promotive measures, each of which contributes to creating and maintaining a harmonious and productive work environment. Here is a narrative that integrates this approach:

a) Preventive Steps in Industrial Relations

Preventive measures aim to prevent conflict in the workplace through building strong foundations and effective communication. This involves developing fair and transparent policies, training management and workers on communication and conflict resolution skills, and encouraging worker participation in decision making. Positive activities such as regular meetings, open discussions, and team building activities can strengthen relationships between workers and between workers and management. By creating an inclusive work culture and valuing each individual's contribution, companies can reduce the potential for disputes and increase work satisfaction and motivation.

b) Curative Steps in Industrial Relations

Curative steps are necessary when a conflict has arisen and needs to be resolved quickly and effectively to prevent escalation. This involves mediation and negotiation to reach a fair agreement for all parties. Implementing an easily accessible and responsive complaint mechanism, as well as a neutral mediator, can help resolve disputes in a constructive manner. The focus of this step is to achieve a win-win solution that is acceptable to management and workers, as well as ensuring that the agreements reached are implemented well.

c) Rehabilitative Steps in Industrial Relations

Rehabilitative steps focus on restoring relationships and working conditions after a conflict occurs. This involves programs to rebuild trust between management and workers, such as joint workshops, retraining, and team building activities. Apart from that, it is also important to evaluate and adjust work policies and procedures that have triggered conflict. By supporting the reintegration of workers who may have felt
alienated due to conflict, companies can restore morale and ensure continued productivity.

d) Promotional Steps in Industrial Relations

Promotive steps aim to strengthen collective commitment and promote a positive work culture on an ongoing basis. This involves internal campaigns to promote company values such as cooperation, fairness, and open communication. Rewarding and recognizing good performance, as well as developing employee welfare programs, can increase employee loyalty and engagement. Additionally, supporting employee initiatives that encourage innovation and continuous improvement can also strengthen shared commitment to company goals.

CONCLUSION

This research has illustrated the important role of the industrial relations (IR) model which emphasizes peace, prosperity, harmony and justice in the context of wages in Karawang. Case studies of companies that consistently implement IR strategies with clear policies, transparency, mutual trust between labor unions and management, and good communication, show significant positive impacts.

A consistent IR strategy, as implemented by the companies in this study, brings real changes in company operations. With a transparent and fair wage policy, as well as effective communication between all parties involved, the company achieves high operational stability. The trust built between unions and management strengthens work relationships, reduces conflict, and increases productivity.

The impact of implementing an IR model that focuses on peace and justice is not only felt within the company, but also in the surrounding community. The company's operational stability contributes to Karawang's economic growth by creating new jobs and reducing the open unemployment rate. In this way, companies are not only agents of economic growth, but also partners who contribute to improving the welfare of local communities.

With the positive results seen from the implementation of an IR model that focuses on peace, prosperity, harmony and justice, it is hoped that this model can be an inspiration for other companies. The future hope is that this model will be implemented more widely, creating a positive industrial climate where peace, justice and sustainability are the main focus. Thus, this research makes an important contribution in strengthening best practices in industrial relations, ultimately providing greater benefits for companies, society and the economy as a whole.
REFERENCES