Evaluating Organisational Communication and Workplace Industrial Relations: An Indonesian Case Study

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Thesis submitted for the Degree of Doctor of Philosophy
Newcastle Business School – Faculty of Business and Law
University of Newcastle
Australia
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Declaration

This work contains no material which has been accepted for the award of any other degree or diploma in any university or other tertiary institution and, to the best of my knowledge, and belief, contains no material previously published or written by another person, except where due reference has been made in the text. I give consent to this copy of my thesis, when deposited in the University Library, being made available for loan and photocopying subject to the provisions of the Copyright Act 1968.

I hereby certify that the work embodied in this thesis is the result of original research, the greater part of which was completed subsequent to admission to candidature for the degree.

Maulina Pia Wulandari: 12th December 2011
Dedication

I dedicated this thesis to Hajj Haryono – my beloved father who is watching me from Heaven.
Acknowledgement

I would like to express my deepest sense of grateful to Allah The Most Graceful and Most Merciful who has answered my prayers and has given His blessing to me in achieving my aspiration and making my dreams come true.

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this research leads to some positive changes for the Company’s communication processes and systems and performance.

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<tr>
<td>ABRI</td>
<td>Angkatan Bersenjata Republik Indonesia or Indonesia Armed Forces</td>
</tr>
<tr>
<td>ADB</td>
<td>Asian Development Bank</td>
</tr>
<tr>
<td>AWIRS</td>
<td>Australian Workplace Industrial Relations Survey</td>
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<tr>
<td>Dirjen Binawas</td>
<td>Direktorat Jenderal Pembinaan dan Pengawasan or Directorate General of Inspections and Supervision</td>
</tr>
<tr>
<td>BULOG</td>
<td>Badan Urusan Logistik dan Gudang or Commodities Trading Company</td>
</tr>
<tr>
<td>BUMN</td>
<td>Badan Usaha Milik Negara or State-Owned Company</td>
</tr>
<tr>
<td>BPS</td>
<td>Badan Pusat Statistik or Statistic Central Bureau</td>
</tr>
<tr>
<td>CAS</td>
<td>Communication Audit Survey</td>
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<tr>
<td>CEO</td>
<td>Chief Executive Officer</td>
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<tr>
<td>CLA</td>
<td>Collective Labour Agreement</td>
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<tr>
<td>CSQ</td>
<td>Communication Satisfaction Questionnaire</td>
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<tr>
<td>FBSI</td>
<td>Federasi Buruh Seluruh Indonesia or All-Indonesian Labour Federation</td>
</tr>
<tr>
<td>FPBN</td>
<td>Forum Pendamping Buruh Nasional or Companion of the National Labour Forum</td>
</tr>
<tr>
<td>FSPSI</td>
<td>Federasi Serikat Pekerja Seluruh Indonesia or All-Indonesia Workers’ Union Federation</td>
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<tr>
<td>G-20</td>
<td>Group of Twenty</td>
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<tr>
<td>GCG</td>
<td>Good Corporate Governance</td>
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<td>GDP</td>
<td>Gross Domestic Product</td>
</tr>
<tr>
<td>GM</td>
<td>General Manager</td>
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<tr>
<td>GOLKAR</td>
<td>Golongan Karya</td>
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<tr>
<td>HIP</td>
<td>Hubungan Industrial Pancasila or Pancasila Industrial Relations</td>
</tr>
<tr>
<td>HPP</td>
<td>Hubungan Perburuhan Pancasila or Pancasila Labour Relations</td>
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<tr>
<td>HPWOs</td>
<td>High Performing Work Organisations</td>
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<tr>
<td>HR</td>
<td>Human Resource</td>
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<tr>
<td>ICA</td>
<td>International Communication Association</td>
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<td>ICFTU</td>
<td>International Confederation of Free Trade Unions</td>
</tr>
<tr>
<td>ID</td>
<td>Identification Data</td>
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<tr>
<td>ILO</td>
<td>International Labour Organisation</td>
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<td>IMF</td>
<td>International Monetary Fund</td>
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<td>IPD</td>
<td>Industrial Peace Dashboard</td>
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<td>IR</td>
<td>Industrial Relations</td>
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<tr>
<td>IT</td>
<td>Information Technology</td>
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<tr>
<td>JAMSOSTEK</td>
<td>Jaminan Sosial Tenaga Kerja or Workers’ Social Security</td>
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<td>Abbreviation</td>
<td>Full Form</td>
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<tr>
<td>JDI</td>
<td>Job Description Index</td>
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<td>JDS</td>
<td>Job Diagnostic Survey</td>
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<tr>
<td>JSS</td>
<td>Job Satisfaction Scale</td>
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<tr>
<td>KBC</td>
<td>Komite Buruh Cisadane or Cisadane Labour Committee</td>
</tr>
<tr>
<td>KORPRI</td>
<td>Korps Pegawai Negeri Republik Indonesia or Association of Government Employees</td>
</tr>
<tr>
<td>KSPI</td>
<td>Konfederasi Serikat Pekerja Indonesia or Confederation of Indonesia Trade Union</td>
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<tr>
<td>KSPSI</td>
<td>Konfederasi Serikat Pekerja Seluruh Indonesia or Confederation of All-Indonesia Trade Union</td>
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<tr>
<td>LDP</td>
<td>Lembaga Dewan Perusahaan or Agency of Company Board</td>
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<tr>
<td>MPR</td>
<td>Majelis Permusyawaratan Rakyat or Senate House</td>
</tr>
<tr>
<td>Menakertrans</td>
<td>Menteri Tenaga Kerja dan Transmigrasi or Minister of Manpower and Transmigration</td>
</tr>
<tr>
<td>MSQ</td>
<td>Minnesota Satisfaction Questionnaire</td>
</tr>
<tr>
<td>NASAKOM</td>
<td>Nasionalisme Agama dan Komunis or Nationalism, Religion and Communism</td>
</tr>
<tr>
<td>NGO</td>
<td>Non-Government Organisation</td>
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<tr>
<td>OCA</td>
<td>Organisational Communication Audit Questionnaire</td>
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<td>OCI</td>
<td>Organisational Communication Inventory</td>
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<td>OCP</td>
<td>Organisational Communication Profile</td>
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<tr>
<td>OCQ</td>
<td>Organisational Communication Questionnaire</td>
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<tr>
<td>OECD</td>
<td>Organisation of Economy Cooperation and Development</td>
</tr>
<tr>
<td>P4D</td>
<td>Panitia Penyelesaian Perburuhan Daerah or Regional Dispute Resolution Committee</td>
</tr>
<tr>
<td>P4P</td>
<td>Panitia Penyelesaian Perburuhan Pusat or Centre Dispute Resolution Committee</td>
</tr>
<tr>
<td>PHI</td>
<td>Pengadilan Hubungan Industrial or Court of Industrial Relations</td>
</tr>
<tr>
<td>PKI</td>
<td>Partai Komunis Indonesia or Indonesian Communist Party</td>
</tr>
<tr>
<td>PWT</td>
<td>Pegawai Waktu Tertentu or Contracted Employee</td>
</tr>
<tr>
<td>PWTT</td>
<td>Pegawai Waktu Tidak Tertentu or Permanent Employee</td>
</tr>
<tr>
<td>SBY</td>
<td>Susilo Bambang Yudhoyono</td>
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<tr>
<td>SME</td>
<td>Small-Medium Enterprises</td>
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<tr>
<td>SMS</td>
<td>Short Messaging System</td>
</tr>
<tr>
<td>SOBSI</td>
<td>Serikat Organisasi Buruh Seluruh Indonesia or All-Indonesia Workers Organisations</td>
</tr>
<tr>
<td>SPI</td>
<td>Satuan Pengawas Internal or Internal Watch Unit</td>
</tr>
<tr>
<td>SPN</td>
<td>Serikat Pekerja Nasional or National Trade Union</td>
</tr>
<tr>
<td>Acronym</td>
<td>Full Form</td>
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<tr>
<td>SPSI</td>
<td>Serikat Pekerja Seluruh Indonesia or All-Indonesian Workers Organisation</td>
</tr>
<tr>
<td>SPSS</td>
<td>Statistical Package for the Social Sciences</td>
</tr>
<tr>
<td>SPV</td>
<td>Senior Vice President</td>
</tr>
<tr>
<td>TNI</td>
<td>Tentara Nasional Indonesia or Indonesian National Army</td>
</tr>
<tr>
<td>UI</td>
<td>University of Indonesia</td>
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<tr>
<td>UK</td>
<td>United Kingdom</td>
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<tr>
<td>UNAIR</td>
<td>University of Airlangga</td>
</tr>
<tr>
<td>USA</td>
<td>United State of America</td>
</tr>
<tr>
<td>VP</td>
<td>Vice President</td>
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<tr>
<td>WCL</td>
<td>World Confederation of Labour</td>
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Abstract

Using a large Indonesian state-owned company in the oil gas industry as a case study organisation, this thesis examines the systems and processes associated with organisational communication and how they have been affected by recent changes to the Indonesian industrial relations systems. The communication audit research that included an the Organisational Communication Inventory (OCI) survey questionnaire, documentary analysis, participant observation and in depth-interviews data was applied to map; to evaluate; to examine the organisational communication processes and systems within the Company; and to investigate the communication problems that had caused industrial disputes in the organisation. One hundred and sixty eight full-time permanent employees participated in the organisational survey and eleven in-depth interviews of 90 minutes duration were conducted with key people at the Company. Statistical computer software (SPSS) was used to examine the quantitative data. NVivo 8 was used on the interview responses, participation observation notes and document analysis.

The thesis suggests that job satisfaction, communication climate, communication satisfaction and quality of organisational communication relationships are important variables in effective organisational communication systems within the workplace. Significant correlations were found between communication climate, communication satisfaction and quality of organisational communication relationships and job satisfaction. The thesis findings suggest that job satisfaction and communication satisfaction were significant as mediators in the relationship between organisational communication dimensions.

The thesis shows how the industrial relations system and practice has an effect on the organisational communication systems and mechanisms within the workplace; an effect emphasised by the Post-Reformation changes to Indonesia’s industrial relations. Previously, the communication processes within the Indonesian company were formal and strictly controlled by the management, however since the 1998s Reformation, the communication processes have become less formal and more cordial; and the communication system more open and cooperative. However, the thesis shows that employees’ satisfaction with the quantity of organisational information received, the
openness in the workplace, and employee-senior management communication relationships were indicated as communication factors causing industrial disharmony. The company’s culture and complicated organisational structure and the style of leadership were found as factors contributing to communication failures and conflict.