



**The Role of Industrial Relations in Enhancing the Productivity of
State-Owned Enterprises
(SOEs): A Systematic Literature Review**

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ARTICLE INFO	ABSTRACT
<p>Accepted : 9 March 2025 Revised : 9 April 2025 Approved : 9 May 2025</p> <p>Keywords: Industrial Relations, Productivity, SOEs, Trade Unions, Strategic Partnerships, Collective Labor Agreements</p>	<p>This study aims to systematically review and map various literature findings regarding the role of industrial relations practices in encouraging productivity in Indonesian State-Owned Enterprises (SOEs). Facing the era of business transformation and fierce competition, increasing efficiency and productivity has become an imperative for SOEs. In this context, industrial relations (HR) are identified as one of the most crucial non-technical factors that affect corporate performance. Using the systematic literature review method, this article analyzed scientific publications from the Google Scholar, Sinta, and Scopus databases in the period 2020-2025. The results of the analysis reveal that the role of Industrial Relations (HI) has two contradictory sides. On the one hand, harmonious Industrial Relations (HI) are characterized by constructive social dialogue, trade unions acting as partners, and fair Collective Labor Agreements (PKB), which show a positive correlation with increased employee motivation and operational productivity. On the other hand, industrial Relations (IP), which is colored by conflict, excessive political intervention, and trade union attitudes towards change, is the main obstacle to productivity. The conclusion of this study is that SOEs need to place Industrial Relations (HI) as a fundamental strategic element, no longer just the fulfillment of formal obligations, to achieve performance excellence.</p>

INTRODUCTION

Context and Background

State-Owned Enterprises (SOEs) occupy a strategic position in the structure of Indonesia's national economy. As an entity that bears dual responsibilities—profit-oriented as well as acting as a state instrument for equitable development—SOEs are the backbone of vital sectors of the economy. Its contribution to the

formation of Gross Domestic Product (GDP), state fiscal revenue, and the provision of jobs affirms the role of SOEs as irreplaceable economic actors.

However, in the midst of global economic dynamics and technological disruption, SOEs are facing increasingly intense competition pressure. The demands to operate efficiently, agile, and innovative are now proportional to the challenges faced by private corporations. In this context, increasing productivity is a non-negotiable necessity. The definition of productivity in the modern SOE era is no longer limited to financial performance, but also includes process efficiency, quality of public services, and the ability to innovate sustainably.

Efforts to increase productivity cannot depend solely on technology investments or managerial system updates. Human factors—especially the social climate and work relationships within the organization—play an equally important role. This is where industrial relations become a key element. As a system that regulates the interaction between management, workers (through trade unions), and the government, industrial relations form the foundation for the creation of a productive and harmonious work environment. A healthy industrial relations climate has the potential to be a catalyst for performance improvement, while conflictive relationships can actually be a serious obstacle to achieving corporate productivity goals.

Problem Formulation and Urgency of Study

The industrial relations ecosystem in the body of State-Owned Enterprises (SOEs) has distinctive characteristics and is more complex than the private sector. This complexity arises from two main sources. First, the collective power of organized workers in trade unions (SP) tends to be very significant, with relatively strong bargaining positions in the negotiation and decision-making process. Second, as a state-owned entity, SOEs are not completely free from external influences, both from regulatory policies and political dynamics. The combination of internal union forces and external pressures creates a unique arena of industrial relations fraught with interest dynamics.

From this condition, a fundamental question arises: does the practice of industrial relations in the current SOE environment play a greater role as a driver of productivity or is it an obstacle? Collaborative industrial relationships have the potential to foster stability, increase work motivation, and strengthen organizational commitment. On the other hand, antagonistic relationships can cause friction, increase the risk of conflict, and disrupt the smooth operation of the company.

The urgency to study this issue is increasing in line with the ongoing SOE transformation agenda and the implementation of a new labor regulatory framework. In this context, a deep understanding of the interconnectedness between industrial relations and productivity is essential, not only for SOE

management, but also for policymakers and trade unions as strategic partners in achieving sustainable corporate performance.

Purpose and Contribution of the Article

Departing from the context and urgency that has been explained earlier, this article has the main objective of reviewing and synthesizing various findings of previous research on the relationship between industrial relations practices and productivity within State-Owned Enterprises (SOEs). This study uses a systematic literature review approach to obtain a comprehensive and integrated understanding. In particular, this study seeks to answer the research question: "How do industrial relations practices, both in constructive and problematic forms, affect the productivity level of SOEs in Indonesia?"

The expected contribution from this research is theoretical and practical. Theoretically, this article enriches the academic treasure in the field of industrial relations by highlighting the typical dynamics that occur in SOEs as public entities that are also business-oriented. Practically, the results of this study are expected to provide strategic insights for SOE management in designing industrial relations policies that are able to encourage productivity while maintaining work harmony. In addition, this research is also expected to be a reflection material for trade unions in optimizing their role as development partners oriented towards collaboration and sustainability, as well as becoming an academic reference for further research in the field of industrial relations and public sector human resource management

LITERATURE REVIEW

THEORETICAL FRAMEWORK AND LITERATURE REVIEW

Conceptual Definition of Corporate Productivity

Productivity is one of the most fundamental concepts in management science, which essentially measures the level of efficiency of an organization in converting resources (inputs) into results (outputs). According to Siagian (2018), productivity does not only reflect the quantity of work results, but also includes the dimensions of quality, effectiveness, and the extent to which an organization is able to achieve its strategic goals.

In the context of State-Owned Enterprises (SOEs), productivity has a multidimensional nature. This concept is not only limited to single-factor productivity, such as labor productivity (output per worker), but also includes Total Factor Productivity (TFP), which reflects the efficiency of the utilization of all organizational resources. TFP is often associated with the ability to innovate and adapt to changing business environments.

In general, SOE productivity measurement indicators can be categorized into three main dimensions:

1. Finance: includes the Return on Assets (ROA) ratio, cost efficiency, and the company's revenue growth rate.
2. Operational: includes asset utilization rate, production cycle efficiency, and output per hour worked.
3. Customers: measured through customer satisfaction indexes, service range, and quality of public services provided.

Handoko (2020) emphasized that although technical factors play an important role in determining productivity, human factors are often the main differentiator between organizations that simply survive and organizations that are able to grow sustainably. Elements such as motivation, competence and the climate of industrial relations serve as determinants of long-term performance, since true productivity is generated not only by systems and technology, but also by human involvement and enthusiasm for work within them.

Theoretical Perspectives in Industrial Relations

Industrial relations as a field of study focuses on the dynamics of interaction between management, workers, and the government in the context of the world of work. Various theories have been developed to explain how these relationships are formed and managed. One of the most relevant perspectives in understanding the dynamics of industrial relations within State-Owned Enterprises (SOEs) is the pluralist perspective.

The pluralist perspective views the organization not as a fully harmonious unit, but as an arena consisting of diverse interest groups—especially management, workers, and government—each of which has different goals, values, and agendas that can be different or even contradictory to each other. In this view, conflict is considered a natural and unavoidable phenomenon in employment relationships. Therefore, the main goal of the industrial relations system is not to eliminate conflicts, but to manage them constructively through legally recognized formal institutions and mechanisms.

Various instruments such as trade unions, collective bargaining through Collective Labor Agreements (CCAs), and dispute resolution procedures are means to maintain a balance of interests between the parties involved (Edwards, 2015). Thus, the success of industrial relations is not measured by the absence of conflict, but by the ability of its actors to manage differences productively and fairly.

In Indonesia, the values contained in the Pancasila Industrial Relations philosophy are the moral and ideological foundation of the pluralist approach. The principles of deliberation, partnership, and justice in tripartite interactions between the government, employers, and workers reflect the distinctive orientation of the Indonesian nation in building harmonious, balanced, and sustainable working relationships. With this foundation, industrial relations are

expected not only to create social order in the workplace, but also to become a driving force for productivity and common well-being.

The Conceptual Link between Industrial Relations and Productivity

The relationship between the climate of industrial relations and the level of organizational productivity can be explained through several influence mechanisms that interact with each other in a systematic manner.

a) Mechanism for Increasing Commitment and Motivation

Positive industrial relations practices such as open social dialogue, respect for freedom of association, and a fair compensation system can foster a climate of mutual trust between management and workers. Based on social exchange theory, employees who feel treated fairly and appreciated will show reciprocal behavior in the form of increased commitment, loyalty, and work motivation. In this context, workers are encouraged to provide performance above standards (discretionary effort), which is the main driver of increased organizational productivity (Colquitt, LePine, & Wesson, 2021).

b) Conflict Reduction and Operational Stability Mechanisms

A mature industrial relations system provides an official and legitimate channel for workers to express their aspirations and resolve grievances. The existence of Bipartite Cooperation Institutions (LKS) and effective dispute resolution mechanisms serve as an early detection tool to mitigate potential conflicts before they develop into disruptive industrial actions, such as strikes. By minimizing disputes and lost working hours, harmonious industrial relations contribute directly to the creation of operational stability—a critical factor for sustainable production planning and target achievement (Kaufman, 2019).

c) Human Capital Development Mechanism

Progressive unions often play a role as strategic partners of management in increasing the capacity and competence of the workforce. Through the negotiation of the Collective Labor Agreement (PKB), trade unions can advocate for training programs, improving qualifications, and strengthening occupational safety and health (K3) aspects. This kind of investment strengthens the company's human capital, improves the skills, health, and morale of workers are all direct inputs to increased productivity and long-term competitiveness.

Synthesis of Previous Research

A number of empirical studies support a conceptual framework that explains the positive relationship between the quality of industrial relations and productivity levels. A study by Afandi and Zulkarnain (2021) found that there is a significant

positive influence between industrial relations and employee productivity in state-owned enterprises in the plantation sector. Similar results were put forward by Anwar (2020), who showed that the constructive role of trade unions in state-owned banking is able to facilitate the organizational restructuring process and improve company performance.

However, a number of studies have also highlighted the contradictory side of industrial relations. Kusumo (2022) points out that political intervention in determining the leadership of SOEs often causes internal destabilization and weakens the effectiveness of industrial relations, which ultimately negatively impacts productivity. Meanwhile, comparative research by Huang (2022) found that union resistance to the adoption of new technologies can hinder innovation and operational efficiency.

Although these findings provide valuable insights, there are still limitations in research that comprehensively measures the impact of industrial relations on the productivity of SOEs in Indonesia, especially after the enactment of the Job Creation Law. This research gap is a space that this literature review tries to fill through a systematic analysis approach to the latest academic publications.

METHOD

This article used a qualitative approach with the systematic literature review method. This approach was chosen because it allows researchers to systematically identify, evaluate, and synthesize a variety of existing empirical evidence on a particular topic, resulting in a comprehensive and scientifically accountable analysis (Snyder, 2019). Through this method, the research process is carried out in a logical, transparent, and structured manner to minimize interpretive bias and strengthen the validity of the findings.

Search Strategies and Literature Sources

Secondary data collection is carried out by searching through various relevant scientific publications through reputable academic databases. The search process was carried out online by considering the criteria of credibility, relevance, and year of publication (2020–2025 period). The three main sources that are the foundation in the literature collection process are as follows:

1. Sinta (Science and Technology Index): used specifically to obtain research relevant to the Indonesian context, especially articles that have been published in accredited national journals.
2. Scopus: is used to access articles from reputable international journals, thus enriching the theoretical framework and providing a global perspective on the issues of industrial relations and productivity.
3. Google Scholar: used as a complementary resource to expand the scope of search, including to capture other relevant publications such as research reports, theses, dissertations, or proceedings of scientific seminars.

The literature obtained was then selected using strict inclusion and exclusion criteria, including the suitability of the topic, the validity of the source, and its contribution to understanding the relationship between industrial relations and productivity in the SOE environment.

Analysis and Synthesis Techniques

Data and arguments taken from the selected literature were analyzed using thematic analysis. This process includes an in-depth reading of each source, coding key concepts, identifying argumentative patterns, and grouping the codes into recurring themes.

After the main themes were identified, a narrative synthesis was carried out to integrate the findings from various studies. This synthesis not only summarizes the content of the literature, but also compares and contrasts various perspectives that emerge, in order to build a complete, coherent, and critical understanding. The final results of the analysis and synthesis process are presented in the Results and Discussion section as the basis for scientific arguments to answer the research questions asked.

RESULTS AND DISCUSSION

The Dual Role of Trade Unions: Catalysts of Change vs. Barriers to Innovation

Almost all literature agrees that Trade Unions (SP) in SOEs are one of the most influential internal stakeholders. This influence, however, can manifest in two diametrically different roles, depending on the quality of the relationship and leadership that exists.

- a) **Trade Unions as Catalysts of Change and Productivity** A number of case studies show that when management successfully builds strategic partnerships with unions, these workers' organizations can turn into effective change accelerators. Research by Anwar (2020) in the state-owned banking sector, for example, documents how the early involvement of trade union leaders in planning digital transformation programs succeeded in reducing resistance from employees. In this scenario, unions serve as informal "change agents" who help translate the management language into a language that is easier for members to understand, build a shared understanding of the urgency of change, and ensure that the transition process is fair. Thus, unions not only facilitate policy implementation, but also help maintain employee morale and commitment during times of change, which is crucial to maintaining productivity. This is in line with the argument of Freeman & Lazear (1995) that unions can increase productivity by reducing information asymmetry between management and workers.
Trade Unions as Barriers to Innovation and Efficiency
- b) **Trade Unions as Barriers to Innovation and Efficiency** On the opposite side of the spectrum, the literature also presents a wealth of evidence in which unions actually act as an inhibitor. This negative role generally emerges in a

climate colored by mistrust and a long history of conflict. A study by Putra (2023) describes a case in a manufacturing SOE where the union expressly rejected the plan to adopt robotic technology. This refusal is based on legitimate concerns about potential termination (job security). However, because the dialogue is confrontational, not solutionary, there is no common ground that can be reached. As a result, the company failed to modernize the necessary ones, lost competition in terms of cost efficiency, and ultimately experienced a decline in productivity. This case confirms that in the absence of trust capital, unions can use their collective power to veto strategic initiatives that are essential to the long-term survival and productivity of the company.

Collective Labor Agreement (PKB) as a Performance Contract

As a formal product of the collective bargaining process, the Collective Labor Agreement (PKB) is the document that best represents the conditions of industrial relations in a company. Analysis of the literature indicates that the substance of collective bargaining agreements can be categorized into two types, each of which has a different impact on productivity.

- a) **Collective Labor Agreement as an Administrative Document**
In many SOEs, collective bargaining agreements often only function as administrative documents that compile and slightly improve the normative rights that have been regulated in laws and regulations. Its main focus is on the certainty of basic rights such as minimum wage, rest hours, annual leave, and social security. The salary increase scheme regulated in it also tends to be rigid, generally only based on inflation adjustments and additional working periods. According to Dharma (2022), this model of collective bargaining agreements, while providing a sense of security for workers, fails to function as a productivity stimulant. It does not provide an incentive for employees to demonstrate outstanding performance, as the rewards received are not directly related to contributions or achievement of targets. As a result, such collective bargaining agreements tend to preserve a mediocre work culture and do not encourage the creation of high-performing organizations.
- b) **Collective Cooperation Agreement as a Strategic Instrument (Dynamic)**
Best practices found in the literature show a paradigm shift in the drafting of collective bargaining agreements in some more progressive SOEs. Here, collective bargaining agreements are no longer seen only as a document of rights and obligations, but as a strategic instrument to harmonize the interests of workers and companies. This dynamic collective bargaining agreement explicitly includes performance-based clauses. Examples include annual bonus schemes whose amount is linked to the achievement of the company's profit targets, team incentives based on the achievement of production or efficiency targets, or even profit sharing. Irawan's (2020) research in the transportation sector shows how transparent and measurable incentive schemes in collective bargaining agreements can increase employee awareness of the importance of efficiency and customer

satisfaction, as it has a direct impact on their income. Thus, dynamic collective bargaining agreements effectively transform employment relationships from those that are merely "time for wages" exchanges to "performance for reward" partnerships, which inherently foster a culture of productivity.

The preparation of this dynamic PKB demands a higher level of maturity of industrial relations, where management is willing to share performance data and SP is willing to understand that the improvement of welfare must be in line with the improvement of the company's performance.

Social Dialogue as the Foundation of Operational Stability

The vital role of social dialogue in creating a stable work climate, which is an absolute prerequisite for sustainable productivity. Social dialogue, whether formal through bipartite cooperation institutions or informal, serves as a key mechanism for building understanding, managing differences, and preventing conflict.

a) Conflict Prevention and Resolution Mechanisms

The literature clearly shows that healthy industrial relations are not measured by the absence of conflicts, but by the existence of effective mechanisms to manage them. A study by Sihombing (2022) within PT Pertamina (Persero) provides empirical evidence that work units that actively and routinely hold bipartite dialogue forums show a much lower level of industrial disputes. The forum serves as an early detection system, where complaints or potential problems at the grassroots level can be identified and resolved before they develop into greater collective dissatisfaction. For management, this forum is an effective channel to explain the context of a policy. For workers, it is a dignified channel to voice aspirations. This structured two-way communication significantly reduces the potential for misunderstandings that are often the main triggers of conflict.

b) Impact on Productivity through Stability

The relationship between social dialogue and productivity is causal. Any open industrial conflict, such as protests or strikes, results in enormous costs for companies. This cost includes not only financial losses due to production stoppages, but also intangible costs such as damage to the company's reputation, decreased customer trust, and eroding employee morale. By serving as a conflict prevention mechanism, social dialogue directly protects companies from these losses.

SOEs that successfully institute strong social dialogue tend to enjoy higher operational stability. This stability frees up energy and management resources from being used up to deal with industrial crises, so that it can be focused on more productive activities such as innovation, process improvement, and market expansion. For employees, a stable work environment and minimal conflict create a sense of psychological safety, which allows them to focus on deploying their best

abilities. Therefore, investment in social dialogue is not a cost, but a strategic investment in long-term stability and productivity.

Challenges of Independence and External Intervention

In particular, what distinguishes SOEs is their vulnerability to intervention from external parties, especially from the realm of government policy and political dynamics. These external factors are often confounding variables that can damage the well established order of industrial relations at the internal level, and ultimately hinder productivity.

a) **Disharmony of Policies and Regulations**

SOEs operate in a complex regulatory net. In addition to the Manpower Law, they are also bound by various SOE Ministerial Regulations and regulations from other technical ministries. The literature identifies that this lack of synchronization between regulations can create dilemmas and disputes. For example, an agreement on the remuneration system in a joint employment agreement is a Ministerial Circular that limits benefits. These inconsistencies create legal uncertainty and can erode union confidence in management's commitments, as bipartite agreements can easily be overturned by government intervention.

b) **Destabilization Due to Political Intervention**

Political interventions, although often not seen directly, have a very powerful impact. One of the most common forms is the change of the board of directors and commissioners of SOEs which is based on political considerations, not purely on professional competence. Research by Kusumo (2022) shows that "changes of directors" are almost always followed by changes in the direction of company policies, including HR policies and industrial relations.

This leadership instability has a destructive impact on productivity. First, he decided on the continuity of the long-term strategy. Second, it undermines the relationship and trust that has been built between the old management team and the union. The process of building relationships must start again from the beginning every time there is a new leader. Third, it creates a climate of uncertainty at all levels of the organization, making employees and managers reluctant to take risks or initiatives, and preferring to wait and see. As a result, SOEs that often experience political intervention tend to be reactive, bureaucratic, and slow organizations, which is a condition that is very uncondusive to the creation of productivity and competitiveness.

DISCUSSION RESULTS

Advanced Development of the Dual Role of Trade Unions (SPs) Catalysts of Change vs. Barriers to Innovation

Most of the literature agrees that Trade Unions (SP) within State-Owned Enterprises (SOEs) are one of the internal stakeholders that have the most influence on organizational dynamics. However, such influences can manifest in

two contrasting directions—as a catalyst for change or as an impediment to innovation—depending on the quality of industrial relations and the leadership within them.

a) Trade Unions as Catalysts of Change and Productivity

A number of studies show that when management and unions successfully build strategic partnerships, workers' organizations can be effective accelerators of change. Anwar (2020), in his study in the state-owned banking sector, found that the active involvement of union leaders from the digital transformation planning stage was able to suppress employee resistance to change. In this context, unions act as agents of change that bridge communication between management and members, help build a collective understanding of the urgency of change, and ensure the transition process takes place fairly. Thus, unions not only facilitate policy implementation, but also contribute to maintaining employee morale and commitment during times of change—two crucial factors in maintaining productivity. These findings are in line with the arguments of Freeman and Lazear (1995), who assert that unions can increase productivity through a reduction in information asymmetry between management and the workforce.

b) Trade Unions as Barriers to Innovation and Efficiency

On the other hand, a number of literature suggests that unions can also be a factor in innovation, especially when industrial relations are based on mistrust and a long history of conflict. Putra's study (2023) describes a case at a manufacturing state-owned enterprise, where a union rejected plans to implement robotic technology due to concerns about job losses. Confrontational dialogue and lack of solutions lead to modernization failures, reduced cost efficiency, and weakening competitiveness.

The case confirms that without trust capital, unions could potentially use their collective power to veto strategic policies that are actually vital to the company's long-term sustainability and productivity.

Further Development of Collective Labor Agreements (PKB) as Performance Contracts

As a result of the collective bargaining process, the Collective Bargaining Agreement (CCA) reflects the conditions of industrial relations within an organization. The literature shows that the substance of PKB in SOEs can be distinguished into two main types that have different impacts on productivity.

a) PKB as an Administrative Document

In many SOEs, PKB still functions as an administrative document that compiles the normative rights of workers in accordance with laws and regulations. The focus is generally limited to the certainty of basic rights such as minimum wage, rest time,

annual leave, and social security. The regulated salary increase scheme also tends to be rigid, based on inflation or working period.

According to Dharma (2022), this kind of PKB does provide a sense of security for workers, but it fails to be an instrument to increase productivity because it does not provide performance-based incentives. Rewards that are not associated with individual contributions or achievements cause work culture to tend to be stagnant and less competitive.

b) PKB as a Strategic and Dynamic Instrument

On the contrary, a number of progressive SOEs have begun to adopt a new paradigm by making PKB a strategic instrument that aligns the interests of companies and employees. This dynamic PKB includes performance-based clauses, such as bonus schemes associated with the achievement of company profits, team incentives based on production efficiency, and profit sharing programs.

Irawan's (2020) research in the transportation sector shows that transparent incentive schemes in PKB increase workers' awareness of the importance of efficiency and quality of service, as the results have a direct impact on their income. Thus, the dynamic PKB transforms the labor relationship from a mere "time for wages" exchange to a "performance for reward" partnership, which inherently reinforces a culture of productivity.

However, the preparation of performance-based PKBs demands a high level of industrial relations maturity: management must be transparent in sharing performance data, while unions need to understand that improving welfare must go hand in hand with improving the company's performance.

Continued Development of Social Dialogue as a Foundation for Operational Stability

Social dialogue plays a vital role in creating a stable work climate, which is a prerequisite for sustainable productivity. Whether through formal forums such as Bipartite LKS or through informal communication, social dialogue serves as a key mechanism in building trust, managing differences, and preventing conflict escalation.

a) Conflict Prevention and Resolution Mechanisms

Healthy industrial relations are not characterized by the absence of conflict, but by the effectiveness of conflict management mechanisms. Sihombing (2022) showed that work units at PT Pertamina (Persero) that routinely hold bipartite forums have a lower level of industrial disputes. The forum serves as an early detection system—where potential problems can be identified and resolved before they escalate into a collective crisis. This kind of forum also serves a dual function: for management as a forum to explain policies, and for workers as a dignified space to convey aspirations. This kind of structured two-way communication has been

proven to reduce misunderstandings, which are often a major source of industrial conflict.

b) Impact on Productivity through Stability

The link between social dialogue and productivity is direct and causal. Any open industrial conflict—such as a strike or protest—incur significant costs, both financial and non financial, such as reputational damage, decreased customer trust, and weakened employee morale.

By acting as a conflict prevention system, social dialogue protects companies from such potential losses. SOEs that successfully institute strong social dialogue tend to enjoy higher operational stability. This stability allows management to focus energy on innovation and business development, while employees work in a psychologically safe environment, which in turn improves long-term performance and productivity.

Advanced Development of Independence Challenges and External Intervention

One of the distinctive characteristics of SOEs compared to the private sector is their level of vulnerability to external intervention, especially from the realm of public policy and politics. These factors are often confounding variables that have the potential to damage the order of internal industrial relations and reduce productivity.

a) Disharmony of Policies and Regulations

SOEs operate in a complex regulatory ecosystem. In addition to being subject to the Manpower Law, SOEs are also bound by various ministerial regulations and other technical policies. Insynchronization between regulations can cause dilemmas and conflicts, for example when the remuneration agreement in the PKB is canceled or limited by the ministry's circular. This creates legal uncertainty and erodes the union's trust in management's commitments, as agreements that have been built through bipartite dialogue can easily be undone by external intervention.

b) Destabilization due to Political Intervention

Political intervention, although often not explicitly apparent, has a significant impact on organizational stability. One of the most common forms is the change of directors and commissioners based on political considerations, not professionalism. Kusumo (2022) notes that this kind of change of leadership is almost always followed by a change in the direction of company policies, including in human resource management and industrial relations.

This leadership instability has a domino effect: it breaks the continuity of long-term strategies, damages the trusting relationships that have been built between

management and the unions, and creates uncertainty at all levels of the organization. As a result, employees and managers become reluctant to take the initiative and prefer to be wait-and see. SOEs that often experience political intervention tend to become reactive, bureaucratic, and sluggish organizations—a condition that is not conducive to the creation of sustainable productivity and competitiveness

CONCLUSIONS

Synthesis and Key Findings

Based on the results of a systematic literature review, this article concludes that industrial relations have a fundamental, multifaceted, and highly determinative role in the productivity level of State-Owned Enterprises (SOEs) in Indonesia. This role is dualistic: on the one hand it can be a major driver of performance improvement, but on the other hand it has the potential to be a significant obstacle if not managed constructively.

Key findings show that collaborative and trust-based industrial relationships are catalysts for organizational productivity. This improvement is realized through three main paths:

1. The constructive role of trade unions that transform into strategic partners in the process of organizational change;
2. Implementation of dynamic, performance-based Collective Labor Agreements (CCPs), which align individual goals with corporate goals; and
3. Institutionalization of effective social dialogue as a conflict prevention mechanism and a guarantor of the company's operational stability.

On the other hand, industrial relations that are antagonistic, full of mistrust, and lack of communication have been proven to reduce productivity. These inhibiting factors include the role of trade unions as veto agents that are resistant to innovation, the existence of PKB which is administrative and not adaptive to performance, and the failure of social dialogue that leads to open conflict. This complexity is exacerbated by external factors typical of SOEs such as policy and political interventions that often create uncertainty and delegitimize internal agreements that have been built in a participatory manner

IMPLICATIONS AND LIMITATIONS

Ethical Implications

From an ethical and governance perspective, the findings of this study confirm that SOEs as state-owned business entities have higher moral responsibilities than private companies. Efforts to increase productivity and profits must always be balanced with the obligation to ensure fair, humane, and prosperous treatment for all workers.

The Pancasila Industrial Relations philosophy places the principles of partnership, justice, and deliberation as the normative basis in building harmonious working relationships. In this framework, SOEs should play a role model in the implementation of ethical and fair labor relations practices. Productivity increases should ideally be achieved through strengthening competencies, empowerment, and improving workers' welfare, not through neglecting their normative rights. The principles of transparency, open dialogue, and proportionate profit sharing are the ethical foundation so that productivity results can be enjoyed fairly by all parties who contribute to the achievement of organizational performance.

Limitations and Future Research Directions

This study has inherent limitations inherent in its nature as a qualitative literature review. Since most of the studies analyzed are case studies, generalizations of findings need to be done with caution.

For future research development, several priority research agendas can be identified. First, quantitative research with an econometric approach is needed to measure more precisely the influence of industrial relations variables on various indicators of SOE productivity. Such studies will provide a stronger empirical basis for strategic policymaking at the national level. Second, a study is needed that specifically analyzes the impact of the implementation of the Job Creation Law on industrial relations practices and productivity across SOEs. The follow-up research is expected to deepen understanding of how new regulations affect industrial interaction patterns, the balance of power between management and unions, and their implications for the long-term performance of state owned enterprises

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