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# **Violating Labour's Rights, A Failure Understanding Establishment of SOEs Holdings: Evidence at the State-owned Enterprise Cement Holding of PT Semen Indonesia (Persero) Tbk**

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**Abstract** - This research aims due to disclose many phenomena that against with leadership's theories. There are wide gap between capacities and capabilities of board of directors (BOD) and or board of commissioners (BOC) in terms understanding labour's right and obligations. Lack of these understandings have triggered conflicts and disputes and drive to the mass demonstrations in the country. The methodology presented is event case study and mixed of quantitative and qualitative to build scientific research arguments. It found that violating labour's welfares have proven occurred in the State-owned cement holding of PT Semen Indonesia since 2012 and therefore requiring academic advocating supports worldwide. These phenomenon are quite significant due to generally social behaviour in Indonesia, when none have risen consents and or delivered critics then the conditions are becoming normal, common, and legal. The most important is labour's right and or labour's welfare must be defended according destiny of human being and in accordance with regulations applied.

**Keywords:** Cement Holding, Labour, Board of Directors, Welfare, State-owned Enterprises, PT Semen Indonesia (Persero) Tbk

## **1. Introduction**

Several rush new establishment of State-owned Enterprise (SOE) holdings are again sparking concerns and paying high public attention throughout Indonesia. Amidst uncertainty within laws and politics - worsen by many leaders' vested personal interest - establishment many holdings based on experience of the PT Semen Indonesia (PTSI) holding is unavoidably triggering fierce disputes. Many mandatory tasks require adjustments and the consequences are wasting time and expensive; even more, organization is severely suffer, especially in quality of leaderships.

Within period 2014-2019, the Indonesia SOEs' Ministry planned to establish at least six holdings, which only two of them had indicated on stream as planned. The new two holdings

recently established was Mining's holding led by the Indonesia Aluminum (PT Inalum-by today since 2019 had been said as Mining Industry Indonesia or MIND ID), and the Indonesia Oil and Gas Holding led by PT Pertamina (State Oil and Gas Company). The other four holdings respectively holding for banks, constructions, highways, and housings, all were failed to be established in due time. However, the Ministry of State-owned Enterprises again has stated to establish new other kinds of holding which are holding of insurance, holding of hotel, holding of pension fund, and holding of hospital.

The most issues then occurred within intern organization especially coming from labour. Due confidential information and strictly access to know about holdings, they collect information by their own efforts and some of them gather information by learn and share through its union, union federations and union confederations as well. The effective way to assembly information and knowledge according their consideration is visiting or making comparison study, benchmarking each other, seminars, or establishing certain focus group discussions (FGD) to the other Union's colleagues who earlier had restructured their corporations as holding company.

The results are quite surprising as holdings were built is getting conflicts especially with their labours. Transformational leaderships were sources of conflict as the BOD chosen to chair its holdings are generally from different core of business. Due to they are historically not coming from same core of business then they were omitting psychological relations with labour. In practically, form of newest relationship is now only based on transactions and none of them start due to respect or mutually understanding as like it was.

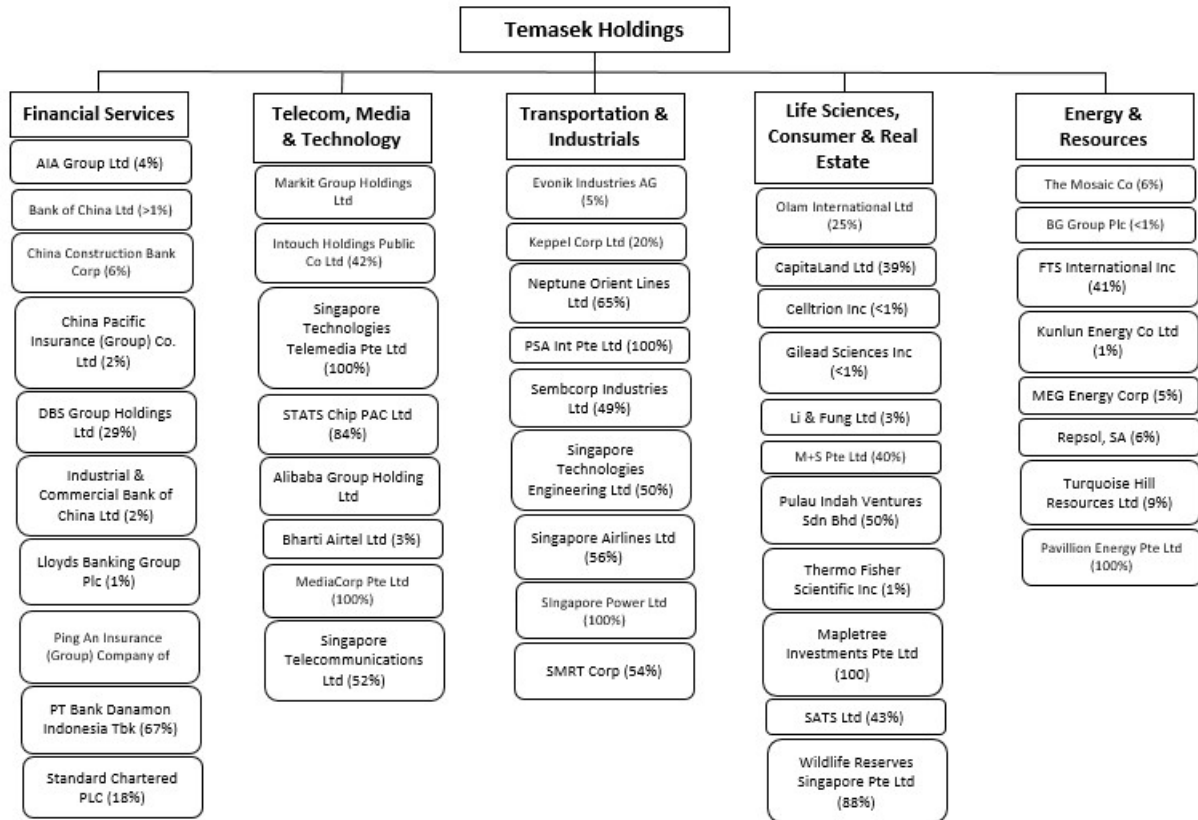
## **2. Literature Review**

Form of holding or at previous views as merger and acquisition have acknowledged by many people as an alternative to improving performance. The new terminology is now circulating at the literature and academic's atmosphere as synergy. The SOEs' synergy is of course will be important because it will be accordingly increase SOEs' economic of scale and economic of scope (Baye, 2006). This synergy will make operational costs more efficient as overlapping business's activities could be done in once. The benefit of forming SOEs' holding that between SOEs within holding is easily transform intern business activities to get efficient and effective. Few things could be done is easily transfer assets, exchange materials for production or operational purposes, until exchange human resources for developing labour.

There were lot things done in accordance of global holding as benchmarking. To simplify business, global holding Temasek divides its branch offices into 5 categories. Temasek's head quarter split its business with focusing in (1) financial services, (2) telecom, media & technology, (3) transportation & industrials, (4) life sciences, consumer & real estate and (5) energy & resources. Complete illustration figuring Temasek's organization can be seen at Figure 1.

Executives at the headquarters' office have just supervised every members of holdings remotely. They play role to directive, orders, detect earlier things that abnormal, and giving advice or solutions to address every problem. Even more, executives at the central office can interchange interests between member of holdings for bigger goals that impossible could be seen by peer members. Telecom, media and technology for example can obtain funding to finance its projects from the other groups of financial services. In vice versa, the financial services can get technical assistance from the telecom, media and technology when it installs a

new technical devices that require technical experts. The collaborations between group will better coordinate in harmonies by the central office that is the Temasek Holdings.



**Figure 1.** Structure of Temasek's Holding

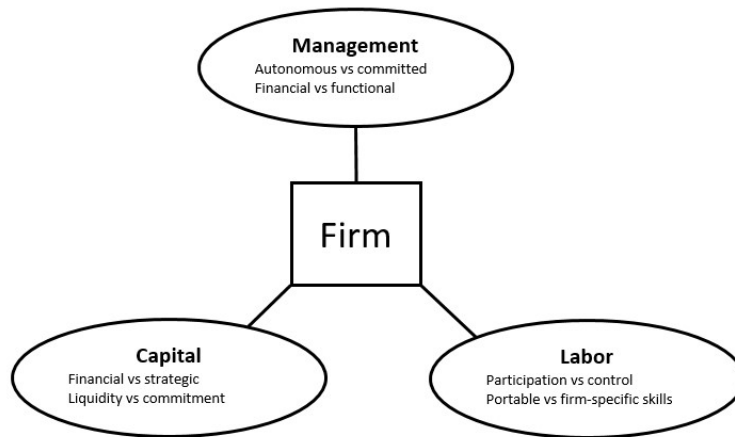
Source: Agustawan (2015)

Wicaksono (2009) by his final dissertation said that holding in SOEs' Indonesia is still looking for an ideal and better operational. There were still un-found ideal organization and neither ideal operations. Still confusing how to take correct things to choose best strategy, controlling still weak, and the whole as benchmarking holding is still in quest. Malaysia proposed its models but it could not easily applied. Singapore was also proposing model with popular Temasek's holdings. The happen things as benchmarking has not found yet, then SOEs' holding run under without best guidance. Leaderships by trial and errors are now becoming common in Indonesia.

### 2.1. Understanding Labor

Take a look at vast discretions by management due forming a holding, Aquilera & Jackson (2003) alarms that a good corporation or a firm; however, consists and built-in from (1) management, (2) capital, and (3) labour. The labour especially granted by laws to engage, participate, and make control during daily operational. Labours are having specific skills that

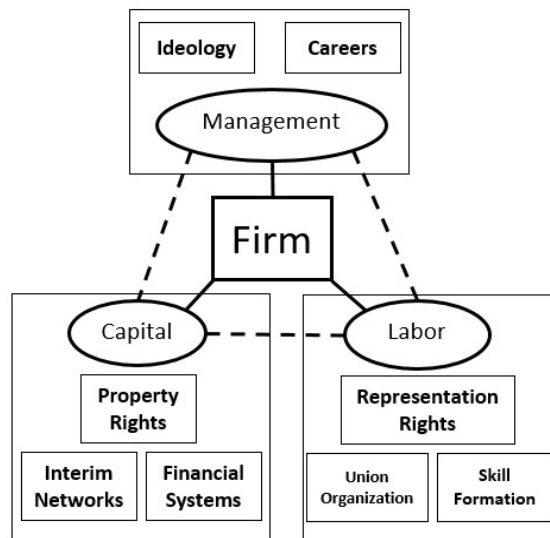
enabling company achieves its goals and targets. Views of Aquilera & Jackson (2003) is now well understood enriching of the Corporate Governance Concept. Following Figure 2 is showing how hyarcial and communications between each of elements should be maintained and performed.



**Figure 2.** Corporate Governance Concept

Source: Aquilera & Jackson (2003)

Further, if Figure 2 is translated into detail picture to Figure 3, then it could be seen that within element of labour comprising representation rights that today well known as union organization. Within labour is also retaining skill formation.



**Figure 3.** Institutional Relation within Governance

Source: Aquilera & Jackson (2003)

It is clear then labour participation was acknowledged since a long time ago. Existence of labours are solid and strong to build companies together with management, as partner and or friendship to achieve goals and targets (Ulle et al. 2018; Christy, 2008; Yanagiya, 2010; Sundar & Sapkal, 2017; and Zhanaltay, 2019).

### 2.2. *Labor and Indonesia's Industrial Relationship*

Labour in Indonesia's industrial relationship is so far generally viewed by people as an opponent against either of industrial organizations and management. Even though, labour's rights have been accommodated into laws, to do so stipulated by laws still require lot of considerations. These are to avoiding stigma as ordinary people generally measure labour and or its organization into unions, federations and or confederations are against with management's interests. These stigma unfortunately are being worsen by labours itself. Only few member of labours have paid attention to advocate destiny of labour, these are consequence due to lot of psychological and physical pressure, discrimination, and often busting to them.

Labour organizations in generally industries in Indonesia even it mandated and stipulated by laws, still and hopefully its existence unexpected. By most of member of human resources or human resource director, labour organizations into unions are nightmare. Every management in Indonesia generally made campaigned to every member of labours as stubborn persons, hard to make cooperation, impolite, and difficult personality during discussion.

These situations in Indonesia are quite normal and common. There is a one of reasons why labour was not invited and involved during discussion of forming several SOEs holdings. Labour in practically could be confirmed ignored and forgotten. This is due to labour in Indonesia still in second class and it could be postponed. Everything that priority and urgent on behalf operations and or productions are among the first; further, while time available then discussing about labour interests. The ironical things occurred, as member of human resources itself are also member of labour.

### 2.3. *Spirit Welcoming Investors*

Existence of labour in Indonesia today is challenging and fully under pressuring. In order to smoothing investment in Indonesia, several labour's laws are under revisiting in several omnibus laws' projects. According the Government, investment is the only hope to create jobs while today becoming critical need for the approximately 5.28% open unemployment by 2019. It was about 25.67 million poor, and 7.05 million unemployed, and 45 million underemployed people in the country to escape poverty (BPS, 2019).

To create million jobs, within 2020 Indonesia's government has targeted to obtain total investment of Rp 886 trillion (US\$63.28 billions). These targets are simply heavy as stalled projects by 2020 were reaching Rp 708 trillion (US\$50.57 billions). These are to absorb unemployment rate that by 2019 was lower than 2017. Investments are used to support economics growth as every 1% growth could absorb at least 110,000 persons.

Investment issues by 2020 are quite promising as several world classes industries would to invest in Indonesia. Following global companies are (1) Microsoft Corp that will invest US\$1 billion in field of database; (2) Softbank Group Corp has committed to invest of US\$30 billion to US\$40 billion; (3) The UAE will initiate 11 business agreements with a value of US\$22.89 billion; (4) the US International Development Finance Corp; and (5) Japan.

Unfortunately, lot of barriers still in a head. Following barriers that immediately resolved are regulations, recommendation, taxes systems, and land clearing. Private investors are willing to stake their capital only if the investment climate allows and it had been improved significantly.

The most controversial and socially sensitive component of this comprehensive reform concerns investor demand, notably among foreign investors, for more flexible labour regulations. They view current labour rules as exaggerate comparing with other nations. According to investors, employment costs in Indonesia are highest among countries in ASEAN regions. It was worsen with labour and unions that frequently protest in regards of conflicts and disputes.

These such arguments are opposite with the knowledge and the principle that economic growth and job creation share common goals that can be achieved only with industrial peace and fairly distributed gains from growth. The economy will not grow if employers and labour unions are constantly at conflicts and disputes (The Jakarta Post, February 2020).

#### 2.4. *Revisiting Wage's Structure*

For the simplify labour's regulations to meet demanding of investors, as a part of omnibus bills, Ministry of Employment was issued planning to adopt hourly-basis wages scheme. The concept is, workers with 35 hours of work per week and below will be piloting to this new wage scheme. The idea is baseless due at global today based on the ILO, there are 13 systems of working hours within span of 35 hours per week to 52 hours per week which are applied in generally 200 countries. The country implementing a 35-hour basis per week to be only one, namely France, as well as a country with a 52-hour basis is only one too, namely Kenya.

There are two perspectives with the difference in the implementation of minimum and maximum working hours, the prosperous countries apply a few hours of work, while the poor countries apply longer of its working hours. France currently ranks at sixth the world's largest GDP, while Kenya ranks 67th out of 191 countries by 2019. Indonesia at the same year had a GDP of US\$ 1,074.97 billion or at ranking at place 16th out of 191 countries.

Consecutive countries that implement working hours 37.5 hours per week there are 3 countries, 38 hours (2 countries), 39 hours (3 countries), 41 hours (1 country), 41.7 hours (1 country), 42 hours (1 country). Countries with adopt 44 hours (13 countries), 44.5 hours (1 country), 45 hours (16 hours), 48 hours (47 countries) and 40 hours into the majority with 103 countries. The country's population with the largest base of 40 hours of work a week is 51.5%, followed by 48 hours a week of 23.5%.

This meant that the 40-hour-a-week model adopted by Indonesia's labour law is not very bad and is still very relevant. It is not yet time for Indonesian workers to move to demand shorter working hours as like France, but it is also not exploited until 52 working hours as like Kenya. Even more, working hours of Indonesian workers 40 hours a week are same as those in other prosperous and developed countries of Luxembourg, New Zealand, the Netherlands, Britain, Germany, Canada, South Korea, the United States, Japan, which are applied in 103 countries in the world today. This 40-hour system is adopted by countries with the highest wage payers of Luxembourg (US\$14.12/hour), New Zealand (US\$12.55/hour), Netherlands (US\$11/hour), and United Kingdom (US\$10.95/hour).

France with 35 hours a week provides amount wages of US\$11.62 per hour at number 5 highest among 200 countries. It is somewhat balanced because of France's 6th largest GDP in

the world today. On the other hand, Indonesia with 16<sup>th</sup> world GDP gives amount wages to US\$ 0.63 per hour or in the 108<sup>th</sup> world, the distance is 92 levels. Kenya, with the 67<sup>th</sup> GDP, gets amount wage equivalent to US\$0.28 per hour, which is ranked 142<sup>nd</sup> in the world, with a distance of 75 levels. On this side, Kenya's structure wage is better than Indonesia.

Claiming that amount wages of Indonesian workers are already very high compared to other countries, in fact not at all true because the wages of Indonesian workers are ranked 108 out of 200 countries. The wages of Indonesian workers are better, but compared to the wages of Nepalese workers (109), Timor Leste (111), Sudan (127), Tanzania (156) and Zimbabwe (200). China, which is often claimed to be lower wage than Indonesian's wages, is not true at all. China's workers today receive amount wages at US\$0.98 per hour and are in the 90<sup>th</sup> world ranking.

### **3. Methodology**

This study has been thoroughly analysed by mining information and organizing data from real happened within at a State-owned Holding of PT Semen Indonesia since 2010 to 2018. It has been combining with semi-structured interviews and explanatory design of various level labour, unions and executives. Their opinions and views have been gathered, selected, and analysed carefully to get closely visualization to the phenomenon generally. This study also utilizing mixed study both in quantitative and in qualitative analyses to build comprehensive conclusion for advice and recommendation.

Combining quantitative and qualitative tools are gathered which are consisting phenomenon, cases studies, histories, and grounded theory. Phenomenon has been considered as willingness' issues that spread over the nations due to recent development (Watt, 1995). Author considers to lift-it-up State-owned holding's cases as Author well knowledge of the issues and interacting day-to-day with all of them. Based on previous qualitative tools, explanatory and argument theory are presented which are influenced direct and indirect with induction, deduction, and verification observations.

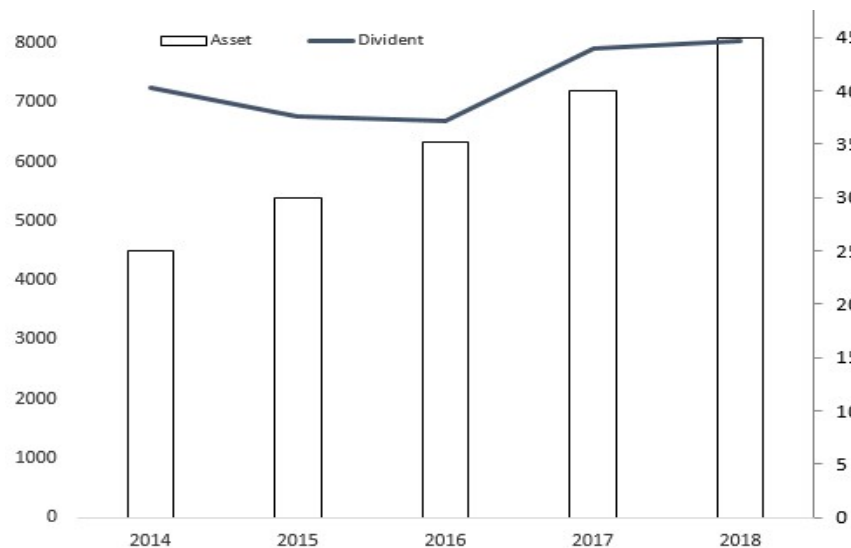
### **4. Discussion**

The existence of over 143 Indonesia's SOEs have recently are tending to be important in the daily national discussion. The SOEs are evidently able to sustain and stronger in many aspects such as in the infrastructure sectors, banks, maritime, logistics, and many more. In terms of its assets, Figure 4 shows ascending trend of total amount Rp 8,902 trillion (US\$635.86 billion) by end of 2018, while amount dividend reached Rp 44.7 trillion (US\$3.19 billion). The SOEs' dividends is a part of income source of Indonesia annually budget. Growing assets of the cases imply that SOEs demanded to be handling more efficient and effectively. Following Table 1 shows total assets of a-10 biggest SOEs in Indonesia.

**Table 1. Top lists of biggest' Indonesia SOEs (per end of 2019)**

| No | SOE's name                           | Total assets (in Rp trillion) | Total assets (converted in US\$ billion) |
|----|--------------------------------------|-------------------------------|--|
| 1  | Electrical State Company (PLN)       | 1,311                         | 93.64                                    |
| 2  | Bank of People Indonesia (BRI)       | 1,296                         | 92.57                                    |
| 3  | Bank of Mandiri (Bank Mandiri)       | 1,202                         | 85.86                                    |
| 4  | Oil and Gas Company (Pertamina)      | 923                           | 65.93                                    |
| 5  | Bank of State Indonesia (BNI)        | 808                           | 57.71                                    |
| 6  | Bank of State Saving (BTN)           | 285                           | 20.36                                    |
| 7  | Indonesia Telecommunication (Telkom) | 204                           | 14.57                                    |
| 8  | Sriwijaya Fertilizer (Pusri)         | 128                           | 9.14                                     |
| 9  | State Gas (PGN)                      | 120                           | 8.57                                     |
| 10 | Cement Holding (PT Semen Indonesia)  | 77                            | 5.50                                     |

Figuring out the positive trending of the SOEs' assets that recently have been drawing attention of Indonesian's public can be seen at Figure 4. Managing is keyword, the big questions then how to utilize huge potential, giant opportunity for public interests as big as possibly. The Indonesia's government believes that organizing and transforming into new platform of SOEs' holdings will be next step to be taken. The ultimate future goals is easy control, help distress national budget, market intervention due to as biggest as possibly to people welfare stipulated by Constitutional 1945.



**Figure 4.** Indonesia State-owned Assets and Amount Dividend (in Rp trillion)

Source: Subiyanto (2018)

Learning from previously holding of Indonesia's Fertilizer (2012), Semen Indonesia Holding (2013) and National Farming (2014) (Subiyanto, 2019), following by two additional new holdings of mining, and oil and gas (2019); the SOE's ministry has declared to form of few SOEs' holdings as mentioned at Table 2.

**Table 2. Planning of Few Next Indonesia's State-owned Holdings**

| Type of Holding | Holding of Infrastructure (Toll Road and Construction) | Holding of Housing and Regional Development | Holding of Banking, Finance and Insurance | Holding of Food                                  |
|-----------------|--|---|---|--|
| Lead holding    | PT Hutama Karya (Persero)                              | Perum Perumnas                              | PT Danareksa Persero                      | Perum Bulog                                      |
| Member          | 1. PT Jasa Marga (Persero) Tbk                         | 1. PT Adhi Karya (Persero) Tbk              | 1. PT Bank Mandiri (Persero) Tbk          | 1. PT Sang Hyang Seri (Persero)                  |
|                 | 2. PT Waskita Karya (Persero) Tbk                      | 2. PT PP (Persero) Tbk                      | 2. PT Bank Negara Indonesia (Persero) Tbk | 2. PT Pertani (Persero)                          |
|                 | 3. PT Indra Karya (Persero)                            | 3. PT Virama Karya (Persero)                | 3. PT Bank Rakyat Indonesia (Persero) Tbk | 3. PT Bhandha Ghara Reksa (Persero)              |
|                 | 4. PT Wijaya Karya (Persero) Tbk                       | 4. PT Nindya Karya (Persero).               | 4. BTN                                    | 4. PT Perusahaan Perdagangan Indonesia (Persero) |
|                 | 5. PT Yodya Karya (Persero).                           |   | 5. PT Pegadaian (Persero)                 | 5. PT Perikanan Nusantara (Persero)              |
|                 |  | 6. PT Pembiayaan Nasional Madani (Persero)  | 6. PT Perikanan Indonesia (Persero)       |  |
|                 |  | 7. PT Jalin Pembayaran Nasional             | 7. PT Berdikari (Persero)                 |  |

Source: compiling by Author (2018)

By the above planning according Table 2, several schemes of State's ownerships transformation have been examined with consideration to avoid against the laws. The SOEs is strongly indeed becoming part of the Constitution 1945 and already derivated to several number of laws directly while hundreds regulations indirectly. Once it enactment, SOEs have been controlled by public and demanded members of House of Representative involvement to make change and amendment. The most challenge in terms of establishing holdings is adaptation of

share distribution in justified majority. Figure 5 is showing schemes offered the SOEs ministry as proposal to be discussed with the House of Representatives.



**Figure 5.** Draft Structure of forthcoming Indonesia State-owned Holdings

Source: the Ministry of SOE (2018)

Beside share's right, based on operational there were matrixed of four possibility proposed holdings and four considerations accordance Figure 6. SOEs' Indonesia so far have only experienced in strategic's holding and projected in near future years to come will be financial holdings' type.

|                              | <b>1. Financial Holding</b>  | <b>2. Strategic Management Holding</b>   | <b>3. Active Management Holding</b>   | <b>4. Operating Holding</b>  |
|------------------------------|--|--|---|--|
|                              | <b>We just want to know your results</b>   | <b>We want to know what you do</b>   | <b>We want to know how you do it</b>  | <b>We will work with you to do it</b>  |
| <b>Who we are</b>            | ▶ We are an investment company   | ▶ We are the strategic leadership of a collection of management entities   | ▶ We are both consultants to and the strategic leadership of management entities  | ▶ We are the key managers of all business units  |
| <b>Underlying Philosophy</b> | ▶ Create/enforce a disciplined management model<br>▶ Value is created by individual companies closest to customers   | ▶ Add value in the linkages between BUs<br>▶ Value is created by individual companies closest to customers   | ▶ Provide guidance to BUs via expertise<br>▶ Value is created by individual companies using corporate expertise   | ▶ Make key decisions for BUs<br>▶ Value is created by corporate expertise and control                                      |
| <b>Key Characteristics</b>   | ▶ Core sets high financial goals. BUs are completely accountable for achieving results<br>▶ BUs commit to multi year strategy plans which if met no annual review is necessary | ▶ Core sets key financial and operational metrics. BUs are accountable for results<br>▶ BUs commit to multi year plans - core ensures strategy coherence across units and performs annual review | ▶ Core and BUs share responsibility for broad set of financial and operating metrics<br>▶ Core proactively reviews business unit strategic plans and annual budgets | ▶ Core is responsible for financial and operating performance<br>▶ Core dictates business unit strategic plans and budgets |
| <b>Examples</b>              | ▶ Ineos  | ▶ BP, ICI, Total Fina Elf  | ▶ Shell Chemicals   | ▶ LG (Before restructuring)  |

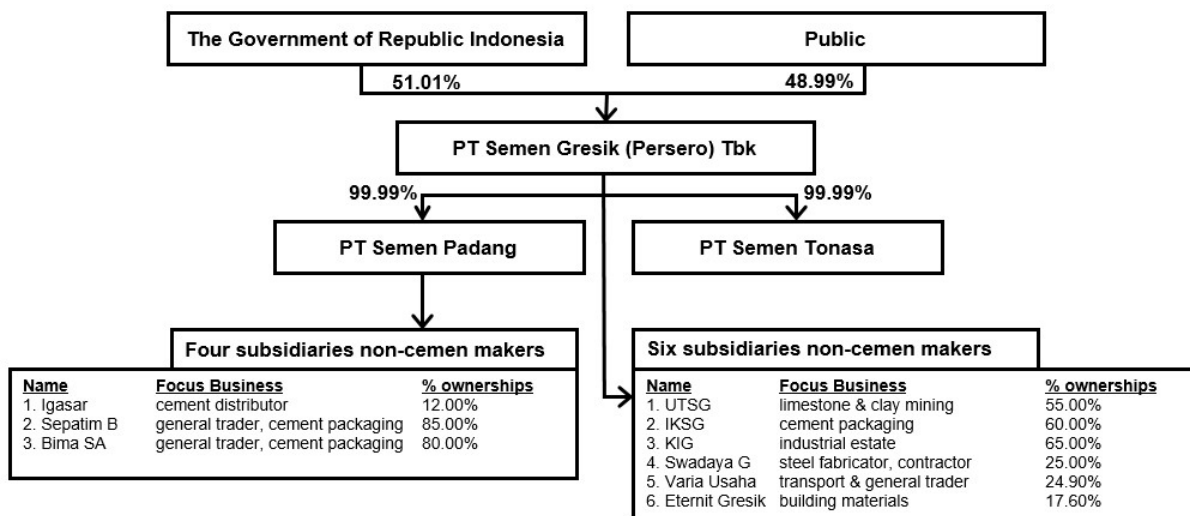
**Figure 6.** Proposed Matrixed of Indonesia's State-owned Holdings

Source: Subiyanto (2018)

Due to lack consideration involving labour’s participation according Figure 6, Semen Indonesia’s holding then elaborated strategic’s holding type with propose to enhancing in strategical approach only. But in facts, operational and marketing are becoming prioritized as top attention with operational approach while ignoring labour aspects that gradually going to deteriorating level of welfare.

Figure 7 shows that originally Semen Gresik has majority share of 99.99% both in Semen Padang and Semen Tonasa since 1998. To capture nation’s spirit, Semen Gresik then transformed to Semen Indonesia but with consequence disappearing “Gresik” (see Figure 8) by end of 2012. The new Semen Indonesia Holding then going to international by acquisition majority Vietnam Thang Long Cement Company (TLCC) by the end of 2012.

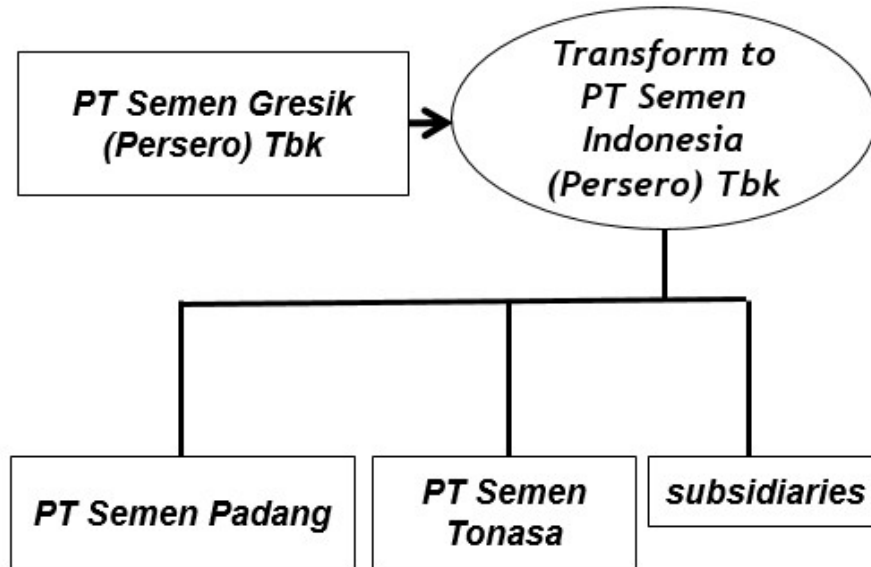
By first findings, it found that labours interests were ignoring in all documents. The issues were forgotten by design as at the time it had not sparked yet became urgent and attention. The Indonesia’s government is only focus how to strengthen businesses to compete at the market. Beside, the other consideration, labours issues are traditionally difficult to be ignored as SOEs and or holdings’ executives will be originally come from career staffs. At the time planning, the BOD will be guaranteed from internal staffs or career labour who traditionally well understanding in emotional and psychological of Semen Gresik. Development then swiftly changed as SOEs and Holdings’ executives have been conditioned with condition to undergo number of several tests said fit and proper test. Happened things that BOD with totally different background and experience is often to led different type of SOEs. Executive with finance background for example led cement holding, while executive with cement experience chair as BOD in an aviation industries.



**Figure 7.** PT Semen Gresik (Persero) Tbk’s First Structure (by end of 2012)

Source: Subiyanto (2018)

For reason to win-win-solution and leaving sectoral and municipal mark, Semen Gresik then transform to Semen Indonesia as we acknowledge today. The new structure of Semen Indonesia’s holding is best describing at Figure 8.



**Figure 8.** Process of Transforming PT Semen Gresik to PT Semen Indonesia (2013)

Source: Subiyanto (2018)

Unfortunately, due to lack concepts of holdings since beginning, only focusing in daily operational and or only concentrate as much as bigger portion in legally aspects, then issues relating with labour rights were obviously diverted and ignored. The symptom has occurred at the Semen Indonesia’s holding and tainted as dark side success’ history of SOEs’ holdings formation in general. The distinctive phenomenon that unusual things happened in the holdings especially in terms of labour’s welfare compared with the benchmark Holding of Temasek Singapore and Holding of Khazanah Malaysia. There are many things to be immediately addressed in connection with compromising level of welfare. Labour’s obligations in norm terms such as keeping high performance and company’s target have reached as planned, but rewards, benefits and bonuses are not awarded yet.

Experience from Semen Indonesia’s holding, welfare comparison between the BOD and labour are showing dramatically unequal and contrast. According Table 3 and Figure 9, welfare’s gap between the two is growing year-to-year and getting wider even after establishing a holding. This evidence is ironic due to forming of holdings in advance to keep and maintain prosperous for all stake holders, but the case had shown that commitment against labours’ rights are easily ignored. The table clearly showing the gap between the BOD and labours.

**Table 3. Welfare Distribution Employees and Board of Directors**

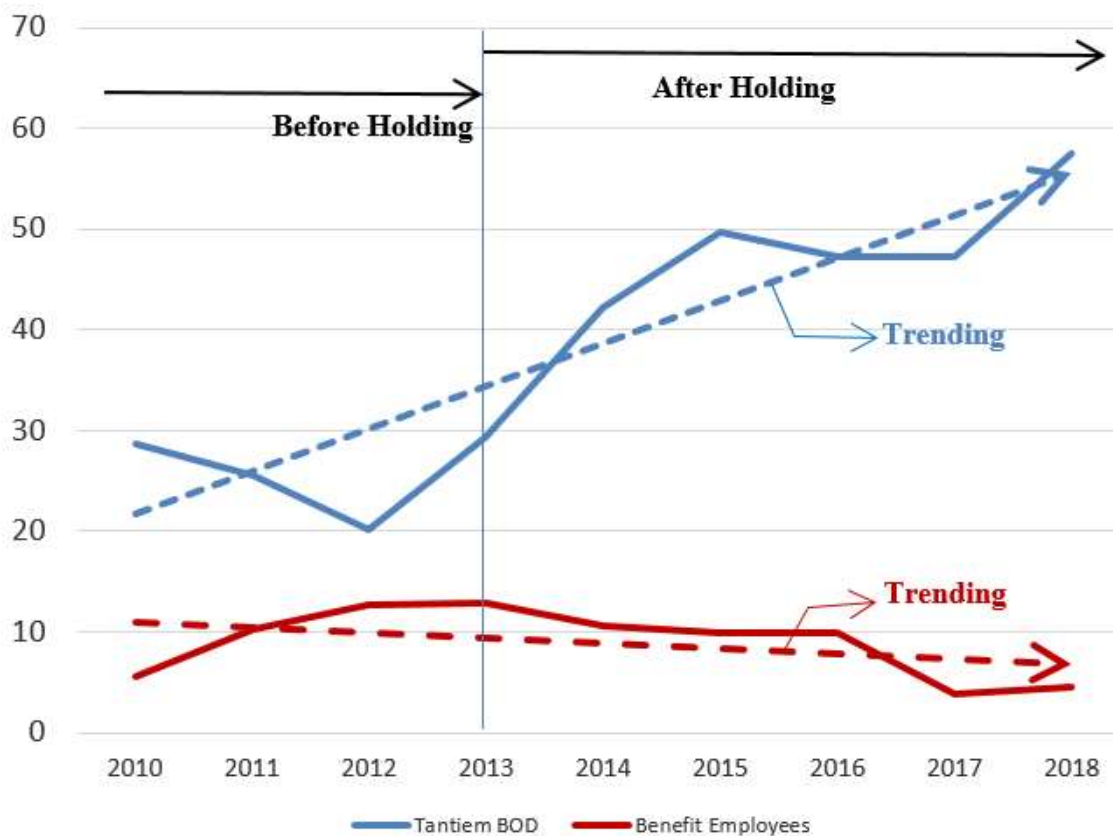
| Year | Net profit<br>(Rp billion) | Employees' Scope  |      |      |      |  | BOD's Scope  |   |  |
|------|----------------------------|---|------|------|------|--|--|---|--|
|      |                            | Quarterly bonus for employees (times of monthly salary)   |      |      |      | Annually bonus for employees (times of monthly salary) | Total annually bonus for employees (times of monthly salary)                                 | Total annually tantiem for Board of Directors (times of monthly salary) |  |
|      |                            | Q1  | Q2   | Q3   | Q4   |  |  |   |  |
| 2010 |                            |   |      |      |      |  | 5.56   | 28.71   |  |
| 2011 | 3,955.27                   | 1   | 1    | 1    | 1.26 | 5.96   | 10.22  | 25.48   |  |
| 2012 | 4,926.64                   | 1.5   | 1    | 1.5  | 1.75 | 6.95   | 12.70  | 20.26   |  |
| 2013 | 5,354.30                   | 1.25  | 1.2  | 1    | 2.25 | 7.25   | 12.95  | 29.45   |  |
| 2014 | 5,573.58                   | 1   | 1.09 | 0.75 | 0.75 | 7  | 10.59  | 42.17   |  |
| 2015 | 4,525.44                   | 0.75  | 1    | 0.5  | 0.75 | 6.9  | 9.90   | 49.67   |  |
| 2016 | 4,535.04                   | 0.95  | 0.75 | 0.75 | 0.5  | 6.97   | 9.92   | 47.25   |  |
| 2017 | 2,043.03                   | 0.5   | 0    | 0.25 | 0.2  | 2.97   | 3.92   | 47.25   |  |
| 2018 | 3,082.49                   | 0.24  | 0.25 | 0.13 | 0.19 | 3.97   | 4.59   | 57.44   |  |
| 2019 | 2,371.23                   | Change policy to only annually instead previous quarterly |      |      |      | Not immediately given without explanation              | Not immediately given without explanation though audited financial report had been published |   |  |

Source: compiling by Author (2019)

By Table 3, Authors can read that total amount bonuses for labours are trending to decrease year-to-year. Due Semen Indonesia's holding was formally formed in early 2013, statistically found that total amount bonuses for labours respectively 5.56 time of gross monthly salary (2010), 10.22 (2011), 12.7 (2012) and 12.95 (2013). However after Semen Indonesia's holding officially established 2013, total bonuses for labour then fall gradually to 10.59 (2014),

9.9 (2015), 9.92 (2016), 3.92 (2017) and finally only to 4.59 time of gross monthly salary (2018).

In opposite, it can see other things different to the total bonuses for the BOD that showing to increasing year-to-year. While total bonuses in 2013 is 29.45 time of monthly gross salary, it then significantly increases to 57.44 time of monthly gross salary in 2018. This is dramatically things happen and unfair as bonuses for labour decrease while bonuses for the BOD in contrast increase. The best to depict the welfare gap situation can be seen at Figure 9.



**Figure 9.** Welfare’s Gap between The BOD and Employees after Holding (in times monthly salary)

Source: compiling by Author (2019)

Author proposes that the anomaly phenomenon of the Semen Indonesia’s holding due to caused respectively: (1) Employees’ absenteeism since first developing, (2) Neglecting employees’ participatory due to the BOD’s vested interest, (3) Utilizing power approach in terms of principle-agent relationship, (4) Opportunistic interested of both Management and labour, and (5) Different view of disparity span-level welfare of Management and labour.

## 5. Conclusion

Despite of sound success establishing several SOEs' holdings in Indonesia, there are finding that welfare's commitment for labour have been showing violated. The basic concepts operational in industries should maintain equal rights between stakeholders is inapplicable in the case within Semen Indonesia's holding. For the case, government's commitment, preliminary campaign by SOEs' ministry to build SOEs' better is untrue.

There is needed revisiting, repositioning of establishing SOEs' holding future to acknowledge labours engagement as equal partner not as principal-agent driven. When the BODs and BOCs are enjoying lure benefit annually, same treatment should apply for labours. Employees are not expecting to get same amount benefits as much as the BODs and BOCs, but at least coherently equal proportion or in equal percentage with management. This is to avoid wider welfare's gap between two, to strengthen teamwork, to increase belonging and finally to bolster SOEs holdings itself today and future.

These phenomenon shows that leadership and competency based on experiences of several SOE's holdings are lacked and questioning. Labour is viewing not as partners but rather than considered as opponents that therefore must be suppressed.

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