

## Arrangements for Consensus-Based Deliberation in the Settlement of Industrial Relations Disputes that are Harmonious and Just

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### Abstract

*The principle of deliberation and consensus is the spirit of the Pancasila industrial relations system in Indonesia, which aims to create a balance between workers' rights and the sustainability of employers' businesses. This study aims to analyze the legal transformation of the deliberation and consensus mechanism in resolving industrial relations disputes, starting from the era of Law Number 22 of 1957 to Law Number 2 of 2004 (the PPHI Law). The research method used is normative or doctrinal legal research with a statutory approach and library research. The results show that in the era of Law No. 22 of 1957, the dispute resolution mechanism was authoritative, where the state through P4D/P4P dominated the final decision and placed deliberation only as an administrative formality. In contrast, after the enactment of the PPHI Law, there was a paradigm shift towards an autonomous-participatory system that requires bipartite negotiations as an absolute requirement before litigation. However, this implementation still faces challenges in the form of unequal bargaining power and issues of good faith that often trigger "forced consensus." This study concludes the need for a reconstruction of norms that allow law enforcement to test substantive good faith in the bipartite process to realize harmonious social justice for the world of work in Indonesia.*

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## 1. INTRODUCTION

Industrial relations is a key pillar of national economic development, involving complex interactions between workers, employers, and the government. In its dynamics, the clash of interests between the fulfillment of workers' rights and business continuity often triggers disputes. Indonesia, as a nation that upholds the values of Pancasila, places deliberation and consensus not merely as a formal procedure, but as the spirit of every conflict resolution effort to achieve social justice and workplace harmony.

The evolution of industrial relations dispute resolution law in Indonesia reflects a significant paradigm shift. Beginning with Law Number 22 of 1957, the state, through the Labor Dispute Settlement Committee (P4), played a very dominant (authoritative) role. At that time, deliberation was often merely an administrative stage before the state made a final decision. However, in line with the spirit of reform and industrial democratization, Law Number 2 of 2004 concerning the Settlement of Industrial Relations Disputes (UU PPHI) was enacted.

The UU PPHI brought fundamental change by prioritizing the autonomy of the parties. The principle of deliberation and consensus is now concretely realized through the

obligation of bipartite negotiations as an absolute requirement before resorting to litigation. This change aims to create a settlement process that is not only fast and affordable, but also precise and fair. However, in practice, challenges such as unequal bargaining power and issues of good faith often make reaching consensus difficult, necessitating a thorough understanding of the regulation and implementation of these norms across various legal periods in Indonesia.

## 2. METHOD

This research was conducted using the normative legal research method. Besides the term "normative legal research," other terms are also used, namely "doctrinal legal research" and "dogmatic legal research." Some even refer to it as "theoretical legal research." These differences in terms do not create any substantive or methodological differences.

This normative legal research method is also commonly called "doctrinal legal research," as it focuses solely on written regulations, making it closely related to library research.

## 3. RESULTS AND DISCUSSION

### A. Settlement of Industrial Relations Disputes Through Consensus Prior to the Enactment of Law Number 2 of 2004 Concerning the Settlement of Industrial Relations Disputes

Law No. 22 of 1957, which came into effect in 1958, actually replaced Emergency Law No. 16 of 1951. In its implementation, Emergency Law No. 16 of 1951 concerning the Settlement of Labor Disputes faced challenges from labor organizations because it was considered to have placed too much pressure on workers to go on strike. The prohibition on strikes was regulated in Central Military Authority Regulation No. 1 of 1951, as a result of the emergence of labor disputes followed by strikes by workers as a result of the political upheaval that occurred in early 1951.

Later, Military Authority Regulation No. 1 of 1951 was revoked and replaced by Law No. 16 of 1951 and Law No. 22 of 1957. Law No. 22 of 1957 concerning the Settlement of Labor Disputes adheres to the principle of deliberation to reach consensus, with the first stage in the resolution of a dispute being left to the disputing parties themselves.

If a settlement cannot be reached between the disputing parties after each party has sought a resolution, then the resolution shall be attempted through Labor Dispute Settlement Agencies. In its efforts to find a resolution, these agencies must remain guided by the principle of deliberation to reach consensus and must also adhere to the principle of basic procedure, that a decision already made cannot be made without giving the disputing parties an opportunity to be heard.

Law No. 22 of 1957 also identifies the agencies that play a role in seeking a resolution when a labor dispute arises. The bodies in question are:

1. Employees of the Department of Manpower and Transmigration, acting as conciliators, are tasked with resolving labor disputes by seeking agreement between the disputing parties.
2. Regional and Central Labor Dispute Resolution Committees, authorized to resolve labor disputes with decisions that are binding on the parties.

In addition to the mandatory resolutions implemented by the aforementioned

bodies, there is also a voluntary Labor Dispute Resolution Body, which provides resolution through arbitration or a mediator/arbitration body. The Regional or Central Labor Dispute Resolution Committee is a tripartite body composed of representatives from workers, employers, and the government, each represented by five alternate members.

The Ministry of Manpower and Transmigration employees appointed to resolve labor disputes are appointed by a Ministerial Decree, while the members of the Regional Labor Dispute Resolution Committee are appointed by a Ministerial Decree. (F.X. Djumialdji dan Wiwoho Soejono, 1985).

Labor disputes actually arise as a result of demands for the rights and interests of both employers and workers within labor unions, so that the rights and interests inherent to each party are maintained and respected. In defending these interests, this can lead to a power struggle between the parties, attempts to slow down work, affecting company production (slowdown) and even resulting in company closures (lockouts) by employers.

To prevent these things from happening, so that development can proceed smoothly according to the planned pattern, government policy is needed to take efforts and actions to resolve them.

#### 1. Voluntary settlement

Every labor dispute essentially arises from demands from labor organizations on employers to defend their interests, while employers demand that their interests be respected without regard to whether the workers' interests are in line with societal developments.

If a dispute arises within a company, the demands of the labor union must first be resolved by both parties face-to-face and then through negotiations. The results of these negotiations, if mutually agreed upon, can be used as the basis for drafting a labor agreement according to the terms stipulated in the Labor Agreement Law (Law No. 21 of 1954).

However, if the disputing parties fail to reach a consensus during these negotiations, resulting in a dispute, a conflict arises between the employer and the labor union. If there is no consensus, the dispute usually concerns working conditions.

When a dispute arises, the disputing parties can pursue two paths to resolve it:

- a. Voluntarily submit the dispute to an arbitration body (arbitrator).
- b. Submit the dispute to an agency/institution designated under Law Number 22 of 1957.

If the dispute is submitted to an arbitration body (arbitrator), it must be accompanied by a written agreement between the two parties.

The written agreement must include:

- a. The main issues of the dispute that will be submitted to the arbitrator/arbitration board for resolution.
- b. The names of the union and employer officials or representatives, along with their domiciles.
- c. The person appointed as the arbitrator/arbitration board and their domiciles.
- d. That both parties will abide by the decision made by the arbitrator/arbitration board.
- e. Matters necessary to facilitate the arbitration process. The appointment of the arbitrator or the formation of the arbitration board, as well as how the

arbitration is carried out, are entirely subject to the agreement of both parties. An employee of the Ministry of Manpower and Transmigration or the Labor Dispute Settlement Committee acting as an intermediary in the dispute may also be appointed as the arbitrator/arbitration board or, upon request, assist the parties in selecting an arbitrator or forming a arbitration board and determining the procedures for its implementation. In practice, the Labor Dispute Settlement Committee is often appointed as the arbitrator. If the labor dispute is handled by the Regional Labor Dispute Settlement Committee (P4D) as the arbitration board, the decision must include:

- 1) The matters contained in the transfer agreement.
- 2) A summary of the basis for the claim, counterclaim, and further explanations provided by both parties.
- 3) The considerations underlying the decision.
- 4) The main points of the decision.

The decision that has been determined must be dated, marked with the name of the place where the decision was made, and signed by the arbitrator or separation board. The decision that has been taken by the Regional P-4 in its capacity as the Separation Board cannot be appealed to the Central P-4 and cannot be requested for a re-examination. The arbitrator or separation board can request ratification from the Central P-4 regarding the decision, except:

1. The decision rendered exceeds the authority of the arbitrator/separation board,
2. There are elements based on bad faith,
3. The content is contrary to law, public order, and morality.

If the Central P-4 rejects the request for ratification, the Central P-4 must regulate the consequences of that rejection. However, if the decision requested for ratification by the Regional P-4 as the interpreter/separation council is accepted by the Central P-4, then its decision has the legal force of a decision from the Central P-4. This means:

- a. that the decision can be requested to the District Court for execution (fiat executie) and then implemented according to the usual rules for implementing a civil decision,
  - b. that any party who does not comply with the contents of the decision can be threatened with imprisonment for a maximum of three months or a maximum fine of ten thousand rupiah..
2. Mandatory Settlement

Even though efforts have been made to resolve the dispute between the workers (labor unions) and the employer, if the negotiation process fails and the parties do not submit the matter to a mediator/arbitrator, the parties, one of whom must notify the employee in charge of labor issues in writing about the failure of the negotiations, namely the employee of the Department of Manpower and Transmigration who has been appointed by the Minister to mediate in labor disputes. This mandatory written notification is considered a request for the employee to mediate to find a resolution to the dispute (Article 3 of Law No. 22/1957).

This mandatory mediation begins with conducting research into the issues that gave rise to the dispute and the causes. The first step taken is that within a seven-day period, the mediator must hold negotiations with the disputing parties and strive to lead the negotiations in order to reach a peaceful resolution and reach

a mutual understanding between the disputing parties.

The agreement reached in the negotiations has the force of a labor agreement. If the negotiations fail, resulting in no agreement being reached between the disputing parties and the mediator believes that the dispute cannot be resolved through mediation, the mediator must immediately submit the matter to the Regional P-4, notifying the parties concerned (Article 4 of Law No. 22/1957). The Regional Committee (P-4 D), upon receiving the notification, must first mediate by holding negotiations with the disputing parties.

If the negotiations result in a consensus between the parties, resulting in an agreement or consent, then this agreement has the force of law as a labor contract. When formulating policy measures, the Regional Committee must consider all factors, taking into account the law, existing agreements, customs, justice, and the interests of the state.

Based on the underlying material of the dispute between the parties, the Regional Committee's decision can be advisory and/or binding.

The Regional Committee's decision can be advisory, that is, it encourages the disputing parties to accept a resolution of the dispute according to the provisions contained in the decision.

If the Regional Committee deems the dispute difficult to resolve with a recommendation, the Regional Committee shall issue a binding decision.

A copy of the decision must be immediately sent to the disputing parties by registered mail or through each committee employee. A binding decision may be entered into within 14 days of its issuance and does not require a re-examination by the Central Committee (P-4 Pusat).

If a decision that has been rendered is not voluntarily implemented, then the relevant party may request its enforcement from the District Court whose jurisdiction covers the domicile of the party against whom the decision is to be enforced, so that the decision can be declared enforceable. Once declared enforceable by the District Court, the decision is then executed according to the normal rules for enforcing a civil decision.

Anyone who fails to comply with a binding decision is subject to a maximum of three months' imprisonment or a maximum fine of ten thousand rupiah. Within 14 days of the decision being rendered, any disputing party may request a re-examination from the Central Committee regarding a binding decision of the Regional Committee, unless, in the opinion of the Central Committee, the decision concerns a specific local issue.

According to the Central Committee, a specific local issue does not concern the following matters:

1. Issues that cover and within one Regional Committee area;
2. Disputes regarding labor agreements or wages in plantation, port, kerosene (aardolie), tin, cigarette, rice, shipping, or air transportation companies;
3. Disputes regarding mass layoffs (more than 9 people);
4. Disputes regarding the creation of three amendments to pension/old age security and sickness insurance regulations;
5. All Regional Committee decisions that conflict with the law or with applicable labor agreements.

In addition to accepting requests for re-examination, the Central Committee may also withdraw labor disputes from the hands of employees or Regional

Committees for resolution if, in the Central Committee's opinion, the dispute could endanger the interests of the state or the public.

In practice, the Central Committee frequently revokes recommendations from Regional Committees, which are recommendations that one of the disputing parties has rejected or has not expressed its acceptance or rejection of. All decisions made by the Central Committee are binding. To ensure the full implementation of the Central Committee's decision, the relevant party may, if necessary, request that the decision be declared enforceable by the Jakarta District Court. The decision may then be enforced according to the usual rules for enforcing civil judgments.

Because labor matters fall within the purview of the Ministry of Manpower, decisions made in resolving labor disputes may be annulled or accepted by the Minister, if deemed necessary for the sake of public order and the protection of state interests.

The settlement of labor disputes as described above, namely the settlement of labor disputes based on voluntary or so-called arbitration settlement (Compulsary arbitaire) proves that law no. 22/1957 does not intend to establish a special court, namely a "labor court", but rather to establish a mandatory arbitration institution in the form of a separation recommendation or separation board (F.X. Djumialdji dan Wiwoho Soejono, 1985).

#### **B. Settlement of Industrial Relations Disputes Through Consensus After the Enactment of Law Number 2 of 2004 Concerning the Settlement of Industrial Relations Disputes**

In the dynamics of employment in Indonesia, protection of workers' rights is manifested through strict termination procedures as stipulated in Article 151 paragraph (3) of Law Number 13 of 2003, which emphasizes that employers can only carry out layoffs after obtaining a decision from an industrial relations dispute resolution institution. The presence of this institution is crucial to guarantee justice for both parties when independent negotiations reach a deadlock, considering that in principle every dispute must first be resolved through deliberation and consensus. Thus, the integration between the spirit of family in deliberation and legal certainty through the determination of an official institution is a key pillar in maintaining the stability of industrial relations in Indonesia.

Further details regarding the ERD are regulated in Law Number 2 of 2004 concerning the Settlement of Industrial Relations Disputes. The ERD process is intended to simplify and expedite the dispute resolution process, ensuring workers' peace of mind and ensuring employers' business continuity is not disrupted (Aloysius Uwiyono,dkk, 2014).

The development of the ERD mechanism in Indonesia is inseparable from the social, political, and economic dynamics that influence the relationship between workers and employers. Prior to 2004, the ERD mechanism was largely influenced by an administrative approach that tended to place the state as the dominant party in determining the final outcome.

This situation has created various weaknesses, particularly related to the effectiveness, speed, and sense of fairness in dispute resolution. In line with the spirit of legal reform, the Indonesian government recognizes the need for a more democratic, transparent, and equitable system for all parties.

The enactment of Law Number 2 of 2004 concerning the Settlement of Industrial

Relations Disputes (UU PPHI) marked a significant milestone in this paradigm shift. This law marked a fundamental shift from an authoritative settlement system to a more autonomous and participatory one. Within the framework of the Industrial Relations Dispute Settlement Law, dispute resolution is prioritized through deliberation and consensus, reflected in bipartite negotiation and mediation mechanisms. This principle reflects the values of Pancasila, particularly the fourth principle. Pancasila itself provides balance within a unified and harmonious whole (Muhammad Erwin, 2012). Therefore, the Industrial Relations Dispute Settlement Law is not only a legal instrument but also a means to uphold social justice in employment relations.

Satjipto Raharjo stated that "one of the goals, and the foundation of law, is certainty. The law seeks to create legal certainty in relationships between individuals in society, and to do so, it must first create certainty within itself. This latter requirement imposes a formal obligation that must be met, namely a consistent set of rules."

Basuki Resksowibowo argued, "The public response will be one of acceptance if there is a congruence between the values contained in the law and the values embraced by society (Wijayanto Setiawan, 2006).

#### **List of Legislation Related to Consensus-Based Deliberation**

<b>No.</b>	<b>Main Regulations (from Oldest to Newest)</b>	<b>Year</b>	<b>Key Articles (Focus of Deliberation/Negotiation)</b>
1.	Law No. 22 of 1957 concerning the Settlement of Labor Disputes (Repealed)	1957	Obligation of peace efforts at the initial level.
2.	Law No. 13 of 2003 concerning Manpower (Amended by the Job Creation Law)	2003	Article 136 paragraphs (1) & (2): Deliberation and consensus are mandatory.
3.	Law No. 2 of 2004 concerning the Settlement of Industrial Relations Disputes (PPHI Law)	2004	Article 3 paragraph (1): Bipartite deliberation and consensus are mandatory.
4.	Minister of Manpower and Transmigration Regulation No. PER.31/MEN/XII/2008	2008	Article 3: Obligation of good faith and procedures for failed bipartite minutes.
5.	Law No. 6 of 2023 concerning the Stipulation of the Job Creation Government Regulation in Lieu of Law (Amending Law No. 13/2003)	2023	Maintaining bipartite, changing the substance of rights/termination.
6.	Government Regulation No. 35 of 2021 concerning Fixed-Term Employment Contracts, Outsourcing, Working Hours, and Termination of Employment (Derivative of the	2021	Regulating the substance of termination rights that are the subject of deliberation.

No.	Main Regulations (from Oldest to Newest)	Year	Key Articles (Focus of Deliberation/Negotiation)
	Job Creation Law)		

The principle of deliberation and consensus has been crucial to Industrial Relations Dispute Resolution policies since the early days of independence, although its implementation has undergone significant shifts.

Under Law No. 22 of 1957, the obligation to negotiate was often ignored due to the dominance of P4P/P4D decisions. This old system positioned deliberation as an administrative formality before the state assumed decision-making authority.

The principle of deliberation and consensus in the context of industrial relations is deeply rooted in the Pancasila ideology, particularly the fourth principle, which emphasizes deliberation in decision-making.

This value serves as a moral and philosophical foundation for building fair and harmonious employment relationships between employers, workers, and the government. However, in practice, the application of this principle does not always align with the democratic values of Pancasila.

The post-independence labor law structure remains rife with an authoritative approach, with the state playing a dominant role as the final decision-maker in all employment disputes. Thus, deliberation is often viewed as an administrative step rather than a substantive process in dispute resolution.

The initial period, marked by the enactment of Law Number 22 of 1957 concerning the Settlement of Labor Disputes, reflected the state's authoritative paradigm. Under this system, the Regional Labor Dispute Settlement Committee (P4D) and the Central Labor Dispute Settlement Committee (P4P) had the authority to make final decisions on disputes. Although the law recommended prior negotiation, this was merely a formality.

The state, through the P4D and P4P, assumed the authority to resolve disputes, disregarding the wishes of the parties. Thus, deliberation became merely symbolic, not substantive. The unequal position between workers and employers was exacerbated by the state's bureaucratic structure, which often favored economic stability over social justice.

The fundamental weakness of this authoritative system was the loss of space for participation and independence for the parties in determining the fate of their employment relationships. Deliberation, which should have been a forum for building understanding and agreement, was instead replaced by unilateral, top-down decisions. Many cases demonstrate that the P4D or P4P decisions do not fully reflect the aspirations of both parties.

This paradigm shift began to emerge during the post-1998 labor law reforms. The wave of political reforms demanding decentralization of power and democratization also influenced the industrial relations system. The state no longer positioned itself as a complete controller, but rather as a facilitator.

The principles of industrial democracy became the reference point for redesigning the dispute resolution system. This is where the value of deliberation and consensus was revived, not merely as an ideological symbol, but as a primary mechanism reflecting respect for the autonomy and equality of the parties.

A significant milestone occurred with the enactment of Law No. 13 of 2003 concerning Manpower and Law No. 2 of 2004 concerning the Settlement of Industrial

Relations Disputes (UU PPHI). These two laws fundamentally shifted the approach from an authoritative to an autonomous and participatory settlement system.

The PPHI Law places bipartite negotiations as the first and mandatory stage in resolving any industrial relations dispute. This means that no dispute can be brought to mediation, conciliation, arbitration, or even the courts without first reaching a consensus. This change demonstrates the state's recognition of the parties' autonomous right to determine their own resolution.

Within the framework of Law No. 2 of 2004, consensus is implemented through a bipartite negotiation mechanism, which must be conducted directly and openly between employers and workers. If negotiations fail, the parties are required to prepare minutes that serve as the basis for mediation or conciliation. Thus, deliberation is no longer merely an administrative formality, as it was under Law No. 22 of 1957, but rather a substantive part of the resolution process with legal force.

Autonomous deliberation and consensus are considered a manifestation of freedom of association and negotiation between employers and workers. The state only intervenes when the parties fail to reach an agreement. In other words, the state is no longer the controller, but rather the balancer. This shift in orientation also serves as a form of protection for labor/worker rights.

The objects of labor protection under Law No. 13 of 2003 include:

- a. Protection of rights in employment relationships;
- b. Protection of workers' basic rights to negotiate with employers and to strike;
- c. Protection of occupational safety and health;
- d. Special protection for women workers, children, and people with disabilities;
- e. Protection of wages, welfare, and social security; and
- f. Protection of the right to terminate employment (Bagus Oktavian Abrianto, 2023).

According to Laica Marzuki, industrial disputes are not always related to disputes over non-fulfillment of employment agreements. Many industrial disputes involve the discontinuation of the agreed-upon agreements.

One party, typically the workers, wants the existing agreement amended, as they perceive it no longer guarantees a standard of living for their families (Asri Wijayanti, 2009). In resolving industrial disputes, not all negotiation processes proceed optimally due to factors such as capital dominance, weak labor unions, or a lack of legal understanding.

Therefore, the role of government mediators remains essential in the deliberation process. Mediation serves as a bridge between the parties' autonomy and the protection of the public interest, while ensuring that the negotiation outcomes do not conflict with the law and social justice. The presence of mediators is highly desirable for workers to bridge the gap between their rights and interests that have not been or are not being realized, which may be due to a lack of honesty and openness on the part of employers (Syamsuddin Nur, 2022). Overall, the shift from an authoritative to an autonomous system of deliberation and consensus represents a significant development in Indonesian labor law policy.

Deliberation, once merely a formality, has now become the essence of industrial democracy. This principle emphasizes that labor conflict resolution is ideally rooted in dialogue, trust, and shared responsibility. Thus, deliberation and consensus are not only instruments for dispute resolution but also concrete manifestations of Pancasila values in a just and civilized workplace.

Ministerial Regulation No. PER.31/MEN/XII/2008 requires good faith from all

parties, which is the spirit of Pancasila deliberation and consensus. Furthermore, this Ministerial Regulation regulates in detail the standard format for minutes of failed negotiations, which serve as formal evidence of the failure of deliberation. Without these minutes, the labor agency has the right to refuse to register the dispute.

The continued validity of this Ministerial Regulation demonstrates that the mandatory bipartite norm in the Industrial Relations Dispute Settlement Law still requires strict administrative guidelines. In Ministerial Regulation No. PER.31/MEN/XII/2008 Article 1 states that bipartite negotiations are negotiations between workers/laborers or workers' unions/labor unions with employers to resolve industrial relations disputes within a company. Article 2 states that every time an industrial relations dispute occurs, bipartite dispute resolution negotiations must be carried out before being resolved through mediation, conciliation, or arbitration.

One of the main challenges in implementing bipartite consensus is the quality of good faith. Employers may formally comply (holding meetings), but fail to offer genuine compromise. Workers, whose position has been weakened by changes in rights norms, are often forced to accept forced agreements. A reconstruction of norms is needed that allows the Industrial Relations Court (PHI) Panel of Judges to assess not only the formality of the Failed Minutes, but also the substantive good faith in the negotiations.

As stipulated in Minister of Manpower and Transmigration Regulation No. PER.31/MEN/XII/2008, in conducting bipartite negotiations, the parties are required to: a. act in good faith; b. behave politely and not be violent; and c. comply with the agreed-upon negotiation procedures.

Legal policy can be simply defined as legal policy that will be or has been implemented nationally by the government. It also encompasses an understanding of how politics influences the law by examining the configuration of forces behind the actions and enforcement of the law.

Here, the law is not only viewed as imperative articles or *das sollen* (obligations), but rather as a subsystem that, in reality (*das sein*), is not impossible to politically influence, both in the formulation of the material of its articles and in their implementation and enforcement (Hardiansyah, 2020).

Article 4 of the Minister of Manpower and Transmigration Regulation No. PER.31/MEN/XII/2008 states that bipartite negotiations are conducted in the following stages:

- a. The pre-negotiation stage is preparation:
  - 1) The aggrieved party takes the initiative to communicate the problem in writing to the other party;
  - 2) If the aggrieved party is an individual worker/laborer who is not a member of a trade union/laborer union, they may authorize the union/laborer union administrator at the company to accompany the worker/laborer in negotiations;
  - 3) The employer or company management and/or other mandated party must handle the dispute resolution directly;
  - 4) In bipartite negotiations, the trade union/laborer union or employer may request assistance from their respective organizational apparatus;
  - 5) If the aggrieved worker/laborer is not a member of a trade union/laborer union and there are more than 10 (ten) workers/laborers, they must appoint representatives in writing, agreed upon by a maximum of 5 (five) of the

- aggrieved workers/laborers;
- 6) In the case of disputes between workers' unions/labor unions in one company, each workers' union/labor union shall appoint a maximum of 10 (ten) representatives..
- b. negotiation stage:
- 1) Both parties inventory and identify the problems;
  - 2) Both parties can develop and agree on written rules of procedure and an agreed-upon negotiation schedule;
  - 3) In the rules of procedure, the parties can agree that during the negotiations, both parties will continue to fulfill their obligations as appropriate;
  - 4) The parties conduct negotiations in accordance with the agreed-upon rules of procedure and schedule;
  - 5) If one party is unwilling to continue negotiations, the parties or one of the parties may register the dispute with the agency responsible for manpower in the district/city where the worker/laborer works, even if it has not yet reached 30 (thirty) working days;
  - 6) After 30 (thirty) working days, bipartite negotiations may continue as long as the parties agree;
  - 7) Minutes must be drawn up at each stage of the negotiations, signed by the parties. If one party is unwilling to sign, the unwillingness is recorded in the minutes.
  - 8) the final results of the negotiations are prepared in the form of a final minutes which at least contains: 1. full names and addresses of the parties; 2. date and place of negotiations; 3. the main problem or object in dispute; 4. opinions of the parties; 5. conclusions or results of negotiations; 6. date and signature of the negotiating parties;
  - 9) the final draft minutes are drawn up by the entrepreneur and signed by both parties or one party if the other party is not willing to sign it.

Employment development itself is an effort to create national development, aimed at supervising, fostering, and regulating the flow of labor between employers and employers to create order and justice in the labor market. Regulations regarding employment development and supervision are expected to align with applicable laws and regulations, ensuring abreast of current developments, enabling employment planning and increased protection for both parties, especially workers.

As Satjipto Raharjo once explained, Indonesia, as a result of its Dutch colonization, applies the principle of concordance, whereby Indonesia uses the legal system prevailing in Europe or the Roman-German legal system, known as the "Civil Law System" (Raharjo, 2006). However, in the formation of legislation in Indonesia, the Islamic legal system plays a role. This is because the majority of Indonesia's population is Muslim. The existence of customary law also influences the Indonesian legal system, such as inheritance law, agrarian law, and criminal law.

According to Iman Soepomo, in the field of Labor Law, there are formal and material regulations, some made by the government, which are called heteronomous, and there are also rules made by the parties (employers and employees) of industrial relations, which are called autonomous. (Soepomo, 2003) If connected to the sources of labor law, then countries that adhere to the Common Law System legal tradition, the main source of labor law is generally autonomous rules such as Collective Labor Agreements. In countries that adhere to the Civil Law System legal tradition, generally

heteronomous rules, namely laws and regulations stipulated by the government, are the most dominant source of labor law. (Collection, 2010) Or it can be interpreted that Indonesia, which adheres to the Civil Law System, uses more heteronomous labor law rules or laws and regulations. However, if the concept of reforming labor law, especially the settlement of industrial relations disputes regarding termination of employment, can adopt the legal system in Singapore which prioritizes autonomous legal principles in the form of collective labor agreements between employers and workers, in the process of resolving industrial relations disputes, it can be resolved quickly and efficiently.

Thus, Singapore's labor law system is more effective in achieving the objectives of Law No. 2 of 2004 concerning the Settlement of Industrial Relations Disputes, namely the resolution of industrial relations disputes quickly, precisely, fairly, and affordably. This can be seen in the differences in the industrial relations dispute resolution process, namely:

- a. In Indonesia, according to Article 151 of Law 13 of 2003, termination of employment must be determined by the Department of Manpower and Transmigration. However, in Singapore, there is no regulation regarding termination of employment, which requires a determination from an authorized institution under the Employment Act.
- b. In Indonesia, according to Article 156 of Law 13 of 2003, in the event of termination of employment, employers must pay severance pay, long-service bonuses, and compensation for entitlements that should have been received. However, in Singapore, there are no provisions in the Employment Act that clearly regulate the amount of compensation workers/laborers will receive. (Prawira, 2014)

This means that the process of resolving industrial relations disputes in Singapore uses the main law governing termination of employment, the Industrial Relations Act. This law requires that every employment agreement contain duties and responsibilities, clarify rights and obligations, and terminate the employment relationship, ensuring that the rights of all parties are respected.

This law was designed to restructure employment relations in Singapore and to create a tripartite cooperation system involving the government in industrial relations disputes. This law, along with its amendments, aims to resolve employment disputes out of court through collective bargaining, also known as conciliation and arbitration.

In Singapore, the Office of the Commissioner of Labor is a conciliation institution under the Ministry of Manpower. If conciliation efforts fail to reach an agreement, the next legal remedy is to resolve the dispute through an arbitration tribunal, the Industrial Arbitration Court (IAC). The Prime Minister issues a recommendation to the President to appoint a chairperson and deputy chairperson of the arbitration tribunal. This gives the IAC significant authority to resolve industrial relations issues between employers and employees. (Sudjudiman & Najicha, 2020).

In other words, if an employee in Singapore feels their termination of employment is unlawful, they can file a written appeal with the Singapore Minister of Manpower within one month of the date of the termination. If the Minister of Manpower deems the termination unlawful, they can order the employer to reinstate the employee and provide them with processing wages during the process, or, in other words, compensation for the process.

This allows for the adoption of mediation, as industrial relations disputes in Singapore can be resolved out of court through collective bargaining between employees and employers, a process known as conciliation and arbitration.

Meanwhile, Indonesia and Singapore generally have different industrial relations dispute resolution processes. However, both countries' industrial relations dispute resolution systems offer mediation as a means of resolution. The success of this mediation will determine a win-win solution, which is expected to reduce the number of disputes filed in court (Nuryansyah Irawan, 2022).

From this perspective, the goal of socially just labor law can be achieved by protecting workers' rights from employer abuse through adherence to legal procedures (Agusmidah, 2007). Consensus is a normatively affirmed principle of industrial relations dispute resolution, and the success of the industrial relations dispute resolution system depends heavily on the successful implementation of bipartite principles, namely Minister of Manpower Regulation 31 of 2008. Strengthening the good faith and negotiating capacity of workers is essential to ensure that consensus deliberation does not become merely a procedural formality. Reconstruction is necessary to ensure that consensus deliberation truly embodies justice in industrial relations.

#### 4. CONCLUSION

The paradigm shift in Indonesian labor law has shifted from an authoritative system under Law No. 22 of 1957 to an autonomous-participatory system through Law No. 2 of 2004 (the PPHI Law). During the enactment of Law No. 22 of 1957, the state, through the P4D and P4P, held dominant control in resolving disputes, resulting in the principle of deliberation and consensus often becoming merely an administrative formality. Conversely, the PPHI Law restores sovereignty to the parties by establishing bipartite negotiations as a substantive obligation and an absolute requirement before entering the realm of litigation. This is a concrete manifestation of the fourth principle of Pancasila, where dialogue, trust, and shared responsibility are the foundation for maintaining a balance between workers' rights and employers' business continuity, in order to achieve social justice.

However, the effectiveness of this deliberation and consensus faces significant challenges in terms of substantive good faith and the imbalance in bargaining power between workers and employers. Despite being reinforced by the Minister of Manpower and Transmigration Regulation No. PER.31/MEN/XII/2008, in practice, "forced consensus" often occurs due to the weak negotiating capacity of workers. Through a comparative study with the Singaporean legal system (The Industrial Relations Act), it is clear that the effectiveness of settlements can be increased by strengthening autonomous legal principles and out-of-court conciliation institutions. Therefore, a reconstruction of norms is needed that allows law enforcement not only to assess the formality of the minutes of negotiations, but also to test the honesty and good faith of the parties in the bipartite process to create a win-win solution that is truly harmonious and just for the world of work in Indonesia.

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