

# **THE EFFECT OF PANCASILA INDUSTRIAL RELATIONS ON EMPLOYEE PERFORMANCE**

## **(Case Study At PT Garam (Persero), Sumenep Office, Indonesia)**

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### ABSTRACT

Employee performance is crucial in determining the success of company management and development. The employee performance level can be determined by analyzing the quantity of work, quality of work, job knowledge, creativeness, cooperation, dependability, initiative, and personal quality. This study aims to determine the effect of Pancasila industrial relations on employee performance. Descriptive research with causality method study was performed. We evaluated industrial relations variables based on the Godhead, justice and civilization, Indonesian unity, wisdom and social justice. These variables had significant positive effect on employee performance. The industrial relations and employee performance level at PT. Garam (Persero) Indonesia increased.

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## 1. INTRODUCTION

Employee performance is the most critical factors for the company to achieve success. The employee performance level can be determined by analyzing the quantity of work, quality of work, job knowledge, creativeness, cooperation, dependability, initiative, and personal quality. Industrial relation development has a role in improving employee performance. Industrial relation is a crucial factor to maintain and improve in order to guarantee the parties interests. Industrial relations are associated with the importance of organizational development and member relations. It must be maintained in the organization interests (Nuroni, 2017).

Pancasila industrial relations can be measured with five dimensions. There are several industrial relations based on Godhead, justice and human civilization, the unity of Indonesia, the wisdom of consultation or representation, and social justice. A company tends to increase and maintain customer satisfaction. It due to customers will buy more product if they feel satisfied. Employee performance in making quality products is crucial to customers needs. Therefore, customers satisfaction can be fulfilled.

This research study assesses empirically the impact of corporate culture on employee job performance as well as organisational productivity using Nigerian banking industry as the case study. We try to ascertain if organizational culture affects employee job performance, and to formulate recommendations regarding corporate culture and employee job performance. In order to achieve the above objectives, the following research questions were asked: Does corporate culture have any effect on employee job performance? And in what way does corporate culture impacts employee job performance? Two hypotheses were advanced: (i) There is no positive relationship between organizational culture and employee job performance, and (ii) There is no positive relationship between corporate culture and organizational productivity in Nigerian banking industry. The study uses survey research method. The case study companies were selected using stratified and simple random sampling techniques; while our respondents were selected using simple random sampling technique. The findings of this study are that a large number of respondents (57.7%) strongly agree that corporate culture has effect on employee job performance, and that 48.7% of the employees also agree that corporate culture determines the productivity level of the organization. These findings made us to accept our two alternative hypotheses and reject the null hypotheses because in both cases the calculated values of chi-square are greater than the tabulated values (Ojo, 2009).

In the present study, we evaluated the influence of Pancasila industrial relations based on the one and only God, justice and human civilization, industrial relations and Indonesian unity, wisdom in deliberation or representation, and social justice. A case study was investigated from employee performance at PT. Garam (Persero), Sumenep office, Indonesia.

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## 2. METHOD

This study was descriptive and quantitative research with the causal method. The sampling was 102 employees at PT Garam (Persero), Sumenep office, Indonesia. The questionnaire was performed to gain data. Metode yang digunakan pada penelitian ini menggunakan metode studi kasus Arikunto (2006). The research is conducted in eight junior high school of BPK PENABUR, Jakarta. Samples taken are 60 teachers with random sampling technique. The research is analyzed descriptively using the method of survey and correlation techniques. The research result showed that the research hypothesis was valid it means that there is positive relationship between free variable and cloze variable either individually or collectively. From the analysis, it can be concluded that the contribution of teachers compensation towards teachers (Aritonang, 2005).

The independent variables were industrial relations based on the One Godhead (X1), justice and human civilization (X2), Indonesian unity (X3), wisdom in consultation or representation (X4), and social justice (X5). The dependent variable was employee performance (Y). Data analysis was performed by path analysis. According to Muhidin & Abdurahman (2009: 221), to estimate the value of Y based on the values of X1, X2, ....., Xi. The corresponding relationship pattern was a regression model. The pattern of causal relationships between variables was performed to find out the direct and indirect effects of several variables. SPSS version 20.0 application was conducted to analysis data.

## 3. RESULT AND DISCUSSION

The fulfillment of employee rights is an organization or company problem involved in implementing industrial relations. It is crucial and related to employee welfare. If the company is not able to fulfill employee's rights properly, it enhances a dispute within the company. Based on the provisions of the Manpower Act Article 1 number 2 of 2004, a dispute occurs from non-fulfillment of rights. It due to the differences in the implementation or interpretation of legislation, work agreements, company regulations, or collective labor agreements.

Table 1. The Employees and Directors Deliberations at PT. Garam (Persero), Sumenep office, Indonesia in 2013

Month	Discussion	Information
January	First	Deliberation for providing benefits to employee issue, especially health benefits.
March	Second	Deliberation for granting the increases in labor wages issue.
June	Third	Deliberation for providing additional employee overtime wages.
July	Fourth	Deliberation for granting employee salary increases.
September	Fifth	Deliberation for improving facilities to support the safety and health of employees and workers.
December	Sixth	Deliberation for providing more adequate work facilities to employees.

Source: Internal Data of PT. Garam (Persero) Indonesia, Sumenep Office in Januari-Desember 2013

General Manager of PT. Garam (Persero), Sumenep office, Indonesia, explained that the company has not been optimal in implementing of the industrial relations. There were six deliberations related to the company obligations between the employees and workers rights in 2013 (Table 1). The company has been striving continuously to maintain industrial relations in order to provide welfare and improve employee performance (Table 2).

Table 2. PT. Garam (Persero), Sumenep Office, Indonesia in January-December 2012 to 2013

Description	Item Number	Sub/Item Assesment	Weight (Year)		Value Scale	Score (Year)		Conclusion
			2012	2013		2012	2013	
Individual Ability	1.	Communication	3,87	3,53	6	23,22	21,18	Not good performance
	2.	Other people relation	5,84	5,45	6	35,04	32,7	Not good performance
	3.	Responsibility and maturity	5,84	5,45	6	35,04	32,7	Not good performance
	4.	Make decision	5,84	5,45	6	35,04	32,7	Not good performance
	5.	Leadership	5,84	5,45	6	35,04	32,7	Not good performance

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Description	Item Number	Sub/Item Assessment	Weight (Year)		Value Scale	Score (Year)		Conclusion	
			2012	2013		2012	2013		
Individual Implementation	6.	Planning	7,67	8,24	6	46,02	49,44	performance Not good	
	7.	Guiding and Motivating	5,32	4,71	6	31,92	28,26	performance Not good	
	8.	Obedience to the provisions	5,32	4,71	6	31,92	28,26	performance Not good	
	9.	System and Organization Improvement	11,22	11,43	6	67,32	68,58	performance Not good	
	10.	Performance results	11,22	11,43	6	67,32	68,58	Good performance	
	11.	Team work	11,64	11,29	6	69,84	67,74	Good performance	
	12.	Work implementation	20,38	22,86	6	122,28	137,1	Very Good performance	
	<b>Total of Score</b>			<b>100</b>	<b>100</b>	<b>72</b>	<b>600</b>	<b>600</b>	

Source: Internal Data of PT. Garam (Persero), Sumenep Office, Indonesia in Januari-Desember 2013

Scale value:

1. Scale <4 = Not good
2. Scale 5 = Not good
3. Scale 6-7 = Good
4. Scale 8-9 = Very good
5. Scale 10 = Very very good

Table 3. Score Category of Performance

Range	Performance Category
0 – 40	Not good performance
>40 – 60	Not good performance
>60 – 80	Good performance
>80 – 100	Very good performance
>100	Very very good performance

Source: Internal Data of PT. Garam (Persero), Sumenep Office, Indonesia in Januari-Desember 2013

As shown in Table 3, performance assessment based on individual employee capabilities showed that individual ability elements and individual employee performance decreased in 2013 and was not a good category. Individual performance assessment indicated that individual performance elements were in the good and very good category. These data indicated that PT. Garam (Persero), Sumenep Office, Indonesia needs to enhance individual employee capabilities. Therefore, the quality of employee performance increase. The company must improve employee performance by listening and accommodating employee complaints against the company. Therefore, employee need can be adequately fulfilled. Labor and employee complaints against PT. Garam (Persero), Sumenep office, Indonesia can be seen in Table 4.

Table 4. Labor and Employee Complaints Against PT. Garam (Persero), Sumenep Office, Indonesia in 2012 and 2013.

Number	Complaint	Issue	
		2012	2013
1	Employee	1. The work room was too hot 2. Transport allowance was too low 3. Eat allowance was a low 4. Work facilities was	1. Performance conditions were not satisfaction 2. The room was too hot 3. Transport allowance was too low 4. Eat allowance was a low 5. Work facilities was inadequate

Number	Complaint	Issue	
		2012	2013
2	Labor	inadequate 1. Work facilities was inadequate 2. The foreman was too rude and unfair	1. Wage performance was too low 2. Work facilities was inadequate 3. The foreman was too rude and unfair

Source: Internal Data of PT. Garam (Persero), Sumenep Office, Indonesia in Januari-Desember 2012 to 2013

These data indicated that PT. Garam (Persero), Sumenep office, Indonesia had not fulfilled the expectations and needs of employees. It can be seen from the increasing number of employee and labor complaints from 2012 to 2013. If the company did not resolve the employee complaints, complaints continually increase, and industrial relations will get worse. In this case, fulfilling expectations and needs of employees is crucial and affect the employee's performance. Customer Complaints PT. Garam (Persero), Sumenep office, Indonesia in 2009 - 2013 (Table 5).

Tabel 5. Customer Complaints at PT. Garam (Persero), Sumenep office, Indonesia in 2009 to 2013

Year	No	Company	Complaint
2009	1	PT. GARINDO	Not appropriate to the standard quality
	2	PT. BUDIONO	Not appropriate to the standard quality
	3	PT. UNICEM	Not appropriate to the standard quality
2010	4	PT. KEDAWUNG NUSANTARA	Not appropriate to the standard quality
	5	PT. PERTAMINA (PERSERO)	Not appropriate to the standard quality
	6	PT. KENDAS LECES	Not appropriate to the standard quality
2011	7	PT. INDUSTRI SODA NUSANTARA (PERSERO)	Not appropriate to the standart quality
	8	PT. IGLAS (PERSERO)	Not appropriate to the standard quality
2012	9	PT. CIWI KIMIA	Not appropriate to the standard quality
	10	PT. SAMSUNG INDONESIA	Not appropriate to the standart quality
	11	PT. SUSANTI MEGAH	Not appropriate to the standard quality
2013	12	PT. UNICEM	Not appropriate to thestandard quality
	13	PT. INDUSTRI SODA NUSANTARA (PERSERO)	Not appropriate to the standart quality
	14	PT. KENDAS LECES	Not appropriate to the standard quality

Source: Internal Data of PT. Garam (Persero, Sumenep office, Indonesia

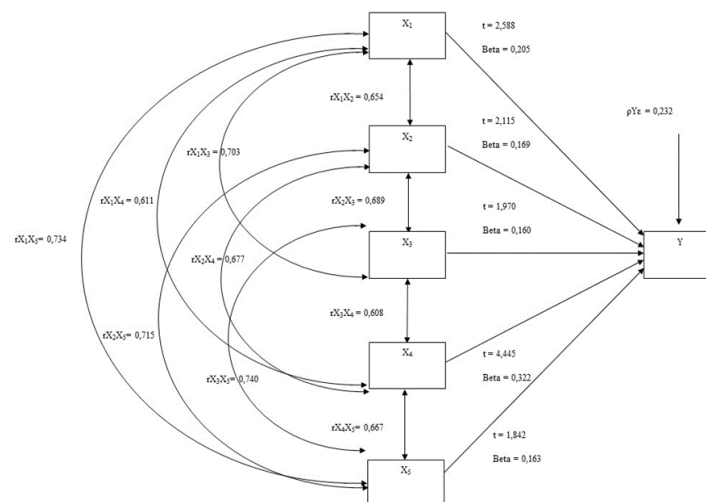


Figure 2. Path Diagram in t Value and Beta Value

The results of data processing used the R test showed a very strong relation between industrial relations based on one and only God, justice and civilization, wisdom in consultation or representation, and social justice on employee performance (Figure 2). The ANOVA test showed that F value was higher than F table. Thus, sig F showed significantly, H<sub>0</sub> was rejected, and H<sub>1</sub> was accepted. It indicated that industrial relations based on one and only God, justice and civilization, wisdom in consultation or representation, and social justice had a significant effect on employee performance. The result of this research shows that there are positive and significant influence of organizational culture on performance, and there are positive influence and significant organizational culture and organizational commitment to employee performance (Fahmi, 2010). The purpose of this study is to elaborate the impact of Training and Feedback on increasing the performance of employees. The review of the literature conducted explains and highlights the role of effective training and feedback in improving the quality of task process which ultimately results in the improvement of performance of employees. An empirical study was conducted and data was collected through questionnaires to find the results. Findings of this study suggest arranging and adopting more effective training programs and techniques in order to give the progressive shape to the results achieved through this study. Limitations of this conceptual study are that it covers a few aspects of training and feedback. Further implications of the study should highlight some other factors which can strengthen the result. Training and feedback can increase the performance level of all sorts of the organizations, and by wide spreading the implications of these and other more advanced factors of training, quality of the process of teams can be improved which will result in giving a better shape to the performance of the employees.

The results of T-test showed that H<sub>0</sub> was rejected. Therefore, it can be concluded that partially industrial relations based on one and only God, justice and civilization, wisdom in consultation or representation, and social justice had a significant positive effect on employee performance. It indicated that based on one and only God, justice and civilization, wisdom in consultation or representation, and social justice on employee performance also decreased. If industrial relations based on one and only God, justice and civilization, wisdom in consultation or representation, and social justice is high, the employee's performance also increases.

#### 4. CONCLUSION

For developing the Industrial Relation Based on the One and Only God: PT. Garam (Persero), Sumenep office, Indonesia should improve industrial relations based on the One and Only God by increasing inter-religious between PT. Garam (Persero) Indonesia and all employees. It can be done by emphasizing polite, friendly attitude, and respecting the religion of each employee, such as speaking in a low tone, neatly dressed, and not offending or blaming the other employee's trust.

For developing the Industrial Relation Based on the Justice and Civilization: PT. Garam (Persero), Sumenep Office, Indonesia should improve industrial relations based on justice and civilization by concerning PT. Garam (Persero) Indonesia in maintaining the honour of each employee by providing a friendly workplace. It can be done by treating each employee as well as possible because employees are part of the company. Providing employees to discuss issue opinions, showing gratitude to employees for their contribution by giving bonuses, and always be fair to all employees should be performed.

For developing the Industrial Relation Based on the Indonesian Unity: PT. Garam (Persero), Sumenep Office, Indonesia should improve industrial relations based on Indonesian Unity by increasing nationality and society. It can be done by holding a thanksgiving ceremony.

For developing the industrial relation based on wisdom in consultation or representation: PT. Garam (Persero), Sumenep office, Indonesia should improve industrial relations based on wisdom in consultation or representation by providing equal opportunities to argue for every employee at PT. Garam (Persero) Indonesia. It can be done by always listening to every message, impression, response, and suggestion expressed by each employee as a consideration in evaluating and improving company performance.

For developing the Industrial Relation Based on the Social Justice: PT. Garam (Persero), Sumenep office, Indonesia should improve industrial relations based on social justice by giving the award to each employee for their achievements. It can be done by giving bonuses, career paths, certificates of appreciation for achievements or acknowledgement.

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