JW MARRIOTT JAKARTA’ S INDUSTRIAL RELATIONS POLICIES:
CONSISTENCIES UNDER INDONESIAN INDUSTRIAL LABOR POLICIES AND THE INTERNATIONAL LABOUR ORGANIZATION

By

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A thesis presented to the Faculty of Business and International Relations President University In partial fulfillment of the requirements for Bachelor Degree in International Relations Major in Diplomacy Studies

January 2013
THESIS ADVISER
RECOMMENDATION LETTER

This thesis entitled “JW Marriott Jakarta’s Industrial Relations Policies: Consistencies under Indonesian Industrial Labour Policies and The International Labour Organization” prepared and submitted by Nadiaz Mita Astrini Manuputty in partial fulfillment of the requirements for the degree of Bachelor in the Faculty of Business and International Relations a has been reviewed and found to have satisfied the requirements for a thesis fit to be examined. I therefore recommend this thesis for Oral Defense.

Cikarang, Indonesia, 28th January 2013

Makmur Widodo M. A
DECLARATION OF ORIGINALITY

I declare that this thesis, entitled “JW Marriott Jakarta’s Industrial Relations Policies: Consistencies under Indonesian Industrial Labour Policies and The International Labour Organization” is, to the best of my knowledge and belief, an original piece of work that has not been submitted, either in whole or in part, to another university to obtain a degree.

Cikarang, Indonesia, 28th January 2013

Nadiaz Mita Astrini Manuputty
The Panel of Examiners declare that the thesis entitled “JW Marriott Jakarta’s Industrial Relations Policies: Consistencies under Indonesian Industrial Labour Policies and The International Labour Organization” that was submitted by Nadiaz Mita Astrini Manuputty majoring in International Relations from the Faculty of Business and International Relations was assessed and approved to have passed the Oral Examinations on 20th February 2013.

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ABSTRACT

Nadiaz Mita Astrini Manuputty, 016200900022, JW MARRIOTT JAKARTA’ S INDUSTRIAL RELATIONS POLICIES: CONSISTENCIES UNDER INDONESIAN INDUSTRIAL LABOUR POLICIES AND THE INTERNATIONAL LABOUR ORGANIZATION, Advisor: Makmur Widodo, M.A.

In the field of International Relations as a socio-politic science of study, there also be found the termination of Industrial Relations. The Industrial Relations describe the symbiosis relationship upon employment practices among the actors; employer and employee. The bridge amongst fluid coincides with those actor developments, in a high dependency to the society as the influential stakeholder.

Employee as one of the actor in the Industrial Relations could define as associate, workforce, worker, etc nevertheless globally communicated as labour. Labour issue is not taboo anymore in Indonesia. In the past few years, the society in Indonesia brought the labour issue up to the government either by protest or demonstration because of their disenchantment. In the matter of the disenchantment, the labour issue and its problem in Indonesia not regardless with the policies which created by the government. The second actor in the employment practices is employer which in Industrial Relations termination could be concluded as Multinational Corporation. In regards in the research the case study being used is JW Marriott Jakarta as an MNC which operated in Indonesia. In which JW Marriott Jakarta known as one of the leading hospitality company in Indonesia and has approximately 600 associates who work in the property.

In this regards, the Indonesia’s policies on the field of labour issue shall be examined on how it is implemented in JW Marriott Jakarta employment practices. The relevancy being questioned is whether the employment practices of JW Marriott Jakarta conducted based on the Indonesia’s labour policies as the host country or it somehow refers to the home country and International Labour Law.

Key words: Indonesia’s Policies, Labour Issue, Industrial Relations, JW Marriott Jakarta
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Cikarang, 28th January 2013

Nadiaz Mita Astrini Manuputty
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GLOSSARY

MNC = Multinational Corporations
MNE = Multinational Enterprises
MH = Major Holder
CEO = Chief Executive Officer
NGO = Non Governmental Organization
ILO = International Labour Law
ICFTU = International Confederation of Free Trade Union
OECD = Organization for Economic Cooperation and Development
CHAPTER I
INTRODUCTION

I.1. Background of the Study

International Relations as a major of study is not a new termination in the society. International relations and its development as the year accrue give the dawning of socio, economic, and political phenomenon in the society. As quoted from Merriam-Webster Dictionary, International Relations defined as:

“Study of the relations of states with each other and with international organizations and certain sub-national entities (e.g., bureaucracies and political parties). It is related to a number of other academic disciplines, including political science, geography, history, economics, law, sociology, psychology, and philosophy. The study of international relations has always been heavily influenced by normative considerations, such as the goal of reducing armed conflict and increasing international cooperation.”

In International Relations study, there are several subjects to be discussed regarding to the existence of international cooperation in the economic scope. It could be narrowed to the discourse about Industrial Relations which in its birth cause an upheaval in the society.

Industrial relations as a part of International Relations (strengthen arguments) study enforce the understanding of relationship among industry – mentioned as corporation in this research study case – and the employment relationship. Regardless of industrial relations as an area of study, it brought up the factors that could determine as the influence of industry and the surroundings. Industrial relations might be seen as a matter on its early definition:

“Industrial Relation is a relation between employer and employees, employees and employees, and employees and trade unions and the “process by which people and their organizations interact at the place of work to establish the terms and conditions of employment.” “- Industrial dispute Act 1947

Yet the definition gone to a brand new steps in globalization world where the relation is more complicated rather than ever. Nowadays, it belongs to many actors – before known as relations among employer, employees and trade union, as a term it has a broad as well as a narrow outlook. From this perspective, industrial relations cover all aspects of the employment relationship, including human resource management, employee relations, and union-management (or labour) relations. Now its’ meaning has become more specific and restricted. Accordingly, industrial relations pertains to the study and practice of collective bargaining, trade unionism, and labour-management relations, while human resource management is a separate, largely distinct field that deals with nonunion employment relationships and the personnel practices and policies of employers. Industrial relations are the relationships between employees and employers within the organizational settings. The field of industrial relations looks at the relationship between management and workers, particularly groups of workers represented by a union. Industrial relations are basically the interactions between employers, employees and the government, and the institutions and associations through which such interactions are mediated.

When the industrial relation was involving at the birth of Multinational Corporations, it cannot be separated in Business as the scope of Global Economy. The study of business conclude the business world was beginning as the fulfillment for people needs which are getting diverse and evolve as the time goes by, it is one of the reason that backed companies in the Business world to be developed rapidly in each year. Business and society are growing hand in hand

and committed a symbiosis mutualism in its development, but then their interdependence meet the crossroad. It is where Business finds its interests to gain a greater number of profit and share, and embody its interest through Business Strategy and using society as a tool for the actualization. Society which has a role as a market and a place where the economy doing its cycle afterwards not become the one who driven the business; it is come to a reverse.

The existence of Multinational Corporation as a form of business caused by the needs of society of a particular product or service, and they can continue to exist relatively unchecked only so long as they take responsibility for their actions and acknowledge their role in the larger society. These variables may exist within a firm’s task environment or in its larger societal environment. Society in the industrial relation then comes to the time when society is no longer as costumer and market target, yet define as the employees also as a part of society. Indeed it is a different kind of society, employees are society, which involve in the operation of the corporation as an industry in order to produce goods.

The interaction between business organization – which in specifically taking its concern on corporation –, and society formed as a constant variables. On short run term using in business, society and its influence affect the decision and actions of the corporation through the groups in the so called task environment which consist of governments, local communities, suppliers, competitors, costumers, creditors, employees/labour unions, special interest groups and trade associations. The task environment determined as the stakeholders of the corporation.
Table 1. Brief History of Society’s Attitude Toward Business Organizations

<table>
<thead>
<tr>
<th>Time Period</th>
<th>Society’s Attitude</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greek/Roman Period (100 B.C)</td>
<td>Tolerate them</td>
</tr>
<tr>
<td>Middle Ages (1000 A.D)</td>
<td>Restrict them</td>
</tr>
<tr>
<td>Renaissance – W. Europe</td>
<td>Use them</td>
</tr>
<tr>
<td>Protestant Ethic &amp; Mercantilism (1500s)</td>
<td></td>
</tr>
<tr>
<td>Industrial Expansion</td>
<td>Glorify them</td>
</tr>
<tr>
<td>Laissez Faire (1800s)</td>
<td></td>
</tr>
<tr>
<td>Industrial Domination</td>
<td>Dillusionment and Betrayal</td>
</tr>
<tr>
<td>Monopolies, Cartels, Sweatshops,</td>
<td></td>
</tr>
<tr>
<td>Depressions (late 1800s)</td>
<td></td>
</tr>
<tr>
<td>Nationalism</td>
<td>Capitalism: Restrict them via laws</td>
</tr>
<tr>
<td>Battle of Ideologies (early 1900s)</td>
<td>Socialism: Nationalize them via government ownership</td>
</tr>
<tr>
<td></td>
<td>Marxist communism: Outlaw them</td>
</tr>
<tr>
<td>Developing Global Village</td>
<td>Encourage/Support them (Capitalism,</td>
</tr>
<tr>
<td>World Trade &amp; Modern Mercantilism</td>
<td>Socialism, and Communism)</td>
</tr>
<tr>
<td>(late 1900s)</td>
<td></td>
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</tbody>
</table>

Regarding to the history of society’s attitude toward business organization, society see the corporation differently in each period following the development

of the business organization itself. Thereafter, the resulting industrial revolution caused people to question the autonomy given business firms such as corporation. Karl Marx, who wrote *The Communist Manifesto* with Friedrich Engels in 1848 and *Das Kapital* in 1867, rejected capitalism in industrial revolution era because of its many unsavory side effects, such as child labour, unsafe working conditions and subsistence wages. Consequently of the society’s response upon this issues, government should passing legislation restricting business autonomy, to taking over ownership of a firm, to completely outlawing business activities and absorbing them within the state. Which in the new world of business and industrial relations, governments taking a role as the regulator and as representative of the state, restrained the corporation doing its business loosely by creating act, law and regulation.

Business people were increasingly constrained during much of the twentieth century by laws regarding air and water pollution, product safety and employment practices, among others. In the big scheme of this research employment practices the so-called labour in a global perspective is protected and regulated by International Labour Organizations (ILO) as a part of United Nations Body. ILO promotes the Global governance in International stage. International Labour Organization has its own International Labour Law. The International Labour Law conducted as the body of legal rules that apply between sovereign states and such other entities as have been granted international personality by sovereign states.

International Labour Organization Declaration have been used in many different countries as the guidance of their state’s labour policy, particularly to the member states of ILO including Indonesia which has its own labour policies.
I.2. Problems Identified

The circumstances that occurred in today’s world of Industrial Relations regarding to the existence of labour specifically in Indonesia, clearly define by the explained background of the study above. The occurrence of labour since in the Industrial revolution period bring the labour itself at a new stage in Business world. It is where the Multinational Corporations came in and shows its power and influence to the society. And as the development widely seen as something more than a fulfillment of people needs, society start to set a high expectation to the Multinational Corporation so that it can corporate to do another activity as a form of Social Responsibility. It is also an action towards society, yet in broader image the society defined as the stakeholders. The perspective could be narrowed to the Labour or employee, as the most intimately related to the company because they are working within. Labour seen as the worker who involved in the operational activity of the corporation but also as the society who consume the resulted of the corporation operation activity. It needs to be protected and regulated. State as the essential actor supposed actively enforces the labour issue through the policies upon Labour as an issue.

Indonesia’s Labour Policies taking its capacity as the image of Indonesia as a state. The government supposed to protect and regulate the labour in order to maintain them in conducive circumstances, aside of having the labour as the asset of Indonesia. The research is aiming to explore the Indonesia’s Labour Policies to know more what have been done by the government as one of the Multinational Corporation stakeholders in maintaining its influence to the MNC which operating in its state’s territory, specifically upon the Multinational Corporation treatment to the labour.

The research meant to find the linkage of the program implementation done by JW Marriott Jakarta with the Indonesia’s Labour Policies.
I.3. Statement of the Problem

The topic of this research conducts of several key points to be explored and analyzed. The key points further constructed as statement of the problem to determine the research as a whole.

**Topic:** This thesis is describing about the Indonesia’s policies on the field of labour issue in the Industrial Relations perspective: JW Marriott Jakarta as a study case

**Question:** What have JW Marriott Jakarta done in the implementation of Indonesia’s policies regarding to labour Issue in 2009 – 2012 timeframe?

I.4. Research Objectives

Regarding to the statement of the problem above, the research is aiming to achieve certain objectives to:

a) To define the way JW Marriott Jakarta as a Multinational Corporation which executed in Indonesia see the existence of Labour issue.

b) To find out the scheme on how Indonesia’s policies upon Labour issue being implemented by JW Marriott Jakarta.

c) To analyze how big the influence according to efficiency and effectiveness of Indonesia’s Labour policies as Governmental decision to regulate Multinational Corporation such JW Marriott Jakarta in its operation.
I.5. **Significance of the Study**

The significance of the study upon the topic that brought to this research define some contribution and benefit, as follows:

a) To add a new way of thought to see labour issue done by Multinational Corporation.

b) To acknowledged the readers the way Multinational Corporation which plunge in Hospitality Industry do the employment treatment and its relation to Indonesian Labour Law.

c) To know in depth, observing the real situation occurred and faced by the corporation towards the Labour issue.

d) To endorse further research and study using various perspective regarding to Labour issue done by Multinational Corporation.

I.6. **Theoretical Framework**

![Theoretical Framework Diagram](image)

**Figure 1. Theoretical Framework**

The theoretical framework that being used in this research, regarding to the topic is aiming to describe the correlation between the Multinational Corporation, Labour and State.(intermestic affair-international domestic) The
correlation shall be translated through the interaction of each key point being stated in this research.

Multinational Corporation is one of the essential actors in International Relations specifically in the Industrial relations termination. On its operating process of doing the business, Multinational Corporation spreads its branches and indeed associated with the stakeholders. The so-called stakeholders of Multinational Corporation which also known as company stakeholder is that which can affect or be affected by the actions of the business as a whole. The stakeholder concept was first used in a 1963 internal memorandum at the Stanford Research Institute. It defined stakeholders as "those groups without whose support the organization would cease to exist."4 The Multinational Corporation indeed affecting the members of stakeholders which are (a) Government, (b) Employees, (c) Customers (d) Suppliers, (e) Community, (f) Trade Unions, and (g) Owner(s).5

Multinational Corporation authorized to act as a single entity in business as the economy agent and recognized in such in law. It is adequately to convince that MNC intimately associate with the government – as one of the stakeholders and also recognizes MNC operating in the states. MNC in its operation of business need the existence of policies as a guideline in doing all things related to the operating procedure in each states. MNC could not implement the same policies and standard procedure in each state and or equalize the policies and standard procedure in the quarter head or the branch with the head office of the corporation. Each states has its own regulation and policies regarding to the government decision which the points are essentially needed to be constructed to regulate the MNC through calculating the social, economy, and political circumstances in the state. So to the final though MNC is a single entity which independently build in its own feet, there is still be the government and act which occur to make MNC as dependent variable.


The correlation among MNC, state and labour is also defining the whole termination of Industrial Relations; MNC acts as the employer, Labour acts as the employee and State acts as the government. The entire three actors have their own way to influence and interfere amongst. Within the policies that constructed by the government, it promotes the states interest to promote its authority and protect the labour as a part of citizen and society. In the other hand, MNC as a part of Internatinal Relations actor promoting the value based on the home country in which its belong to, and the labour has to protect their rights from being jeopardized by the MNC. Those three have their own interest and this research meant to define on how the correlation been worked, who the actors are, when the occurrence being applied, and what facts that backed up the conclusion of the hypothesis upon this issue.

I.7. Scope and Limitations of the Study

The scope and limitation of the study for this research are located specifically at the existence of JW Marriott Jakarta as a study case on how the Indonesia’s labour policies being implemented and time frame being used is 2009 - 2012. The reason why JW Marriott Jakarta chosen as the scope and limitation is because it appear as one of the best service company in Indonesia which represents the Multinational Corporation to work with Indonesia. And the timeframe chosen is because availability data only at that year that allowed to be accessed.

I.8. Assumptions and Hypothesis

In this research upon the issue shall be brought up, there are several assumptions and hypothesis that will be tested and conclude as the result of the analysis, as follows:
1. JW Marriott Jakarta adapts its operating regulation from both sides of home country and host country as guidance in the implementation of labor issue – employment practice.

2. JW Marriott Jakarta as Multinational Corporation does a self-governance in build the relation with the labor or employee.

3. The Industrial Relations upon employment practices cannot be separated in the existence of employee, employer and government.

I.9. **Definition of Terms**

There are termination that frequently being used in this research, as follows:

1. Indonesia’s Labour Policies defines as the government of Republic of Indonesia decision of labour issues which contains of act, ministerial decree, and government regulation. The body of law that governs the employer-employee relationship, including individual employment contracts, the application of tort and contract doctrines, and a large group of statutory regulation on issues such as the right to organize and negotiate collective bargaining agreements, protection from discrimination, wages and hours, and health and safety.\(^6\)

2. Labour is the aggregate of all human physical and mental effort used in creation of goods and services. Labor is a primary factor of production. The size of a nation's labor force is determined by the size of its adult population, and the extent to which the adults are either working or are prepared to offer their labor for wages.\(^7\)


\(^7\) Definition of Labour retrieved on August 3\(^{rd}\), 2012 from http://www.businessdictionary.com/definition/labor.html#ixzz2JDfu5sOl.
3. Industrial Relations is a multidisciplinary field that studies the employment relationship.\(^8\) It refers to “any productive activity in which an individual (or a group of individuals) is (are) engaged”. By “relations” we mean “the relationships that exist within the industry between the employer and his workmen.” The term industrial relations explains the relationship between employees and management which stem directly or indirectly from union-employer relationship.

4. Multinational Corporation (MNC) or Multinational Enterprise (MNE) is a corporation that is registered in more than one country or that has operations in more than one country. It is a large corporation which both produces and sells goods or services in various countries.\(^9\)

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CHAPTER II
LITERATURE REVIEW

II.1 Literature Studies

II.1.1 Industrial Relations

Simply the relationship between employer and employee is called Industrial Relation. But it also covers the relation between employer vs. employer and employees vs. employees. To safeguard the interests of the all the parties, harmonious relationship is necessary for both employers and employees of the production. In order to maintain good relationship with the employees, the main functions of every organization should avoid any dispute with them or settle it as early as possible, so as to ensure industrial peace and harmony with higher productivity. The Industrial Relation relations also called as labor - management, employee-employers relations. Industrial Relation is deals with the manpower of the enterprise and the management which is concerned with – whether machine operator, skilled worker or manager.

In fact, Industrial Relation encompasses all such factors that influence behavior of people at work. A few such important factors are the collective bargaining between both the employer and employee. The participation of workers’ in the Industrial Relation schemes in necessary. Others are disciplinary procedure, grievance readdress machinery, dispute settlements, union reorganization, revisions of existing rules, regulations, policies, procedures, hearing of labor courts, tribunals etc.

There may be two parts includes the matter pertaining to employment conditions like pay, hours of works, leave with wages, health, and safety,

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disciplinary actions, lay-off, dismissals retirements etc., and other part are laws relating to such activities, regulations welfare, social security, industrial relations, etc. And the direct or indirect impact on the industrial relations systems is it includes government, employers, trade unions, unions federations or associations, government bodies, labor courts, tribunals and other organizations.

II.1.2 Labour

Persons in employment comprise all persons above a specified age who during a specified brief period, either one week or one day, were in the following categories: (a) paid employment; (b) self employment. Persons who during a specified brief period such as one week or one day, (a) performed some work for wage or salary in cash or in kind, (b) had a formal attachment to their job but were temporarily not at work during the reference period, (c) performed some work for profit or family gain in cash or in kind, (d) were with an enterprise such as a business, farm or service but who were temporarily not at work during the reference period for any specific reason.¹²

International Labour Organization

International labour law is one category of international law. International law is defined as the body of legal rules that apply between sovereign states and such other entities as have been granted international personality by sovereign states. Concerning labour law, the most important entity is International Labour Organization.

Conventions are instruments designed to create international obligations for the states which also ratified by the states. In addition to its Conventions, the

ILO has adopted a number of Recommendations, which are different from the point of view of their legal character. Recommendations do not create obligations, but rather provide guidelines for action.

Conventions have a number of specific features, which can be grouped under four main ideas:

1. Conventions are *adopted within an institutional framework*. Thus, the adoption of Conventions does not follow the type of diplomatic negotiation which is usual in the case of treaties. They are rather prepared in discussions in an assembly that has many points in common with parliamentary assemblies. This also partly explains the fact that unanimity is not necessary for the adoption of Conventions. For the same reason, only the International Court of Justice can interpret the Conventions. The revision of Conventions is made only by the General Conference, which is the legislative body of the Organization.

2. The International Labour Conference, which adopts Conventions, is constituted by *representatives of governments, employers and workers*, each delegate being entitled to vote individually.

3. A *two-thirds majority* is sufficient for the adoption of a Convention, and governments should submit the Convention to their competent authorities for ratification, i.e. as a rule to their parliaments. Also, the governments have the obligation, when requested, to supply reports on various issues related to Conventions.

4. Some Conventions include *flexibility clauses*, because they are generally directed towards countries with very different economic, social and political conditions, as well as different constitutional and legal systems.

The flexibility clauses comprise options regarding the following:

A. *obligations*: possibility of choosing, at the time of ratification, by means of formal declaration, the extent of the obligations undertaken.

(f.ex. Social Security Convention, No. 102)
B. *scope:* Governments may decide for themselves, subject to certain consultations, what the scope of the Convention shall be (f.ex. Conventions of minimum wage fixing machinery, Nos. 26 and 29), or they may be permitted to exclude certain categories of persons or undertakings (f.ex. Conventions on night work, Nos.41 and 89), or the definitions of persons covered may be based on a specified percentage of the wage earners or population of the country concerned (f.ex. many social security Conventions), or exceptions are allowed for a certain part of the country (Various types of Conventions, f.ex. Nos. 24, 25, 62, 63, 77, 78, 81, 88, 94, 95, 96 etc.), or governments may themselves define a certain branch, industry or sector (f.ex. Weekly rest Convention, No. 106).

C. *methods:* State which ratifies a Convention shall take such action as may be necessary to make effective the provisions of such Convention, custom, administrative measures or, in certain circumstances, collective agreements.

Table 2. Summary of ILO Tripartite Declaration of Principles Concerning Multinational Enterprises

<table>
<thead>
<tr>
<th>Scope</th>
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<tbody>
<tr>
<td><strong>Addressed by</strong></td>
</tr>
<tr>
<td><strong>Addressed to</strong></td>
</tr>
<tr>
<td><strong>Definition of multinationals</strong></td>
</tr>
</tbody>
</table>
| Freedom of association | - Right to establish and join organizations of workers' own choosing without previous authorization;  
- Protection of organizations against any acts of interference;  
- Support to representative employers' organizations;  
- Application of the principles of Convention No. 87, Article 5;  
- Right for consultation and exchange of views among workers. |
|------------------------|-------------------------------------------------|
| Collective bargaining and agreement | - Encouragement and promotion of the full development and utilization of machinery for voluntary negotiation between employers or employers' organizations and workers' organizations, with a view to the regulation of terms and conditions of employment by means of collective agreements;  
- Provision of facilities as may be necessary to assist in the development of effective collective agreements;  
- Multinationals should not threaten to utilize a capacity to transfer the whole or part of an operating unit from the country concerned in order to influence unfairly those negotiations or to hinder the exercise of the right to organize; nor should they transfer workers from affiliates in foreign countries with a view to undermining bona fide negotiations with the workers' representatives or the workers' exercise of their right to organize;  
- Collective agreements should include provisions for the settlement of disputes arising over their interpretation and application and for ensuring mutually respected rights and responsibilities; Systems devised by mutual agreement between employers and workers and their representatives should provide, in accordance with national law and practice, for regular consultation on matters of mutual concern. Such consultation should not be a substitute for collective bargaining. |
| Disclosure of information | - Governments should supply to the representatives of workers' organizations on request, where law and practice so permit, information on the industries in which the enterprise operates, which would help in laying down objective criteria in the collective bargaining process. In this context, multinational as well as national enterprises should respond constructively to requests by governments for relevant information on their operations;  
- Multinational enterprises should provide workers' representatives with information required for meaningful negotiations with the entity involved and, where this accords with local law and practices, should also provide information to enable them to obtain a true and fair view of the performance of the entity or, where appropriate, of the enterprise as a whole; In considering changes in operations (including those resulting from mergers, take-overs or transfers of production) which would have major employment effects, multinational enterprises should provide reasonable notice of |
such changes to the appropriate government authorities and representatives of the workers in their employment and their organizations so that the implications may be examined jointly in order to mitigate adverse effects to the greatest possible extent.

| Settlement of disputes | Multinational as well as national enterprises jointly with the representatives and organizations of the workers whom they employ should seek to establish voluntary conciliation machinery, appropriate to national conditions, which may include provisions for voluntary arbitration, to assist in the prevention and settlement of industrial disputes between employers and workers. The voluntary conciliation machinery should include equal representation of employers and workers. |
| Terms and conditions of work | • Promote equality of opportunity and treatment in employment, with a view to eliminating any discrimination based on race, colour, sex, religion, political opinion, national extraction or social origin;  
• Make qualifications, skill and experience the basis for the recruitment, placement, training and advancement of their staff at all levels;  
• Endeavour stable employment for their employees and should observe freely negotiated obligations concerning employment stability and social security. In view of the flexibility which multinational enterprises may have, they should strive to assume a leading role in promoting security of employment, particularly in countries where the discontinuation of operations is likely to accentuate long-term unemployment;  
• Avoid arbitrary dismissal procedures;  
• Provide some form of income protection for workers whose employment has been terminated;  
• Develop national policies for vocational training and guidance, closely linked with employment;  
• Ensure that relevant training is provided for all levels of their employees in the host country, as appropriate, to meet the needs of the enterprise as well as the development policies of the country. Such training should, to the extent possible, develop generally useful skills and promote career opportunities. This responsibility should be carried out, where appropriate, in cooperation with the authorities of the country, employers' and workers' organizations and the competent local, national or international institutions;  
• Participate, along with national enterprises, in programmes, including special funds, encouraged by host governments and supported by employers' and workers' organizations. Wherever practicable, multinational enterprises should make the services of skilled resource personnel available to help in training programmes organized by governments as part of a contribution to national development;  
• Offer wages, benefits and conditions of work not less |
favourable to the workers than those offered by comparable employers in the country concerned;
• When multinational enterprises operate in developing countries, where comparable employers may not exist, they should provide the best possible wages, benefits and conditions of work, within the framework of government policies. These should be related to the economic position of the enterprise, but should be at least adequate to satisfy basic needs of the workers and their families. Where they provide workers with basic amenities such as housing, medical care or food, these amenities should be of a good standard;
• Provide adequate safety and health standards for their employees;
• Cooperate in the work of international organizations concerned with the preparation and adoption of international safety and health standards; Cooperate fully with the competent safety and health authorities, the representatives of the workers and their organizations, and established safety and health organizations.

II.1.3 Indonesia’s Labour Policies

Labour issue in the Republic of Indonesia was constructed in the Indonesia’s labour policy. In aside, there are also several policies that have the correlation with the working-world such as Income Tax, Jaminan Sosial Tenaga Kerja – abbreviated as Jamsostek – or the social security assurance, Pension Plan, and Labour Union that occur generally for every employee in Indonesia. Generally the labour issue is regulated and has legally binding by Act No. 13/2003 (Undang-undang No. 13 tahun 2003). The act contains of factors and aspects that essentially influence the existence of employment practices. The labour act also underpinned by ministerial decree and regulation. The following are the acts, government regulations, and ministerial decree which occur to all area of vocation:

<table>
<thead>
<tr>
<th>Undang-Undang yang Berkaitan dengan Ketenagakerjaan</th>
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<tbody>
<tr>
<td>1. Undang-Undang No. 13 Tahun 2003 tentang dunia tenaga kerja</td>
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2. **Undang-Undang No. 3 Tahun 1992** tentang Jaminan Sosial Tenaga Kerja

3. **Undang-Undang No. 11 Tahun 1992** tentang Dana Pensiun

4. **Undang-Undang No. 21 Tahun 2000** tentang Serikat Pekerja/Serikat Buruh

5. **Undang-Undang No. 36 Tahun 2009** tentang Pajak Penghasilan

<table>
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<tr>
<th>Peraturan Pemerintah</th>
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<tbody>
<tr>
<td>1. Peraturan Pemerintah No. 76 Tahun 1992 tentang Dana Pensiun Pemberi Kerja</td>
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<td>3. Peraturan Pemerintah No. 22 Tahun 2004 tentang Pengelolaan dan Investasi Dana Program Jaminan Sosial Tenaga Kerja</td>
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<tr>
<td>5. Peraturan Pemerintah No. 46 Tahun 2008 tentang Perubahan atas PP No. 8 Tahun 2005 tentang Lembaga Kerja Sama Tripartit</td>
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<tr>
<td>6. Peraturan Pemerintah No. 68 Tahun 2009 tentang Tarif Pajak Penghasilan PPh 21</td>
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<tr>
<td>7. Peraturan Pemerintah No. 84 Tahun 2010 tentang Perubahan Ke-7 atas PP No. 14 tahun 1992</td>
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<tr>
<th>Peraturan dan Keputusan Menteri tentang Ketenagakerjaan</th>
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<tbody>
<tr>
<td>1. Peraturan Menteri No. 2 Tahun 1993 tentang Usia Pensiun Normal dan Batas Usia Pensiun Bagi Peserta Dana Pensiun</td>
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<td>3. Peraturan Menteri No. 4 Tahun 1994 tentang Tunjangan Hari Raya Keagamaan</td>
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<td>5. Peraturan Menteri No. 1 Tahun 1999 tentang Upah Minimum</td>
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<tr>
<td>7. Keputusan Menteri No. 20 Tahun 2004 tentang Izin Mempekerjakan Tenaga Kerja Asing</td>
</tr>
<tr>
<td>8. Keputusan Menteri No. 48 Tahun 2004 tentang Pembuatan dan Pengesahan</td>
</tr>
</tbody>
</table>
Peraturan Perusahaan dan Perjanjian Kerja Bersama

10. Keputusan Menteri No. 51 Tahun 2004 tentang Istirahat Panjang pada Perusahaan Tertentu
11. Keputusan Menteri No. 100 Tahun 2004 tentang Pelaksanaan Perjanjian Kerja Waktu Tertentu
12. Keputusan Menteri No. 102 Tahun 2004 tentang Waktu Kerja Lembur dan Upah Kerja Lembur
15. Peraturan Menteri No. 17 Tahun 2005 tentang Pencapaian Kebutuhan Hidup Layak
16. Peraturan Menteri No. 21 Tahun 2005 tentang Penyelenggaraan Program Pemagangan
17. Peraturan Menteri No. 8 Tahun 2006 tentang Perubahan Keputusan Menteri No. 48 Tahun 2004 tentang Pembuatan dan Pengesahan Peraturan Perusahaan dan Perjanjian Kerja Bersama
18. Peraturan Menteri No. 14 Tahun 2006 tentang Pelaporan Ketenagakerjaan di Perusahaan
20. Peraturan Menteri No. 12 Tahun 2007 tentang Petunjuk Teknis Pembayaran Iuran Jamsostek
22. Peraturan Menteri No. 20 Tahun 2007 tentang Asuransi Tenaga Kerja Indonesia
23. Peraturan Menteri No. 15 Tahun 2008 tentang Peralihan Pertama pada Kecelakaan di Tempat Kerja
24. Peraturan Menteri No. 31 Tahun 2008 tentang Penyelesaian Perselisihan Hubungan Industrial Melalui Perundingan Bipartit
29. Peraturan Menteri No. 8 Tahun 2010 tentang Alat Pelindung Diri
31. Keputusan Mahkamah Konstitusi tentang Outsourcing
32. Keputusan Menteri tentang Tenaga kerja Asing
II.1.4 Multinational Corporation

Corporate codes of conduct

Unlike labour law, corporate codes of conduct do not have any authorized definition. The concept "corporate code of conduct" refers to companies' policy statements that define ethical standards for their conduct. There is a great variance in the ways these statements are drafted. Corporate codes of conduct are completely voluntary. They can take a number of formats and address any issue - workplace issues and workers' rights being just one possible category. Also, their implementation depends totally on the company concerned.

Potential authors of a code are the founder, board of directors, CEO, top management, legal departments, consultants. The process can involve employee representatives and/or randomly or otherwise selected employees.

The Conference Board (A not-for-profit, non-advocacy business membership and research organization, connecting senior executives from more than 2,300 enterprises in over 60 nations) distributes the formats in three categories:

- **Compliance codes**: directive statements giving guidance and prohibiting certain kinds of conduct.
- **Corporate credos**: broad general statements of corporate commitments to constituencies, values and objectives.
- **Management philosophy statements**: formal enunciations of the company or CEO's way of doing business.

A code can be made transparent through its posting and dissemination and through training regarding its provisions. Monitoring can be internal (e.g. through a committee, ombudsman, regular reporting obligation, field visits, or hot lines) or external (e.g. through an NGO, outside auditor, or consultant). Responses to violations by employees, subsidiaries, vendors or business associates can include: monetary fines or penalties, the imposition of probationary status, demands for
corrective action, providing education to the violator (particularly in the case of child labor violations), cancellation of an individual contract, and severance of the employment or business relationship. Positive reinforcement of respect for the requirements of a code of conduct includes retention of current contracts and awarding of additional contracts.

Worldwide interest in corporate conduct was initially awakened in the 1980s by scandals in the defense industry and on Wall Street. Companies viewed business ethics as a way of promoting self-regulation and deterring government intervention and regulatory action. Corporate interest quickly led to the "institutionalisation" of business ethics programmes, consisting largely of codes of conduct, ethics officers and ethics training.\(^\text{13}\)

For example, concerning child labour, a company's policy statement may: (1) state a minimum age that must be met by all employees who produce their products; (2) refer to the national laws of the host country regarding the minimum age of employment or compulsory schooling; (3) refer to international standards; or (4) use some combination of the three. In some cases, companies' policies prohibiting child labour in the production of their goods do not contain any definition of child labour at all, leaving the standard open for interpretation by their business partners.

**Codes of conduct for multinationals**

Codes of conduct or guidelines for multinational corporations do not have any fixed definition. However, it is important to make a distinction between corporate codes of conduct and codes of conduct for multinational corporations. Corporate codes of conduct are individual company policy statements that define a company's own ethical standards, while codes of conduct for multinationals are externally generated and to some degree imposed on multinationals. These codes

\(^{13}\) KPMG, The Age of Ethics KPMG is the abbreviation for the names of the founding members: Klynveld, Peat, Marwick, Goerdeler. KPMG is a business services firm operating in 155 countries.
are not of the companies' own making, nor are they agreements between companies and the entities which create the codes. In some cases, however, multinationals are involved in the drafting process. The fact that these codes are externally established standards while other corporate codes of conduct are of a voluntary and internal nature has important implications when considering their implementation in corporate practice.

Codes of conduct for multinational corporations must also be distinguished from framework agreements, which are concluded between trade union organizations and individual companies regarding the companies' international activities. There are two types of framework agreements. First, there are written understandings between multinational corporations and international trade union organizations, which may cover any subject. Examples of such framework agreements include those establishing information and consultation arrangements, as mandated by the European Works Council Directive. Second, there are framework agreements between trade unions and companies concerning the labour practices of the company, or of its suppliers and subcontractors in other countries. Such provisions may also be included in collective agreements that are recognized under national law. (For further reading on framework agreements, see International Confederation of Free Trade Unions (ICFTU), Labour and Business in the Global Market).

In relation to multinationals, codes of conduct for multinationals are recommendations. Even if the codes have been agreed by a number of sovereign states, or such other entities as have been granted international personality by sovereign states, they do not have a status of international law, which would set a binding effect on multinationals operating in those states which have adopted or joined the code. Hence, codes of conduct for multinationals impose no legal, but only moral, obligations on companies, and they are not capable of enforcement by the application of external sanctions. For multinationals, the commitment to the codes is voluntary. But some organizations have placed the acceptance of the their code as a condition to their membership or licensing agreements.
Anyone may introduce codes of conduct for multinational corporations. Besides governments and intergovernmental organizations, codes have been introduced by trade union organizations; employers' organizations; various environmental, consumer, investor, religious, ethical and other organizations; and by various groups protesting certain international phenomena. Some of the codes have been adopted multilaterally, some unilaterally.

Codes of conduct for multinationals may address any issue relevant to their activities. Codes have in fact addressed a wide variety of issues, including: relations between multinationals in world markets (e.g. with regard to advertising, marketing, sponsorship, and competition in general); labour matters (e.g. terms and conditions of work and equality); environmental standards (e.g. emissions, waste or safety in production and transportation); and health and safety issues related to individual products (e.g. toys, baby milk substitutes, and other products).

Codes of conduct for multinationals can take various forms. Their credibility depends on three main factors - the governments that have adopted them or companies that have subscribed to them (e.g. in number, size or internationality); the nature of the substantive provisions of the code; and any related monitoring mechanisms (such as investigation methods, reporting of investigation results, and dissemination of reports).

Table 3. Summary of OECD Guidelines for Multinational Enterprises

<table>
<thead>
<tr>
<th>Addressed by</th>
<th>Governments of OECD Member countries</th>
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<tr>
<td>Addressed to</td>
<td>Entities of multinationals which operate in OECD Member countries and domestic enterprises of OECD countries.</td>
</tr>
<tr>
<td>Definition of multinationals</td>
<td>Multinational enterprises usually comprise companies or other entities whose ownership is private, state or mixed, established in different countries and so linked that one or more of them may be able to exercise a significant influence over the activities of others and, in particular, to share knowledge and resources with the others. The degrees of autonomy of each entity in relation to the others varies widely from one...</td>
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</table>
multinational enterprise to another, depending on the nature of the links between such entities and the fields of activity concerned. For these reasons, the Guidelines are addressed to the various entities within the multinational enterprise (parent companies and/or local entities) according to the actual distribution of responsibilities among them on the understanding that they will co-operate and provide assistance to one another as necessary to facilitate observance of the Guidelines. The word "enterprise" as used in these Guidelines refers to these various entities in accordance with their responsibilities.

Scope: The labour relations content of the code

<table>
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<tr>
<th>Freedom of association</th>
<th>• Right of the employees to be represented by trade unions and other bona fide organizations of employees; Observation of industrial relations not less favourable than those observed by comparable employers in the host country.</th>
</tr>
</thead>
</table>
| Collective bargaining and agreement | • Enable authorised representatives of their employees to conduct negotiations on collective bargaining or labour management relations issues with representatives of management who are authorised to take decisions on the matters under negotiation;  
• Engage in constructive negotiations, either individually or through employers’ associations, with such employee organizations with a view to reaching agreements on employment conditions, which should include provisions for dealing with disputes arising over the interpretation of such agreements, and for ensuring mutually respected rights and responsibilities;  
• Provide such facilities to representatives of the employees as may be necessary to assist in the development of effective collective agreements; In the context of bona fide negotiations with representatives of employees on conditions of employment, or while employees are exercising a right to organize, not threaten to utilise a capacity to transfer the whole or part of an operating unit from the country concerned nor transfer employees from the enterprises' component entities in other countries in order to influence unfairly those negotiations or to hinder the exercise of a right to organize. |
| Disclosure of information | • Provide to representatives of employees information which is needed for meaningful negotiations on conditions of employment;  
• Provide information which enables them to obtain a true and fair view of the performance of the entity or, where appropriate, the enterprise as a whole; In considering changes in their operations which would have major effects upon the livelihood of their employees, in particular in the case of the closure of an entity involving collective lay-offs or dismissals, provide reasonable notice of such changes to representatives of their employees, and where appropriate to the relevant governmental authorities and |
co-operate with the employee representatives and appropriate governmental authorities so as to mitigate to the maximum extent practicable adverse effects.

| Terms and conditions of work | • Observe standards of employment not less favourable than those observed by comparable employers in the host country; • In their operations, to the greatest extent practicable, utilise, train and prepare for upgrading members of the local labour force in co-operation with representatives of their employees and, where appropriate, the relevant governmental authorities; Implement their employment policies including hiring, discharge, pay, promotion and training without discrimination unless selectivity in respect of employee characteristics is in furtherance of established governmental policies which specifically promote greater equality of employment opportunity. |

II.2 Theoretical Background

II.2.1 Liberal Internationalism Theory

Liberal Internationalism theory in International Relations studies provides an equal understanding with the unitary approach in the Industrial Relations aspects. Conceptually in International Relations, one finds at the center of liberal internationalism an insistence upon the moral primacy of the individual and a tradition of political and philosophical interest in the conditions of individual freedom, or autonomy. When taken in conjunction with liberalism’s egalitarian assumption of the moral equality of individuals, one can appreciate why liberals have advocated republics, constitutional monarchies, or what in contemporary terms are often referred to as ‘liberal democratic’ political systems. These are regarded as offering a rational means of facilitating the greatest collective domain of freedom for equal individuals through being bound by the principles of the accountability of power, political representation through an independent legislature and the rule of law, and the enjoyment of human rights.¹⁴

Finally, the maintenance of liberal gains and achievements requires managerial and administrative competence to avoid liberal institutions and programs becoming inefficient and wasteful. This issue is particularly problematic at the international level given that anarchy has often been thought to generate disincentives to effective collective action and cooperation. To this end, liberals have tended to rely upon hegemonic leadership and/or international regimes through which to improve information and communication, stabilize expectations about the future, and develop trust between parties (Keohane 1984).\[15\]

The doctrine of laissez faire was also to become increasingly challenged as left-liberals in the late nineteenth century increasingly advocated greater public regulation of the economy in order to balance the claims of economic liberty with those of equality and social justice. ‘New Liberals’ identified growing tensions between democracy and capitalism and argued that the state should play a more active role in the development of ‘positive freedom’, understood as developing the social and economic conditions whereby persons were able to properly exercise and enjoy the formal rights and freedoms liberalism offered.

In the existence of MNC as one of the actors in the economical development, Liberal Internationalism shows different perspective on how the MNC operating the business. MNC which directly having its affect to the employee and government centered to the liberal action on its own rather than fully accepted the governmental decision as states representative. It comes to an end where MNC and employee find themselves collaborating more comprehensive and effective rather than has to be interfere by the government decision through policies. The internationalism on liberal school of thought represents the way of thinking of MNC which might be have a dominant orientation to the home country rather than the host country.

II.2.2 Unitarist Theory

The unitary and systemic approaches posit the least amount of conflict. The unitary approach sees no conflict except as a pathological condition. Systems theory views the industrial firm as a part of a society that has largely accepted the basic norms of industrialization. These two approaches do not accept that there is any intrinsic conflict involving industry, labor and society. Both see industrial relations as a harmonious means of organizing society under normal circumstances.

The unitarist theory of industrial relations emphasizes the co-dependency of employers and employees. To a unitarist, an organization is an integrated, friendly and collaborative whole. Unitarists do not favor employee unions. They believe that loyalty to such an organization would detract from employee loyalty to a company (disrupting the bond between employer and employees). In unitarism, the organization is perceived as an integrated and harmonious system, viewed as one happy family. A core assumption of unitary approach is that management and staff, and all members of the organization share the same objectives, interests and purposes; thus working together, hand-in-hand, towards the shared mutual goals. Furthermore, unitarism has a paternalistic approach where it demands loyalty of all employees. Trade unions are deemed as unnecessary and conflict is perceived as disruptive.

From employee point of view, unitary approach means that:

- Working practices should be flexible. Individuals should be business process improvement oriented, multi-skilled and ready to tackle with efficiency whatever tasks are required.
- If a union is recognized, its role is that of a further means of communication between groups of staff and the company.

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• The emphasis is on good relationships and sound terms and conditions of employment.

• Employee participation in workplace decisions is enabled. This helps in empowering individuals in their roles and emphasizes teamwork, innovation, creativity, discretion in problem-solving, quality and improvement groups etc.

• Employees should feel that the skills and expertise of managers supports their endeavors.

From employer point of view, unitary approach means that:

• Staffing policies should try to unify effort, inspire and motivate employees.

• The organization's wider objectives should be properly communicated and discussed with staff.

• Reward systems should be so designed as to foster to secure loyalty and commitment.

• Line managers should take ownership of their team/staffing responsibilities.

• Staff-management conflicts - from the perspective of the unitary framework - are seen as arising from lack of information, inadequate presentation of management's policies.

• The personal objectives of every individual employed in the business should be discussed with them and integrated with the organization’s needs.
II.2.3 Stakeholder Theory

The stakeholder theory is a theory of organizational management and business ethics that addresses morals and values in managing an organization. It was originally detailed by R. Edward Freeman (2010) in the book *Strategic Management: A Stakeholder Approach*, and identifies and models the groups which are stakeholders of a corporation, and both describes and recommends methods by which management can give due regard to the interests of those groups. In short, it attempts to address the “Principle of Who or What Really Counts.”

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Stakeholder interests and the focus of the organization formed the traditional view. In the traditional view of the firm, the shareholder MH (Majority Holder) view (the only one recognized in business law in most countries), the shareholders or stockholders are the owners of the company, and the firm has a binding fiduciary duty to put their needs first, to increase value for them. In older input-output models of the corporation, the firm converts the inputs of investors, employees, and suppliers into usable (salable) outputs which customers buy, thereby returning some capital benefit to the firm. By this model, firms only address the needs and wishes of those four parties: investors, employees, suppliers, and customers.

However, stakeholder theory argues that there are other parties involved, including governmental bodies, political groups, trade associations, trade unions, communities, associated corporations, prospective employees, prospective customers, and the public at large. Sometimes even competitors are counted as stakeholders.

II.3 Previous Research

There are several research have been done by scholars in terms of labour issue and industrial relations. The number of research is not as much as other general issues, labour issue and industrial relations research are consider to be rare because the termination is mostly profound law and international business studiesin the theory of research. These are the previous researches upon the same issue, namely:

1. Annavajhula J.C Bose (2012), Labour Relations in Liberalized Industry: A Study of Indian Automobile Workers. This research is aiming to documents and discusses the experiences of the working people by tracking labour relations in terms of (a) nature of labour contracts; (b) work organization and worker participation; (c) skills and training; (d) wages and working conditions; and (e) worker
organization and labour-management relations in a selected sample of large, medium, small and tiny firms in the auto production chain found. The study was, thus, undertaken with the hope of finding out ‘high road’ manufacturing and labour practices in the Indian context as the global automobile industry has been hailed as the bellwether of exemplary labour relations under neo-liberalism.

2. Alexander Afouxenidis (1990), *Industrial Relations and Workers’ Participation Issues: A Case Study of The Greek Telecommunications sector*. This research is aiming to depicts the establishment of industrial relations formations is as a product of a variety of complex societal processes located inside and outside the immediate industrial environment. It presents the case of Telecommunication Sector using empirical material drawn from various sources. It reevaluates the categories of industrial participation and employment in the specific context of Greek societal development and considers the validity of some of the concepts used in contemporary discussions of labour organizations.
CHAPTER III
METHODOLOGY

III.1 Research Method

The research method being used in this thesis is Qualitative Research method, which could peel the topic into a specific depth of understanding and explanation. Research using the qualitative method is suitable to the topic because it brings certain benefit towards this topic rather than using the quantitative research. As remarked by Ross (1999), Quantitative research was research that use numbers to prove or disapprove a notion or hypothesis (cited in Leonardo, 2011). Thereafter since the research is not depending on numbers, mathematics expressions and statistics as its main source, Qualitative method gives the best shot to deal with the research topic.

Qualitative research purposed to give the understanding and interpret social interaction in which define the correlation of JW Marriott Jakarta and its stakeholders. Creswell (1994) states, “Qualitative research is an inquiry process of understanding a social or human problem, based on building a complex, holistic picture formed with words, reporting detailed view of information, and conducted in a natural setting.”

Qualitative Research is a naturalistic, interpretative approach concerned with understanding the meanings of certain observed phenomena or actions. Bryman (2004: 27), defines a research method as “a technique for collecting data”; Silverman outlines four main techniques for data collection which are (1) Observation, (2) Analyzing text and documents, (3) interviews, and (4) Recording and transcribing (Silverman, 2001:11).

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observations for the purpose of discovering underlying meanings and patterns of relationships in a manner that does not involve mathematical models. Qualitative research also provides explanation of reasons and associations between social variables. The data in this type of analysis is not in the form of numbers (Ritchie and Lewis, 2003; Royse, 1999). Examples of qualitative research are ethnographic studies, case studies, and action research. Some examples of data collection methods are through focus group discussions, interviews, field observations, diaries, and memoirs, letters, reports, etc.

Type of data which collected in this method in the form of words, images, or objects, as if the is a certain graphic presented, it is a secondary type of data that being used amongst. This research method could take a certain perspective on a dynamic, situational, social and personal matter, regarding to the topic that describe the situation in JW Marriott Jakarta which absolutely being one of its kind and could not be even among the other corporation. Qualitative research method gives the objective to explore and construct the analysis upon the topic on a theory of study and test it through wide-angle lens as an examination of the breadth and depth of the Multinational Corporation such JW Marriott Jakarta in its implementation on employment practice regarding to the Indonesia’s Labor policies.
III.2 Research Framework

The research framework describes the path of this research building. It contains of the overall factor and variables which construct the research. Certain points somewhat mentioned above are essentially define the method that being used here.

The research taking the purpose to explore and describe the core issue as stated as in the title. The exploratory and descriptive purposes tend toward for the best way to bring the intension of the matter. The exploratory research aims to define the questions and hypotheses of a subsequent study or determining the feasibility of a desired research procedure (Yin 2003). The main purpose for an exploratory research is to collect as much data as possible in a specified area of research and enlighten it in a versatile approach. This type of study is often used to gain a deeper knowledge and thereby a basis for further studies. (Davidson & Patel, 2003). The descriptive research aims to present a complete description of a subject within its context (Yin 2003). The descriptive research approach answers

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the questions: what, who, where, when and how. Descriptive researches are often used when it already exists an amount of knowledge about the subject, this knowledge can then be used to categorize the information into models. Furthermore, this type of study focuses on investigating a few aspects of a larger subject. (Davidson & Patel, 2003).

A case study focus on only one or a few subjects and it should describe the research area in detail and in depth. Furthermore, Descombe (2000) remarked a case study focuses on the specific, relations and processes, holistic point of view, natural environments and it uses multiple sources when collecting data (cited in Johanna & Richard (2008). And literature study also being used as the research instrument helps to describe more about the issue by supporting data collected. Either from books or any other source, literature study is the most helpful instruments to enrich the research.

Judgmental research technique to add the sampling is a non-probability sampling technique where the researcher selects units to be sampled based on their knowledge and professional judgment. This type of sampling technique is also known as purposive sampling and authoritative sampling. Purposive sampling is used in cases where the specialty of an authority can select a more representative sample that can bring more accurate results than by using other probability sampling techniques. The process involves nothing but purposely handpicking individuals from the population based on the authority's or the researcher's knowledge and judgment. It is the only viable sampling technique in obtaining information from a very specific group of people. It is also possible to use judgmental sampling if the researcher knows a reliable professional or authority that he thinks is capable of assembling a representative sample. The sampling is taken from Human Resources Department Associates which

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professionally take charge of the labour issue or the employment practices in JW Marriott Jakarta. The sampling is limited to the HRD associates group because it is the only capable group to guarantee the legality and validity of the source.

Data collection for the behalf of this research relies on observation and interview. The term observation is made to refer to a situation whereby the researcher is involved with watching the behaviour of the researched, paying attention to conversations among the people and also asking them questions (Bryman, 2004: 292). Malbon (1999) observes that unstructured interviews usually are conducted in the form of conversation and they come without interview schedules (cited in Bryman, 2004: 320). Meanwhile, Bryman (2004: 323) acknowledges that with semi-structured interviews, the researcher may have an interview guide and follow it to some extent. In the research process, semi-structured interviews guided by an interview guide and the questions were mainly open-ended questions is being used. Open-ended interviews means that the interviewees can freely respond to the questions (Kvale, 2001: 96 cited in Tobiassen, 2007: 29). Somewhat this approach found to be appropriate, as the objective is to get more information about the perceptions of people as far as their personal development and the development of the community is concerned.

At the end of the research process, data analysis being used is the explanation analysis. Each data which collected for this research will equals to a conclusion. The conclusion has arise shall be connected to the case study, whether it is comparable or not and it will testify for analysis justification.

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III.3 Research Time and Place

The research collecting sources process by interview and observation was undertaken at J W Marriott Jakarta, which located at Kuningan, South Jakarta. The interview was held on 31st August 2012 as a final discussion after the observation, which started from 17th July 2012 and finished on 31st August 2012.

Basically, thesis contains of five main chapters in which each writing process need a certain period. The research and thesis writing process constructed in stages as per scheduled on the thesis guideline. The consultation method done with the advisor was by meet and interactive conversation through phone call to have a further discussion on the development of the thesis.

Table 4. Process & Time Frame of Research

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III.4 Research Instruments

The research instruments within this research are aiming to collecting the data, altogether analyzing the data. The preliminary data collection as cited from Uma Sekaran (2003) states:

Certain types of information such as the background details of the company can be obtained from available published records, the website of the company, its archives, and other sources. Other types of written information such as company policies, procedures, and rules can be obtained from the organization’s records and documents. Data gathered through such existing sources are called secondary data. In contrast, certain other types of information such as the perceptions and attitudes of people are best obtained by talking to them; by observing events, people, and objects; or by administering questionnaires to individuals. Such data gathered for research from the actual site of the occurrence of events are called primary data (p 59)

The data collection tools on this research, as instruments are informal interviews, literature survey, and observation. The informal interview was conducted in J W Marriott Jakarta as the based property or representative of Marriott International in Jakarta. The interview was an interactive discussion with the Human Resources Department Associates of J W Marriott Jakarta as one who take the main role in J W Marriott Jakarta who held and organized the Local Standard Procedure on employment practice in its own property. The HRD associates which interviewed is listed as follow with each position:
1. Mr. Robby Fachri as the Director of Human Resources Department
2. Mrs. Arie Paramitasari as the Human Resources Manager
3. Mr. Yanuar Rachmanto as the Human Resources Executive
4. Mrs. Anrika Simatupang as the Human Resources and Training Assistance
5. Ms. Jeilly Wu as the Human Resources and Training Assistance
6. Mr. Vishal Kumar as the Training Assistance

Information gathering was collected through literature survey was done by exploring book, e-book, Company report, article, and journal. The using of Internet also contributes a lot in collecting data as a process, because Internet brings a simplicity to search some information which not available in paper form.

III.5 Testing the Hypothesis and Analysis

The hypothesis and analysis is being tested by the collected data determination through literature, books, e-book, article, journal, et cetera but primarily for testing the hypothesis and analysis, this research use the company annual report from 2009 – 2012, interview, observation, organizational report and Indonesia’s policies. The source of data is reliable to testing the hypothesis and analysis because it is centered to the written prove literature and experimental judgments by the professional.
CHAPTER IV

ANALYSIS OF DATA AND INTERPRETATION OF RESULTS

JW Marriott Jakarta is one of Multinational Corporation which operated in DKI Jakarta province in Indonesia. It was firstly exist in 2001 as one of the leading property in Hospitality Industry in Indonesia as mentioned by Mrs. Arie Paramitasari as Human Resource Manager of the JW Marriott Jakarta. High occupancy is rated in daily business of JW Marriott Jakarta. It has approximately more than 600 associates which work in the property, exclude the outsourcing associate and the casual worker. In dealing with the management and operational issue, it is executed under PT. Permata Birama Sakti as the legal binding company that handle the franchise in Indonesia. JW Marriott Jakarta is not the only Marriott Property in Indonesia, there are about 16 Marriott Properties which spread around in Indonesia so the cooperation between the Indonesia and Marriott International as the Corporate Company which has is based in United States is not an odd business. Surely JW Marriott Jakarta has a full understanding in terms of Indonesia’s labour policy, it is a comprehensive and essential matter in its implementation. Labour Issue in Indonesia quite vocal to be known, furthermore it could be seen in Indonesia headline news. Regarding to the labour issue, JW Marriott Jakarta having its own key points toward this issue, those are (1) Workforce, (2) Training and Professional Development, (3) Work/Life Effectiveness, (4) Global Diversity, (5) Ethics and Human Rights, and (6) Recruitment and Retention.

IV.1 Workforce

Running hotels is a 24 hours a day, 365 day a year operation. Travel is characterized by changing seasonal demand, which causes significant operational
fluctuation. Labour is the primary cost in hotel operations, and the industry faces an immense challenge to build and retain an increasingly diverse workforce and the skill set needed to serve travelers from around the world. At the same time, hospitality industry success depends on the guest experience and hospitality delivered by the associates – the name called in JW Marriott Jakarta for its employee. JW Marriott Jakarta as one of the leading corporation in hospitality industry recognize this impact and the opportunity that Marriott has to positively influence its associates, enabling them to grow professionally and personally.

In 2011, Marriott was honored to be named to the inaugural list of “World’s Best Multinational Workplaces” by Great Place to Work® Institute. The ranking is based on the world’s largest annual study of workplace excellence and identifies the top 25 best companies to work for in the world. Marriott ranked seventh and was the only lodging company on the list. Companies are ranked predominantly (2/3 of the score) on the basis of survey responses from associates.

On a societal level, a comprehensive approach to the hospitality workforce has a direct impact on the livelihood of communities. Hotels create jobs and income for communities through direct employment and a vast network of suppliers. As a global employer and hospitality leader, JW Marriott Jakarta recognizes that the most important asset is its workforce who creates the experiences that keep the guests coming back for more. JW Marriott Jakarta’s philosophy of “Taking care of our associates so they can take care of our guests” is the foundation of JW Marriott Jakarta business. It is the corporation Credo which rooted as the foundation for all Marriott Properties Internationally which spreads worldwide. The Credo is essentially needed as states in the corporate code of conduct in operating its employment practices.

A sustainable future requires creating more jobs and strengthening communities. According to the World Trade and Tourism Council, the travel and tourism industry accounted for 255 million jobs worldwide in 2011, including direct employment and a vast array of suppliers. In 2012, JW Marriott Jakarta hired nearly 600 associates which meet its cycle of replacement each year.
JW Marriott Jakarta is dedicated to hiring, engaging and retaining a diverse workforce surrounds. JW Marriott Jakarta’s Global Employment Principles align with the Human Rights Policy and Indonesian Labor Policies. JW Marriott Jakarta support and uphold the elimination of workforce discrimination through the employment practices, particularly as demonstrated by our Guarantee of Fair Treatment policies.

JW Marriott Jakarta has a variety of vehicles in place to encourage open dialogue with associates such as Living Our Core Values/Living The Gold Standards meetings, walk-around management, daily stand-ups and World Tour Town Hall meetings. Additionally, each year JW Marriott Jakarta conduct a confidential Engagement Survey with all associates. In 2011, 94 percent of associates at the property responded to the survey. JW Marriott Jakarta holds managers accountable to share survey results and conduct feedback sessions to create action plans to deliver continued improvements. As stated by J. W. Marriott, Jr, Executive Chairman,

“Our business was greatly affected by the recession, as were our associates and their families. During this period, we worked extra hard to take care of them reducing costs whenever possible to protect jobs, adjusting work schedules to give them as many hours as we could and taking steps to maintain their health benefits. Our associates made a heroic effort to take care of our customers and help keep our company strong during the downturn. We are tremendously proud of all of them. And now that the economy is slowly but surely improving, we’re looking forward to making sure they have great opportunities for advancement.”

JW Marriott Jakarta devotes a great deal of attention to hiring, engaging and retaining the right people. JW Marriott Jakarta offer a work environment that encourages personal and professional growth and where associates are rewarded for and have access to services that support their well-being. Furthermore, the associates form the foundation of our environmental and social partnerships.

In the employment practices, JW Marriott Jakarta ever since in the beginning it starts the employment relation with the associates, it took the guidance of Ministerial Decree No. 48/ 2004 about Corporate Regulation and Employment Treaty (Peraturan Perusahaan dan Perjanjian Kerja Bersama, Keputusan Menteri No. 48 Tahun 2004). Congruent to the decree, both corporate as employer and associate as the employee or labor shall have the same understanding upon the written agreement on the employment treaty or contract. There written the rights and obligation of both employee and employer which discussed and agreed by both parties. It is legally accepted by Kementrian Tenaga Kerja dan Transimgrasi as a valid document of employment agreement. It is also conduct the corporate Local Standard Operating Procedure (LSOP) that states the corporate regulation upon employment practices and provision. JW Marriott Jakarta has its own Local Standard Operating Procedures which specialized in each department. Regarding to the labour and or employment practice issue, the LSOP fully authorized by the Human Resources Department as the actor who organize, coordinate, implement, and evaluate the LSOP for employment issue.

According to Ministerial Decree No. 100/ 2004 about Periodical Employment Treaty (Perjanjian Kerja pada Waktu Tertentu, Keputusan Menteri No. 100 tahun 2004), JW Marriott Jakarta having its concern on the contracted employee and daily worker or the so-called casual worker. The decree ascertain definite length of time for the contracted employee, in which JW Marriott Jakarta using a year period of contract of three years maximum periodical contracted that restricted by the decree. But for the casual worker, it is more crucial because the corporate has to pay the wages based on hour of work that done and verified by the manager.

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As stated in the Ministerial Decree No. 49/2004 about Structure and Wage Scale (Struktur dan Skala Upah, Keputusan Menteri No. 49 tahun 2004) in Article 6 (2) wage payment by the corporate is supposed to rely on the working appraisal and evaluation. The factors which determined in the evaluation is based on the position which distinguish the employee by their responsibility, contribution to the corporation, job risk and level of job hardness. JW Marriott Jakarta conducts the associate appraisal every six months to evaluate whether payment or salary for the associate is appropriate according to those employment factor or not. If it is appropriate or even more, corporate could raise the payment. Vice versa, if it is not appropriate, corporate will take an action on how to balance the payment and the employment factors. In that kind of case, associate is tend to be approached to work harder and gain the performance to make themselves compatible to achieve certain amount of payment.

In Indonesia, basic payment is regulated according to the provinces that the employee belongs to. JW Marriott Jakarta’s associates are belongs to DKI Jakarta province in which regulated by the DKI Jakarta Governance. DKI Jakarta governance in 2011 enacts the limit for the payment or wage in the amount of Rp 1,529,150 as Upah Minimum Provinsi DKI Jakarta or DKI Jakarta Province Minimum Wage. In the implementatation of wages in JW Marriott Jakarta, the corporate pay the basic wage even more than what the Governance acted. According to the JW Marriott LSOP, the corporate enact the basic wage (minimum) in the amount of Rp 2,000,000 as stated by Mr. Yanuar Rachmanto in the interview. Evenmore, the corporate have a different calculation for the associate in which basic wage as per contract added with the service charge – certain percentage from the revenue divided for the associate and owner. Therefore in respond to the Ministerial Regulation No. 17/2005 (Pencapaian


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Kebutuhan Hidup Layak, Peraturan Menteri No.17 tahun 2005) about the attainment to achieve a proper living, JW Marriott Jakarta’s associate could be concluded as employees which attain a proper living due to the wages that achieved is even more than what the governance had enact and it is also seen as the awareness of JW Marriott Jakarta to the associate welfare.

The existence of workforce cannot be despite with the fact that in Indonesia the composition of workforce based on the working age is essentially concerned. Because it is found that in Indonesia, the working age as a matter is widely violates even it is already ruled in Indonesian Act No. 13/ 2003 about the manpowership and labour issue. As reported in Ministerial provision in 2010-2025, the working age group composition in 2008-2010 generally dominated by 20-49 years old working group which on each age has overrate 10 million people. Specifically until 2010, majority were positioned in 25-29 and 30-34 age of the working group which reach 15,62 million people. In another group of age 15-19, 50-54, 55-59 and 60+, each group still positioned under the number of 10 million people. Mentioned by Mr. Robby Fachri as the Director of Human Resources, the range of age of the associate who working in JW Marriott Jakarta is a bout 17-55 years old, taken from the statistical data from the lowest to the highest age.

JW Marriott Jakarta is committed to not to employee the child labour which could be concluded below the 17 years old group of age. At its maximum age of the working group, 55 years old is the maximum age for the limitation of productivity deciced in JW Marriott operational. It is also legally binded in Ministerial regulation No. 2/1993 about the pension age or Usia Pensiun Normal dan Batas Usia Pensiun (Peraturan Menteri No.2 tahun 1993). The Indonesia’s labour policies also support the existence of regulation upon the age matter in the

International law such in *Undang-Undang No. 20 Tahun 1999 tentang Pengesahan* ILO Convention No.138 concerning Minimum Age for Admission to Employment*34* and *Undang-Undang No. 1 Tahun 2000 tentang Pengesahan* ILO Convention No.182 concerning the Prohibition and Immediate Action for the Elimination of the Worst Form of Child Labour*35*.

**IV.2 Training and Professional Development**

JW Marriott Jakarta is committed to creating opportunities to help associates achieve their highest potential throughout their careers. Associates are encouraged to gain experience across disciplines to fully understand the hotel business, explore their career options and ultimately, become adept at handling an increasingly broad range of responsibilities and challenges. Overall, JW Marriott Jakarta associates participate in about 10,000 training classes every year, including e-Learning and self-paced learning options*36*

JW Marriott Jakarta have long been committed to promoting from within whenever possible. More than 3,000 of Marriott International managers globally began their careers at Marriott in entry-level positions.*37* Management development programs are another significant component of the learning options available. Because have a strong record of promoting internally, JW Marriott Jakarta work hard to build the internal pipeline of talent, helping associates develop the knowledge and skills they need to progress within the company. Annually, JW Marriott Jakarta conduct career development discussions with the associates to further understand career aspirations and provide development plans.

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*36 Marriott International Corporate Social Responsibility Report 2009*

*37 Marriott International Corporate Social Responsibility Report 2012*
to support future growth. JW Marriott Jakarta is committed to providing the tools, resources and opportunities to build leadership capacity and enhance leadership effectiveness.

Ministerial Decree No. 262/ 2004 about Training and Development (Pelatihan Kerja, Keputusan Menteri No. 262 tahun 2004)\(^{38}\) obligated the corporate or people who doing business to engage in training program. For corporate, it is obligated to organized training in order to develop the employee and it is require up to five percent of the entire number of employee to involve per year. In the training and development implementation of the Decree, JW Marriott Jakarta do beyond what expected, it obligate each department to have different training in every month. At it best, Mr. Vishal Kumar as the Human Resources in Training Assistance states that JW Marriott Jakarta reach up to 100 percent in the associate involvement in training and development program per year. It is influenced by the Home Corporation or Marriott International which enact each properties to maximize the training hour in order to develop associate skills at its best. Congruent to the decree, the training fee is corporate’s assurance and guaranteed not to be burdensome the associate regarding to the nominal which not a small number.

The training program which obtain by the associate is not limited to the department which their belongs to, JW Marriott Jakarta open up the internship program or the so-called cross training program for the associates who wants to learn more about another department and gain their knowledge. Not limited to the internal party, pre-graduate student or job seeker also invited to join on the intership program to know more about JW Marriott Jakarta. This program in line with the Ministerial Regulation No. 21/ 2005 about Internship Program (Program Pemagangan, Peraturan Menteri No. 21 tahun 2005).\(^{39}\)

\(^{38}\) Pelatihan Kerja, Keputusan Menteri No. 262 tahun 2004 retrieved on November 13\(^{th}\), 2012 from http://binalattas.depnakertrans.go.id/download/file/32

\(^{39}\) Program Pemagangan, Peraturan Menteri No. 21 tahun 2005 retrieved on November 13\(^{th}\), 2012 from
VI.3 Work/Life Effectiveness

The society faces the increasing challenge of a demanding workplace in a competitive global environment with ongoing time pressures related both to career and family life. JW Marriott Jakarta is honored to be recognized as a corporation in investing in creative approaches that support hourly and management associates in managing work and life responsibilities. JW Marriott Jakarta is active in the dialogue on work/life issues and lends its expertise to help other employers develop supportive initiatives.

In 1996, Marriott International launched the Associate Resource Line, one of the first corporate Employee Assistance Programs (EAP) with comprehensive work/life services—and the first one designed specifically to meet the needs of the lower-wage workforce.\textsuperscript{40} JW Marriott Jakarta was prolonged this action toward its associates. Today the program is called myARL (My Assistance and Resources for Life) and is staffed 24 hours a day, 7 days a week, 365 days a year by counselors who provide assistance for associates and family members on a wide range of issues.

One of the best ways JW Marriott Jakarta can take care of its associates and help them grow and develop is to offer a flexible workplace culture with innovative workplace solutions to meet individual work/life needs such as teleworking – work performed primarily on computers linked to other locations, esp. from home or a remote location – and scheduling options.

In 2011, JW Marriott Jakarta marked the one-year anniversary of JW Marriott Jakarta’s Take Care wellness – Choose Health Every Day! Wellness program \textsuperscript{41} JW Marriott Jakarta’s commitment to helping associates safeguard their health dates back to the company’s early years when our founder hired a full-

\textsuperscript{40} Marriott International Corporate Social Responsibility Report 2010

\textsuperscript{41} Marriott International Corporate Social Responsibility Report 2011
time physician and created the first health care program in the company.

In addition to Take Care, throughout the year all locations sponsor and promote numerous initiatives to help associates live healthy lifestyles, manage ongoing health issues and adopt good preventive health practices. JW Marriott Jakarta offer fitness challenges, health fairs, flu shots and health screenings, all staffed by full-time professional nurses at JW Marriott Jakarta as large hotel.

According to the Indonesian Act No.3/1992, social assurance for the employee or the so called as Jamsostek (Jaminan Sosial Tenaga Kerja) is an obligatory to the corporate to be conducted towards the employee. JW Marriott Jakarta is one of the MNC which having a fully concern about the work and life effectiveness in the matter of associate quality of life.

Jamsostek is the basic protection for worker and family, which also obligate and restricted by the government and state regulation for worker and company in Indonesia. There are several programs of Jamsostek enrolled for the worker such as provident fund benefit, health care benefit, work-related accident benefit and death benefit. J.W Marriott Jakarta combine the using of Jamsostek and Manulife in terms of provident fund benefit and health care benefit so the effort in upholding the associate’s welfare could be maximized. Manulife’s program which quite similar with Jamsostek in terms of provident fund benefit is MKS (Manulife Karyawan Sejahtera) & DPLK (Dana Pensiun Lembaga Keuangan). The basic difference between DPLK and MKS: MKS is the combination product between group endowment plan and defined contribution savings plan. The defined contribution (DPLK) only have benefit as pension fund which will give benefit when the participants reach the normal pension age, where as the MKS give combination of the DPLK - as pension benefit and the endowment plan (Death benefit, disability benefit, termination benefit). HRD have to make sure all associates are enrolled for these programs, and all distribution and contribution shall be paid congruent with the terms and conditions.

The Jamsostek program handled by the HRD and there is also additional
insurance in the same manner as stated in Ministerial regulation No. 1/ 1998 (Pemeliharaan Kesehatan yang Lebih Baik dari Jamsostek, Peraturan Menteri No.1 tahun 1998). JW Marriott Jakarta use Manulife as additional insurance because it gives more benefits and as a complementary to Jamsostek.

VI.4 Global Diversity

Globalization and immigration have had widespread and significant impacts, and presented both opportunities and challenges. According the United Nations reported the number of international migrants rose 35.8 percent from 1990 to 2005.\(^\text{42}\)

As JW Marriott Jakarta has grown, the customer base and associates have become more diverse. As a result, JW Marriott Jakarta is broadening how it thinks about global diversity and inclusion, reaching across cultural borders to compete for associates and talent. In this competitive marketplace, JW Marriott Jakarta must continue to embrace the unique gifts and talents of the associates – who speak more than two languages – to help the corporation manage its constantly evolving business.

For many new immigrants, hotels are often the first opportunity for formal employment and deeply influence initial impressions of their new homeland. In Jakarta, many of JW Marriott Jakarta associates are foreigner and JW Marriott Jakarta have long advocated for a comprehensive approach to immigration reform.

In 2010, JW Marriott Jakarta continued expanding the Rosetta Stone language courses through the company’s my Learning website. With 25 languages to choose from, Rosetta Stone can enhance language proficiency by improving

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\(^{42}\) Marriott International Corporate Social Responsibility Report 2011
communication among our associates and our customers. More than 200 associates are currently active in the program. In a workplace survey, 97 percent said they would recommend Rosetta Stone to others as cited from Ms. Jeilly Wu who coordinate the engagement survey from associates to the corporate.

JW Marriott Jakarta commitment to diversity and inclusion starts at the top with the General Manager, who strongly supports the Leadership Supporting Team, a standing Board of Directors and Managers committee that includes company executive leadership JW Marriott Jakarta’s 18 member Leadership Supporting Team includes some of them are foreigners from vary countries sets objectives and measures progress in support of its diversity and inclusion efforts in five key areas: a) Customers, b) Owners, c) Suppliers, d) Workforce and e) Media and Company Recognition.

The way the Leadership Supporting Team measure the progress of the activity mostly depending on Media recognition and awards and also Associates regarding to the Labor issue. Media recognition and awards as the agent of efficiency and effectiveness measurement generated as a result of JW Marriott Jakarta’s owner, supplier, customer and workforce initiatives are positive indicators of the company’s ongoing progress and success. They reinforce JW Marriott Jakarta’s commitment to diversity and inclusion and generate awareness among current and future stakeholders. Note worthy, the workforce mirrors the communities where people live and work. JW Marriott Jakarta strive to embrace the unique talents, perspectives and backgrounds of the associates.

In May 2010, JW Marriott Jakarta held the first annual company Cultural Appreciation Day to honor the global workforce during Marriott’s Associate Appreciation Week. Hotel held multicultural fairs featuring associates dressed in traditional ethnic dress, presentation of ethnic foods and exposure to cultural learnings and languages. By celebrating the many cultures of its people, JW Marriott Jakarta reinforce the commitment to providing an inclusive environment

\[\text{Marriott Sustainability Report Update 2010}\]
where all associates have the opportunity to achieve their potential, are highly engaged, and are empowered to deliver great customer service. The celebration of JW Marriott Jakarta diversity of ideas, backgrounds and experiences increases the ability to innovate and succeed.

Global Diversity in JW Marriott Jakarta also could be measured up toward the foreign worker issue. According to Keputusan Menteri No.20/2004 and Keputusan Menteri No. 40 tahun 2012 which written about the regulation in hiring the foreign worker, JW Marriott Jakarta highly considered this one as the bridge to build a mutual understanding at its best both with Indonesia’s government and also other states which the foreign worker belongs to. The foreign worker of JW Marriott Jakarta as listed in the employee report mostly from Swiss, India, Germany, Greece and China. Most of the foreigners are hold some high management positions in JW Marriott Jakarta, but as the exception from the Ministerial Decree as mentioned before foreigner is not allowed to be positioned in Department which handle the human resource matter for instance in Human Resources Department, Auditing Department, Hiring and Recruitment section and et cetera.

IV.5 Ethics and Human Rights

JW Marriott Jakarta’s policy and commitment is to strive to the highest ethical and uncompromising legal standards. The JW Marriott Jakarta’s Local Standard Operating Procedure, Business Value and Business Conduct Guide provides managers and associates with detailed guidance on conducting business in compliance with ethical and legal standards. This includes advising associates of the laws and policies relating to antitrust issues, unfair competition, political contributions, abuse of purchasing power, commercial and political bribery, conflicts of interest and equal employment opportunity, among others.

The Human Resources Department conducts an annual Legal and Ethical Conduct survey of a broad cross-section of associates, including all officers and
senior managers, to determine awareness of and compliance with the company’s policies and relevant laws.

At JW Marriott Jakarta, the management support and respect the protection of human rights within the company’s sphere of influence. JW Marriott Jakarta endeavor to conduct the business operations accordingly. This includes condemning and standing against such tragedies as the exploitation of children as a worker. JW Marriott Jakarta does not recruit child labour, and supports the elimination of exploitative child labour. JW Marriott Jakarta also works to raise awareness concerning such exploitation and cooperates with law enforcement authorities to address such instances of exploitation of which JW Marriott Jakarta becomes aware.

JW Marriott Jakarta as a corporation has a long history of supporting programs and partnerships that help governments, law enforcement agencies and non-governmental organizations address human rights issues, JW Marriott Jakarta aligned with the growing number of corporations that provide their commitment and support to these efforts.

All associates have been required to view Marriott’s The Guest Satisfaction Survey (GSS) program was designed “The Way We Do Business” 15-minute video as part of the company’s New Hire Orientation, which reflects JW Marriott Jakarta’s commitment to maintain an ethical workplace. The video is also included in the company’s ongoing Business Ethics Awareness Program and associates are encouraged to watch it individually or as teams. All associates have access to the video through the company’s online training systems, this video was updated to include a segment featuring Marriott’s President and Chief Operating Officer, Arne Sorenson, addressing the issue of human rights in which he states:

“It is imperative that we do business with integrity, with respect for the unique characteristics and contributions of others, with a strong sense of our corporate social responsibility, and with respect for the protection of human rights in every aspect of our business operations.”
“As we expand our presence globally, we are mindful of the legal rights of men, women and, in particular, children to be treated with dignity and to be protected against any and all forms of unlawful treatment or exploitation in our business operations or on our premises.”

JW Marriott Jakarta is in the process of developing a training module on human rights, including the protection of children, for all associates worldwide and specifically for the security directors.

IV.6 Recruitment and Retention

Personal service is the hallmark of the travel and tourism industry and is a component of JW Marriott Jakarta’s success that cannot be automated or outsourced. As a result, hiring and retaining a skilled workforce to serve the customers will remain one of JW Marriott Jakarta’s major challenges for the foreseeable future. JW Marriott Jakarta is striving to meet this challenge in new and innovative ways.

In 2010, JW Marriott Jakarta made significant strides in its efforts to attract and retain world-class talent, as follows:

a) In August, JW Marriott Jakarta designed “Destination Marriott,” a new global careers site on Marriott.com. The site enables interested candidates to “Find Your World” within the company’s vast array of career opportunities. JW Marriott Jakarta also rolled out a new global management and hourly candidate selection process that can be adapted across all continents, with assessment and interview tools in line with all branch of Marriott International Properties.

b) In late 2009, JW Marriott Jakarta launched a study to better understand how the associates experience the company culture and how this impacts business results. The study helped the company to identify the dimensions of the company shared values and “Spirit To Serve” culture, and determine the positive impact it has on performance as measured by a
“Balanced Scorecard” that includes associate, guest and financial data. As a result of the survey findings, JW Marriott Jakarta published a series of best practices for our hotels to share how the proper focus on cultural dimensions helps the highest-performing properties achieve greater operational results.
V.1 Conclusion

In the Industrial Relations aspects, the three main parties which contain employee, employer and government were meant to promote their own interest in the field of employment practices. JW Marriott Jakarta one of the MNC which operated in Indonesia as the employer has the obligation to take care and guaranteed the quality of life of the associates. The correlation among those parties in the JW Marriott Jakarta depicted using the Unitarist theory, Liberal Internationalism theory and Stakeholder theory.

Regarding to the Unitarism theory, it emphasizes the co-dependency of employers and employees. To a unitarist, an organization is an integrated, friendly and collaborative whole. From employee point of view, unitary approach means that working practices should be flexible. Associates should be business process improvement oriented, multi-skilled and ready to tackle with efficiency whatever tasks are required. Associates participation in workplace decisions is enabled. This helps in empowering individuals in their roles and emphasizes team work, innovation, creativity, discretion in problem-solving, quality and improvement groups etc. From JW Marriott Jakarta as employer point of view, unitary approach means that staffing policies should try to unify effort, inspire and motivate employees and the organization's wider objectives should be properly communicated and discussed with staff. Like wise the government as one of the party also has the main role to make the unifying happened, by create the regulation in aiming to appoint the rights and obligations of each parties in this case study.
Secondly, regarding to the Liberal Internationalism theory, JW Marriott Jakarta more likely to look upon as the one who has the major power or authority in the employment practices. In the data analysis and interpretation indeed JW Marriott Jakarta doing the practice of Indonesia’s labour policies that regulated by the government as the representative of Indonesia as a state, but still JW Marriott Jakarta neglect the points of Labour union. JW Marriott Indonesia considered not agreeing or committing to the existence of Labour union because even without the Labour union the associate interests are fulfilled. Moreover, the aspiration from associates is the primary issue that brought up by the upper management. Pointing to the Liberal Internationalism theory, JW Marriott Jakarta practices its freedom as long as the interests of the three parties - government, corporate, and labour – are not violated. Besides, JW Marriott Jakarta and its business values through the Corporate Credos build up the understanding that the major influence is coming from the Corporate Company which home based in United States. JW Marriott Jakarta referring to the Marriott International more likely to apply the ILO convention and the international regulation from corporate codes of conduct and codes of conduct for multinationals.

Thirdly, JW Marriott Jakarta puts a high concern to its stakeholders. According to the Stakeholder theory, employee and government are two of the stakeholders which hold a note worthy role for JW Marriott Jakarta as a MNC. JW Marriott Jakarta is obligated to serve the associates and government with a great compliance. The fulfillment of employees’ interest done by committed to employee welfare, hand in hand with the fulfillment of governments’ interest by comply the Indonesia’s labour policies.

Overall, JW Marriott Jakarta doing such an optimum effort in the implementation of Indonesia’s labour policies and face the labour issue in the corporates’ employment practices through the business value and corporate Credos. Conclude to the analysis and data interpretation as a result of the study case, the Industrial Relations aspects seen between JW Marriott Jakarta, the associates and government is a good collaboration.
V.2 Recommendations

As the recommendations to the issues which has been raised in this research upon the JW Marriott Jakarta as a case study of Indonesia’s labour policies, there are some points to be noted, as follows:

1) In addition to the international commitments to which they may give rise, international labour standards can serve as a general guide and as a source of inspiration to governments by virtue of their authority as texts adopted by an assembly composed of representatives of governments, employers and workers of nearly all countries of the world. They may also for that reason provide a basis for the claims of workers and guide the policy of employers. International labour standards have thus developed into a kind of "international common law". Their influence is in many ways similar to that found elsewhere in various periods in the history of civil law – for example, the influence of Roman law, or of certain later European legal codifications. Those in charge of social policies in various countries have often highlighted this role of international labour law. Thus, government of Indonesia shall emend – or reconsiderate – the Indonesia’s labour policies and it has to be adjusted to the real circumstances which occur in the society upon labour issue. One that could be pointed as a reference or guidance is the International regulation such ILO convention, codes of conduct and the Tripartit Convention. It is also considered because the circumstance of labour issue in the society especially in the Indonesia is flowing, it will remain changing since the worldwide conditions also cannot be stagnant.

2) A new objective of the Industrial Relations that may be implemented by the parties who has the major role in its cycle has arisen in todays’ world, the suggested points regarding to the issues are:
a. **To safeguard the interest** of labor and management who are participate in the process of production is being securing the highest level of mutual understanding and goodwill among all those sections in the industry.

b. **To avoid industrial conflict** or strife and develop harmonious relations, which are an essential factor in the productivity of workers and the industrial progress of a country. To eliminate, as far as is possible and practicable, strikes, lockouts and gathers by providing reasonable wages, improved living and working conditions, said fringe benefits.

c. **To raise productivity** to a higher level in an era of full employment by lessening the tendency to high turnover and frequency absenteeism.

d. **To establish and nurse the growth** of an Industrial Democracy based on labor partnership in the sharing of profits and of managerial decisions, so that ban individuals personality may grow its full stature for the benefit of the industry and of the country as well.

e. **To establish government control** of such plants and units which are running at a loss or in which productions has to be regulated in the public interest. In fact the subsidy is to provide for stable of the productions. It is necessary for mankind.
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APPENDICES

1. Marriott International Annual Report 2011
3. Marriott Stakeholder Engagement Report

ABOUT THIS REPORT

Report Content
As a publicly traded, global hotel management company with managed and franchised operations, we recognize a range of stakeholder groups with interest in our company, primarily our associates (employees), guests (including customers who organize and facilitate our guests’ stays), owners and franchisees, shareholders, communities, supply chain, industry organizations, government and the wide range of organizations engaged in the advancement of environmental and social sustainability. These organizations are diverse, some operating globally and others at the local level, and include civil society, government and non-governmental organizations.

Within Marriott, our departments and executives interact with these stakeholders as part of their management responsibilities. As a response to the challenges our industry, our company and communities face, and in continuous dialogue with our stakeholder groups, we developed five focus areas for community engagement which we outline under the “Spirit To Serve Our Communities” platform, expanding the environmental aspect within this reporting period with our “Spirit to Preserve” commitment.

Stakeholder Engagement

Just as our programs have evolved through stakeholder dialogue, this report takes into consideration the specific requests and inquiries of stakeholders, and we respect their increasing desire for transparency and disclosure related to our sustainable business practices. To best demonstrate our impact, influence and approach within the context of sustainability, the report is structured into three main sections. The first section illustrates our business model and the way we do business, followed by sections depicting our relationship with society and the environment. Each section describes the issues material to our business, along with our resulting initiatives, targets and performance.

Report Parameters
While we have produced two previous Social Responsibility Reports in 2006 and 2007 and plan to disclose relevant information on a biennial reporting cycle, this is our first report that follows the sustainability reporting guidelines as set forth by the Global Reporting Initiative (GRI).

The GRI is an international nonprofit organization based in Amsterdam, the Netherlands, which maintains guidelines for companies to report on their economic, environmental and social performance. In order to ensure the highest degree of technical quality, credibility and relevance, the reporting framework is developed through a consensus-seeking process with participants drawn globally from business, civil society, labor and professional institutions. Over 900 companies around the world use or consult the GRI guidelines.

Information in this report takes the GRI G3 Application Level C Guidelines as a base structure and adds to information from previous reports. It represents our company’s operations, performance and insight in the aspects of our business covered by the GRI sustainability reporting guidelines.

This report discloses our performance for the 2008 and 2009 calendar years, except where stated otherwise. Additionally, we demonstrate our progress in environmental and social responsibility since our 2007 report where applicable. This report is produced for our stakeholders, and we look forward to including it in our stakeholder engagement process for receiving feedback.

The report’s profile disclosures represent information from the entire company’s operations at year-end 2009. We recognize our company’s impact beyond our immediate operations and in this report highlight our efforts to address them. The report data reflect our operational performance for our 1,072 managed hotel properties across all brands worldwide, for which we have operational control and data accessibility.

Several performance indicators are presented in “per-available-room” terms, a standard measure in our industry. This enables us to evaluate our performance more effectively given our increase of 8,574 and 3,100 managed hotel rooms net of properties exiting the system in 2009 and 2008, respectively. Available room count during the period is also affected by varying opening dates and rooms under renovation.
4. Marriott Awards & Recognition

AWARDS & RECOGNITION

ENVIRONMENT
- "2009 100 Greenest Big Companies" — ranked #42 and best in the hospitality industry
  Newsweek
- "2009 Tourism for Tomorrow Award for Sustainability" World Travel & Tourism Council
- ENERGY STAR® Partner of the Year
  U.S. Environmental Protection Agency 2004 – 2009
- "2009 Best Green Companies in the U.K." The Sunday Times
- Climate Counts – Marriott ranked #1 in the industry by consumers 2008 & 2009
- "Top 12 Green IT Companies" Computerworld 2008 & 2009
- Tops in Travel & Leisure
  Ceres Investor Coalition 2008
- "2008 Global Vision Award" for environmental strategy
  Travel + Leisure magazine

DIVERSITY
- "America’s Top 20 Corporations for Women’s Business Enterprises" Women’s Business Enterprise National Council – 2010
- "Top 100 Employers for the Class of 2010"
  Black Collegian magazine
- Inaugural "Best Companies for Hourly Workers"
  Working Mother magazine 2010
- "Top 50 Companies for Diversity"
- "100 Best Companies for Working Mothers" Hall of Fame
  Working Mother magazine 2005 – 2009
- "40 Best Companies for Diversity"
  Black Enterprise magazine 2005 – 2010
- "Top 60 Diversity Elite"
  Hispanic Business magazine 2006 – 2010
- "50 Best Companies for Latinos to Work For"
  Latina Style magazine 1998 – 2010
- "Company of the Year"
  Latina Style magazine 2010
- "Top 25 Corporations for Supplier Diversity"
  Latina Style magazine 2010
- "Top Corporation for Supplier Diversity"
  Women’s Business Enterprise National Council 2009
- "Top Companies for Executive Women" National Association for Female Executives 2006 – 2010

SOCIAL RESPONSIBILITY
- "2009 Corporate Social Responsibility Award"
  Association of Corporate Travel Executives
- "2009 World Savers Award" for The Ritz-Carlton Company for "Doing It All" and "Education"
  Conde Nast Traveler
- "2010 Corporate Social Responsibility Award"
  National Business Travel Association

BUSINESS ETHICS
- "World’s Most Ethical Companies" Ethisphere Institute 2009

HUMAN RIGHTS
- FTSE-4 Good Index
  Member Council 2008 – 2010
- 100 percent score on the Human Rights Campaign Foundation’s Corporate Equality Index report 2008 – 2010

WORKFORCE
- Inaugural "Icon of the Industry" Award presented in 2009 to J.W. Marriott, Jr.
  Cornell University School of Hotel Administration
- "100 Best Companies to Work For"
  FORTUNE magazine 1998 – 2010
- "Hottest Employers of 2010"
  Business Week
- "Best Places to Launch a Career"
  Business Week magazine 2007 – 2009
- "Health & Wellness Trailblazer Award"
  Alliance for Workplace Excellence 2008 – 2010
- "Workplace Excellence Seal of Approval"
  Alliance for Workplace Excellence 2005 – 2010
- "India’s Best Companies to Work For"
  Great Place to Work Institute, India 2009 – 2010
- "Best Employers in Singapore"
  Hewitt Associates 2009
- "Best Employers in India"
  Hewitt Associates 2009
- "2009 Most Admired For HR" — Marriott ranked #3
  Human Resource Executive magazine

Examples of Property-level Awards and Recognition
- "2010 Asian Green Hotel Award" — Renaissance Kuala Lumpur Hotel
- "100 Best Places to Work in Mexico" — JW Marriott Mexico City, CasaMagna Marriott Cancun Resort, JW Marriott Cancun Resort & Spa, CasaMagna Marriott Puerto Vallarta Resort & Spa
  Great Place to Work Institute 2008 & 2010
- "2009 Best Practice of Converting Garden Waste into Vermicompost" — Renaissance Mumbai Convention Centre Hotel
  Municipal of Greater Mumbai and Tree Authority
- "Excellence Award in Staff Relations & Benefits / Welfare" — Renaissance Koh Samui Resort & Spa
  Thailand Department of Labor 2009
- "Best Employers Hong Kong" — JW Marriott Hotel Hong Kong ranked #2 and Renaissance Harbour View Hotel Hong Kong ranked #3
  Hewitt 2008 – 2009
- "Best Employer in Asia 2009 (Hotel Category)" — The Ritz-Carlton Millenia Singapore
  Hewitt Associates / The Wall Street Journal Asia
- "2008 Outstanding Community Service" — Sydney Marriott Hotel
  Australian Hotel Association
- "Best Place to Work in Portugal 2008 (mid-sized company)" — Penha Longa Hotel Spa & Golf Resort
  Exame magazine

SUSTAINABILITY REPORT 2009
8. The after Interview Session with Human Resources Department Associates of JW Marriott Jakarta