

Aspects of Industrial Relations in ASEAN

Basu Sharma

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by
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INSTITUTE OF SOUTHEAST ASIAN STUDIES

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Introduction

This work is concerned with two main issues: emerging trends in industrial relations systems in the member countries of the Association of Southeast Asian Nations (ASEAN), and inter-country variations in the systems of industrial relations of these countries. The purpose of addressing these issues is to work out a basis for reflecting on prospects for co-operation among the member countries of ASEAN in the field of industrial relations.

ASEAN is an association of five Southeast Asian countries, namely, Indonesia, Malaysia, the Philippines, Singapore, and Thailand.¹ It has experienced a healthy development in its less than two decades of existence. The member nations have defined and redefined the scope of their common interest over the years. They have identified various areas for co-operation, and have actively promoted the idea of regionalism. The area of labour and industrial relations has also come under the purview of ASEAN in the last few years.

A regional approach to labour and industrial relations has become an important theme to the governments, labour and employers in the ASEAN countries. This approach has the undertone of being different in mode and method from that prevalent in the more developed countries. The ASEAN Labour Ministers' Meetings, the ASEAN Council of Trade Unions (ACTU), and the ASEAN Confederation of Employers (ACE) are the formal organizations through which this concern is being expressed, and plans of action for co-operation and co-ordination in the field of labour and industrial relations are being proposed.² The idea of seeking common ground for co-operation in this area is a welcome one. But we should note with some frustration that not much concrete progress has been made in this respect yet.

Since co-operation or integration or convergence is facilitated by similarities and prohibited by dissimilarities in national industrial relations systems of member countries, the extent of their diversities and their enduring nature will ultimately determine the scope for co-operation. It becomes, therefore, necessary to examine, firstly, the emerging trends in or patterns of evolution of the industrial relations systems of the member countries, and then to look at the enduring nature of the variations among them.

National industrial relations systems are the products of interactions between actors and environments. Three main actors (labour,

management, and government) and four major environmental subsystems (economic, legal, political, and socio-cultural) have frequently been mentioned in industrial relations literature.³ Although all of these environmental factors may contribute to shaping patterns of industrial relations systems in industrializing countries in varying degrees, it may be assumed that the economic environment plays a predominant role. The basis for this assumption is the fact that the phenomenon of industrial relations is a product of economic development or industrialization.

However, industrialization is largely determined by the speed and style of capital accumulation. As countries begin to go through the process of industrialization, they move from one state of structural conditions to another. The dictates of development begin to change along with this movement. This, in turn, generates different requirements of capital accumulation. But the philosophy of the ruling élites and their policies on industrialization considerably affect the process of capital accumulation.⁴ Nowhere has this phenomenon become so true than in today's developing countries. It may, therefore, be logical to try to relate requirements of capital accumulation as created by the dictates of development at various levels of structural transformation and as perceived by governmental élites to the evolution of patterns of industrial relations. This is the line of analysis and argument followed in this work.

This study is organized into four chapters. Chapter I presents a review of the relevant literature, and develops a conceptual framework for the analysis of the evolution of patterns of industrial relations in the course of industrialization in the developing countries. Chapter II examines major aspects of economic environment in the ASEAN countries with focus on the extent of structural transformation of their economies and labour markets. Chapter III analyses institutional factors and the patterns of industrial relations in the ASEAN countries as they have evolved over time. The concluding chapter summarizes the analyses, arguments and findings of this study, and suggests its implications for public policy and for further research.

Notes

1. With the entry of Brunei in 1984, ASEAN has six members at present. Since the research was done before then, Brunei is not within the purview of this work.
2. The ASEAN Labour Ministers' Meeting of 1-3 April 1975, which took place in Jakarta, Indonesia, generated political will for co-operation in the area of labour and industrial relations. The ASEAN Concord, which came out of the meeting of the Heads of States of the ASEAN member countries in Bali, Indonesia, on 22-25 February 1976, took note of this. Consequently, the first meeting of the ASEAN Labour Ministers was held in Baguio City, Philippines, on 17-19 May 1976. The outcome of this meeting was a Seven-point Program of Action. Encouraging the growth of responsible trade unionism, creating more room for tripartism, and continuing the exchange of information were included in this Program of Action. The second meeting of the ASEAN Labour Ministers took place in Pattaya, Thailand, in May 1977, and the third one in Kuala Lumpur, Malaysia, in May 1980. Both meetings reviewed the progress, and emphasized the exchange of information. The fourth meeting took place in Singapore on 6-7 September 1982. One of the major outcomes of the meeting was a proposal for setting up an ASEAN Centre for Industrial Relations. On the labour front, the ASEAN Confederation of Trade Unions, established in September 1980, has remained active in promoting the theme of co-operation among trade unions of the region. On the employers front, the ASEAN Confederation of Employers, established in 1978, has been pursuing similar goals.
3. There are at least three distinct theoretical approaches to the study of labour and industrial relations. They are the systems approach, the political-economy paradigm, and the social relations framework. The interaction paradigm mentioned here is related to the systems approach. See Dabscheck (1983), pp. 485-506.
4. See Kerr et al. (1964), especially chp. 3.

I Towards a Conceptual Framework: Industrialization and the Evolution of Industrial Relations Patterns

The complex interplay between workers and their organizations, employers and their representatives or associations, and government agencies concerned with relationships between the two has become a subject of great concern and of inquiry over the last several decades. Scholars have researched into and elaborated on various themes of this important subject. However, the facts have remained scattered and a series of empirical findings disjointed in the absence of a cohesive conceptual framework. The realization of this state of the art has led some scholars to attempt to develop some conceptual frameworks for the analysis of the phenomena of industrial relations.

A conceptual framework is necessary in order to develop a systematic body of knowledge in a field. It provides tools of analysis which help to select relevant information from "mountains of facts" and to analyse them in a meaningful way. But a researcher's values and convictions play a major role in his or her search for relevant information, or selection of variables for analysis, and thereby the development of a conceptual framework. Naturally, such has been the case with the conceptual frameworks developed by researchers of the "Western culture" realm to analyse and to understand industrial relations systems of the Western, more developed countries.¹

However, these frameworks have serious limitations in so far as their applicability to the analyses and characterization of industrial relations systems evolving in many non-Western industrializing countries is concerned.² This means that there is a need to reformulate or to reconstruct the prevalent views on the matter. To do so in a modest way for the purpose of analysing the evolution of industrial relations systems of the ASEAN countries is the objective of this chapter.

The chapter is organized into two parts. The first part presents a brief review of the literature on the evolution of patterns of labour movement and industrial relations. The second part reconstructs the history of thought on the matter in the light of the structural transformation taking place in the industrializing countries. From this exercise will follow a set of propositions, or hypotheses. The subsequent

chapters will be devoted to testing these hypotheses against the realities of the ASEAN countries.

Review of the Literature

Many questions pertaining to the nature of labour relations are answered differently due to different assumptions concerning industrial relations strategies of actors. And until recently, the emphasis was on the strategies of trade unions. At one extreme, Marx suggested a strategy of radical collective action for industrial workers.³ At another, Perlman suggested a strategy of "job action" for "scarcity-conscious" blue-collar workers.⁴ These two strands of thought have guided much of the thinking of industrial relations scholars even today.

Both Marx and Perlman theorized about the labour movement on the basis of their understanding of events and experiences in the industrialized countries. But the non-Western developing countries are not repeating the experiences of the now industrialized countries. Therefore, some scholars have pointed out the inadequacies of these old models, and have indicated a need to formulate new models of labour movement and industrial relations.⁵

Kassalow has argued that unionism begins relatively early in the industrialization process of the newly industrializing countries, and that union recognition is no longer a problem. This was not the case with the industrialized countries. Because of this difference, the evolution, structure and quality of trade unionism in the developing countries may not be comparable to that of the developed countries.⁶ On the contrary, the political-social-economic milieu of newly developing countries may have generated their own laws in the development of trade unionism and industrial relations.⁷ And many scholars have been trying to explain industrial relations phenomena evolving in the newly developing countries of Asia and Africa with the theories of Marx and Perlman as the points of departure.

Putting an end to colonial rule was one of the common objectives of labour organizations, political parties, and the intelligentsia in many developing countries prior to their independence. And they formed an alliance to achieve that common goal. Consequently, the labour movement became an integral part of the national liberation movement in many of these countries. Proponents of the thesis of political unionism in the developing countries have often argued that even after independence, labour has maintained its alliance with the political parties, and that the industrial relations strategies of workers and their organizations have followed a political course.

A survey of the experiences of a number of newly developing countries led Galenson to conclude that there were "two great conceptions of labour market organization confronting one another."⁸ In one conception, trade unions were administrative arms of the state, subordinated to the ruling political party. Their function was to help the government realize its production-oriented goals. In another conception, they were "sectional interests", trying to improve their lot by means of collective bargaining. In this sense, they were consumption-oriented, and obsessed with the idea of increasing their share of the income. Galenson predicted that workers' organizations in the newly independent countries would eventually "opt for one or the other of these systems". And he saw a greater possibility for government control of labour organizations in the developing countries. A lack of stable membership as a consequence of uncommitted labour force led to weak unions which did not have strong bargaining power. In this situation, the maximization of political power rather than the maximization of bargaining power became the goal of union leaders. This is the reasoning Galenson provided in support of what Bates calls the "political substitution" hypothesis.⁹

Another seminal work related to labour in the developing countries is *Industrialism and Industrial Man*.¹⁰ This work attempts to analyse the evolution of industrial relations in the developing countries by developing and utilizing the concept of "industrializing élites". One major hypothesis coming from this work is that patterns of or strategies for industrial relations vary according to variations in the type of industrializing élites. Although the concept is said to have limited application to explain the universe of industrial relations systems, it still appears to be quite useful in understanding certain aspects of behaviour of the governmental élites of some of the rapidly industrializing countries.

A slightly different conception of trade unionism in newly independent countries came from Millen, who offered a spectrum of categories, with the American model at one extreme and the Russian model at the other.¹¹ He viewed most of the trade unions of newly developing countries as being caught up in political activities at the expense of economic functions. This view was based upon the assumption that labour leaders in newly independent countries considered political change a prerequisite for economic and social change. Despite his awareness of the rapidity of changes taking place in the developing countries, he asserted that developing countries would stay with political unionism for many years to come.

Sidney Sufrin, writing about unions in emerging societies, suggested a view similar to that of Millen. However, his argument was different in that he derived orientations of labour actions on the basis of

the economic system prevailing in the newly developing countries. Sufrin contended that most of the newly independent countries had a politically controlled economic system, and that the system required politically oriented economic action by workers;¹² that is to say, there was no choice for labour but to take political action.

Related to the thesis of political unionism is the Sturmthal hypothesis which states that environmental factors such as labour market conditions and the skill mix of the labour force determine industrial relations strategies of workers in developing countries. Sturmthal holds the view that the emphasis of the labour movement will be on political unionism as long as the supply of unskilled labour to the "capitalist" sector is unlimited, and that when labour becomes limited and scarce, the emphasis shifts to economic unionism.¹³ This hypothesis is based on the concept of bargaining power in which the abundance of labour weakens, while the scarcity of labour strengthens, the bargaining position of trade unions. And the labour market conditions that are likely to evolve in the course of industrialization have been conceptualized following the well-known Lewis model of economic development with unlimited supplies of labour.¹⁴

Elias T. Ramos has recently proposed a dualistic model of industrial relations strategy which draws upon the analysis of the Japanese experience done by Solomon Levine.¹⁵ The argument advanced is that the national trade union centres travel through political routes to pursue the interests of workers. However, the local trade unions tend to be inward-looking, and pursue their so-called pragmatic goals at the worksite by means of economic actions. In addition, Ramos has suggested that trade unions in the modern private sector pursue the path of economic unionism whereas trade unions in the traditional and government sectors pursue the path of political unionism.

While these models or frameworks have tried to examine and analyse industrial relations strategies of trade unions with varying degrees of success, the extent to which the models have covered the rich variety of industrial relations experiences of newly developing countries remains to be explored. In earlier times, the plight and strategies of workers and their organizations commanded much attention because the power of trade unions to fight against "bourgeois" employers largely determined the nature of industrial relations. But the situation in the developing countries today is quite different because the counterparts of the nineteenth and twentieth century bourgeoisie of the West against which the labour movement had to fight do not exist there. Therefore, as Kassalow correctly asserts, the state plays a dominant role in industrial relations in today's developing countries.¹⁶ Keeping in mind these developments, in the pages that follow a conceptual framework

will be developed to analyse evolving patterns of industrial relations in these countries.

Reconstructing the Prevailing Views

The brief discussion of the prevailing views on the labour movement and industrial relations presented above suggests that some of the models of labour movement and industrial relations are based on a bipolar (that is, communist bloc versus capitalist bloc) view of the world. This view of the world which was popular thirty years ago is no longer valid. Moreover, neither the assumed alliance between political parties and trade unions, nor the labour supply condition appears to be a major determinant in the evolution of the patterning of the labour movement and industrial relations in newly developing countries. This is because the assumed alliance has not remained static over time. The labour supply factor has also not been as forceful a factor as assumed.

The process of industrialization in newly developing countries appears to be different from what it was in the industrialized countries. As Wipper points out:

... the British and American patterns of industrialization in which a wealthy entrepreneurial class provided both the capital and knowhow is not the pattern found in today's developing societies where, rather, the State is the prime agent of industrialization.¹⁷

Since industrial relations is distinctly a phenomenon related to industrialization, the prime agent of industrialization occupies the central stage in industrial relations. What this means in the present context is that industrializing élites are bound to have a profound impact on the evolution of labour movements and industrial relations patterns in newly developing countries. Hence, some understanding of the behaviour of industrializing élites is a prerequisite for a good grasp of the evolving patterns of industrial relations.

Attempts to understand the role of governmental élites in the process of industrialization in the less industrialized countries raise three important but interrelated questions. The first question is why governmental élites in less industrialized countries pursue a course of planned industrialization. The second question is what requirements are to be fulfilled when a planned course of industrialization is followed. And the third question relates to the mode of financing preferred for the rapid industrialization of their countries. We shall try to answer the first question by reference to the ideology of economic nationalism, the

second question by the “catching up” hypothesis, and the third by the context of public fiscal behaviour.

Economic Nationalism and Planned Industrialization

The most powerful factor that caused the political map of the Third World to be redrawn in the middle of this century was nationalism. It worked as a powerful weapon to overturn colonial rule and to regain sovereignty and independence in Asia and Africa. However, the élites of the newly independent countries soon realized that political independence meant little as long as their countries were economically dominated by external forces. This was the general background for the rise of economic nationalism in these newly developing countries.

Economic nationalism is, in a sense, a derivative of political nationalism. Its understanding requires some knowledge of nationalism in general. Hence, a brief review of prevailing views on the topic is in order.

Similar to a religious feeling, nationalism is an emotional fervour. It may be conceived of as a sentiment, as a state of mind, or broadly, as a belief system.¹⁸ Like any great philosophical system, it penetrates the heart, and reaches the mind at one and the same time. Since it encompasses the heart and the mind, it ignites the passion and interest simultaneously.

For Rousseau, nationalism was the mirror-image of a collective will, identified with the will of individuals.¹⁹ It was free from external interferences and internal divisiveness. In this conception, it was a communal individuality — that is, it was individualism but realized by the community of a people as a whole. In the Kantian dualistic system, nationalism was the free and autonomous will actualized by the universal consciousness for the purpose of “self-determination”.²⁰ From the point of view of the Hegelian philosophical system, nationalism was a soul or a spiritual principle arising out of the history and nature of mankind.

Out of these various streams of thought, A.D. Smith has abstracted two versions of the theory of nationalism, namely, the romantic or the Germanic version and the core doctrine.²¹

The Germanic version of nationalism stresses three outstanding factors: uniqueness, naturalness, and objectivity. A nation is an outcome of language, customs, history, and institutions. The commonality of these factors leads towards the creation of a nation. The common mental characteristics framed thereby tend to be unique in their manifestation. And the distinctive spirit of the nation is objectively featured as the common mental characteristics are based on external