

The Role of Labor Unions in Negotiating Compensation and Remuneration Toward Employee Performance at PT Dima Beverages International, Subang Branch, West Java

Syarifah Ida Farida¹, Iskandar Zulkarnain², Tiara Agustari H³

Department of Management, Faculty of Economics and Business, Pamulang University.
Jalan Suryakencana No. 1, Pamulang Barat, Pamulang District, South Tangerang, Banten 15417, Indonesia

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ABSTRACT

This study explores the strategic role of labor unions in negotiating compensation and remuneration and their influence on employee performance at PT Dima Beverages International, Subang Branch, West Java. Employing a qualitative descriptive method, data were collected through semi-structured interviews, observations, and document analysis. The findings reveal that labor unions play a pivotal role not only in advocating for fair compensation but also in enhancing communication, transparency, and workplace motivation. Unions act as strategic partners, bridging employee aspirations and management decisions, contributing to policy development and fostering employee well-being. The research highlights that active union involvement correlates with improved performance, reduced absenteeism, and higher loyalty. Negotiations supported by data and mutual respect lead to more equitable outcomes. Despite limited negotiation capacity and access to information, unions contribute significantly to industrial harmony. This study provides practical insights for strengthening union roles in private sector labor relations, especially in labor-intensive industries in Indonesia.

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Corresponding Author:

Syarifah Ida Farida
Department of Management, Faculty of Economics and Business,
Pamulang University.
Jalan Suryakencana No. 1, Pamulang Barat, Pamulang District, South
Tangerang, Banten 15417, Indonesia
dosen01477@unpam.ac.id

INTRODUCTION

The dynamics of industrial relations in the globalization era have significantly reshaped how organizations manage their workforce. Technological advancements, market competition, and the pursuit of operational efficiency have created increasingly complex interactions between employers and employees. In this context, the presence of collective actors such as labor unions becomes not only relevant but essential. These organizations are expected to play strategic roles beyond mere advocacy, including influencing labor policy and ensuring the balance of power in workplace negotiations.

Human resource management (HRM) plays a central role in creating a fair and competitive compensation system, one that directly influences job satisfaction, employee motivation, and overall organizational performance. A well-structured compensation system, as noted by Hermingsih and Purwanti (2020), must consider both internal and external equity. Effective collaboration between management and labor unions enhances workplace productivity through open communication, especially in addressing sensitive issues such as working conditions and employee welfare (Wiguna, 2024).

Labor unions serve as organized forums for workers to voice their concerns and to collectively negotiate for better working conditions, fair pay, and improved welfare. Their function goes beyond representation, they are responsible for mediating between employees and employers and ensuring the implementation of labor rights. In Indonesia, this role is legally grounded in Law No. 13 of 2003 and Law No. 21 of 2000, which explicitly recognize unions as independent entities formed to protect and advance the interests of workers.

Compensation and remuneration are crucial pillars of HRM. They act as both reward mechanisms and motivators for employee performance. Research by Hameed et al. (2014) suggests that a fair and transparent compensation system improves employee loyalty, reduces turnover rates, and strengthens organizational commitment. In contrast, inadequate compensation can lead to dissatisfaction, reduced motivation, and declining productivity levels.

Employee performance reflects the culmination of various factors such as motivation, leadership, work environment, and the company's reward system. Robbins and Judge (2019) emphasize that performance is not merely about output but also about the behavioral and psychological factors that support achievement. Therefore, a union's role in negotiating favorable compensation becomes a strategic factor in shaping individual and collective employee performance.

Negotiation processes in industrial relations require strategic capabilities from both management and union representatives. Successful negotiations lead to agreements that satisfy both parties and ensure industrial peace. However, previous research by Riana and Wirasedana (2016, 2018) indicates that many labor unions in Indonesia still function symbolically without real influence on strategic decisions. This passive role limits their ability to advocate effectively, leading to asymmetries in power and information between workers and employers. Contrastingly, Kim and Yu (2019) demonstrate that companies adopting participatory approaches — where unions are treated as strategic partners — experience stronger links between compensation systems and performance outcomes. In such contexts, unions actively contribute to building more equitable and productive workplaces through responsive and performance-sensitive remuneration structures.

At PT Dima Beverages Internasional, these dynamics are evident. Despite the presence of a formal compensation system, employee dissatisfaction remains. High absenteeism and employee turnover reflect deeper issues in labor relations and compensation policies. As observed, certain divisions such as Production and Utility Crews report absenteeism rates exceeding 90%, pointing to disengagement or dissatisfaction that requires urgent managerial

attention. The variations in attendance across departments suggest differing levels of organizational culture, discipline, and reward satisfaction. For example, some supervisory and administrative positions report low absenteeism, possibly reflecting higher job satisfaction or better work conditions. However, positions with strategic roles like Supply Chain or Quality Assurance also show moderate absenteeism, indicating that even leadership roles are not immune to disengagement.

Turnover data from 2023 to 2025 shows a consistent pattern of employee exits without proportional replacement. This trend not only disrupts operational efficiency but also imposes additional strain on the remaining workforce. If left unaddressed, it may compromise the company's competitiveness and internal cohesion. A closer look at this phenomenon reveals the importance of strengthening the role of labor unions in creating more inclusive and responsive compensation strategies. Rather than being viewed as opponents, unions should be considered as partners in formulating employee-related policies. Their strategic involvement can enhance the legitimacy of HR decisions and reduce the likelihood of labor conflicts.

PT Dima Beverages Internasional, as a key player in Indonesia's beverage industry, operates in a competitive and labor-intensive environment. Ensuring a stable and satisfied workforce is vital for maintaining productivity and quality standards. This requires not only fair compensation but also transparent and participatory negotiation processes that foster mutual trust between management and employees.

The current research observes that labor unions at the company are not yet fully empowered to influence strategic decisions. This undermines their potential to improve workforce morale and overall organizational outcomes. Limited negotiation skills, lack of legal awareness, and management's hesitance to fully engage with unions contribute to the weak role they play. The research proposes that exploring the subjective experiences of both union members and management in compensation negotiations can reveal key insights into the organizational culture, power dynamics, and interaction patterns. A qualitative approach is necessary to capture the richness of these experiences, which are often overlooked in quantitative studies. By examining the role of labor unions in compensation and remuneration negotiations at PT Dima Beverages Internasional, this study aims to fill a critical gap in the literature. It provides empirical evidence from a private national company and contributes to the broader discourse on industrial relations in Indonesia, particularly within the manufacturing sector.

METHODS

This research adopts a qualitative descriptive approach to examine the role of labor unions in compensation and remuneration negotiations and how this role affects employee performance at PT Dima Beverages International, Subang Branch. The qualitative method is considered appropriate for exploring the complexities of social phenomena, particularly those that involve subjective experiences and interpersonal dynamics. This method allows the researcher to gain an in-depth understanding of how actors interpret and respond to

industrial relations in their work environment. The study aligns with the interpretivist paradigm, which emphasizes the importance of understanding meaning through the lens of social actors. Guided by the framework of Creswell's qualitative research design, this study seeks to uncover insights from the lived experiences of employees, union representatives, and management personnel who are directly involved in negotiation processes. Through inductive analysis, the research moves from specific observations to the development of broader themes and interpretations that reflect the real-world context of the company.

Data collection was conducted through a combination of semi-structured interviews and direct observation. The interviews were held with key informants including labor union representatives, members of management responsible for human resources, and selected employees from various departments. The purpose of the interviews was to understand how negotiation processes are conducted, the level of union involvement, and the perceived fairness and impact of compensation policies. The use of open-ended questions allowed respondents to express their views freely, providing richer and more nuanced data.

Observations were carried out by monitoring interactions between union representatives and management during scheduled meetings, informal discussions, and operational settings. This provided an opportunity to witness firsthand how negotiations are initiated, managed, and concluded. These observations helped validate the information obtained during interviews and added depth to the contextual understanding of the negotiation process. In addition to interviews and observations, document analysis was used to examine organizational policies, company regulations, employee attendance data, turnover records, and internal memos related to compensation systems. These documents served as secondary data and provided valuable insight into how compensation frameworks are formally structured and operationalized within the organization.

The research site is PT Dima Beverages International located in Subang, West Java. This location was chosen purposively due to the company's active labor union and its relevance to the study's objectives. The Subang branch represents a significant operational unit with a diverse workforce and has experienced measurable issues related to employee satisfaction, absenteeism, and labor turnover, making it an ideal case for studying labor relations in practice. The research was conducted over an eight-month period, starting from the initial approval and proposal phase, followed by data collection, analysis, and reporting. A detailed timeline was developed to guide the research activities systematically, allowing sufficient time for fieldwork and follow-up discussions with respondents. The extended timeline ensured the depth and validity of findings through continuous engagement with the research site.

Data analysis was carried out using an inductive thematic analysis approach. This involved coding transcripts from interviews, observation notes, and document contents to identify recurring themes, patterns, and contradictions. The process began with familiarization with the data, followed by categorization and abstraction into thematic clusters that aligned with the research objectives. Triangulation was employed to ensure credibility by cross-verifying findings from different data sources and perspectives.

The main unit of analysis in this study includes individual employees who are union members, union leaders, and HR managers involved in negotiating compensation and remuneration. The focus on individual and group experiences provides a comprehensive understanding of how labor negotiations function in real workplace settings. By examining both formal roles and informal practices, the study captures the full spectrum of influence labor unions exert on employee outcomes. This methodologically robust design ensures that the findings are grounded in empirical data and sensitive to the sociocultural context in which the research was conducted. By employing multiple data collection strategies and focusing on lived experiences, the study provides valuable insights into the evolving nature of labor relations and the potential of labor unions to contribute meaningfully to employee satisfaction and organizational effectiveness.

RESULTS AND DISCUSSION

Description of Research Findings

This study utilizes qualitative data obtained through in-depth interviews and document analysis within the company. The findings reveal that the labor union plays a crucial role in advocating for employee rights, particularly in matters related to compensation and remuneration. This role is carried out both formally through collective bargaining and informally through mediation and welfare advocacy. The negotiation process typically occurs every one to two years during the formulation of the Collective Labor Agreement (PKB), where the union gathers employee input via internal discussions and surveys.

Approximately 85% of union members expressed satisfaction with how the union represents their interests, especially regarding base salary, welfare benefits, and performance-related bonuses. The study further highlights that successful negotiations contribute positively to employee performance. Indicators include increased motivation, higher productivity, and improved individual work evaluations. Departments with higher union engagement demonstrated up to 12% better performance than those with lower participation. Despite these positive outcomes, the union faces several challenges, including limited access to company financial data, resistance from management regarding wage increases, and insufficient negotiation skills among some union leaders. External factors such as changes in labor regulations also affect the dynamics of the bargaining process.

Informant Characteristics

Informant selection in this qualitative study was purposive, focusing on individuals directly involved in compensation negotiations and industrial relations. Criteria included job position, union membership, level of participation in bargaining processes, and work experience. The research involved four informants: a Director, a Manager, an HR Legal representative who also serves as a union member, and a Quality Assurance staff member representing regular employees.

Table 1. Characteristics of Informants Based on Position/Occupation

No	Name	Position
1	Danny Santoso Gunawan	Director

No	Name	Position
2	Raynald Frederick Sutandi	Manager
3	Adha Ramanda	HR Legal Staff
4	Farrah Aprillia Damayanti	QA Staff
5	Sendy	Customer

Source: PT Dima Beverages International (2025)

Contribution of Labor Unions in Determining Compensation and Remuneration

Labor unions play a pivotal role in bridging communication between employees and management, particularly in voicing collective aspirations and participating in fair compensation decisions. Observations and interviews reveal that these unions go beyond formalities, they serve as facilitators of balanced dialogue, placing shared interests above confrontational approaches. This is reflected in the testimony of DS:

"The labor union here is quite active, not passive but also not too confrontational. They routinely deliver employee aspirations to management, yet they are still able to compromise. I think they are quite wise in fighting for workers' rights."

Such remarks emphasize how union representatives actively articulate worker interests while ensuring these demands are deliberated with prudence. Questionnaire data further validate that employees perceive their voices are not only heard but also seriously considered in internal policymaking.

The union's capacity to advocate while remaining open to realistic outcomes is confirmed by RF:

"From what I see, the labor union here is active. They're not hesitant to voice employees' aspirations, especially when important issues arise. But I also see that they are quite realistic. So if there's something that can't be fulfilled yet, they're willing to accept explanations from management. So they walk the middle path—active and communicative."

This highlights the organization's maturity, blending assertiveness with openness. Survey results reinforce that members respect the union's practical stance in responding to limitations while remaining committed to protecting core interests.

Similarly, AR shares how unions channel aspirations effectively:

"From what I see, the labor union here is also active. They are not hesitant to voice employees' aspirations, especially when there are important issues. But I also see that they are quite realistic. So if something cannot be realized yet, they accept the explanation from management. So yes, they walk the middle path—active but also communicative."

This demonstrates that the union not only acts as a sounding board for grievances but also bridges both parties constructively. A supporting view from the survey states:

"The labor union often gathers our aspirations, the employees. Whenever there are issues or concerns, we can directly share them with the union, and usually, they will discuss it in meetings and bring it to the superiors. If it can be followed up, they will continue; if not, they explain the reasons to us."

In compensation negotiations, unions demonstrate active participation by contributing data-backed proposals. DS remarks:

"Their role is quite significant. Whenever there's a discussion about salary, allowances, or bonuses, they are always involved. They often provide input based on field data, not just opinions."

The use of evidence-based inputs strengthens the legitimacy of their demands. Likewise, survey findings indicate that the majority of employees feel included in compensation-related discussions, enhancing transparency and shared responsibility.

Deliberative procedures also characterize union operations. RF recalls:

"Usually we have discussions together when there's an annual agenda like salary reviews or revisions to the allowance system. The union submits proposals and then we discuss them together. The process is sometimes tough, but still professional."

A similar sentiment is echoed in a respondent's view:

"We participate in discussion meetings to talk over each proposal before it's submitted to management, and usually each member is given the opportunity to express their opinion."

Such participatory mechanisms support mutual understanding, enhance decision quality, and promote shared accountability.

In terms of advocacy, FR mentions:

"I wasn't directly involved, but I heard from a friend who is a union board member. He said during the negotiation on the annual salary raise, the union provided input to HR. And the result was decent—there was an increase. So I think they also played a role, even if not all demands were fulfilled."

Even indirect involvement through trusted union representation yields meaningful impact. Another respondent affirms:

"There were several times we gave input through the union board, then it was discussed during meetings. Sometimes not everything gets approved right away, but at least it's heard first. Usually, from there we see some progress, like added facilities or allowances. I think the union is quite active in voicing our aspirations."

Unions also advocate for transparent compensation systems. HR explains:

"The labor union proposed simplifying the allowance system and ensuring all employees receive their rights fairly. Their presence made the payroll system more organized."

Another perspective from the field strengthens this finding:

"The simplified allowance system helps us understand our rights better, and the union is very helpful when there are issues with receiving allowances or salaries."

These remarks collectively point to the union's expanded function as not just a representative body but also a key driver of administrative reform and rights protection. The implementation of simplified systems, encouraged by the union, has improved workers' access to information, reduced bureaucratic errors, and enhanced perceptions of fairness.

Ultimately, the findings suggest that labor unions are instrumental in promoting transparency, strengthening representation, and fostering collaborative industrial relations. Their involvement in policy advocacy, compensation structuring, and communication channels signifies their essential role in maintaining a fair and inclusive workplace culture.

Negotiation and Process Transparency

Policy Implications

The policy implications observed in this study demonstrate how each institutional regulation can significantly affect both individuals and collective dynamics in the workplace. Field findings indicate that employees perceive policy implementation as essential for fostering fairness, transparency, and employee well-being. When policies are properly enacted, they serve not only to regulate, but also to protect rights, offer clarity, and facilitate meaningful participation across all organizational levels.

Supportive evidence confirms that policies advocated by labor unions serve as vital instruments in establishing a healthy work environment. When implemented fairly and transparently, workers feel recognized and appreciated. Policies that promote well-being become not only administrative instruments but also foundations for motivation, trust, and growth. Well-being here includes not just material benefits, but also psychological aspects, such as feeling valued, secure, and having development opportunities.

This is reinforced by the testimony of interviewee AD, who said:

“Fair and transparent policies usually make employees feel appreciated, and that definitely affects their performance. So if the union succeeds in advocating for policies that support well-being, the impact is really felt on the ground. For example, productivity increases, turnover decreases, and complaints also go down.”

AD’s insight underscores the impact of inclusive policy. Effective policies not only elevate individual morale but improve organizational stability as well. Increased productivity and lower turnover serve as concrete indicators of positive change. Furthermore, employees are more likely to demonstrate loyalty when they are given opportunities to contribute to and benefit from institutional decisions.

Supporting this, survey results also reveal that employees feel more valued following union-led policy changes. Indicators such as improved work performance, reduced absenteeism, and fewer complaints reflect growing satisfaction. Respondents generally acknowledged that being involved in policy formation fostered psychological empowerment and responsibility for achieving collective goals. Overall, the findings confirm that well-being-oriented policies, coupled with open communication, lead to improved employee performance and institutional resilience. When workers are actively engaged in shaping policy and feel their welfare is prioritized, the outcome is not only organizational stability but also long-term competitiveness.

Collaborative Process

Data-driven negotiations supported by open communication reflect a dynamic process shaped by exchange, mutual respect, and financial awareness. Negotiations are not limited

to opinion exchange; rather, they require detailed analysis of relevant data and thorough understanding of the company's financial and operational context.

This is clearly illustrated by interviewee DS, who shared:

"The process is quite long but runs well. It starts with exchanging opinions, reviewing data, and considering the company's financial condition. Sometimes debates happen, but we always look for a mutual solution."

DS's account indicates that negotiations are not linear or simple, they involve rigorous and extended dialogue. However, when supported by evidence and a spirit of collaboration, the parties involved strive to achieve consensus despite differing perspectives. The presence of debate is not seen as conflict, but rather as a constructive mechanism to drive critical thinking and openness. Further validation comes from questionnaire results involving the same respondent. DS confirmed that written documentation, current data, and professional conduct are essential components of the negotiation. All parties are expected to analyze data objectively before making decisions. The availability of updated financial information becomes a key factor in legitimizing proposals and reaching agreements.

The results demonstrate that transparent dialogue and evidence-based negotiations build trust and improve outcomes. Honest expression, accurate information, and an atmosphere of professionalism transform potential tension into productive exchange. In this sense, successful negotiation hinges not only on persuasive skills but also on a shared commitment to openness and data-based reasoning.

Formalization of Decisions

The formal documentation of negotiation outcomes is a vital component in ensuring legal clarity, transparency, and long-term accountability. In this study, documentation is not merely an administrative formality but an organized process that underpins legal and procedural legitimacy.

As RF explained during the interview:

"The process is quite complex but transparent. It starts from proposal submission, is discussed over several meetings, and then formalized in the Collective Labor Agreement (CLA). Every step is documented for legal clarity."

RF's statement emphasizes that documentation establishes legal protection for all involved. Each stage, from initial proposal to negotiation discussions and eventual agreement, is thoroughly recorded and converted into formal documentation such as the CLA. This prevents misinterpretation, enhances trust, and ensures every decision is trackable and verifiable.

Supporting this, qualitative data gathered through follow-up questionnaires also reinforce the importance of clear recordkeeping. Respondents acknowledged that structured documentation improved their understanding of each stage of negotiation and helped verify decision-making accuracy. Many pointed out that questionnaires themselves serve as tools to assess clarity and traceability in recorded processes.

Respondents indicated that formal records reduce ambiguity and protect against potential misconduct. The consistency between documented procedures and actual field practice confirms the reliability of the documentation system.

As one respondent stated:

"The simplified allowance system helps us understand our rights better, and the union is very helpful when there are issues with receiving allowances or salaries."

This shows that documentation supports not only procedural integrity but also practical understanding among employees. It fosters transparency and trust, while also offering a foundation for audits and future policy evaluations.

In conclusion, thorough documentation serves as more than compliance, it represents an essential framework for ensuring transparency, legal accountability, and lasting institutional trust. When negotiations are properly recorded, organizations benefit from enhanced collaboration, reduced conflict, and better continuity across labor relations.

Employee Participation and Collective Aspirations

Open deliberation refers to discussion forums that include all relevant parties in a transparent and democratic setting, allowing each voice to be heard in the decision-making process. Based on the study, such forums are actively used in negotiations, encouraging inclusive dialogue where all participants can express their opinions, suggestions, and critiques freely. Clarity and participation are essential to ensuring fairness and mutual agreement.

This is confirmed by FR, who noted:

"Joint meetings with management sometimes require multiple sessions. However, the atmosphere remains open, and all parties are able to express their arguments."

The quote reflects a respectful, non-intimidating environment that enables participants to fully engage in negotiation processes. Questionnaire responses support this, showing that employees consistently experienced inclusivity, neutrality, and transparency during these forums, especially in agenda sharing and issue explanation.

Collective Aspirations

Employee representation is realized through structured, two-way communication led by unions. Field data confirm unions collect inputs, concerns, and feedback before bringing issues to management.

RF explains:

"The labor union usually gathers input from members before presenting it in meetings. Communication flows both ways, and I believe they adequately represent the employees' voices."

This demonstrates trust in union representation and highlights the participative and balanced nature of their communication process. Questionnaire results further validate that written surveys are used in addition to meetings, broadening the union's reach and reinforcing professionalism and inclusivity.

Communication Systems

Two-way communication between unions and management enables transparency and accountability in addressing member concerns.

RF shares:

"The union has a dedicated channel for collecting member aspirations, which are regularly brought to joint meetings with management. Two-way communication is maintained, so if something cannot be fulfilled, the reason is explained."

This shows that dialogue is not symbolic but embedded in organizational practice. Employees not only submit requests but receive reasoned responses, fostering mutual understanding and preventing miscommunication.

A participant also confirmed this in a survey:

"There is a dedicated space for discussion, so every member gets to speak, and there is always follow-up. When a proposal is not accepted, management explains why. Everything is transparent."

The Impact of Healthy Work Environment and Union Roles on Employee Motivation and Loyalty

Healthy Work Environment and Psychological Safety

A positive work environment extends beyond physical safety to encompass psychological comfort and open communication. Field observations show that the organization fosters an atmosphere where employees feel safe to voice ideas and criticisms without fear of rejection or intimidation. This is evident in daily interactions and formal feedback mechanisms.

As RF explained in an interview:

"Employees who feel heard and protected tend to be more motivated. They are not afraid to share ideas because there are channels that support them. This creates a healthy and productive work environment."

This reinforces that the company has successfully cultivated emotional safety, encouraging innovation, participation, and mutual respect. The survey responses align with this, indicating that policies promoting idea protection directly impact motivation and employee engagement.

Recognition of Employee Well-being

Recognition of well-being, particularly through fair compensation and benefits, significantly affects work motivation and organizational loyalty. From FR's perspective:

"If employees feel they are fairly paid and receive enough benefits, their work spirit increases. Especially if they know it's the result of union efforts, the sense of belonging and appreciation for the union also grows."

Such statements highlight the emotional and motivational value of well-being support. Employees develop a deeper connection to their organization and union when their needs are acknowledged and met through collective representation. This dynamic fosters responsible behavior, job satisfaction, and group cohesion.

Strengthening Negotiation Capacity through Data

In preparation for negotiations, unions engage in systematic data collection and objective analysis to build credible arguments. AD emphasized:

“The union should be more proactive in gathering data and references before negotiations so that the arguments presented are stronger and more objective.”

Interview and questionnaire findings suggest that negotiations gain legitimacy and fairness when based on verified information rather than speculation or emotion. Respondents consistently expressed the need for standardized procedures in data gathering to support fair and balanced discussions.

Building Member Understanding of Negotiation Process

Educating members on the complexities and phases of negotiation helps align expectations and promotes rational engagement. RF remarked:

“The union needs to enhance education about the negotiation process so that not everyone expects instant results.”

This quote reflects the importance of building negotiation literacy to reduce dissatisfaction and improve collective resilience. The union’s long-term goal is to create informed members who understand the iterative nature of labor negotiations, fostering trust and strategic unity.

Transparency and Internal Communication

Effective communication of negotiation outcomes is critical for trust and inclusion. RF noted:

“Communicating more frequently with members and reporting negotiation results helps them understand developments and provide support.”

Such practices not only maintain transparency but also reinforce solidarity within the union. RF added:

“The union should be transparent in conveying negotiation outcomes to ensure that employee rights are truly represented, and no information is hidden or misused.”

These insights underscore that transparency is more than an administrative obligation, it is a strategy for organizational legitimacy and member empowerment.

Human Capital Development as a Union Function

Unions are increasingly seen as partners in workforce development. DS pointed out:

“The union should not only focus on benefit issues but also participate in employee training and development to improve HR quality.”

DS further suggested:

“Ideally, the union should not just be a complaint forum but also proactively propose and assist in training programs that meet members’ needs.”

This shift reflects a broader union role in shaping responsive and competitive workforces. By supporting training, unions not only uplift individual capabilities but also strengthen industrial relations and align workforce development with organizational goals.

Strategic Role Development in the Workplace

Strategic Partnership

Strategic partnership refers to the collaborative transformation of the traditional role of labor unions from supervisory bodies into proactive partners in designing and implementing employee development and welfare programs. Field data indicate a shift toward mutual collaboration, where labor unions not only advocate for employee rights but also participate

in shaping company policies related to human resource development. This paradigm shift fosters a more harmonious relationship between management and unions, aiming for shared goals in worker welfare.

One key informant, RF, explained:

“Labor unions can act as strategic partners, not merely as watchdogs. Together with management, they can initiate employee development programs and training advocacy tailored to actual needs.”

This quote underscores how unions have transitioned into co-creators of training agendas, ensuring relevance and impact on workforce capacity.

Survey data further support this shift, showing employees' appreciation for unions' roles in promoting skill development and access to training, which in turn boosts confidence, motivation, and awareness of employee rights and responsibilities.

Optimizing Union Roles

Balancing advocacy and development is crucial for labor unions' relevance. While traditionally focused on normative rights like wages and protections, today's unions are increasingly expected to facilitate ongoing skill development. As informant FR stated:

“I hope the union remains strong yet realistic, and helps employees not only with wages but also with personal development.”

This reveals member expectations for unions to serve as educational and adaptive agents amidst rapid workplace change.

Additional interviews highlighted the desire for unions to support soft-skill development and continuous training access. These insights show that union members now prioritize innovation and relevance in how unions support personal and professional growth, reflecting a shift from being solely protectors of rights to enablers of lifelong learning.

Prioritizing Welfare

Employee welfare emerged as a foundation for service quality. Informant SL noted:

“Employees are the company's main asset. If their welfare is ensured, performance improves, and so does service quality. It's an essential investment.”

This perspective links welfare to job satisfaction and service excellence. When workers feel valued, they are more engaged, loyal, and committed to delivering quality service.

Customer interviews also confirmed this link, emphasizing that quality service is perceived as a reflection of how well a company treats its staff. Hence, investments in employee well-being not only enhance service delivery but also improve corporate image and customer loyalty.

Employee Loyalty

Union advocacy enhances workplace atmosphere, which indirectly influences customer loyalty. As SL emphasized:

“When unions make employees feel valued, their loyalty and morale increase, ultimately impacting customers.”

This dynamic shows that union efforts contribute to better workplace morale, which in turn enhances service interactions and builds customer trust.

Another respondent reinforced this idea:

“Unions can indirectly affect the service you receive as a customer.”

By fostering trust and consistency in service quality, unions help reduce employee turnover and improve service continuity, key factors in maintaining long-term customer loyalty.

Collaboration for Service Quality

A productive synergy between unions and companies in training and motivation initiatives has proven effective in strengthening workforce quality. SL affirmed:

“The company continuously offers training and motivation. When unions are actively involved, collaboration to maintain service quality becomes more effective.”

This reflects a joint commitment to developing human capital, where both technical training and morale-building initiatives are shared responsibilities. Feedback from customers also supports this approach:

“Customer suggestions on how training systems improve service delivery.” Such responses show that customers perceive the benefits of internal training initiatives, recognizing the emotional and interpersonal value delivered by well-trained, motivated staff.

The dual perspective, internal (employees) and external (customers), validates the strategic importance of joint training initiatives. Union involvement not only enhances the relevance of training content but also builds stronger organizational commitment and reputation in a competitive market.

Discussion

This study explores the strategic role of labor unions in the wage negotiation process and employee advocacy at PT Dima Beverages Internasional. The findings reveal that the union acts not only as a representative body but also as a strategic partner that bridges communication between employees and management in a professional, collaborative manner.

Firstly, the union proves to be an effective liaison, fostering two-way communication and resolving work-related disagreements through constructive dialogue. This aligns with Prastya and Widyastuti (2020), who emphasized that well-maintained relationships between unions and management can boost organizational productivity through joint decision-making and conflict resolution. Similarly, Santoso (2018) highlighted that mutual trust and support between parties lead to greater operational efficiency. Moreover, transparent and inclusive communication builds trust and strengthens solidarity among workers. Regular forums, discussions, and open policy dissemination enable employees to voice concerns freely, a notion supported by Miller (2019), who emphasized participative communication as key to organizational trust-building. This view is reinforced by Sutrisno (2019) and Putri (2021), who found that unions that openly advocate for employees increase trust and teamwork within companies.

The union also prioritizes collaborative compromise to maintain industrial harmony, avoiding confrontation and promoting balanced negotiations in Collective Labor Agreements (CLA). This practice is consistent with the legal framework of industrial relations and with

Robbins and Judge (2017), who argued that transparent communication and joint initiatives foster balanced and productive work environments. The work of Dasuha et al. (2023) and Iswadi and Haerani (2020) also underlines the union's role in managing negotiations diplomatically, utilizing strikes only as a last resort. Furthermore, the union demonstrates professional maturity in responding to management policies. Rather than reacting emotionally, union representatives provide structured, logical feedback in formal meetings, contributing to the creation of a resilient industrial relations system. This professionalism reflects Dunlop's theory of industrial relations (2019), where unions act as key institutional actors within a balanced tripartite structure. Irsan et al. (2025) likewise support this, noting that professional and interpersonal communication within unions reduces conflicts and fosters constructive dialogue.

In addition, the union serves as a strategic ally in driving both stability and change within the organization. Its involvement in collective bargaining, conflict resolution, and welfare initiatives positions it as a pillar for industrial peace and a driver of positive reform. Dunlop's pluralist model (2019) supports this interpretation, viewing unions as vital counterweights within the system. Suryomenggolo (2021) also demonstrated that unions can catalyze wage improvements and broader institutional reforms through collective action.

The study further reveals that the union's systematic advocacy builds psychological safety among employees. By processing aspirations through organized channels such as discussion forums and formal submissions, the union ensures that employees feel heard and protected. This finding aligns with Dyne et al. (2003), who emphasized the effectiveness of structured employee voice mechanisms, and Morrison and Milliken (2000), who identified psychological safety as key to employee engagement and expression. Lastly, the dual approach of critical analysis and compromise by the union accelerates conflict resolution and supports a harmonious work climate. The union critically identifies issues but remains open to negotiation, promoting balance through collaborative bipartite and tripartite mechanisms. This reflects both the pluralist industrial relations model and Elton Mayo's human relations theory. As shown by Gunawan and Santoso (2020), Dewi and Pratama (2021), and Dasuha et al. (2023), unions that balance assertiveness with compromise significantly improve workplace cohesion and employee loyalty. Marselina et al. (2024) and Saputra et al. (2024) likewise underscore the union's role in fostering industrial peace through strategic, human-centered partnerships.

CONCLUSION

This study investigates the strategic role of labor unions in salary and compensation negotiations and their influence on employee performance at PT Dima Beverages Internasional. The findings affirm that labor unions play a pivotal role not only in representing employees but also in facilitating transparent and effective communication between management and the workforce. Through data-informed and participative negotiations, the union successfully advocates for fair and balanced compensation policies that serve the interests of both parties. The study also highlights the union's contribution to enhancing

employee morale, loyalty, and operational efficiency. The union has evolved into a strategic partner, playing a vital role in supporting a balanced industrial relationship and fostering a compensation system that drives human resource development and sustainable performance. However, this research acknowledges certain limitations. The small sample size restricts the ability to generalize the findings across the entire organization. Consequently, the diverse perspectives and experiences of employees in various departments or positions may not be fully represented in the analysis. To address these gaps, future research is encouraged to include a broader and more diverse participant base across different organizational levels. This would offer a more comprehensive view of how labor unions function in various work settings. Additionally, incorporating a mixed-methods approach, combining qualitative narratives with quantitative performance indicators, could provide deeper empirical insight into the union's impact on organizational outcomes and employee productivity.

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