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The State, Democratic Transition and Employment Relations in Indonesia

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Abstract

Indonesia's transition since 1998 from authoritarian developmentalism to democracy has had a fundamental effect on employment relations. Although the basic structure of the economy has not changed, the twin processes of democratisation and decentralisation have seen the return of a degree of political space not available in Indonesia since the 1950s. This transformation was underpinned by a shift in the balance between the primary logics of the state that has seen an enhanced emphasis on legitimisation. It has reshaped expectations of workplace-level employment relations practice in the country's small formal sector and of trade unions' engagement with policy-making and electoral politics. This article traces the processes through which this transformation occurred and analyses both its successes and the ongoing challenges to more robust implementation of the country's industrial relations framework.

Keywords: Democratic transition, employment relations, Indonesia, post-authoritarian states, trade unions

Introduction

In 1998, Indonesia emerged from a period of over three decades of authoritarianism under Suharto's New Order (1966–1998), during which time the primary purpose of the regime's engagement in employment relations was to guarantee political stability and promote economic development. These twin motivations of pacification and accumulation (cf. Hyman, 2008) – which were characteristic of authoritarian developmentalist regimes in East and Southeast Asia in the late 20th century – drove a deeply punitive reshaping of Indonesia's formerly vibrant trade union movement and eviscerated the country's early commitment to a pluralist, but worker-focused, system of industrial relations. While maintaining a nominal adherence to the internationally sanctioned tripartite model of industrial relations in order to avoid criticism from the International Labour Organization (ILO), in practice the state-sanctioned trade union and

employers' organisations were little more than puppets of the regime and the processes associated with the formal system were overwhelmingly dominated by agents of the state (Ford, 2009).

The regime experienced serious challenges to its legitimacy in its final decade, not least in the new industrial zones developed to support its shift from a reliance on oil revenues to a strategy of export-oriented industrialisation (EOI). As the geopolitical climate changed following the end of the Cold War, Indonesia's backers in the international community also began to take a more critical stance on the excesses of the regime, including its practices in relation to labour. Ultimately, however, it was the Asian Financial Crisis and the subsequent collapse of the regime – not worker protest or international labour rights campaigns – that brought substantive change to the regulatory structures of employment relations. Suharto's resignation and the subsequent shift in the orientation of the state created opportunities that resulted in a fundamental reconfiguring not only of Indonesia's political system, but also of the institutions and mechanisms of industrial relations, as the logics of state action shifted from an intertwining of the objectives of accumulation and pacification towards one where the relationship (and tensions) between the imperatives of legitimation and accumulation are most relevant.

The article begins with a discussion of the logics of employment relations in the late authoritarian period and during the transition to democracy, with a focus on trade union formation and industrial relations processes including collective bargaining and dispute resolution. It then turns its attention to the international influences on the reshaping of Indonesia's industrial relations institutions, and the limits of that influence, before considering the attempts of employers' associations and unions to pursue their members' interests in a new environment. In doing so, it draws on qualitative, field-based research conducted since mid-1998, including in-depth semi-structured interviews with government officials, employers and trade union officials in the manufacturing, services and public sectors at the national level and in a number of key locations on the islands of Sumatra and Java, supplemented by extensive reviews of statistical materials and government, union and employer publications.¹ Based on analysis of this data, we argue that the state's new-found emphasis on legitimation within the employment relations sphere has driven a reconfiguration of the institutions and mechanisms of industrial relations that has brought real change within the narrow segment of Indonesia's economy that falls under its formal system of industrial relations.

Employment relations and the logics of the state

In the years leading up to and then following independence in 1945, organised labour was firmly in the eye of Indonesia's political elite first as a participant in the revolutionary struggle against the Dutch and then as a partner in nation-building. In a period when the main function of the state was to build an 'imagined community' (Anderson, 1983), waged workers were seen as a beacon of modernity and trade unions as valued contributors to social and economic policy-

making (Ford, 2010). Following the destruction of the Indonesian Communist Party in the mid-1960s, Suharto's New Order assumed control of the country with the aim of restoring political stability and setting Indonesia on the path to prosperity. With the support of the United States and its allies, the new regime moved to suppress political and social opposition in its efforts to secure Indonesia against communism and to transform it from a primarily agrarian economy to a modern, industrialised one. While the regime maintained a semblance of the pluralist structures of industrial relations established in the post-independence period, the remnants of the labour movement were domesticated and absorbed into a system best described – following Stepan (1978) – as exclusionary state corporatism, in which trade unions' function was to promote economic development rather than to represent workers (Ford, 1999; Hadiz, 1997).

As in other developmental states in Asia, a strong relationship was quickly established between the political elite and private capital. These relationships were cemented as oil revenues dried up and the regime moved to introduce a policy of EOI. Implemented from the mid-1980s, the policy saw the establishment of industrial parks, special economic zones and integrated industrial areas designed to attract foreign investment, with a particular focus on labour-intensive light manufacturing. A second vital element in the strategy was the provision of a low-cost workforce to staff the new factories (Hadiz, 1997). The impetus to control trade unions was driven by the need to first pacify the organised labour movement, with the goal of establishing political stability in the early decades of the New Order, and then prevent its re-emergence in order to maintain the pre-conditions necessary to promote accumulation through EOI.

Over time, the growth in labour-intensive manufacturing put pressure on the authoritarian corporatist structures of industrial relations established in the early 1970s (see Ford, 1999). However, in itself, Indonesia's increasing integration into global production networks did not precipitate dramatic changes in the state's approach to labour relations. Despite anti-sweatshop campaigns and other international critiques of Indonesia's labour practices, 'state unilateralism' (cf. Frenkel and Peetz, 1998) was a governance arrangement that suited the needs of foreign investors, and the governments of the United States and Western Europe were happy to accept a trade-off on human rights in order to keep Indonesia free from communism. It was only with the end of the Cold War that these countries no longer felt the need to support the regime and others like it at all costs, a fact reflected in increasing links between market access and at least nominal compliance with core labour standards in the 1990s. Key examples of such pressure in the Indonesian case included threats by the United States to withdraw its trade privileges under the Generalised System of Preferences (GSP), which triggered a series of labour reforms in the mid-1990s, most notably permitting workers to form enterprise-level employee associations and reducing military involvement in labour disputes.²

For the international community, the logic of pacification, as it pertained to labour relations, had become no longer palatable. But it was only with the Asian Financial Crisis of 1998 and the subsequent collapse of the New Order that the industrial relations system was substantially

restructured. As Indonesia sought to take its place as the world's fourth largest democracy, employment relations – which served as a marker of the country's political and social progress – attracted close international scrutiny. It was primarily for this reason, rather than because of sustained worker protest, that a regulatory framework configured to meet international labour standards was put in place (Ford, 2009). The shift presented no threat to capitalist power, and the Indonesian state remains unarguably pro-business; but democratisation saw the transformation of the institutional architecture of industrial relations from one in which workers had little choice but to act collectively outside the law to one whose mechanisms are designed – however imperfectly – to promote collective bargaining and social dialogue.

The reconstitution of industrial relations and international influence

After the fall of Suharto in 1998, the authoritarian social structures of the New Order were dismantled and the government-controlled three-party system replaced by an open, multi-party democracy which, although dominated by existing elites, offered space for new political forces to emerge. The balance of power between the central government and the regions also changed significantly after a policy of regional autonomy took effect from the beginning of 2001, shifting responsibility for a whole range of government functions – including the management of industrial relations – to the local level (see Aspinall and Fealy, 2003).

Only months into the transition, freedom of association was re-established and the existing tripartite framework reconfigured as part of Indonesia's attempts to prove its democratic credentials to the world. The stamp of the ILO on this new institutional architecture is evident, most notably in the labour law reform package introduced between 2000 and 2004.³ The first of these laws fundamentally altered the form and function of Indonesian unions. During the New Order, white-collar workers had been discouraged from unionising, and civil servants and employees of state-owned enterprises – the drivers of the democratic labour movement of the pre-New Order period – forced to join the civil servants' association (Ford, 1999). In secondary industry, workers were permitted to form enterprise unions, most of which were affiliated to the single, state-sanctioned national union federation. Under Law No. 21/2000, as few as 10 workers could form a union, multiple unions were permitted to operate in a single workplace and employees of state-owned enterprises were able to establish and join independent unions. The law also allowed for multiple union federations and confederations and permitted enterprise-level unions to affiliate with any union federation or confederation at the regional or national level, marking a radical departure from the situation under the New Order. In addition, it protected the right to organise by identifying and outlawing various kinds of anti-union activity, such as intimidation, campaigning against the formation of a union, termination or temporary suspension of employment, demotion or transfer and withholding or reducing payment.

Trade unions quickly multiplied in response to these changes. As of 2015, seven confederations were registered at the national level. The largest confederation – if all its splinters are counted –

is the Confederation of All-Indonesian Workers Unions (Konfederasi Serikat Pekerja Seluruh Indonesia (KSPSI)), the legacy union of the Suharto period. The Confederation of Indonesian Prosperous Labour Unions (Konfederasi Serikat Buruh Seluruh Indonesia (KSBSI)), the second major confederation, grew out of the largest and most established alternative union of the Suharto period. The third major confederation is the Confederation of Indonesian Workers Unions (Konfederasi Serikat Pekerja Indonesia (KSPI)), which was formed with support from the International Confederation of Free Trade Unions (ICFTU) in 2003. In addition, some 11,852 enterprise unions in the private sector, 170 unions in state-owned enterprises and 91 national-level union federations have registered with the Ministry of Manpower (2013c), many of them associated with one of the national confederations. However, union density remains low even in the formal sector, with a total membership of approximately 3.5 million, or around 9% of workers employed in the formal sector.

Like workers, employers are encouraged under the legislation to form associations for the purpose of tripartite and supra-firm bipartite negotiations. However, they, too, remain relatively unorganised. The Association of Indonesian Employers (Asosiasi Pengusaha Indonesia (APINDO)), the body set up to represent employers in the industrial relations system established by the New Order, has continued to be the main body representing employers in the wage councils and in other tripartite committees.⁴ APINDO has struggled to attract new members and retain its existing ones due to its inability to deliver quality services and its lack of capacity in lobbying and negotiating (Palmer, 2008). As a consequence, it suffers from low membership density, with just 6830 members or approximately 3% of the total 225,852 enterprises registered with the Ministry of Manpower (2012, 2013a, 2013d).

Significant changes were also made with regard to collective bargaining. Under the previous arrangements, collective bargaining was nominally conducted at the firm level where employers were formally obliged to negotiate with the workplace units of the official union. In practice, however, management could exercise its prerogative with little or no need for negotiation. Yet although managerial unilateralism continues to be the dominant mode of employment relations, employers now have less control over whether collective bargaining occurs in unionised workplaces. Changes to the system under Law No. 13/2003 on Manpower encouraged (though did not oblige) employers and unions in unionised firms to negotiate a collective labour agreement. The law is supplemented by Ministerial Decision No. 48/MEN/IV/2004 on Procedures for Making and Legalising Company Regulations and Collective Labour Agreements, which decreed that one collective agreement could be recognised at the company level and should be renewed every two years. If negotiations became deadlocked, either party could bring the case before the industrial relations court with a risk of compulsory arbitration being imposed on both parties.

In addition, there were important changes in provisions for arbitration and conciliation. Arbitration and conciliation mechanisms had existed, in which disputes were settled by industrial

disputes resolution committees at the national and provincial levels, under the New Order. Although designed along tripartite lines, government officials played a central role in the work of these and other tripartite committees (Ford, 1999). Law No. 2/2004 on Industrial Disputes Settlement maintained some of the features of the previous institutional architecture, but it also introduced a number of radical changes. The central and regional dispute resolution committees that had sat at the centre of the New Order's tripartite disputes resolution process were abolished and industrial relations courts introduced. These courts are presided over by a panel of three judges, two of whom are ad hoc judges nominated by unions and the employers. The courts can hear rights disputes, interest disputes, termination disputes and inter-union disputes. As previously, the law stipulates that attempts should first be made to resolve disputes through bipartite negotiations. If the bipartite negotiations fail, the conflicting parties can access the extra-court mechanisms of mediation, conciliation and arbitration for a period of 30 days. If mediation and conciliation fail, after 30 days, the disputes can be heard before the industrial relations court. If either party is dissatisfied with the ruling of the industrial relations court, appeals against rights and termination disputes can be brought before the supreme court.

The final change of note occurred not as a consequence of the labour law reform package, but rather as a consequence of the passing of Law No. 22/1999 on Regional Autonomy, which saw the devolution of responsibility for many government functions to the country's 500 or so cities and districts. Under this and related laws, the bulk of responsibility for employment relations were devolved to local parliaments and city or district administrations. Decentralisation has also had a major impact on Indonesia's system of minimum wages. During the New Order period, these were determined by government-dominated tripartite bodies at the central and regional levels. Under Law No. 13/2003 on Manpower, minimum wages are set by provincial-level decrees based on the recommendations of district governments acting on the advice of district-level wage councils. Representatives of employers, workers and the government in the local wage council negotiate a suggested minimum wage, which is then accepted or rejected by the mayor or district head, whose recommendations are then passed up to the provincial level, where they are accepted or rejected by the governor, who is advised by the provincial wage council. In addition to the general minimum wage, the government has also established a mechanism for setting sectoral minimum wages. Whereas these were initially also set through the tripartite wage councils, under Ministerial Regulation No. 7/MEN/2013 on the Minimum Wage they became subject to bipartite negotiations between employers and unions in each sector. The least change has occurred with regard to security of employment, an additional area of note within the labour law reform package. On paper at least, Indonesia had long had strong safeguards for formal sector employees, and these safeguards have been maintained. The 2003 Manpower Law and Ministerial Regulation No. 19/ 2012 concerning Conditions on Outsourcing Work to Other Parties also nominally limit the practice of outsourcing and the use of fixed-term contracts to non-core activities such as catering and cleaning services.

If the ILO's influence was clearest in changes to the institutional architecture of the industrial relations system, the international labour movement's role was evident in the re-building of an independent trade union movement in Indonesia as labour activists sought to leverage the new opportunities brought by industrial relations reform. During the New Order period, the international union movement had engaged almost exclusively with the official union, although the American Federation of Labor and Congress of Industrial Organisations (AFL-CIO), some European unions, and a number of national governments provided support for the non-governmental organisations (NGOs) and unofficial unions that worked to harness and systemise spontaneous labour protests within the alternative labour movement of the late New Order period (Ford, 2009). After the fall of Suharto, however, it was the Global Union Federations (GUFs) that supported the establishment of new sectoral unions, most of them breakaways from the statesanctioned union.⁵ As noted earlier, the formation of KSPI – one of two confederations that bring the GUF affiliates together – was sponsored by what is now the International Trade Union Congress (ITUC). Other kinds of international linkages have also continued to be important. For example, some of the smaller national unions and union federations in the textile, clothing and footwear sector have longstanding links to international NGOs like Oxfam or the Clean Clothes Campaign.

The system in practice

There is no doubt that changes in the legislative framework and in the ways it is implemented have transformed Indonesia's industrial relations actors and institutions. At the same time, as a consequence of the structure of the economy, inadequate resourcing of inspection and dispute resolution mechanisms, as well as the absence in many cases of meaningful sanctions for violations of the law, there remain significant limits to the reach and effectiveness of the formal industrial relations system. Because of the size of the informal sector, only a relatively small proportion of the workforce has access to its mechanisms. In addition, many of the legislative provisions in place to protect workers and facilitate collective bargaining are unwieldy or not adequately enforced. The situation has been further complicated by decentralisation, which has meant that in employment relations, as elsewhere, a lack of technical capacity has led to a situation where local regulations are too often in breach of the national legislative framework and policy implementation is non-existent, or at best patchy (Ford and Tjandra, 2007).

These legal loopholes and low levels of enforcement mean that employers have ample opportunity to engage in covert, or even overt, union-busting (Ford, 2013). Covert union-busting occurs through the minimisation of opportunities for workers to organise. Despite legal provisions limiting outsourcing, many employers continue to shift responsibility for large numbers of workers who continue to staff production lines to outsourcing companies (Caraway, 2009). This not only reduces labour costs, but makes it difficult for unions to recruit members. Overt forms of union-busting include intimidation and unlawful dismissal. Of the 597 workplace violations described in focus group discussions conducted as part of a labour rights survey

commissioned by the Solidarity Center (2010), as many as 32% involved discriminatory acts against unionists. In 108 of these cases, activists had lost their jobs. In other cases, employers had exploited provisions allowing multiple unionism to limit union influence. Of the 658 unionised workplaces surveyed, some 16% had multiple unions. In as many as 40% of these cases, one of these unions had been set up by the employer in competition with one or more independent unions.

The effectiveness of the legal framework is further limited by a lack of capacity for labour inspection, inadequate sanctions and the inability (or unwillingness) of labour courts to enforce them. In 2012, there were a mere 1638 labour inspectors nationwide, only 10% of whom had qualifications and experience in labour and industrial relations (Ministry of Manpower, 2012). In that year, just 51 strikes and demonstrations involving 13,753 workers and 1916 cases of dismissal involving 7465 workers were registered across Indonesia (Ministry of Manpower, 2013f, 2013g) – a number that clearly under-represents the levels of industrial action across the country. The industrial relations courts have also proven to be ineffective. As of 2012, there were just 118 ad hoc judges serving in labour courts across the country (Ministry of Manpower, 2013e). According to Ministry of Manpower (2013b) statistics, the courts dealt with as few as 2753 industrial disputes in that year.

The industrial relations courts are also notoriously inconsistent in their decisions. A detailed analysis of 1096 cases lodged in four jurisdictions in 2009–2010 indicates that rulings favoured the unions in around 20% of cases and employers in approximately the same number, though in all but one of the four jurisdictions examined courts ruled more often for employers than for workers (Caraway, 2011). Given that the vast majority of cases are brought by workers, this reflects a significant tendency for the courts to rule against them. The remainder of cases had mixed results or were dismissed – an outcome that also favours employers – though a significant proportion was settled by the parties before a verdict had been reached. In addition, the courts take an average of over 100 days to settle. This average does not greatly exceed the period of time specified in the legislation, but the number of hearings required for each case is greatly in excess of that required under the previous system, as is the burden of proof required. This has serious resourcing implications for union plaintiffs, especially in jurisdictions like the Riau Archipelago and West Java, where the court is located at a considerable distance from major industrial areas.

Internal pressures for change

Democratisation and decentralisation have undoubtedly brought far greater opportunities for political participation by social actors including organised labour. And as the strength of the trade union movement has grown, so too has internal pressure on the government to seek legitimation from organised labour rather than relying primarily on pacification of industrial workers, as it had in the past. Big business, through connections with the politico-bureaucratic

elite, continues to be a dominant force in Indonesia's political system. However, what some have described as oligarchic control has been diluted by the introduction of democratic elections after the fall of Suharto (Ford and Pepinsky, 2014). Coupled with decentralisation, democratisation has allowed workers, through their trade unions, to engage in a meaningful way in policy debates and negotiations with employers. Unionists have also worked to exert influence through local wage councils, in combination with mass mobilisation, sometimes to great effect. Decisions regarding regional minimum wages are frequently influenced by local electoral cycles, with incumbents competing to retain local leadership positions supporting higher wage claims in an attempt to attract votes from workers and their families. More generally, unions in union-dense areas mount large-scale demonstrations during the annual wage negotiation period designed to put pressure on government officials. Their capacity to block town centres and, in some prominent cases, toll roads, has been an important contributing factor to significant wage rises in recent years, in tandem with opportunities to lobby local politicians and government officials to take a more pro-worker stance (Caraway and Ford, 2014).

In response to unions' increased militancy, employers attempted to regain control over the wage-setting process by pressuring the central government to intervene. Their goal was achieved with the issuing of Presidential Instruction No. 9/2013 on Minimum Wage Setting Policy to Sustain Business and Improve Workers' Welfare. This Presidential Instruction was in turn fleshed out in Ministerial Regulation No. 7/ 2013 on the Minimum Wage, which shifts the power to set the regional minimum wage from district heads to governors, in consultation with local leaders and the provincial wage council. Under these regulations, increases in the regions where the minimum wage does not reach an agreed living wage are obliged to distinguish between low-paid jobs in labour intensive industries and jobs in industries where average wages are already above the agreed living wage rate, with the latter subject to bipartite negotiation. In response to pressure from employers, the annual wage negotiation process was eliminated and replaced with a formula set by the central government under Government Regulation No.78/2015 on Wage Determination, a shift that trade unionists failed to have annulled by the next wage round.

In addition to campaigning on wages, unionists have embraced opportunities to become directly involved in electoral politics, standing their own candidates in local, provincial and national parliamentary elections and striking deals with those running for executive positions (Caraway and Ford, 2014). In some instances, this strategy has been successful, with union candidates being elected to parliament in a number of union-dense districts, for example. More important, though, than the number of successful candidates has been the education of local union leaders and the rank-and-file membership about the potential benefits of strategic and active participation in the political sphere as a means of influencing the political agenda not just on wage-setting and other areas of industrial relations policy, but on broader issues that affect workers like infrastructure and education policy. Engagement in local politics in turn reinforced their efforts to broaden their policy influence at the national level. These campaigns focused on, among other things, a sustained critique of outsourcing and low wages, which popularised the

discourse of the living wage, and resulted in the inclusion of additional items in the consumer basket used to set minimum wages.

The most successful of these campaigns was that run by the Committee for Action on Social Security (Komite Aksi Jaminan Sosial (KAJS)) after the government failed to implement Law No. 40/2004 on the National Social Security System. In response, unions established a broad-based campaign to pressure the government to pass supporting legislation necessary for the implementation of the law. Working with NGOs, academics and student groups, the unions drafted legislation, lobbied sympathetic politicians, mounted a citizen's lawsuit, engaged in targeted demonstrations and undertook other awareness-building activities in major cities across Indonesia (Cole and Ford, 2014). Although this strategy did not have universal support within the labour movement,⁶ the campaign ultimately resulted in the passing of Law No. 24/2011 on Social Security Providers, which mandates a system that covers informal sector workers alongside formal sector workers, military personnel and civil servants. Even more significantly, it demonstrated for the first time that not only could unions work together in a sustained and productive manner, but they could also take a leadership role in a broader civil society coalition.

In many ways, the task for unions has been more difficult in the workplace. Frenkel and Peetz (1998: 285) identify four workplace-level governance arrangements, namely management unilateralism, joint regulation or collective bargaining, management – state bipartism and workplace tripartism. Under the current legal provisions, workplace governance is in theory defined by collective bargaining, with elements of workplace tripartism. However, in most workplaces management unilateralism prevails. Employers in large-scale enterprises depict themselves as being 'rule observant'. Yet in practice, many are reluctant to comply with the requirements of the regulatory framework. Although there has been a significant increase in the number of registered collective labour agreements since the reforms were introduced, active agreements cover just 14% of waged workers and only 4% of the total employed workforce (Hayter and Stoevska, 2011). Most, moreover, continue to be of poor quality – in many cases simply restating conditions already provided for in the national regulatory framework and in some even containing provisions that violate it. Of the 658 workplaces surveyed for the Solidarity Center (2010), for example, only 61% had a collective bargaining agreement in place. Of these, 42% simply replicated the provisions of national labour laws, whereas 5% violated national laws in some way.

The negotiation of collective labour agreements is further complicated by the existence of multiple unions in some workplaces, which makes it difficult for any union to meet the criteria to represent workers in collective bargaining. The extent to which a particular workplace conforms to legal requirements for recognition of the freedom of association and engagement in collective bargaining is determined by the strength of union presence in that workplace. In workplaces where unions are weak, most employers refuse to enter into a collective labour agreement at all, relying heavily on company regulations that are determined unilaterally by management. It is this

lack of enforcement that constitutes the greatest threat within employment relations to the logic of legitimation.

Conclusion

Since the mid-1960s, Indonesia has been a resolutely capitalist state whose agents, as Hyman (1975: 148) has argued, have sought to promote particular class interests while attempting to maintain legitimacy with citizens through an 'active and continuous role' in mediating the tensions and contradictions associated with capitalist development. Legitimation was pursued through promises of prosperity brought by economic development and the restoration of political order, goals pursued through the pacification of virtually all forms of opposition and attempts to create a cheap and docile workforce to attract foreign investment. The democratic transition fundamentally changed the overarching balance in the logics of the state. As the underlying structure of Indonesia's economy survived the economic and political crises of the late 1990s (Hadiz and Robison, 2014), accumulation has remained a dominant motive for government policies. However, governments could no longer rely on pacification as the primary strategy for maintaining social order or, indeed, political power.

This is nowhere more evident than in the Indonesian government's attempts to manage employment relations. The logic of pacification has largely given way to one of legitimation, fuelled not as much by workers' demands for better wages and conditions in the country's factories, but by external demands for evidence of Indonesia's democratic credentials. Although employer prerogative continues to dominate the working lives of most formal-sector workers, the far-reaching transformation of the regulatory framework has meant that trade unions are now claiming their position as recognised representatives of working-class interests not only in the workplace, but also with regard to policy on issues like wage-setting and social security. In short, international pressure and support, realised through the twin processes of democratisation and decentralisation – and through substantive industrial relations reform – has created space for the Indonesian labour movement to further amplify the legitimation objective.

At the same time, as Hyman (2008: 262) posits, the strategies governments adopt in relation to employment relations are highly contingent and often contradictory, both as a result of political struggles within and beyond government and because of inherent tensions between competing logics of the state. The tensions between the logics of accumulation and legitimation are all too evident in government policy on employment relations. Fundamental questions remain not only in regard to the reach of the industrial relations system, and therefore its impact on the working lives of the majority of Indonesians, but also in relation to the government's at best partial commitment to implementation of its own legislative framework and its oversight of industrial relations institutions and mechanisms. It is these questions that mark the terrain of struggle for organised labour and its allies in post-Suharto Indonesia.

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Notes

¹ This field-based research is contextualised within work done on employment relations in the preceding period of authoritarianism (Ford, 2009), and complemented by research conducted by Ford with international bodies including the International Labour Organisation (ILO), the Global Union Federations, and European, North American and Australian Solidarity Support Organisations, which have engaged with the government, trade unions and employer associations during this period of transition

² For a detailed account of the use of the GSP to promote labour rights, see Glasius (1999).

³ For a detailed discussion of the three laws described in the following, see Caraway (2004). A fourth law sometimes referred to as part of this ‘package’ is Law No. 39/2004 on the Placement and Protection of Indonesia Manpower Overseas.

⁴ For a discussion of the transition in APINDO, see Ford (2004).

⁵ For a general discussion of the form and function of the GUFs, see Ford and Gillan (2015).

⁶ During the campaign, two union-driven counter movements emerged, which criticised the campaign’s broad focus and opposed the requirement for workers to contribute to the scheme (Cole and Ford, 2014).