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SUSTAINABILITY AS A STRATEGIC BUSINESS ORIENTATION IN GLOBAL ECONOMY RECOVERY PHASE

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DESIGN OF INDUSTRIAL RELATIONS AND WAGE SYSTEMS BASED ON HUMAN RESOURCE MANAGEMENT PERSPECTIVE

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Abstract

Industrial relations are relations of all parties involved or concerned over the process of production of goods or services in a company (especially a relationship employers/ management and workers/ laborers). Harmonious relationship will be created when the interests of the various parties concerned are not neglected, one of which is a system of professional wages. Wage system should be created based performance evaluation system that is fair and reasonable. The purpose of this study is to analyze and establish the design of industrial relations and wage systems based on the perspective of human resource management. How create a conducive industrial relations through professional wage system? How is the role of human resource management in creating a harmonious industrial relations? Analysis using the method description and library research. Description method to systematically describe the industrial relations factually and accurately, while library research intends to analyze based on literature or the study of documents. The implications of this study, expected to form the design of industrial relations and wage systems based on the perspective of human resource management and can be a reference in creating a harmonious industrial relations.

Keywords: industrial relations, wage systems

Research Background

Industrial relations are relations of all parties involved or concerned over the production process of goods or services in an enterprise (especially a relationship employers/ management and workers/ laborers). Will create a harmonious relationship if the interests of the various parties concerned are not neglected, one of which is a system of professional wages.

Wage system can never be separated from industrial relations. Wages are part of the compensation received by employees as remuneration for their work. Wage system reflects the company's efforts to maintain its human resources. Therefore, the element of fairness and appropriateness of remuneration is one of the effective ways for companies to improve work performance, motivation, and employee satisfaction.

Wage system should be created based on an evaluation system that is fair and decent performance. The purpose of this study is to analyze and establish the design of industrial relations and wage system based on the perspective of human resource management. How create a conducive industrial relations through professional wage system? How is the role of human resource management in creating harmonious industrial relations?

To obtain answers to some of these questions, this paper will elaborate on the theory of wages in the perspective of human resource management, theory of expectations and wage systems, as well as industrial relations and wage system. The implications of this study, expected to form the design of industrial relations and professional wage system based on the perspective of human resource management and can be a reference in creating harmonious industrial relations.

Analysis using the method description and library research. Description method to systematically describe industrial relations factually and accurately, while the research library intends to analyze based on the study of literature or documents.

Literature Review and Discussion

Theory of Wages based on Human Resource Management Perspective

UU No. 13/ 2003 about "Ketenagakerjaan", article 1 point (30), defines wages as the rights of workers/ laborers received and expressed in terms of money as compensation from the employer or the employer to the worker/ laborer set and paid by an employment agreement, agreement, or regulation. Wages are part of the compensation which is closely related to the performance of a person in performing their duties.

Mangkunegara (2004) states that compensation is something that is considered as a comparable. Human resource management relates to a process which ensures that the company has the right workforce in the right place and at the right time, which has the ability to complete tasks in accordance with the company's objectives effectively and efficiently. Therefore, compensation policy becomes important in order to obtain or retain workers. There are three theories in determining compensation, that is:

1. The theory of economic compensation related to the creation of a market price or payment of wages based on the bargaining power between workers and management company;
2. The theory of compensation standard of living is a compensation system that determines wages based adjustment with a decent standard of living human; and
3. Theory of ability to pay compensation is a system of wage determination based on the level of income or profit companies.

Some research field of human resource management has proved that professional compensation system will improve employee satisfaction and enable companies to obtain, hire, and retain employees. In general, compensation has several objectives (Martoyo, 2007), among others:

1. The fulfillment of the economic needs of employees or as a guarantee economic security for employees;
2. Encourage employees to work better and be more active;
3. Show that the company is progressing; and
4. Demonstrate respect and fair treatment of employees the company (ie, the balance between the input provided by the employee to the company and the output or the amount of compensation granted to the company employees).

Martoyo (2007) also argued that the application of the wage system that professionals will benefit the company, among others:

1. The use of human resources more efficiently and effectively. Determination of compensation based on the performance of each employee. The more employees who receive compensation, meaning that more and more employees are high achievers. The number of high achieving employees will reduce the expenditure of time and labor costs are not necessary. Thus, compensation can make use of human resources more efficiently and more effectively.
2. Encourage stability and economic growth. Directly, good compensation system can help the stability of the company. Indirectly, good compensation system can encourage stability and economic growth. Instead, the system is not good compensation will cause dissatisfaction, causing an uproar among workers.

Theory of Expectations and Wage System

What should be considered in formulating a professional wage system? At least, professional compensation system should consider the elements of fairness and feasibility. Justice does not mean equally indiscriminately, but must be related to the relationship between sacrifice (input) and wages (output). The higher the sacrifice, the higher the expected wage. If the elements of justice have been met, the company has an internal consistency in the wage system. Furthermore, the feasibility of the elements relating to the standard of living. Usually the standard of living adjusted to the minimum wage in accordance with government regulations. Another way to meet the elements of the feasibility of the system is to compare the wages of other companies. If the elements of eligibility have been met, the company has reached an external consistency.

Theory of expectation put forward Victor Vroom (1972) argued that the strength of a tendency to act in a certain way depends on the strength of an expectation that these measures will be followed by specific output and the attractiveness of the output for the individual. According to the theory of expectation that motivation is a implication of a result of being pursued by someone that his actions will lead to the desired results.

Based on the theory of expectations, the fulfillment element of fairness and feasibility becomes very important. Theory of expectation encourage the management company to design professional wage system by considering the elements of fairness and feasibility. The company should carefully examine the emergence of motivation. Thus, employees will be motivated to take action when he believes his efforts will take him to a good performance appraisal, where he will have this as remuneration, such as wage increases, bonuses, and so on.

Someone who has high expectations tend to have a high motivation to excel. There are 6 characteristics of people who have high achievement motivation (Mangkunegara, 2005), that is: (1) have a high level of personal responsibility, (2) willing to take and bear the risk, (3) have realistic goals, (4) has a work plan thorough and strive to realize the goals, (5) utilizing concrete feedback in all activities undertaken, and (6) are looking for an opportunity to realize the plans that have been programmed.

Industrial Relations and Wage Systems

Discussion industrial relations can not be separated from the wage system. Kim & Sakamoto (2008) prove that the industry significant effect raises wage inequality. It has been mentioned that the industrial relations tend to be a cooperative relationship between employers/ management and workers/ laborers. Harmonious industrial relations must be created. Maczulskih (2013) stated that labor market conditions play an important role in creating a conducive business climate as well as the realization of economic growth in the industry.

In industrial relations between workers and employers should have a mutually beneficial relationship (Rebitzer, 2000; Qin & Chernew, 2014; Rumimpunu, 2014). Will create a harmonious relationship if the interests of the various parties concerned are not neglected, one of which is a system of professional wages. The existence of the wage system that is mutually beneficial for employers and workers will encourage a conducive business climate, as well as the establishment of joint welfare distribution.

The government's role becomes one of key importance in creating a conducive industrial relations. The government plays a role in determining the wage system is one of mutual benefit through the determination of the minimum wage (Sundstrom, 2002; Autiero & Bruno, 2007). One of the factors considered in determining the minimum wage is the element of feasibility, ie the minimum acceptable standards for workers to meet their needs at the level of normative ideal. Therefore, the determination of the minimum wage tends to be a wage policy that protects workers.

Every worker has the right to obtain income that is able to meet a decent living for humanity. The government determines the minimum wage policy in addition based on the needs of living, also pay attention to productivity and economic growth. Allen & Allen (2015) proved that policymakers should focus on wage flexibility in the system ketengakerjaan if they expect economic growth developments.

However, when the government set a minimum wage increase, not a few employers who do not agree. As a result of these disagreements may have a negative impact on the business climate as well as disrupt the economic system. The difference in the minimum wage policy in each region also caused its own problems. Davis & Henrekson (2005), Kim et al. (2013), and Lixin & Amy (2015) states that the minimum wage policy differences contribute raises the wage gap between regions.

Problems of wage system design is not only related to the minimum wage policy, but also related to the negotiation of wage determination in the company (Oderanti et al., 2012; Kurubetti & Nagendra, 2014; Lixin & Amy, 2015). Therefore, the design professional wage system should not only be based on the determination of the minimum wage. Required breakthroughs in wage determination. For example, the wage system design approach to productivity gain sharing. The concept underlying this approach, that every worker is a human being, not a machine, and not just be a business resource.

The concept is in line with the concept of resource management, human resources management that appreciate the great potential of the workers who are the driving force for the company to achieve its objectives. Dohmen (2004), Chen et al. (2009), Dong & Zhang (2009), Fu (2011), and Egger et al. (2013) proved that every worker has a different productivity and should have implications for remuneration, because unproductive workers will contribute a disproportionate share of the surplus revenue of the company.

Supposedly, the wage system linked to the price of the product for each worker contributed to utilize their skills to create a product (Hanes, 2010). Therefore, the approach of productivity gain sharing is done with equitable distribution model to all those who contributes to creating additional income, ie employers, workers and other supporters. Implementation of the approach is expected harmonious industrial relations can be established, that is not only focused on the determination of the minimum wage, but also oriented to increase the productivity of the company. An increase in the productivity of companies are also expected to increase wages or welfare of workers (Meeusen et al., 2011).

Conclusion

Main actors in industrial relations are workers and employers. In industrial relations between workers and employers should have a mutually beneficial relationship so as to create a harmonious relationship. Industrial relations is basically an individual employment relationship of rights and obligations between workers and employers, one of which related to the wage agreement. Determination of the wage system should take into consideration the interests of both parties. Approach of productivity gain sharing is

one of the system design concept of professional wages. The concept underlying this approach, that every worker is a human being, not a machine, and not just be a business resource. Each worker has a different productivity and should have implications for remuneration, because unproductive workers will contribute a disproportionate share of the surplus revenue of the company.

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