

## Industrial Relations: Pancasila in Indonesia and Collective in China

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**Abstract:** This research aims to study and examines the history and implementation of industrial relations can provide a more comprehensive understanding of the concept of industrial relations Pancasila in Indonesia and the collective industrial relations in China. The concept of industrial relations Pancasila is to create an ideal industrial society based on socio-cultural considerations and traditional Indonesian values. While, the concept of collective industrial relations leads to stability and maintains harmony in industrial relations. In an attempt to make this research can explain better about the difference and similarity. This study relying on descriptive and historical sources on the transfer on industrial relation practice. The finding confirmed that both country has a common orientation in creating harmonious, fair, prosperous and conducive industrial relations between employers, workers, unions and governments.

**Key words:** Industrial relations, Pancasila, collective, harmonious, conducive, comprehensive

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### INTRODUCTION

In employment, there is a relationship that needs each other and complement between workers and employers. Industrial relations is an interaction between workers, employers, trade unions and the government on matters relating to employment. Maintenance of employment relations between workers, trade unions and employers within the scope of industrial relations is necessary to prevent conflicts that may lead to disharmony of employment relations. The problem of working relationship between workers and employers is the forerunner of the field of industrial relations in Indonesia that is formed based on Pancasila and the 1945 Constitution of the Republic Indonesia. Industrial relations in Indonesia related to relationships all parties involved in working relationships in a company. The growing industrial relations in Indonesia is guided by the values of Pancasila in carry out activities within the scope of industrial law.

In the early 1920, industrial relations was recognized as an independent field of research (Susetiawan, 2000). Indonesia embraces the principle of industrial relations of Pancasila which is the basic principle in the implementation of labor relations law. Nanik (2013) said that “the achievement of harmonious industrial relations must be continuously built given the wide impact on the

country’s economic development”. Therefore, the industrial relations used in Indonesia is embraced the values of Pancasila. Implementation of industrial relations has different concepts in every country such as in the United States, Britain, France, Germany, the Netherlands, Japan and some other countries which apply industrial relations that are capitalistic. China as a socialist country adopt a collective industrial relations practice (Shen and Benson, 2008). “Since 1978, when China embarked on market-oriented economic reforms and the opening up of trade with Western economies, the incidence of violations of worker’s rights and labour disputes, both individual and collective has increased substantially”. Chang (2015) explained that collective work relations refers to the social relationships formed between workers as groups or parties (usually represented by unions) and employers or employer’s organizations (Lee, 2009). “China has accelerated industrial relations institution building which includes the creation of tripartite consultation bodies from the central down to district levels, the promotion of collective bargaining and wage negotiation and concerted union organizing campaign”. According to Howell (2005), “workers in China now constitute an increasingly fragmented and diverse social group, differentiated by their rural or urban origins, their location in companies of different ownership and economic success their differential terms of employment and

remuneration and the nature of their grievances. This complexity poses a challenge not only to central and local governments seeking on the one hand to promote economic growth and on the other hand to maintain social stability but also to the All-China Federation of Trade Unions which has struggled to adapt and respond to the changing nature and demands of workers”.

The development of industrial relations reflects changes in work, both in economic and social terms and related to labor legislation. Industrial relations became an interesting study to inspected, research related to industrial relations can be used as a reference in overcoming and resolving various problems that arise in the field of employment. By studying and researching the history and implementation of industrial relations can provide a more comprehensive understanding of the concept of industrial relations Pancasila in Indonesia and the collective industrial relations of China.

#### **Literature review**

**Industrial:** The parties involved in industrial relations include employers, workers, unions and governments. According to Mills (1994) in his book entitled labor management relations that “industrial relations may be defined as the process by which human beings and their organizations interact at the workplace and more broadly in society as a whole to establish the terms and conditions of employment” (Shamad, 1995). Industrial relations as a pattern or system of association or attitude and behavior formed among actors of goods and services processes that is workers, employers, government and society. Simanjuntak (2003) states “industrial relations is the relationship between all parties concerned or interested in the process of production of goods or services in a company. The most concerned parties for the success of the company and direct daily contact are employers or management and workers”.

Industrial relations are difficult to formulate universally in order to be accepted by all parties, Salamon (2000) in industrial relation book states, “However, it is difficult to define the term industrial relations in a precise and universally accepted way. Industrial relation for many is perceived to involve male, full time, unionized, manual workers in large, manufacturing units imposing restrictive practices, strikes and collective bargaining”. In industrial relations, there is no legal relationship but the role of the country (in this case is government) governing in it.

**History of industrial relations in Indonesia:** The development of industrial relations has been historically

brought into Indonesia by the Dutch as colonialists at the end of the 20th century by introducing foreign firms in particular Dutch companies whose workers are also Dutch. Shamad (1995) Rurimpunu describes industrial relations in Neterlands operate in the territory of Indonesia because that is set at that time is the relationship between Dutch workers with Dutch businessmen. Rurupunu adds there are three periods in the history of industrial relations in Indonesia.

Since, the national revival of 1908 began to form a union whose members are Indonesians. Began to be practiced industrial relations which it is the workers of Indonesia and Dutch businessmen. In 1919, Semaun as a communist figure began to introduce industrial relations based on class struggle, since then in Indonesia have developed two industrial relations system that is based on Liberalism and Marxism. Since, the beginning of industrial relations in Indonesia colored by politics because it is all intended for the struggle of independence, so the discussion of industrial relations in social economy less attention. Industrial relations are still colored by political orientation. In 1947, the polarization began again in the industrial relations with the formation of SOBSI unions that were clearly oriented towards communism where in 1948 SOBSI together with the PKI was involved in the madiun rebellion.

After the submission of a pluralistic union system, the industrial relations system both based on Liberalism and Marxism has been rapidly pioneered by the union of its workers. With the Presidential Decree of July 5, 1959, Indonesia re-enacted the 1945 Constitution. Since, then began the guided democracy era in this era of guided democracy the communist party is increasingly playing an important role. In line with that industrial relations based on Marxism is also growing rapidly. Industrial relations practices that are both antagonistic and conformational are increasingly prominent. This continues until it becomes the backbone of the revolt, similar to what happened in 1948.

After the G30 rebellion can be crushed and the new order government was born by continuing the efforts of structuring political life including restructuring the existing labor organs. The new order government was determined to implement Pancasila and the 1945 Constitution purely and consequently. This means that Pancasila must be implemented in every aspect of the nation’s life including in industrial relations. Therefore, the figures of industrial relations both from the workers, employers, government and intellectuals agreed in a National Seminar in 1974 to develop an industrial relation system based on Pancasila and the 1945

Constitution. Since, then it was born “industrial relations Pancasila”. HIP is intended as a state control instrument as well as a means of balancing the aspirations of creditor countries that demand that the Soeharto government be more responsive-accommodative to the demands of the workers. Indonesian Documentation and Information Centre (1981) argued that during the new order period, the main means were used to support the implementation of the Pancasila labor relations which included: tripartite and bipartite cooperation institutions, joint safety, dispute settlement, labor law, education and extension, employment organizations and other institutions.

**Pancasila industrial relations in Indonesia:** In the government of the new order, industrial relations Indonesia should be based on the ideology of the Pancasila state in accordance with the spirit of Indonesian culture and the way of the Indonesian people. In such situations, the dynamics of working conditions, working conditions, changes in labor law are heavily dependent on the government as the creator and the implementer of the law. Maimun (2007) proposes industrial relations as a system of relationships formed between actors in the production process of goods and/or services consisting of entrepreneurs, workers/laborers and the government based on the values of Pancasila and the Constitution of the Republic of Indonesia year 1945 (Susetawan, 2000). Indonesia adheres to the principle of industrial relations Pancasila which is a basic principle in the implementation of labor relations law.

Ardana, Mujiati and Mudiarta state that Pancasila industrial relations (HIP) is a system of relationships formed between actors in the process of producing goods and services (workers, employers and governments) based on values which are manifestations of the whole sila-sila Pancasila and the 1945 Constitution which grow and develop on the personality of the nation and national culture of Indonesia (Soejadi, 1999). The capacity of Pancasila as the philosophy value of the Indonesian nation, it is intended that the values mentioned in the formula of Pancasila sila are values containing universal universal abstract meaning. Soepomo (1975) describes the industrial relations of Indonesia with Pancasila as a philosophical foundation, then normatively all the rules of law governing the industrial relations of Pancasila in the form of basic law (1945 Constitution) as well as other legislation is the implementation of the values of Pancasila, the normative laws governing industrial relations in Indonesia must always be controlled in harmony

with the values of Pancasila. Gunarto (2011) said that Indonesia has its own cultural or cosmological base which is different from the cosmology of Western countries which are collective, harmony, deliberation and upholding the values of spirituality. The cosmology of the Indonesian state is thus formulated into Pancasila which is a positive morality of Indonesia or it can be said that Pancasila is the cultural basis or cosmology of Indonesian law which can be seen from the values contained from the five precepts of Pancasila. Direction of HIP development to maintain and maintain business continuity. On the other hand, entrepreneurs (owners of capital) are directed to have and develop an attitude to regard workers on the basis of equal partnerships in accordance with nature, dignity, dignity and self-esteem and improving worker's welfare. Fritje (2014) describes the industrial relations of Indonesia based on the Pancasila principles, that is: the first principle as the spiritual foundation of industrial relations in the work of man not only earn a living but devoted to God and fellow human. The second precepts as the basis of humanity by considering workers not just production factors but as partners of the company.

The third principle as the basis of unity applied is guided by tri dharma which contains the principle of partnership and joint responsibility between workers, management and union so as to create mutual feeling of belonging, maintaining, maintaining and constantly introspective. The fourth precept as the foundation of democracy in industrial relations in Indonesia, all parties in the production process have the right to issue the same opinion that always prioritizes consensus in every decision making. The fifth principle as the foundation of the realization of social justice in industrial relations by applying the principle of justice in the work environment in all its aspects by avoiding the abuse of management of the workers as a weak party.

In Pancasila industrial relations any differences of opinion between workers and employers must be resolved by way of deliberation to reach consensus made in kinship (Suwarno and Elliot, 2000). The concept of Pancasila industrial relations is based on three principles of partnership: partners in production, partners in responsibilities and partners in profit, between workers, employers and the government. The purpose of this concept is to realize the ideal industrial society. The concept of Pancasila industrial relations (HIP) which is based on the consideration of social culture and traditional values of Indonesia. Fritje (2014) taken from the National Seminar of HIP held in 1974 stated the purpose of Pancasila industrial relations is “carrying the ideals of

the Proclamation of Independence of the Republic of Indonesia August 17, 1945 in the national development to create a just and prosperous society based on Pancasila and participate in carrying out order. The world based on Pancasila and participate in the implementation of world order based on independence, eternal peace and social justice through the creation of calmness, tranquility and order of work and calm effort, increase production and improve worker's welfare and degree according to human dignity (Sutedi, 2009). "That HIP aims to create calmness, peace of mind and calm of business, increase production, improve worker's welfare and degree according to human dignity. Ideally, if HIP implementation in Indonesia is able to run well then it can create a not-false industrial peace and for the Indonesian government will reduce the high unemployment rate, the creation of wider employment, increased productivity of the company, increased employee welfare, increased investment in Indonesia and Increase the economic growth of Indonesia country.

According to Subijanto (2011) Pancasila industrial relations should be disseminated to workers union members gradually and sustainably. This needs special attention from the government and trade unions as well as entrepreneurs as this can create a mutually beneficial working environment that can foster a family atmosphere, mutual cooperation and deliberation to reach consensus in the activities and the acquisition of rights in the company. Fritje (2014) states that Pancasila industrial relations is not the creation of a power for workers to face the economic power of employers but should be viewed as a form of cooperation from workers. Workers will work in mutual cooperation with employers creating fair rules in their employment agreements. Rahayu *et al.* (2002) in the realization of HIP is necessary the main means, that is: SP/SB, employer's organizations, bipartite cooperation institutions, tripartite cooperation institutions, employment agreements (PK), corporate regulations (PP), collective work agreement (KKB) industrial disputes and legislation. In Article 103 of the Manpower Law No. 13 of 2003 that industrial relations are carried out through means of trade unions/labor unions; Employer's organizations; Bipartite cooperation institutions; Tripartite cooperation institutions; company regulations; collective labor agreement; labor laws and regulations; industrial relations dispute settlement institutions.

**History of industrial relations in China:** Ma (2011) argued that in 1921 the China Communist Party was

established where the party established the secretariat of the China workers association in Shanghai in an effort to engage in the labor movement. Chang (2015) argues that historically, the development of the China Communist Party (CCP) has the basis of the labor movement. The labor movement is the foundation and social foundation of the CCP most of the early leaders of the CCP have led and participated in the worker's movement. Laulusa (2008) said "All China Federation of Trade Unions (ACFTU) which was created in 1925 to act as part of the labor administration to coordinate with the State in supervising the workforce". Following the establishment and leadership of the Federation of Trade Unions of China (ACFTU), the CCP-led movement of unions has become an important part of the revolutionary struggle. Since, the birth of the ACFTU, political activity has become a major activity and rarely involved in collective bargaining and economic strikes under the economic market. Kaple (1994) says that the ACFTU became an integral part of the "Iron rice bowl" (tie fan wan) system, the status of "lifelong employment" that workers must enjoy from the 1950's to the 1980's.

Lee (2009) said that in 1949 the communist party officially seized power in mainland China and established the people's republic of China. Collective bargaining has been promoted in the early years of the people's republic of China. But in the mid-1950's, Mao announced China's transition to socialism. Taylor *et al.* (2003), 1994 the Chinese government passed a new labor law to create a new industrial relations system in China that explained the relationship between employers and workers in the company. According to Hong and Warner (1998), Brown (2010) explains that the labor Union Act of 1992 and the Labor Act of 1994 came into force in 1995 and the act is a major step on the way to a market-based system that incorporates movements laborers into the reform process. Zhu *et al.* (2011) argued that the act instituted a "labor market" that emerged by endorsing individual contracts (geren hetong) and collective agreement (jiti hetong) a step toward collective bargaining. Taylor *et al.* (2003) describes that a new law relating to employment and management has been described in relation to a step towards a recognizable working relationship system but ACFTU remains an integral part of it. Hong and Warner (1998) states "over the decades, the ACFTU has been seen to act as a Leninist" transmission-belt "mechanism linking the central party/state with the ranks below". In addition Zhu *et al.* (2011) also exposed the new party's policy to shift to the creation of a "harmonious society" (hexie shehui) based on "the basic principles of humanity and scientific development"

might provide an opportunity for change. Lee (2006) states that the ACFTU re-altered its strategy by emphasizing the development of branches and trade union members solid and stable. Since, then, ACFTU's main activity has been to focus on a more credible representation and protection of union members through its grassroots organizations. Lee (2009) states that "China has accelerated the industrial relations institution building which includes the creation of the promotion of collective bargaining and wage negotiation and concerted union organizing campaign". As a result, China is now has one of the countries with the highest union density. The collective bargaining coverage has also increased considerably, since the early 2000's. Wang (2008) added "The main evolution of the industrial relations, since its economic reform," he points out that the industrial relations have shifted away from a rigid state-controlled system to a more flexible actor-pro-negotiation arena where tripartism "This means that the main evolution of industrial relations in China is since economic reform where industrial relations have shifted with the advent of unity of tripartism (state-enterprise-union).

**Collective industrial relations:** Lee (2009) stated that "Economic reform has been accompanied by China the introduction of a new legislative and institutional framework for industrial and employment relations. Taylor *et al.* (2003) says "the China government has introduced a system of trade unions and defines the rights and obligations of the trade unions Ma (2011) adds" China's industrial relations differently from those of the Western-style democracies. Taylor *et al.* (2003) has considered the special characteristics of China's union system, they proposed to revise the tripartite model into a four-party model. Laulusa (2008) describes some of the differences in industrial relations that occur in China with the Western countries: Unions depend on the government of China.

In 1978, the ACFTU was re-established with a dual role: defending worker's rights and interests, promoting social stability and harmony and reforming the state by encouraging workers to increase productivity and by employing labor discipline, conducting extensive propaganda on behalf of management.

Danwei is a kind of family organization. During the planned economy, danwei were not only an economic work unit but were also political, social units which bounds individuals live to the administrative system". Lu and Perry (1997) argue that political and social functions "can be characterized as" paternalistic "and" maternalistic. "As in traditional families andwei acts as a

patriarchy disciplining and sanctioning their children while at the same time serving as mother care providers and daily needs".

Collective contracting systems are more of a formal tool because they are not based on negotiated labor rules negotiated between the two parties independently representing the interests of employers and employees. Therefore, the system is based on a sustained assumption of unity interests between enterprises, traditionally owned by all people and workers, enterprises, expressed in a joint commitment to compliance with legal norms. In China, conflicts are avoided as an attempt to maintain a harmonious relationship. Lee (2009) states that, the industrial relations turning point occurred in the early 2000s when Hu Jintao's new leadership shifted priorities to state-party policy. Under the overall slogans of 'building a harmonious society' and 'people-centered development', the new political leadership sets an ambitious goal to direct China's economic and social development strategy. It is in this context that the party-state finds the new value of the union as the main pillar of social management in stabilizing the 'core social relationship', the labor relations. Party-states recognize that unions should be able to function as 'protectors' within the parameters set by the state. The institutionalization of new industrial relations practices such as collective bargaining and tripartite consultation is gaining new attention because it is not only seen as a social safety valve but also as an economic mechanism to reduce the gap generated by unbridled market forces. Trade unions and employment establish an industrial relations institution that is an important part of the state party with a "corporate preemptive strategy" aimed at preventing social conflict by expanding monopoly unity territory and incorporating workers into the official industrial relations system. Chang (2015) also added that the ACFTU's job adjustment and strategy are mainly concerned with issues on how unions can represent the mass of workers and how to set up collective contract standards and make them valid. In addition, Zhu and Warner (2000) add that the term 'socialist market economy with Chinese characteristic's serves as a mixed slogan that gives legitimacy to the political control of the communist party (maintaining a 'socialist' identity), creating an opportunity to introduce market mechanisms for economic development while simultaneously enabling traditional values such as confucianism to fill the ideological void and refuse to be 'Westernized'.

Chang (2015) said that the government of Chinas sees that the industrial relations system is not only a tool

for regulating employment but rather as a means of maintaining social stability in periods of rapid social and economic change. In addition, unions should be able to function as ‘protectors’ of workers not only as subordinate government partners in the parameters set by the state. China’s economic and social development strategy toward a more balanced development by balancing rural and urban development through support for rural development, sustainable development through better environmental protection a balance between export and development of the domestic sector and a balance between economic efficiency and social justice but also as an economic mechanism to reduce the gaps generated by unbridled market forces. The transition to a collective working relationship refers to an individual working relationship system and its adjustment is no longer sufficient to resolve labor conflicts and maintain the stability of employment relations in China. Chang (2015) explains that the main driving force for the transition to a collective working relationship is largely derived from the demands of worker’s protection rights. Collective work relations refers to the social relationships formed between workers as groups or parties (usually represented by trade unions) and employers or employer’s organizations in the process of negotiating labor conditions, labor standards and other employment matters. The application of relationships that lead to stability and maintaining harmony in industrial relations will continue to be strengthened or implemented by the Chinese State.

**MATERIALS AND METHODS**

This study uses a type of literature study research by finding reference theory relevant to the case or problems found. Reference theory obtained by way of research literature study serve as a basic reference and the main tool for research practice in the field. The data used in this study is secondary data, the data obtained from the data derived from previous research, literature studies such as books, journals and papers related to industrial relations that occur in both countries, namely Indonesia and China.

The research method used by the writer is descriptive method of analysis. Descriptive research method of analysis by Sugiyono (2010) used to analyze data by describing or describing the data that has been collected as is. The results of data processing by describing the history of development and implementation of industrial relations that occurred in Indonesia and China.

Based on the history of industrial relations and its application in both countries, Indonesia and China share the same concept that industrial relations are based on justice and harmony both for employers and workers. The State of Indonesia embraces industrial relations Pancasila (HIP) by emphasizing on partnerships between workers, employers and governments aimed at realizing the ideal industrial society contained in Pancasila as the basis of the state. In the history of industrial relations in Indonesia is divided into three periods of change shown in Table 1 and 2.

Table 1: History of industrial relations indonesia

Periods	Industrial relations
First	In 1908 began to form a union and practiced industrial relations which it is the workers of Indonesia and Dutch businessmen. In 1947 the polarization began again in the industrial relations with the formation of SOBSI unions that were clearly oriented towards communism where in 1948 SOBSI together with the PKI was involved in the madiun rebellion
Second	After the submission of a pluralistic union system, the industrial relations system both based on Liberalism and Marxism has been rapidly pioneered by the union of its workers. Industrial relations practices that are both antagonistic and conformational are increasingly prominent
Third	After the G30 rebellion can be crushed and the new order government was born which is determined to implement Pancasila and the 1945 constitution purely and consequently

Table 2: History of industrial relations of China

Years	History relation
1921	The establishment of the Chinese Communist Party in an effort to engage in the labor movement. Labor movement as the foundation and social foundation of the CCP most of the early leaders of the CCP have led and participated in the workers movement
1925	The All China Federation of Trade Unions (ACFTU) is established and acts as part of the manpower administration to coordinate with the state in overseeing the workforce
1950	Transition of China country to socialism
1994	The China government passed a new labor law to create a new industrial relations system in China that explains the relationship between employers and workers in the company. The act institutionalized the “labor market” that emerged by authorizing individual contracts (geren hetong) and collective agreement (jiti hetong) a step toward collective bargaining
2000s	The development of industrial relations in China can be described as a concerted effort for preemptive corporatism by state parties and the ACFTU with the aim of preventing social conflict by expanding the territory of monopoly unity and putting workers into an official industrial relations system. Hu Jintao’s new leadership shifts the priorities of the party’s policies, the state with its comprehensive slogans of ‘building a harmonious society and ‘people-centered development’, the new political leadership sets ambitious goals to direct China’s economic and social development strategy toward a more balanced development: balancing rural development and urban areas through support for rural development, sustainable development through better environmental protection, a balance between export and development of the domestic sector and a balance between economic efficiency and social justice. This becomes a transition to collective working relationships that occur in the State of China

**RESULTS AND DISCUSSION**

The transition to a collective working relationship in the State of China refers to the social relationships formed between workers as groups or unions and employers or employer’s organizations. The application of relationships that lead to stability and maintaining harmony in industrial relations will continue to be

strengthened or implemented by the Chinese state. Changes in industrial relations in China can be seen in Table 3.

Changes in industrial relations that occurred in the State of Indonesia and China certainly have their respective advantages in the application, the following will be presented in the binding table related comparison of industrial relations of both countries.

Table 3: Comparison of industrial relations between Indonesia and China

Criteria	Indonesia	China
Industrial relations applied	Pancasila industrial relations HIP as a system of relationships formed between actors in the process of producing goods and services (workers, employers and government) based on values that are manifestation of the whole of Pancasila and 1945 Constitution which grow and develop above the personality nation and national culture of Indonesia	Collective industrial relations. Collective work relations refers to the social relationships formed between workers as groups or parties (usually represented by trade unions) and employers or employer’s organizations in the process of negotiating labor conditions, labor standards and other employment matters
Background	Instruments of state control as well as a means of balancing the aspirations of creditor countries that demand that the government be responsive-accommodative to the demands of the workers	The main driving forces in the transition to a collective working relationship largely stem from the demands of worker’s self-protection rights
Concept	The concept of HIP is to create an ideal industrial society based on socio-cultural considerations and traditional Indonesian values	The concept of collective industrial relations leads to stability and maintains harmony in industrial relations
Benefit	Creating an indecisive industrial peace as well as for the Indonesian government will reduce the high unemployment rate, the creation of wider employment, increased productivity, increased employee welfare, increased investment in Indonesia and increased economic growth of Indonesia country	China economic and social development strategy toward a more balanced development by balancing rural and urban development through support for rural development, sustainable development through better environmental protection, a balance between export and development of the domestic sector and a balance between economic efficiency and social justice but also as an economic mechanism to reduce the gaps generated by unbridled market forces
Advantage	Industrial relations Indonesia is based on Pancasila Precepts. 1 The first principle as the spiritual foundation of industrial relations in the work of man not only earn a living but devoted to God, fellow human beings, society and nation and state The second precept as the basis of humanity by assuming the worker is not merely a factor of production but as a corporate partner a personal person with all his dignity and dignity The third precept as the basis of unity applied shall be guided by tri dharma which contains the principle of partnership and joint responsibility between workers, management and union so as to create mutual feeling of belonging, maintaining, maintaining and constantly introspective, having the same interests. The fourth precept as the foundation of democracy in industrial relations in Indonesia, all parties in the production process have the right to issue the same opinion that always prioritizes consensus in every decision making. Settled through deliberations to reach consensus The fifth principle as the foundation of the realization justice in industrial relations by applying the principle of justice in the work environment in all its aspects with a balance between the rights and obligations of both parties in the company	Excellence of collective industrial relations with Chinese Characteristics. The term ‘socialist market economy with Chinese characteristics’ serves as a mixed slogan that gives legitimacy to the political control of the communist party (maintaining a ‘socialist’ identity), creating an opportunity to introduce market mechanisms for economic development while allowing traditional values such as Confucianism to Filling the ideological void and refusing to ‘Westernize’. Thus China’s industrial relations are different from some Western countries Trade unions rely on Chinese government. The ACFTU is re-established with a dual role, namely defending worker’s rights and interests and promoting social stability and harmony and State reform by encouraging workers to increase productivity and by applying labor discipline, conducting extensive propaganda on behalf of management Danwei is a kind of family organization. Political and social functions “can be characterized as” paternalistic “and” maternalistic. “As in traditional families andwei acts as a patriarchy that disciplines and sanctions their children while at the same time serving as a provider of maternal care and daily needs. Collective contracting system is more of a formal tool because it is not based on negotiation rules of work negotiated between the two parties independently represents the interests of employers and employees Therefore, the system is based on a sustained assumption of unity interests between enterprises, traditionally owned by all people and workers, enterprises, expressed in a joint commitment to compliance with legal norms. In China, conflicts are avoided as an attempt to maintain a harmonious relationship

Similarity; the countries of Indonesia and China have the same orientation in creating harmonious, fair, prosperous and conducive industrial relations that exist between employers, workers, unions and governments. Thus it can increase investment, maintain stability and increase economic growth of Indonesia and China

## CONCLUSION

Implementation of industrial relations has a different concept in every country, Indonesia embraces Pancasila industrial relations to create a just and prosperous society based on Pancasila and to implement the world order based on Pancasila as well as to implement world order based on freedom, eternal peace and social justice through the creation of tranquility, peace and order of work and business calm, increase production and improve the welfare of workers and its degree in accordance with human dignity. Although, the harmonious application of industrial relations has not been fully realized, it is proved by various issues related to employment such as employment contracts between workers and employers, wages, outsourcing in recruitment processes that often lead to strike action and the provisions on severance that are felt quite burdensome to entrepreneurs.

In China, based on the Investment Coordinating Board (July 2010), Panda State recorded the highest trade surplus during 2010 with a value of US\$ 28.7 billion. Compared to other countries such as Thailand, the Philippines, Vietnam and Indonesia, the wages of workers in China are now higher than the average US\$ 81 per h. When compared to investment centers in China and India, labor wages in Indonesia are among the lowest among the 10 ASEAN countries when viewed from the aspect of labor costs. The shift to a collective working relationship refers to an individual working relations system to resolve labor conflicts and maintain the stability of employment relations in China. Given the arrangements governing the relationship of kerha, the things that must be done by workers and employers as well as the government in implementing industrial relations, it is expected to occur a harmonious and conducive relationship in accordance with the concepts and objectives of industrial relations implementation in both countries.

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