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

December 2011
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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<th>Full Form</th>
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<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>
</tr>
<tr>
<td>Dirjen Binawas</td>
<td>Direktorat Jenderal Pembinaan dan Pengawasan or Directorate General of Inspections and Supervision</td>
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<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>
</tr>
<tr>
<td>CEO</td>
<td>Chief Executive Officer</td>
</tr>
<tr>
<td>CLA</td>
<td>Collective Labour Agreement</td>
</tr>
<tr>
<td>CSQ</td>
<td>Communication Satisfaction Questionnaire</td>
</tr>
<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>
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<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>
</tr>
<tr>
<td>GCG</td>
<td>Good Corporate Governance</td>
</tr>
<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
</tr>
<tr>
<td>GM</td>
<td>General Manager</td>
</tr>
<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>
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<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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<td>HR</td>
<td>Human Resource</td>
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<td>ICA</td>
<td>International Communication Association</td>
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<td>ICFTU</td>
<td>International Confederation of Free Trade Unions</td>
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<td>ID</td>
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<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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<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>JDI</td>
<td>Job Description Index</td>
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<td>Job Diagnostic Survey</td>
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<td>JSS</td>
<td>Job Satisfaction Scale</td>
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<td>KBC</td>
<td>Komite Buruh Cisadane or Cisadane Labour Committee</td>
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<tr>
<td>KORPRI</td>
<td>Korps Pegawai Negeri Republik Indonesia or Association of Government Employees</td>
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<td>KSPI</td>
<td>Konfederasi Serikat Pekerja Indonesia or Confederation of Indonesia Trade Union</td>
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<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>
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<tr>
<td>Menakertrans</td>
<td>Menteri Tenaga Kerja dan Transmigrasi or Minister of Manpower and Transmigration</td>
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<tr>
<td>MSQ</td>
<td>Minnesota Satisfaction Questionnaire</td>
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<tr>
<td>NASAKOM</td>
<td>Nasionalisme Agama dan Komunis or Nationalism, Religion and Communism</td>
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<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>OCP</td>
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<td>OCQ</td>
<td>Organisational Communication Questionnaire</td>
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<tr>
<td>OECD</td>
<td>Organisation of Economy Cooperation and Development</td>
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<tr>
<td>P4D</td>
<td>Panitia Penyelesaian Perburuhan Daerah or Regional Dispute Resolution Committee</td>
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<tr>
<td>P4P</td>
<td>Panitia Penyelesaian Perburuhan Pusat or Centre Dispute Resolution Committee</td>
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<tr>
<td>PHI</td>
<td>Pengadilan Hubungan Industrial or Court of Industrial Relations</td>
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<tr>
<td>PKI</td>
<td>Partai Komunis Indonesia or Indonesian Communist Party</td>
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<tr>
<td>PWT</td>
<td>Pegawai Waktu Tertentu or Contracted Employee</td>
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<tr>
<td>PWTT</td>
<td>Pegawai Waktu Tidak Tertentu or Permanent Employee</td>
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<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>
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<tr>
<td>SOBSI</td>
<td>Serikat Organisasi Buruh Seluruh Indonesia or All-Indonesia Workers Organisations</td>
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<tr>
<td>SPI</td>
<td>Satuan Pengawas Internal or Internal Watch Unit</td>
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<td>SPN</td>
<td>Serikat Pekerja Nasional or National Trade Union</td>
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<td>SPSI</td>
<td>Serikat Pekerja Seluruh Indonesia or All-Indonesian Workers Organisation</td>
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<td>SPSS</td>
<td>Statistical Package for the Social Sciences</td>
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<td>SPV</td>
<td>Senior Vice President</td>
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<tr>
<td>TNI</td>
<td>Tentara Nasional Indonesia or Indonesian National Army</td>
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<td>UI</td>
<td>University of Indonesia</td>
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<td>United Kingdom</td>
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<td>University of Airlangga</td>
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<td>USA</td>
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<td>VP</td>
<td>Vice President</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.
1 Chapter 1: INTRODUCTION

1.1 Introduction

This thesis explores the communication process among managers, employees, and labour unions in a single large Indonesian organisation. Since 1999, the Indonesian industrial relations system has changed significantly. Previously, under the authoritarian Soeharto government, the existence of labour unions was tightly controlled. The voice of the workers was silenced and their rights were repressed. The New Order Government officially recognised only one labour union. Since the passing of the Law number 21 of 2000 on Trade Unions / Labour Unions, Indonesian workers have been allowed to establish unions at the enterprise level. Indonesian workers can now express their ideas and objectives through labour unionism to improve welfare and working conditions.

One result of this new law was that Indonesian workers could openly express their demands to management for improved wages and conditions and back up these demands with strikes and demonstrations. Consequently, the number of strikes and worker demonstrations in Indonesia especially in large enterprises, have increased significantly (Sosial, 2007). This thesis investigates how improved communications within the workplace can improve the practice of industrial relations in large Indonesian enterprises.

This thesis uses a case study of large Indonesian stated-owned company, which has a record of recent industrial relations conflicts and strike activity. Before 1998 the Indonesian military led the large, government-controlled state-owned companies in Indonesia in areas such as management, internal communication processes and systems of advocacy and representation. But since 1998, with a new government, state-owned companies have been allowed greater independence in their organisation and management. Employees were also allowed to have representation through independent trade unions at both the enterprise and at the subsidiary level. However, despite this, the Indonesian government through the Ministry of Stated-owned Company (Kementerian Badan Usaha Milik Negara known as Kementerian BUMN) is still able indirectly to regulate and control state-owned companies and their trade unions.
Since the introduction of Law number 21 of 2000 on Trade Unions / Labour Unions and Law number 19 of 2003 on Employment, the Indonesian industrial relations system and the governance of state-owned organisations have undergone considerable change. While there are still strong elements of government control, there is enhanced ability for management and trade unions to independently negotiate the terms and conditions of employment and independently resolve workplace disputes. In this more liberal context, there is an important role to be played by the communication system within the workplace and also by the main industrial relations actors (Syamsuddin, Simanjuntak, Widiarti, & Sinaga, 2008).

This thesis examines the communication processes and systems in a large Indonesian state-owned company including the process of communication between management and employees, management and trade unions, and among employees; the communication climate; the level of organisational satisfaction; the communication load; the media of communication; and the organisational communication relationships. The field research was conducted from 2008 to 2010. The purposes of the thesis are to demonstrate the centrality of effective communication mechanisms to good industrial relations, to determine the influence of recent changes in the Indonesian industrial relations system to communication processes and systems in Indonesian workplace and to outline how the communication systems in a large Indonesian state-owned company can be improved.

1.2 Research Background

1.2.1 The Restructuring of the Indonesian Economy Post 1998

From early 1998 to 2005 many Indonesian companies had to cut back their workforces, lower production and reduce or freeze wages because of the ongoing the global economic crisis. This process of downsizing and wage reductions generated a large volume of industrial disputation across the Indonesian economy. The Ministry of Manpower in the Republic of Indonesia reported that there were more than 500 strikes in Indonesia between 2004 and 2006 (Sosial, 2007). In addition, according to Indonesisch Documentatie en Informatie Centrum, from 1997 to 2008 there were more than 700 industrial relations conflict cases related to the process of downsizing and wage reductions in Indonesia (History, 2008).
Indonesia underwent significant political, economic, and social changes after a deep recession and the fall of the Soeharto government in 1998. Since then, the passing of the Industrial Relations and Labour Social Security Legislations represented the start of a new era. Important legislations included Law number 21 of 2000 on Trade Unions / Labour Unions, Law number 13 of 2003 on Employment, Law number 2 of 2004 concerning Industrial Relations Disputes Settlement and the enactment of some government regulations for the implementation of Law number 3 of 1992 covering Labour Social Security.

The beginning of the liberalisation of the law in the field of Industrial Relations was the implementation of Law number 21 of 2000 on Trade Unions (Serikat Pekerja) / Labour Unions (Serikat Buruh). The Act changed the concept of workers voicing ideas, objectives, and demands. Indonesian workers, through labour unions and workers’ movements, were able to openly express their ideas, objectives, and demands for improving benefits and working conditions.

From 2003 the principal conditions of employment also experienced significant changes in line with the enactment of Law number 13 of 2003 on Manpower. This Act has revoked nine acts and six ordinances. Law number 13 of 2003 contains the basic rights of workers, such as working hours, wages, benefits, occupational safety and health protections, and special protection for female workers, children and persons with disabilities, as well as the provision of social security. In addition, Law number 13 of 2003 also guarantees equal opportunity and treatment without discrimination due to race, religion, ethnicity and gender.

From 2004 changes in the dispute settlement system of industrial relations ensued. Originally, Indonesia only recognised the existence of the Regional Dispute Resolution Committee (Panitia Penyelesaian Perburuhan Daerah known as P4D) and the Centre Dispute Resolution Committee (Panitia Penyelesaian Perburuhan Pusat known as P4P). After the issuance of Law number 2 of 2004 concerning Industrial Relations Disputes Settlement, an industrial relations dispute resolution process was developed based on the Law of Civil Procedure in the Industrial Relations Court and in the Supreme Court.
The presence of industrial disputes and strike activity leads towards an examination of the extent and effectiveness of employee communication processes within Indonesian organisations. One possible cause of such actions is a lack of effective communication between employees and management (Downs & Adrian, 2004). Some reports on the Indonesian industrial disputes found that reasons for the strikes and labour demonstrations were the lack of information available to employees about changes in employment conditions and the employees’ incapability of accessing and communicating with the management (Cipta, 2008; History, 2008; Januar, 2008; Rahman, 2008; Wicaksono, 2008).

1.2.2 The Importance of an Effective Communication System in Promoting Good Industrial Relations

Effective communication plays an important role in building harmonious employment relationships in the workplace. Communication plays a central role in developing trust and openness in the relationship between employees and management, between superiors and subordinates, between trade unions and management and among the workers in the workplace (Downs & Adrian, 2004). Studies have constantly demonstrated that trust in the workplace communication system has a positive effect on an employee’s involvement and job performance (Caulkin, 1998; Service, 2000). In addition, some researchers suggested that openness and understanding of the communication process in the workplace was positively related to employees’ job satisfaction, communication satisfaction among employees and the quality of superior-subordinate relationships (Short, 1974; Turnbull, Strickland, & Shaver, 1976).

According to Putnam and Poole (1987), there are instances where communication can reduce conflict as well as instances where communication can indeed intensify conflict. Some research suggests that misunderstanding is one of the main reasons why conflict occurs in the workplace (Blyton & Turnbull, 1998; Teicher, Holland, & Gough, 2006). Previous research found that apart from the communication misunderstanding, the type of communication channel, the amount of information provided, the communication blocks between disputants and the quality of communication relationships among employers, employees and the unions were potential causes of communication failure in the workplace (Short, 1974; Turnbull, et al., 1976; Wichman, 1970). Furthermore, a study revealed that there were some causes of communicative misunderstanding in the
workplace such as disparity of interpretation and meaning among communication participants, inadequate and unclear communication, misrepresentative and incomplete information that often resulted in changes in meaning and interpretation as information moves along the organisational hierarchy (Goldhaber & Rogers, 1979). In the Indonesian context, previous research found that a lack of communication, indicated by the low level of employees’ communication satisfaction and job satisfaction as well as poor quality of communication climate and superior-subordinate communication, was a possible cause of conflict between employees and management in Indonesian companies (Octavia, 1996; Rahmawati, 2000; Wulandari, 2000). Rahayu and Sumarto (2003) have found that the company’s non-transparency in sharing information to employees regarding company’s profits, new company’s regulations, and workers’ social security is one of twelve sources of industrial disputes in Indonesia.

Being denied information by management generates frustration, fear, uncertainty about wages and job security and results in rumours (founded and unfounded). The presence of ongoing industrial disputation in Indonesia provides a justification for the detailed examination of the communication process and system within large Indonesian enterprises. This thesis examines the systems and processes associated with organisational communications and recent changes to the Indonesian industrial relations system and its influence on the communications within a large Indonesian company as well as how the practices of industrial relations affects the communications system and process within that company.

1.3 Research Questions

This thesis maps, understands and evaluates the organisational communication system in a large Indonesian stated-owned company by examining the following research questions:

1. What is the current state of organisational communication systems, including the current state of organisational satisfaction, communication climate, employee communication satisfaction and the quality of organisational communication relationships?

2. What are the communication mechanisms between management and employees, management and unions, and among employees?
3. To what extent are communication climate, employee communication satisfaction and the quality of organisational communication relationships significantly related to organisational (job) satisfaction?

4. To what extent does communication satisfaction mediate the relationship between the communication climate and the quality of communication relationships?

5. To what extent does job satisfaction mediate the relationship between the communication satisfaction and the quality of communication relationships?

6. To what extent does job satisfaction mediate the relationship between the communication climate and the quality of communication relationships?

7. To what extent does communication satisfaction mediate the relationship between the communication climate and the job satisfaction?

8. What are the particular factors within the communication mechanism that can lead to or exacerbate industrial conflict as a result of communication problems between employees and employers, between management and labour union, and between employees and labour unions?

9. How are the practices of recent Indonesian industrial relations impacting on the Indonesian workplace?

10. How can recent changes in Indonesian industrial relations systems influence the systems and mechanisms of communication within Indonesian workplaces especially regarding with industrial conflict?

1.4 Research Contributions

This thesis builds upon the theoretical theory of Downs & Adrian (2004), Short (1974), Turnbull, et al. (1976), Putnam and Poole (1987) and Wichman (1970) to demonstrate that effective communication is important in developing trust and openness in the relationship between employees and management, between superiors and subordinates, between trade unions and management and among the workers in the workplace; and communication is not only related to employees’ job satisfaction, communication satisfaction among employees, and the quality of superior-subordinate relationships but also a potential cause of communication failure and conflict in the workplace. This thesis also uses system theory (Goldhaber, 1993; Lewis, 1987; Miller, 2009), which suggests that an organisation as an open system, where all units of an organisation are mutually dependent or interconnecting demonstrates that the industrial relations system (as a sub-system of the workplace/organisation) impacts on communication systems within the workplace. Hence, there are several conclusions from the study.
Firstly, this research represents one of the first attempts to analyse and understand the organisational communication systems in an Indonesian workplace.

Secondly, the research links the industrial relations system, and its reforms, to communication system outcomes.

Thirdly, the research has the potential to demonstrate to managers and trade unions how an effective communications system can improve organisational effectiveness and employee satisfaction.

Fourthly, the research identifies those factors causing industrial disputes in an Indonesian workplace that are linked to the communication systems.

Finally, the research examines how the Indonesian industrial relations systems (i.e. its rules, regulations and processes) can be improved to promote effective organisational communication in Indonesian workplace.

1.5 Research Methodology

The main tasks in this research are to map, to evaluate and to examine the organisational communication processes and systems in detail as well as to investigate the communication problems that cause industrial disputes in a large Indonesian state-owned company. To do this the communication audit research approach is adopted that includes multi-data collection methods such as an organisational survey of employees and managers, documentary analysis, participative-observation, and in-depth interviews with senior executives, managers, employees and trade union officials. These multiple methods provide a range of information and build up a detailed picture of the communications and industrial relations system in the studied organisation.

A large Indonesian state-owned company in the oil and gas industry, identified as “Indo Oil”, was willing to be the case study organisation in this research. The company has a crucial role in the Indonesian economy. The selected organisation has a great number of employees in one head office and seven branch offices around Indonesia. Having one labour federation and nineteen labour unions, the company has recorded a record number of industrial relations disputes since 2000. Two hundred and fifty full-time permanent employees participated in the organisational survey and eleven in-depth
interviews of 90 minutes duration were conducted with two senior executives, two managers, three senior analysts, one analyst, two members of the federation union and one member of the labour unions.

Participant observation was employed to observe and record notes on the communication activities within organisation between the senior executives and managers; between managers and employees; between employees and the labour unions; between managers and the union or employee representatives, and among employees. This process involved visiting the head office and several branch offices and observing the forms of communication that took place beyond the formal processes (memos, email, telephone, meetings, and internal publications).

In this research, organisational documents such as organisational charts, memos, internal publications, letters, emails, and mission statements, policy statements and company regulations were used as a data source. Those organisational documents provided the researcher with important background information about the organisation. Furthermore, in case study research, the aim of using documents as sources of data is to build up a description of the organisation and its history (Bryman & Bell, 2003). The summary of research’s activities and methods is shown in Figure 1-1.

### Figure 1-1 Summary of the Stage of Research Activity and the Methods

<table>
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<tr>
<th>The Stage of Research</th>
<th>Methods</th>
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<tbody>
<tr>
<td>1 Survey Questionnaire</td>
<td>Organisational Communication Inventory (OCI) questionnaire</td>
</tr>
<tr>
<td>2 Interviews</td>
<td>In-depth interviews with key persons within a case organisation</td>
</tr>
<tr>
<td>3 Participant Observation</td>
<td>Observing and taking notes from communication activities within a case study organisation</td>
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<tr>
<td>4 Document Analysis</td>
<td>Record organisational documents</td>
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Statistical computer software such as SPSS (Statistical Package for the Social Sciences) was employ to examine the quantitative data. Descriptive statistics were applied to analyse the current level of organisational communication dimensions such as organisational satisfaction, communication climate, communication satisfaction and quality of organisational communication relationships. Factor analysis was used to examine if organisational communication could be a factor causing industrial conflict as a result of communication problems workplace stakeholders. Pearson correlation tests
were used to examine the correlation between organisation satisfaction, communication climate, communication satisfaction and organisational communication relationships. *Multiple Regression* analysis and the *Sobel’s Z* test were employed to support mediator variable in mediation hypotheses. The mediator model analysis was applied in developing and testing the organisational communication systems theoretical models hypothesised in this research. Finally, *NVivo 8* was used on the interview responses, participation observation note and document analysis.

1.6 Organisation of the Thesis

The thesis is organised into seven chapters.

Chapter One introduces the background of the research, the research questions, the research contribution, and the research methodology.

Chapter Two reviews the literature on organisational communication, a scope of industrial relations, communication conflict in the workplace, and the central role of communication in industrial relations. This will help to explain the communication process and system in an organisation, to determine its linkage with industrial relations systems, and to identify its contribution to industrial disputes in the workplace. This chapter examines organisational communication diagnosis as well as developing a conceptual framework that will help to explain the proposed theoretical model of organisational communications.

Chapter Three describes the Indonesian industrial relations system. This chapter provides the basic concept of the Indonesian industrial relations system and its history, law and regulations and implementation. This chapter provides a contextualisation for the thesis.

Chapter Four describes the methodology for this research. This chapter provides an in-depth explanation about communication audits and outlines the procedures of an audit. Four data collection techniques are used to examine the communication process and systems in the case study organisation and to identify the communication problems that lead industrial disputes. Appropriate data analysis techniques are applied to examine the
data from each of the data collection techniques. The ethical and legal considerations are also discussed in this chapter.

Chapter Five presents the data analysis and addresses the central research questions. The survey data is statistically analysed and reported using SPSS software. Factor analysis will be used to measure possible organisational communication variables that can be factors of conflict in the workplace. The Pearson’s correlation coefficient, multiple regression analysis and the Sobel’s Z test will be used to check for possible relationships among organisational communication dimensions.

Chapter Six presents the results obtained from the transcripts of the ten interviews with members of the study case organisation and its trade union committee and members. The chapter also addresses research questions regarding the communication process in the formal and informal employment relationship, the management-employee relationship and the management-union relationship as well as the influence of recent changes in the Indonesian industrial relations system as they affect the communication processes and mechanisms within the Indonesian workplace. The practices of recent industrial relations systems within the organisation are illustrated in this chapter. The qualitative data from interviews, participant observations and document analysis are analysed using NVivo 8 software. Participation observation and document analysis findings are also presented in this chapter.

Chapter Seven presents and discusses the findings of the study, highlights the implications in practical and theoretical terms, presents recommendations for the study case organisation, addresses limitations of thesis, and suggests directions for future research.

1.7 Conclusion

It has been shown that organisational communication is crucial in developing harmonious industrial relations especially in Indonesian workplaces. Communication has become a key source of industrial disputes in Indonesian workplace. It also has been shown that despite the significant changes of the Indonesian industrial relations system, industrial disputes are still occurring in Indonesian workplaces. However, few researchers have studied communication as a key source of industrial disputes in the
workplace especially in Indonesian organisations. Also, no research has been done yet in analysing the influence of the shift of industrial relations system to the processes and systems of communication in workplace. This study seeks to address this research gap.

The case study method and the communication audit method are used to evaluate, to analyse and to explore organisational communication systems and processes as well as industrial relations systems and practices across Indonesia. Nevertheless, the analysis and findings in this research cannot provide a comprehensive picture of the understanding of organisational communication systems and processes in Indonesia. The study involved a large Indonesian state-owned company which has a record of industrial disputes and plays an important role in Indonesia’s economy. Hence, cross sectional research is recommended for future research in order to provide a picture of organisational communication systems and processes as well as industrial relations systems and practices in different types and size of Indonesian companies or organisations.

In addition, the study tested particular variables of organisational communication systems in the organisation and examined specific key factors of industrial disputes in the workplace. Thus, the findings can only provide partial coverage of the organisation’s systems of communication and industrial relations. The study collected and analysed data at one point at a time. As a result, an extensive longitudinal study is suggested for future research in order to provide a more complete analysis of the changes of phenomena in the organisation.
2 Chapter 2: LITERATURE REVIEW

2.1 Introduction

The purpose of the thesis is to demonstrate the centrality of effective communication mechanisms to develop effective industrial relations, to determine the influence of recent changes in the Indonesian industrial relations system on communication processes and systems in the Indonesian workplace and to outline how the communication systems in an Indonesian large state-owned company can be improved. In this regard, this chapter reviews the relevant literature and research on organisational communication, examines the links between communication systems and industrial relations and evaluates how communication processes can be developed in the workplace.

The literature review is divided into five sections. The first section introduces all sections in the chapter. The second section deals with the literature on a conceptual overview of organisational communication and the relationships among organisational communication variables. The third section reviews the link between communication and industrial relations and the central role of communication in building harmonious industrial relations. The fourth section reviews the effective and communication conflict in the workplace. The conclusion of the chapter will be examined in the last section of this chapter.

2.2 Organisational Communication: An Overview

Effective communication is very important for the health and growth of any organisation. Many organisational scholars believe that communication is a vital aspect of effective organisational functioning and the communication system goes to the very core of organisational existence (Barnard, 1968; Bavelas & Barret, 1951; Rogers & Rogers, 1976). Hence, it is clear that without communication, an organisation cannot exist (Keyton, 2005). Several studies have linked the effectiveness of communication in improving employee productivity in an organisation (Clampitt & Downs, 1993; Morley, Shockley-Zalabak, & Cesaria, 1997; Pettit Jr, Goris, & Vaught, 2000). Other studies found that effective communication contributed to improving employee performance in
the workplace (Pettit Jr, Goris, & Vaught, 1997; Rodwell, Kienzle, & Shadur, 1998; Tourish & Hargie, 2004) and increasing employee participation in the communication network (Nystrom, 1990; Sias, 2005).

Effective communication is a very important aspect in bringing more understanding, cooperative and productive management-employee relationships and developing employees’ satisfaction and quality of life at the workplace (Smith, 1991). Some studies reported that the effective management of communication processes contributed many advantages to organisational life such as: increased productivity, less absenteeism, superior quality (of service and products), enhanced levels of innovation, fewer strikes and reduced costs (Clampitt & Downs, 1993; Smith, 1991). In addition, studies has suggested that the high quality of organisational communication, indicated by good employee communication, semi-autonomous teams, employee participation, high levels of training and performance-based rewards, is an important component of the high-performing work organisation (HPWOs) (Collins, 2001; Collins & Porras, 2000; O'Reilly & Pfeffer, 2000; Pfeffer, 1994, 1998; Tourish & Hargie, 2004).

In the workplace, communication is a basic element of workplace activity (Barnard, 1968). However, communication is not just about the sharing of information but also includes the ways through which an organisation accomplishes aims and implements strategies (Barnard, 1968). One study in Industrial Relations recommended that effective communication systems can improve employees’ satisfaction, motivation, productive output as well as reducing staff turnover and industrial disputes (Markey et al., 2001). Moreover, in many OECD countries employment relations law obliges a company to communicate with the worker about the substance of workplace conditions and responsibilities as well as equal employment opportunity and health and safety requirements (Markey, et al., 2001).

Research on organisational communication focuses on the nature of organisational communication, i.e. those processes and relationships through which communications take place (Deetz, 2001; Taylor, Flanagin, Cheney, & Seibold, 2001). For example, one study reviewed the content of fifteen communication journals from 1979 to 1989 and found three dominant areas of study in organisational communication: information channels, superior/subordinate communication, and the communications climate (Wert-
Redding and Thompkins (1988) identified four key areas of communications: formal channels, superior/subordinate communication, informal channels, and measuring and data collection. The most extensive study on communication mechanisms and processes by Allen and his colleagues (1993) reviewed 889 articles from 61 journals in the fields of social science, organisation, human relations, and human research management between 1980 to 1991, and identified nineteen key areas in processes and channels.

However, these meta-reviews of organisation communications revealed that there were only a few organisational communication studies that discuss the role of external factors to the organisation such as technology, politics (industrial relations systems) and globalisation in influencing the communications system. This current work will examine organisational communication from the point of view of workplace communication circumstances.

This section is categorised into five sub-sections. The first sub-section reviews the theoretical perspective of organisational communication. The second sub-section reviews theoretical background of organisational communication. The third sub-section presents definitions of organisational communication. The fourth sub-section reviews the systems and processes in the organisational communication. Finally, the last sub-section reviews the linkage among organisational communication variables that are examined in the thesis.

2.2.1 Perspectives of Organisational Communication

Researchers describe organisational communication in many ways. According to Papa, Daniels and Spiker (2008) there are three perspectives that can be used to describe organisational communication: traditional, interpretive and critical. They summarised some of prior literature review presented by Putnam (1982) and Redding (1985). In this thesis, all the three perspectives are used to explain organisational communication.

2.2.1.1 The Traditional Perspective

The traditional perspective regarded an organisation as an entity that can be studied by using the concepts and methods of social sciences. The traditionalists considered an organisation as a machine. Since the 1980s, functionalists have reconstructed the
representation of the organisation as an organism or a living system (Monge, Farace, Eisenberg, Miller, & White, 1984). Since an organisation is like a living system, it is more complicated that we imagine. Complex sub-systems are needed to manage and control this living system. Communication is one of these complex sub-systems that is required to operate, coordinate and control the machine as well as being an integral part that cannot be separated from an organisation’s life (Monge, et al., 1984). Therefore, functionalists regard organisational communication as “an objectively observable activity” that can be evaluated, identified, categorised and associated with other processes in the organisation (Papa, et al., 2008, p. 8).

They frequently focused on the association between the communication process and organisational effectiveness as well as highlighting organisational communication factors such as flows of information, message misrepresentations and failures in communication channels, communication strategies among superiors and subordinates and the dynamics of group communication (Jablin, 1979; Katz & Khan, 1978; Monge, et al., 1984; Redding, 1972). In addition, the functionalists have also concentrated on the relationship between communication and other organisational effectiveness dimensions, e.g. productivity (Morley, et al., 1997; Pettit Jr, et al., 1997; Sias, 2005); moral (Baird & Bradley, 1978; Smith, 1991); employee performance (Collins, 2001; Collins & Porras, 2000; O'Reilly & Pfeffer, 2000; Pfeffer, 1994, 1998; Tourish & Hargie, 2004) and employee participation (Nystrom, 1990; Sias, 2005).

2.2.1.2 The Interpretive Perspective

While the traditional scholars view an organisation as an entity, the interpretive scholars considered an organisation as a process (Pace & Faules, 1994). Interpretive scholars are fascinated in uncovering the social contracted realities of organisations. They examine communication as a process throughout which this social structure exists. As a result, the subjectivists are focused on the symbols and meanings and try to explain the process of how organisation members communicate their understanding of the organisation by sharing their experiences and developing a social comprehension of their experience (Papa, et al., 2008; Smircich, 1985).
Research suggested that the subjectivists’ purpose in studying an organisation is to reveal a variety of communication activities in an organisation (Smilowitz, 1982). According to Putnam (1982), communication socially creates the reality of an organisation. Hence, an interpretive perspective views organisational communication as the interaction around the process of generating meanings, the interpretation, and the management of organisational members pursuits that establishes, constructs, sustains and adjusts the organisation (Pace & Faules, 1994).

The interpretive perspective highlights some organisational communication factors such as climate, employees’ satisfaction on communication processes and their working conditions, and relationships’ quality among organisational members (Pace & Faules, 1994; Redding, 1972). For instance, the interpretive scholar focused the relationship between communication climate with organisational dimensions such as productivity (Kopelman, Brief, & Guzzo, 1990; Miller & Monge, 1986); commitment (Guzley, 1992; Rogers, 1987); job performance (Fulk, Brief, & Barr, 1985; Goris, Vaught, & Pettit, 2003); motivation (Litwin & Stringer, 1968); and interpersonal conflict management (Scarpero, 1999).

Another area of organisational communication that the interpretivists’ study is organisational culture. They are interested in understanding intersubjective meaning, comprehension, and regular activities among organisation members (Putnam & Krone, 2006). Hawes (1974) suggested that communication within an organisation is an organising process which can be understood as discourse. Pacanowsky and O'Donnell-Trujillo (1983), who classified and studied critical features of the performance of an organisation, recommended that communication in organisations is not only a process of transferring information but also an application of language. The interpretive scholars highlight the importance of organisation culture in communication process and system within the organisation (Keyton, 2005; Miller, 2009; Pacanowsky & O'Donnell-Trujillo, 1983). For example, an interpretive research examined the association between organisational culture with sharing information within an organisation (Brown & Starkey, 1994),
However, organisational culture as a center in studying organisational communication has been critiqued by some researchers. As Pacanowsky and O’Donnell-Ttujillo (1982, p. 130) argued that:

“Every organisational culture study manifestly denies the taken-for-granted managerial assumptions that would have us define as characteristics of "real" organisations their goal-orientation, or their rationality, or the presumed cooperation of members, or their likenesses as systems. Thus, the organisational culture position provides at least one contrast to traditional organisational communication research which may stimulate others to reflect and take stock of their work.”

Based on Pacanowsky and O’Donnell-Ttujillo’s (1982) argument, thus, organisational culture variable will not be used in the thesis.

2.2.1.3 The Critical Perspective

An organisation, from the critical scholars’ perspective, is viewed as the implementation of privileged or even direct coercion. The critical perspective centres on the association between privileged classes who act as the dominant power group in controlling most organisational action and oppress other groups who are at odds with the privileged class (Papa, et al., 2008). Critical perspectives are quite diverse from other perspective in studying organisations. They regard politics, power, conflict and control as being central to understanding organisations (Miller, 2009). Critical perspective defines organisational communication as the process of wielding power, indicating control, and exhibiting control within an organisation through both explicit and covert means (Putnam & Krone, 2006). In studying organisational communication, critical scholars focus on how power and politics can be used and controlled by organisational members to influence, block, control or manipulate the flow of information (Du Brin, 1972; Poole, 1978). They also examine the conflict within the relationship of superior and subordinate (Burke, 1970). Moreover, critical scholars in the past two decades have centred their research on how communication strategy can manage conflict within the superior-subordinate relationship (Richmond, Wagner, & McCroskey, 1983; Riggs, 1983) as well as examining the role of communication in bargaining and negotiation (Putnam & Jones, 1982; Putnam & Poole, 1987).
The communication process of organisational members (employer, employee, and unions) within the workplace is one of major objects of organisational communication study and has been examined from the late 1940s (Putnam & Cheney, 1985). Putnam and Cheney (1985) identified four general areas in the process of communication among members within workplace based on a review of the existing literature. The first was communication channels. Typical examples are formal communication channels (Dow, 1988; Jablin, 1987; Monge & Eisenberg, 1987) and informal communication channels (Davis, 1953; Katz & Khan, 1978; Tompkins, 1967). The second was the communication climate as captured by the concept of atmosphere in organisational communication that is linked with trust, openness, accuracy, overload, influence, time spent communicating in different way and time spent on diverse communication media (Falcione & Werner, 1978; Ireland, Van Auken, & Lewis, 1978; Poole & McPhee, 1983; Redding, 1972; Roberts & O'Reilly, 1974). The third area of study was network analysis (Farace, Monge, & Russell, 1977; Monge, Edwards, & Kiriste, 1978; Rogers & Rogers, 1976). The last study was superior-subordinate communication that centred on the flow of information between employees and their superiors (Jablin, 1979; Redding, 1972). This research will follow those fields of study to define and analyse the communication processes and systems in the workplace organisation.

### Classical Theory

The founders of the classical approach, Frederick Taylor (1911) and Max Weber (1969) considered organisations as power structures in which span of control and work specialisation were central characteristics. Taylor (1911) was concerned primarily with the scientific study and design of work processes. Beyond his principles of work efficiency, he offered recommendations regarding organisational structure and processes. Essentially, Taylor (1911) advanced four principles: (1) find the “one best way” to perform each job; (2) scientifically select and train workers; (3) reward workers in direct proportion to productivity; and (4) managers plan, workers produce, multiple expert supervisors (functional foremen) direct various aspects of a worker’s job. Furthermore, he believed that by examining all of the stages in work process and then by developing standardised procedures for those stages, managers could recognise the
best technique for completing that duty, thus assuring utmost efficiency. However, Taylor’s ideas could consequently contribute to dehumanisation of the workforce. It was criticised for treating employees as living machines instead of thinking human beings. In reality, Taylor was very concerned for the happiness of workers and wished to diminish the subjective, impulsive management of workers through scientific miscellany and training of workers.

In the beginning, Taylor had improved production very successfully by getting the best equipment and people, and then carefully analysing each component of the production process. He also found the precise mixtures of factors that generated great increases in production by examining every job one by one. Although Taylor’s scientific management theory demonstrated successful in the modest industrialised corporations, his theory has been not performed in good form in modern enterprises. His theoretical philosophy of “production first, people second”

While Taylor's scientific management theory proved successful in the simple industrialised companies at the turn of the century, it has not fared well in modern companies. The philosophy of “production first, people second” has bequeathed an inheritance of decreasing production and quality, work disappointment, loss of self-respect in workmanship and a near complete loss of organisational pride. Max Weber (1947), ‘the father’ of research on understanding bureaucracy, focused on authority structures. According to him, a bureaucracy is an organisation having the following characteristics: hierarchical (scalar) principles, specialisation of function, a complete system of rules and regulations to control workers, exhaustive procedures for work performance, formal relationships among the workers and formal lines of communication (Weber, 1947). In addition, Weber suggested that bureaucracy could eliminate ambiguity and capriciousness in organisational life. He viewed organisations as closed, formal and static systems (Weber, 1969).

While Taylor (1911) focused on the technical details of production work and Weber (1947) centred on authority structures, Henry Fayol (1949) was concerned mainly with the basic principles of organisational structure and management practice. He modified the formal chain of command by initiating the gangway as a form of horizontal communication between subdivisions of the organisation. According to Scott (1967),
there are four components of classical organisational theory: division of labour, scalar and functional processes, structure and span of control. Then, classical structural approaches focused on formal structures, administrative function, worker efficiency, and managerial control system as basic components for creating and controlling organisation. In terms of organisational communication, Tompkins (1984) in his literature review of classical theory in the organisational communication study suggested that classical theorists were not clear or in agreement in their analysis of communication.

Taylor (1911) introduced the role of formal communication, while Weber (1969) focused his efforts on the translation of rules and regulations in written downward communication. In addition, Fayol (1949) trusted in communication more directly than the other academics by representing how his management principles could be codified and communicated, by creating a system for providing instructions through unity of command, by legalising “cutting” of the scalar chain through horizontal communication and by emphasising the domination of oral face-to-face communication (Tompkins, 1984).

Classical theory placed the underpinning for study on formal channels of communication, the direct flow of information and communication networks. The first network researchers (Bavelas & Barret, 1951; Guetzkow & Simon, 1955; Leavitt, 1951) conducted extensive studies on formal communication. Other studies connected formal control structures to communication elements of the organisation (Julian, 1966; Smith & Brown, 1964). Nevertheless, Littlejohn and Foss (2008) have critiqued that classical theory does not account for communication and human behaviour in organisation. They have argued that classical theory provides implicit ideas of communication in the organisation but communication is not treated as an explanatory variable, nor is it seen as the essence of organisational life.

2.2.2.2 Human Relations Theory

The human relations approach criticised the classical principles of organisation by arguing that the formal structure forced people to become uninterested in their jobs. The human relations approach focuses on the social and psychological aspects of the person
and the work group (Pace & Faules, 1994). The human relations theory of organisation suggested that people-oriented management is more effective than production-oriented management (Papa, et al., 2008). The human relations viewed organisations as closed systems that had a small amount of interaction with outside surroundings; but the human relations academics cast organisation as an inside dynamic (Papa, et al., 2008). The first studies of the human relations approach concentrated on worker attitude, morale, informal work groups, and social relations in organisations (Lewin, 1943; Mayo, 1960; Roethlisberger & Dickson, 1939). Some researchers suggested that the early research on the human relations approach aroused concern for developing superior-subordinate communication through openness, trust, and mutual respect; for creating supportive organisational climates; as well as for apportioning power through participative decision-making. (Jablin, 1979; Lee & Jablin, 1995). Furthermore, scholars argued that developing communication relations in an organisation would raise job satisfaction and worker participation, consequently positively influencing higher productivity (Euske & Roberts, 1987).

However, other researchers suggested that the relations between communication, job satisfaction, and performance were more multifaceted than the human relations theorists thought (Conrad, 1985). Although the communication relationship was strongly correlated to job satisfaction, job satisfaction did not necessarily produce increased performance (Argyris, 1957). Hence, this thesis follows some codes of belief in the human relations approach in which the most satisfied workers are the employees who have “supervisors who were perceived as employee-centred: supportive; understanding; tolerant of disagreement; …..willing to listen to their subordinates and who provided their subordinates with information and (with opportunities for) legitimate decision making” (Conrad, 1985, p. 116).

Other human relations scholars focus on personal motivation and the dissatisfaction between personal conflict and organisation necessity. Study in the human relations’ tradition epitomised mechanistic and psychological views of communication (Krone, Jablin, & Putnam, 1987). The mechanistic perspective was obvious in the study on informal communication, specially evolving communication networks and rumour studies. Research found that informal communication outlined informal connections that opened ways to meet unexpected wants, control crises, express detailed information
and distribute personal information (Tichy, Tushman, & Fombrun, 1979). The research on rumours and grapevines as types of informal communication tracked the speed, the accuracy, and the model of rumour diffusion (Davis, 1953; Sutton & Porter, 1968). Alternatively, studies on psychological approach concentrated on upward communication distortion, openness and trust in superior-subordinate relationship and communication climate (Jablin, 1982; Redding, 1972).

The human relations scholars examined the formal structure from the view of interpersonal relationships (Conrad, 1985). The human relations approach stressed increased job satisfaction, employee participation, and personal motivation as techniques of improving performance (Katz & Khan, 1978; O'Reilly, 1980; Tompkins, 1977, 1978). The human relations theorists focused on informal networks, supportive communication climates, relational communication, and communication model on participatory decision-making (Jablin, 1978). For instance, Euske and Roberts (1987) examined the influence of the lack of trust and honesty between superiors and subordinates on the accuracy, the misrepresentation and the explanation of message interactions. It can be argued that the human relations approach values communication as an important aspect in organisational life (Littlejohn & Foss, 2008). Littlejohn and Foss (2008) suggests that human relations theory has provided conjecture on the nature of organisational communication and it has produced a useful set of guidelines for improving internal communication in organisations. Hence, the thesis adopts the human relations approach that supports the superior-subordinate relationship, job satisfaction, and communication climate, by examining the communication climate, the employees’ job satisfaction and the relationships between employees, management, and labour union in the case study organisation.

2.2.2.3 System Theory

The third perspective of organisational theory is known as the system school of thought. A “system” signifies any set of interconnected parts that forms a unified or complex whole. A system can be described only as totality because a system explanation needs interrelationship among elements to constitute a whole (Lewis, 1987). The system approach defines an organisation as an open system, where all units of an organisation are mutually dependent or interconnecting as all units in the systems, identified by sub-
systems, affect and are affected by each other (Goldhaber, 1993). From the perspective of systems or organics metaphor, organisations can be viewed as a complex organism that must interact with its whole and its environment (Miller, 2009). There are three concepts at the centre of systems theory: process, wholeness, and boundary. Katz and Khan (1966) utilised the open system theory as a method of integrating the small group dynamic literature with organisational perspective study. System scholars focus on the forms of communication structure and subsystems that affect adaptation to organisational environments. A whole system of information flow provides communication feedback through various sub-systems. Hence, communication plays a central role in system theory.

While it was complex to operationalise system theory, one study assesses models that provide a base for investigating both communication and organisation as dynamic processes that border with their environment. Euske and Roberts (1987) in their literature review suggested that communication topics that appeared in system theory contained a way of developing information in the environment; the most effective types of communication channels in transmitting information within organisation; and the method of routing, summarising, and interpreting information within organisation. System theories emphasised control patterns of superior and subordinates (Watson, 1982), superior-subordinate openness within an organisational system (Jablin, 1982) and interaction systems of bargainers (Putnam & Jones, 1982) that represented efforts to apply system views of communication to subsystems of organisational relationship. However, research found that one of problems in adopting system theory into organisational communication study was an association between the dynamic, recursive models of organising and the linear, stagnant view of communication that researchers characteristically employed (Monge, 1982).

Although system theory downplays the role of power in the organisation, which suggests that system outcomes are a natural result of the mechanism of interactional structure and not of the influence of individuals and groups, system theory is valuable in organisational communication studies as it emphasises communication in organisation (Littlejohn & Foss, 2008). Littlejohn and Foss (2008) has contended that the system approach stresses the way transfer of information binds elements into an holistic organisation. In addition, Littlejohn and Foss (2008) has suggested that the system
theory highlights the changes from components and structures to relations and interactions.

2.2.3 Definition of Organisational Communication

There are a variety of traditions in classifying and describing the definition of organisational communication. The common paradigms that define organisational communication are functional and interpretative (Goldhaber, 1993; Pace & Faules, 1994; Papa, et al., 2008). The functionalist described organisational communication as the information flow within an organisational network, the distortion of message, the breakdown in the channels of communication, the strategies of managers and supervisors in communicating to their subordinates and the dynamics of group problem solving (Papa, et al., 2008). For example, as Goldhaber (1993, pp. 14-15) states, “[o]rganisational communication is the process of creating and exchanging messages within a network of interdependent relationships to cope with environmental uncertainty”. Other researchers offer similar definitions (Foltz, 1981; Greenbaum, 1971; Redding & Sanborn, 1964; Thayer, 1968; Zelko & Dance, 1965). In addition, some scholars support the functionalist perspective and suggest that communications can control the organisation and coordinate people and resources within it (Farace, Taylor, & Stewart, 1971). The idea of organisational effectiveness is not only managerial objectives as morale and productivity but also includes the member organisation’s welfare in general and the overall quality of organisational life (Dessler, 1980; French, Bell Jr., & Zawacki, 1983; Pace, 1983).

On the other hand, interpretive or subjective perspectives, which emphasise ‘process’, have identified organisational communication as the interaction of meaning-generation process that establishes the organisation. The organisation is the interaction of meaning generation processes that creates, maintains and changes the organisation (Pace & Faules, 1994; Papa, et al., 2008).

2.2.4 Organisational Communication Systems and Processes

Intellectuals almost collectively have the same opinion that organisations are social systems (Farace, et al., 1977; Goldhaber, Dennis, Richetto, & Wiio, 1979; Katz & Khan, 1978; Rogers & Rogers, 1976; Thayer, 1968). According to systems or organics
metaphor, organisation can be viewed as a complex organism that must interact with its whole and its environment (Miller, 2009). The system approach also defines organisation as an open system in which all units of an organisation are mutually dependent or interconnecting as all units in the system, identified by subsystem, affect and are affected by each other (Goldhaber, 1993).

The system theory provides a vibrant analysis of organisations in action. It has also been important in the study of organisational communication since it classifies the organising role of communication in a new light (Littlejohn & Foss, 2008). Communication is neither an action that happens within an organisation, nor just a device for managerial control. Relationships among organisation members are identified through communication. The relations and interconnections among sub-systems rely on communication and the flow of information (Littlejohn & Foss, 2008).

The major elements or dimensions of organisational communication systems and processes that are interdependent and interaction in organisations as an open system which have been identified in the literature are as follows: (1) organisational structure, (2) the flow of information and channels, (3) organisational climate, (4) communication climate, (5) organisational culture, (6) organisational communication relationship, (7) power and conflict, and (8) leadership (Allen, et al., 1993; Putnam & Cheney, 1985; Redding & Thompkins, 1988). In the thesis, the organisational structure, the flow of information, the communication climate, the organisational communication relationships and the job satisfaction are examined to map the organisational processes and systems within the case study organisation. Downs and Adrian (2004) have suggested that these organisation communication dimensions are key focal areas in organisational communication research that have been applied by a number of researchers in many countries.

2.2.4.1 Organisational Structure

The idea of organisational structure has traditionally been explained using concepts articulated by early formal theorists of administration: the overall organisational pattern, including the differentiation of work into discrete assignments or specialties and functional sub-units and the hierarchical embedding of managers and sub-units;
formalisation and centralisation. These characteristics are usually interpreted as properties of the whole organisational system, though they may also be applied to distinct subunits (McPhee & Poole, 2001).

Much of the management literature based on the classical school of organisation theory is summarised in Scott’s key elements of classical organisational theory. Scott (1967) classifies four key elements of classical organisational theory: division of labour, scalar and functional processes, structure, and span of control. Division of labour can be defined as the way a given quantity of work is separated among the available human resources. This division can be consistent with the characteristic of a variety of works or in accordance with the quantity of responsibility and authority each individual believes. Scalar and functional processes communicate the vertical and the horizontal enlargement and structure of the organisation. Scalars relate to the levels of the hierarchy (the chain of command) while functional associate with the specific occupation responsibilities of each worker in the organisation. Structure is the network of relationship and roles throughout the organisation. Then, span of control deals with the number of workers a manager can effectively supervise.

Structure can be defined as the network of relationships and roles found right through the organisation. Structure allows the organisation to group its objectives effectively and in a systematic manner. As a consequence, structure also provides the stability, predictability and regularity necessary for an organisation to function without anarchy (Scott, 1967). Structure also provides an interesting communication discrepancy: the tremendous requirement or unwieldy size or perplexing complexity of some structures can act as a communication block, sifting and deforming potentially purposeful information (Goldhaber, 1993). Some scholars suggested that structure communicated some limitations that organisational members faced in the communication process (Johnson, 1993; McPhee, 1985; McPhee & Poole, 2001). In addition, organisational communication structure refers to the “relatively stable configuration of communication relationships between entities within an organisational context” (Johnson, 1993; McPhee, 1985; McPhee & Poole, 2001).
Greenbaum, et al. (1983, pp. 61-62) suggested that structure includes the particular characteristics of the organisational element, the objectives, policies, and activities representing the framework of four functional communication networks such as:

1. Regulative communication emphasising conformity to task-related plans and orders (i.e. policy statements, procedures, rules);
2. Innovative communication that allows an organisation to become accustomed to its environment change (i.e. problem-solving and strategy formulation);
3. Integrative communication concerned with feelings for self, friends, and work (i.e. informal social activities, rumour mill and appreciation by superiors and peers);
4. Informative-instructive communication involved with receiving and sending information not connected with the previous communication network, yet essential for the appropriate conclusion of job requirements (i.e. training activities, internal organisation media).

An organisation can be illustrated as either tall or flat. A tall organisation has a great number of stages between the senior management and the bottom management within the organisation’s hierarchy. On the other hand, a flat organisation has a small number of stages from top to bottom. Characteristically, a span of control (the number of persons reporting directly to a superior) in a flat organisation is wider than a tall organisation because of its fewer levels of the hierarchy (Neher, 1997). Generally, there is a less possibility of communication distortion in the flat organisation because of the fewer decision steps through to each unit in the organisation (Weick, 1979). However a flat organisation also has some communication weaknesses. It is more likely that communication become overloaded and is incapable of processing all messages shifting up or down the hierarchy (Neher, 1997).

Previous research in organisational structure and information technology suggested that by the end of the decade companies on average will be flatter as well as leaner than they are today (Boyett & Conn, 1991). Also, the flow of information would be radically transformed and the sharing of information would be crucial (Boyett & Conn, 1991). Furthermore, research found that there were significant differences in the managerial communication pattern between managers in large bureaucratic organisations and small entrepreneurial organisations (Smeltzer & Fann, 1989). Large bureaucratic organisations are likely to become more complex in the managerial communication pattern than small entrepreneurial organisations because of their hierarchy and
bureaucracy (Smeltzer & Fann, 1989). Hence, the major organisational structure implication for organisational communication is that the organisational structure provides a set of possible directions in which communication can flow and the style of communication can be established within organisation (McPhee, 1985).

2.2.4.2 Flow of Information processes

One of the major challenges in organisational communication is the understanding of the process of receiving and disseminating information throughout the organisation. These processes are linked to evaluating the flow of information. The flow of information is a dynamic process in which messages are constantly and continuously being created, displayed and interpreted (Pace & Faules, 1994). According to Guetzkow (1965) cited in Pace & Faules (1994): p.118), the flow of information in an organisation occurs in one of three ways:

1. simultaneously (when all members of a particular unit in organisation are to receive information at about the same time),
2. serially (when message are distributed in serial methods, information spreads through an uneven time schedule, thus arriving at different destinations at different times),
3. alternatively, in some combination of the above two.

The concept of communication structure is one of the most significant ideas in the study of organisational communication (Papa, et al., 2008). According to the traditional approach, there are three concepts central to the communication structure in an organisation:

1. The channel perspective which examines the pathways through which messages flow, and this is known as the line of communication in the organisation (Goldhaber, 1993; Koehler, Anatol, & Applbaum, 1981).

2. The observable network perspective which defines communication structure as “the pattern of interaction among people who make up the organisation”. It also views a network to “consist of interconnected individuals who are linked by patterned flow of information, influence, and affect” (Stohl, 1995, p. 18).

3. The perceived network perspectives which defines the network as “a structure of perceived communication relationships” (Corman & Scott, 1994, p. 174).

On the other hand, the interpretive or subjective perspectives suggested that the traditional dissimilarity between formal and informal communication has two major
limitations even though it is useful in illustrating and recognising some characteristics of organisational communication (Papa, et al., 2008). Firstly, there is a disagreement on the separation between formal and informal communication (Hellweg, 1987; Jacoby, 1968; Koontz & O'Donnel, 1955; Stech, 1983). Secondly, the concept of organisational structure may be observed as the social construction of reality (Stohl, 1995).

Some factors that influence the characteristic and the scope of the information flow within organisation are the relationship, the direction of message flow, the serial nature of message flow and the content of message. The idea of the network within an organisation is the system of pathways or the channels of messages which affect the form of information flow within the organisation. From the functional perspective, the form of the flow of information can be divided into formal communication and informal communication (Goldhaber, 1993; Papa, et al., 2008).

Hence, both interpretive and subjective approaches emphasise the importance of the flow of information within an organisation through formal and informal communication channels.

2.2.4.3 Organisational (Job) Satisfaction

McShane (2004, p. 115) regards organisational satisfaction, which is commonly called job satisfaction, as “a person’s evaluation of his or her job and work context”. Spector (1997, pp. 3, 8-9) defines job satisfaction as “a global feeling about the job or as a related constellation of attitudes about various aspects or facets of the job”. Generally the assessed variables of job satisfaction include satisfaction with the nature of work, pay, promotion, supervision, benefits and rewards, co-workers, and communication (Spector, 1997, pp. 3, 8-9).

Job satisfaction dimensions can be centred with many aspects of a job. Spector (1997, pp. 8-11) offers nine aspects of job satisfaction, which are called the Job Satisfaction Scale (JSS) that can be assessed, such as:

1. Pay. Satisfaction with pay and raises.
2. Promotion. Satisfaction with promotion opportunities.
3. Supervision. Satisfaction with the person’s immediate supervisor
5. Contingent rewards. Satisfaction with rewards (not necessarily monetary) given for good performance,
8. Nature of work. Satisfaction with the type of work done.

Smith, *et al.* (1969) develops the Job Description Index (JDI) to assess job satisfaction aspects in the organisation. This facet scale has probably been the most popular among organisational scholars. It also has been carefully developed and validated by many researchers (Balzer *et al.*, 1997; Cook, Hepworth, Wall, & Warr, 1981; Roznowski, 1989; Stanton *et al.*, 2002). The JDI consists of five aspects: work, pay, promotion, supervision and co-workers.

In addition, there are other satisfaction scales that have been popular among organisational researchers. Firstly, The Minnesota Satisfaction Questionnaire (MSQ) has been developed by Weiss and his colleagues (Weiss, Dawis, Lofquist, & England, 1966). MSQ covers 20 aspects of job satisfaction and more specific in many cases than the JDI or JSS. Secondly, the Job Diagnostic Survey (JDS) has been constructed by Hackman & Oldham (1980) to examine the effect of job characteristics on people. JDS contains subscales to measure the nature of the job and job task, motivation, personality, psychological states (cognition and feelings about job tasks) and reactions to the job specifically growth, pay, security, social, supervision and global satisfaction. Finally, the Job in General Scale has been established by Ironson, *et al.* (1989) to assess overall job satisfaction rather than the aspects. It contains 18 items, each one being adjective or short phrase about job in general.

Focusing on job satisfaction is needed because examining this concept is important in understanding how employees act and feel in the workplace (Spector, 1997). Job satisfaction has been an issue of concern in communication literature for quite some time as well. Scholars in management and communication as well as practitioners have this interest because higher quality performance and the greater satisfaction of employees can lead to a better corporate culture and greater effectiveness in the organisation (Gruneberg, 1979; Pettit Jr, *et al.*, 1997).
The relationships between job satisfaction and different variables have been examined. Studies have assessed job satisfaction and its relationship to job commitment (Bateman & Strasser, 1984; Cohen, 1993; Mathieu & Zajac, 1990), loyalty to the company (Trombetta & Rogers, 1988), the impact of positive and negative affectivity with relation to absenteeism and tardiness (Iverson & Deery, 2001) and communication apprehension (Richmond, McCroskey, & Davis, 1982). A recent study has found that the relationship between employee satisfaction and productivity is positively significant (Lynch, Gardner, Melkonian, & Kleinman, 2007).

Almost every employer in all organisations believes that job satisfaction is significant. The main reason is because of job satisfaction contributing to a better working environment (Gruneberg, 1979). In addition, research suggests that increasing job satisfaction has been proved to associate with financial success for organisations (Maister, 2001). Additionally, job satisfaction has been related to various issues when considering employees. Studies have been conducted to test the relationship between job satisfaction and many employment issues such as attitudes toward work-related change (Vielhaber, 1983), the effect of gender (Serini, Toth, Wright, & Emig, 1997), the quality of friendships at work (Winstead, Derlega, Montgomery, & Pilkington, 1995), the communication interventions with information related to job and company (Hunt & Ebeling, 1983) and the management of communication styles and its impacts on employees (Richmond, et al., 1982; Richmond, McCroskey, Davis, & Koontz, 1980).

Job satisfaction is important for management because of its impact on organisational performance and employee performance. Schneider and his colleagues (2003) have revealed that job satisfaction may be positively associated with organisational performance. In addition, some studies examined the link between job satisfaction and employee performance (Carmeli & Freund, 2004; Judge, Thoresen, Bono, & Patton, 2001).

2.2.4.4 Communication Climate

The concept of communication climate refers to the perception of organisation members about general characteristics of communication in their organisation (Dennis, 1975; Goldhaber, et al., 1979; Pace, 1983; Redding, 1972; Sanford, Hunt, & Bracey, 1976).
Pace and Faules (1994, p. 100) regarded the phrase ‘organisational communication climate’ as a metaphor for the physical climate. The way in which people react to aspects of the organisation creates the communication climate. The communication climate, in contrast, is a composite of perceptions—a macro-evaluation of communicative event; human behaviour; responses of employees to each other; expectations; interpersonal conflicts; and opportunities for growth in the organisation. The communication climate is different from organisational climate in that communication climate involves perceptions of messages and message-related events occurring in the organisation (Pace & Faules, 1994, p. 100).

Meanwhile, Dennis (1975) who was building research upon the work of Redding, described communication climate as “…a subjectively experienced quality of the internal environment of an organisation….which embraces members’ perceptions of messages and message-related events occurring in the organisation”. As Pace and Faules (1994, p. 100) explained:

“Any particular pattern of weather conditions may give an inaccurate impression of the physical climate of a region; in the same way, one may get an inaccurate impression of the communication climate of an organisation based on a short visit or contact with some unusual interpersonal interactions. Sometimes, however, the weather on a particular day does give you a good picture of the general physical climate over a longer period of time, in the same way that perceptions of the organisation on a particular day may provide a clear picture of the communication climate of an organisation over a longer period of time.”

Pace and Faules (1994, p. 100) argued that the communication climate is important for organisational life because it affects how we live: to whom we talk, whom we like, how we feel, how hard we work, how innovative we are, what we want to accomplish and how we seem to fit into the organisation. As Redding (1972, p. 111) stated that “the communication climate of the organisation is more crucial than communication skills or techniques in creating an effective organisation”.

Furthermore, Poole (1985, p. 79) argued the communication climate is significant because it associates the organisational context with the concepts, feelings, and expectations of organisation members and helps explain the behaviour of organisation members. As Pace and Faules (1994, p. 100) stated that “by knowing something about
the climate of an organisation, we can better understand what impels organisation members to behave in particular ways”. Some organisational communication’s scholars also contended that the concept of “climate” is one of the “richest constructs in organisation theory, generally, and organisational communication specifically” (Falcione, Sussman, & Herden, 1987, p. 195). Pace and Faules (1994, p. 101) argued that “the climate is “rich” because it has received a great deal of attention in theoretical and empirical literature. It is also deceptively simple and complex at the same time, and it has far-reaching explanatory powers”.

Poole (1985, p. 82) indicated that the climate arises from and is sustained by organisational practices. Kopelman, Brief and Guzzo (1990) hypothesised and argued that the climate of the organisation, e.g. communication climate, is significant because it plays a role as a mediator in the relationship between human resource management practices and productivity. They also stated that “when an organisation implements a new financial incentive plan or engages in participative decision-making, a change in organisational climate may occur. This change in climate may, in turn, affect employee performance and productivity” (Kopelman, et al., 1990, p. 12). However, not all of the consequences of productivity improvement practices reflect changes in climate (Pace & Faules, 1994). Pace and Faules (1994, p. 101) argued that

“Climate in general and communication climate in particular serve strong mediating factors between elements of the work system and different measures of organisational effectiveness such as productivity, quality, satisfaction, and vitality”.

Research by Redding, Dennis and other organisational scholars from the 1970s – 1980s indicate that communication climate involves the perception employees have about the quality of relationship and communication in the organisation, and the degree of involvement and influence. Redding (1972, p. 111) suggested that communication climate consists of five factors:

1. **Supportiveness.** Subordinates perceive that their communication relationship with their superior helps them build and maintain a sense of personal worth and importance.
2. **Participative decision making.** Generalised complexes of attitude that characterise a climate where employees are free to communicate upward with a true sense of influence.
3. **Trust, confidence, credibility.** The extent of which message sources and/or communication events are judged believable.

4. **Openness and candour.** Whatever the relationship (e.g. superior-subordinate, peer-peer, etc.) there is openness and candour in message “telling” and “listening”.

5. **High performance goals.** Degree to which performance goals are clearly communicated to an organisation’s members.

Climate in general and communication climate in particular serve as strong mediating factors between elements of the work system and different measures of organisational effectiveness such as productivity, quality, satisfaction and vitality. Communication climate is measured by assessing physically verifiable artefacts such as memos and durations (and times) of interaction or by tapping into perception of organisational members with some type of survey or questionnaire

### 2.2.4.5 Communication Satisfaction

The term communication satisfaction is used to refer to “the overall-degree of satisfaction an employee perceives in his total communication environment” (Redding, 1972, p. 429). Thayer (1968, p. 144) regarded communication satisfaction as “the personal satisfaction inherent in successfully communicating to someone or in successfully being communicated with . . . .”. An employee who is well informed by his/her supervisor and organisation is more likely to understand their job requirements and expectations of their contribution to an organisation’s success.

Communication satisfaction in the organisational setting has been highlighted in research. Studies conducted in the late 1970s to early 1980s recognised the importance of communication satisfaction (Falcione, McCroskey, & Daly, 1977; Goldhaber, Porter, Yates, & Lesniak, 1978; Richmond, et al., 1982). As Ehlers (2003, p. 3) stated:

> “Communication satisfaction has been studied in the workplace because employers want employees to be effective and efficient communicators for their organisation so they can perform their job. Also, communication satisfaction should be studied because employees should ideally be satisfied while working. Ultimately, better communicators create a more optimal workplace. Organisational communication scholars have analysed the concept of communication satisfaction to consider employees’ attitudes.”

Some scholars in organisational communication highlighted the importance of communication satisfaction in an organisation. For example, Goldhaber, *et al.* (1978)
has been recognised for their contributions to the study of organisational communication by synthesising and reviewing all literature in the area at the time. They categorised two main research perspectives for communication within organisations:

1. *the information flow or process perspective* which explains whether the communication flow is upward or downward in the organisation; perceives an organisation as more a machine rather than individual employees bringing their own unique characteristics to the table; and examines the structure of the organisation, the communication roles that are involved in the system, the channel and message factors that play a role in how the organisation functions.

2. *The perception/attitudes or the perception perspective* which explains employees’ attitudes about issues in the organisation. The factors involved with perceptual/attitudinal research include the perceptions of climate, information adequacy, and satisfaction.(pp. 77-78)

In this thesis the perception perspective with communication satisfaction has developed because of its multidimensional construct that examines employees’ perceptions about different forms of communication.

The most frequently used measure of communication satisfaction is the Communication Satisfaction Questionnaire developed by Downs and Hazen (1977, p. 72). They classified eight distinct dimensions of communication satisfaction that cover various channels of communication between employee and their supervisor in an organisation: (1) personal feedback, (2) supervisor communication, (3) horizontal-informal communication, (4) subordinates communication, (5) media quality (6) communication climate, (7) general organisational perspective and (8) organisational integration. Each dimension of communication satisfaction is illustrated below:

1. **Personal feedback.** This dimension measures the scale to which employees feel their efforts are recognised, their superiors understand their problems, and the criteria by which they are evaluated are clear.
2. **Supervisor communication.** This dimension measures subordinates’ perceptions of downward communication and relationships with immediate supervisors. Items focus on how open and attentive superiors seem with regard to listening and paying attention to subordinates’ messages, as well as the amount and quality of supervision and feedback. This dimension also measures perceptions about the degree of trust that a supervisor exhibit towards their subordinates.
3. **Horizontal-informal communication.** This dimension relates to messages circulating within informal networks. This factor examines the amount
and accuracy of those messages, in addition to the flow of communication.

4. **Subordinates communication.** Only those in supervisory or managerial positions complete items corresponding to this factor. This factor relates to the perceived openness of employees to top-down communication, as well as their readiness and capability to transmit information up the chain of command. Supervisors are also asked about their experience with communication overload.

5. **Media quality.** This dimension concerns the extent to which various channels of information, for instance, memos, meetings, bulletin boards, emails, performance evaluations, and so forth, are helpful, clear and/or useful. In addition, this factor examines common attitudes relating to communicating.

6. **Communication climate.** This dimension reflects general attitudes toward communication at both the organisational and personal level. It includes items such as the extent to which communication in the organisation motivates and stimulates workers to meet organisational goals and to which it makes them identify with the organisation. In contrast, it includes estimates of whether or not people’s attitudes toward communicating are healthy in the organisation.

7. **General organisational perspective.** This factor deals with the broadest kind of information about the organisation as a whole. Questionnaire questions related to this dimension are information about company policies and goals, organisational changes, pay and benefits and financial well-being.

8. **Organisational integration.** This dimension revolves around the degree to which individuals receive information about their immediate work environment including department and division plans, job descriptions, personnel news, new policies and procedures, and so forth. This factor also measures the degree to which individuals receive information that makes employees feel they are part of the organisation.

Similarly, Pace and Faules (1994, p. 113) indicated that communication satisfaction represents individual affective reactions to a desired outcome resulting from the communicating that occurs in the organisation. Their approach incorporates a number of communication satisfaction dimensions including:

1. *Job-related information*
2. *Adequacy of information*
3. *Ability to suggest improvements*
4. *Efficiency of various communication channels*
5. *Quality of media*
6. *Way in which co-workers communicate*
7. *Organisation-wide information*
8. *Organisational integration.*
Satisfaction is an attitudinal variable and can be considered as a global feeling about the organisation or as a related constellation of attitudes about various aspects or facets of the organisation (Spector, 1997). Spector (1997) contended that the global approach is applied when the overall or bottom line attitude is of interest. He found that most research adopting the global approach studied the correlations between global employee satisfaction and other variables of interest. Furthermore, Spector (1997) suggested that the facet approach is applied to classify which parts of communication create satisfaction or dissatisfaction, as well as to give a more comprehensive picture of an employee’s communication satisfaction with dissimilar facets of the organisational environment. This can be very useful to firms wishing to identify areas of dissatisfaction that they can improve upon. Sometimes, both approaches can be used in order to obtain a complete picture of employee satisfaction (Spector, 1997).

Research suggested that employee satisfaction was not a static state but was a subject to influence and modification from forces within and external to an individual, which were his or her own personal characteristics and the immediate working environment (Lam, 1995). Individuals differ in how they respond to work conditions. Prior studies found that some employees may be highly satisfied with a particular job, but other employees may find the same conditions extremely dissatisfying (Duke, 1981; Gregson, 1987).

2.2.4.6 Quality of the Organisational Communication Relationships

A variety of communication relationships exist in organisations. Employees exchange messages regularly with supervisors, subordinates, co-workers, etc. This thesis discusses three forms of relationship in the workplace: (1) superior-subordinate relationships, (2) co-worker relationships, and (3) senior management-employee relationships.

2.2.4.6.1 Superior-subordinate relationships

The communication relationship between subordinate and superior is one of the most popular areas in organisational communication research. Research had shown that managers spend 75 per cent or more of their work time engaged in some form of communication (Klemmer & Snyder, 1972). Much of this time was spent in face-to-face communication with subordinates (Penfield, 1974). Communication relationships in the
workplace are linked with how employees rely primarily on their immediate supervisors and departmental co-workers for job and organisational related information. As Jablin (1979, p. 1201) defined:

“superior-subordinate communication is...those exchanges of information and influence between organisational members, at least one of whom has formal (as define by official organisational sources) authority to direct and evaluate the activities of other organisational members”.

The most widely accepted theory regarding supervisor-subordinate relationship quality is Leader Membership Exchange (LMX) Theory (Graen, Novak, & Sommerkamp, 1982). According to the LMX theory, supervisors develop different types of relationships with employees (Graen, et al., 1982). “In-group” relationships characterise a higher quality supervisor-subordinate relationship which exhibits higher levels of mutual trust, respect and obligation among the relationship partners (Sias, 2005). Other organisational scholars also suggested that supervisors who demonstrated employee-centred communication style, supportiveness, understanding, tolerance for disagreement, willingness to listen to their subordinates and who provide their subordinate with information as well as involve them in legitimate decision making process, attained higher employee satisfaction scores than did other supervisors (Muchinsky, 1977; Richmond, et al., 1982).

Downs and Adrian (2004) have suggested that the superior-subordinate relationship is a critical point in the organisational communication research because most employees think that their supervisors are structurally the most critical communication connection in the workplace. Some studies revealed that the quality of relationship between supervisor and subordinate is associated with a variety of individual and organisational outcomes. For example, employees in higher quality relationships that were open and shared a greater level of trust and participation in decision-making, reported higher levels of commitment to the organisation than employees with lower quality relationships (Falcione, et al., 1977; Richmond, et al., 1983). Some researchers recommended that the openness of the communication process in the workplace is positively related to an employee’s job satisfaction, communication satisfaction among employees, and the quality of superior-subordinate relationship (De Ridder, 2004; Johnson, Donohue, Atkin, & Johnson, 1994).
2.2.4.6.2 Relationships among co-workers

Many studies have been conducted to evaluate the importance of communication relationships among co-worker (Anderson & Martin, 1995b; Bridge & Baxter, 1992; Odden & Sias, 1997; Porter & Roberts, 1973; Sias & Cahill, 1998). Kram and Isabella (1985) categorised three main types of peer communication relationship which are differentiated by employees’ communication characteristics. These are: the (1) information peer (distinguished by communication regarding work and the organisation and by low levels of self-disclosure and trust), (2) the collegial peer (distinguished by communication regarding both work and personal issues and by moderate levels of trust, self-disclosure, emotional support and friendship) and (3) the special peer (distinguished by communication regarding a wide variety of topics and high levels of emotional support, personal feedback, trust, self-disclosure and friendship).

Jablin and Krone (1994) suggested that employees need communication with their superiors and peers to understand their workplace environment and roles. They also argued that communication with peers provides meaningful information to employees. Research into workplace relationships suggested that employees look for communication relationships with their peers to satisfy interpersonal needs, especially for affection (Anderson & Martin, 1995a). One study found that the motive for employees communicating with their peers is relaxation (Graham, Barbato, & Perse, 1993). In addition, besides fulfilling affection and relaxation needs, co-worker relations are important because of the association with organisational satisfaction, especially satisfaction with their co-workers (Anderson & Martin, 1995b). Clampitt and Downs (1993) reported that the relationship among peers in the workplace affects organisational outcomes such as job productivity and job satisfaction.

2.2.4.6.3 Senior management-Employee Relationships

The communication relationship between senior management and employees has been an important topic in organisational communication studies. Several studies about senior management-employee relationships have been conducted since 1990s (Ellis & Shockley-Zalabak, 2001). Research found that the senior management-employee relationship is important to examine because it affects employees’ job satisfaction.
organisational effectiveness (Ellis & Shockley-Zalabak, 2001) and employees’ commitment (Ruppel & Harrington, 2000). According to Posner et al. (1985), subordinates who perceived senior managers to have effectively communicated with them reported a significantly higher level of job satisfaction. Research undertaken by Foehrenbach and Ruch in 1980s confirmed a significant relationship between an employee’s satisfaction with organisational communication and communication efforts of senior management (Pincus, 1986). Also, Niehoff, et al. (1990) concluded that senior management’s supportiveness of employee effort was strongly related to job satisfaction.

Interestingly, Smith (2007), who conducted a survey in 18 countries, revealed that employees are more trusted than senior management as a source of communications in the workplace. He argued that employees prefer to communicate with their peers rather than with senior management. He contended that senior management seemed to have less credible communication with employees and even with the public. In addition, Fralicx and McCauley (2003) suggested that employees have observed in the media how senior management can destroy a company and, consequently, they not only want to know ‘who’s running the ship?’ and ‘where are they taking us?’, but also ‘do they know what they’re doing?’ and ‘whose interest do they have at heart?’

2.2.5 The linkage of Organisational Satisfaction, Communication Climate, Communication Satisfaction, and Quality of Communication Relationships

Many studies have examined the correlations among organisational communication dimensions. In this section, prior studies and empirical evidence about the linkage of organisational communication dimensions will be examined. Those findings from literature contribute towards the development of a conceptual framework and theoretical model.

2.2.5.1 Organisational Satisfaction and Communication Satisfaction

In the 1960s, research was conducted by Herzberg (1986) to examine the relationship between communication and job satisfaction (Downs & Hazen, 1977). According to Mueller and Lee (2002), communication satisfaction has been consistently found to be
crucial to job satisfaction. The relationship between communication satisfaction and organisational satisfaction has been investigated by many communication scholars (Falcione, et al., 1977; Pettit Jr, et al., 1997; Pincus, 1986; Richmond, et al., 1980; Wheeless, Wheeless, & Howard, 1984). It seems that organisations are always stating in job descriptions that good communication is an essential job selection criterion. Additionally, having communication consultants come in to tell the company how to better communicate is a growing business. Clearly good communication skills are essential for all employees; therefore, the relationship between communication and satisfaction should be a something employers concentrate more on with employees in the workplace. There is a relationship between communication and satisfaction that needs to be of a greater importance for organisations to achieve a higher success rate.

Communication satisfaction has been examined by many organisational scholars as a determinant, mediator or consequent in relation to job satisfaction (Carrière & Bourque, 2009; Clampitt & Downs, 1993; Nobile & McCormick, 2008; Varona, 1996). According to Carrière and Bourque (2009), the association between organisational satisfaction and communication satisfaction is one of the most studied relationships in the organisational academic literature. For example, research conducted by Carrière and Bourque (2009) reported a mediating role of communication satisfaction between internal communication practices and job satisfaction. Nobile and McCormick (2008) developed the link between job satisfaction and the openness, democracy, and supportive approach of communication practices. In the organisational setting, communication satisfaction has been consistently found to be crucial to job satisfaction. Research also suggested that higher quality communication has a significant positive relationship with job satisfaction (Rodwell, et al., 1998).

Other empirical studies also have supported the hypothesis of the relationship between communication satisfaction and job satisfaction. For instance, Roberts and O'Reilly (1974) found that the relationship between communication satisfaction (especially communication overload sub-dimension) and job satisfaction was negatively significant. Several studies reported a positive association between the perceived accuracy of information received and job satisfaction (Muchinsky, 1977; Roberts & O'Reilly, 1974). Research by Sussman (1974) showed a positive link between the accuracy of
information received from his or her subordinates in a superior’s perception and the superior’s level of job satisfaction.

Some studies also examined the link between particular dimensions of communication satisfaction (viz. quantity of information received, information loads and information needs) and some dimensions of job satisfaction (viz. supervision satisfaction, work satisfaction, and co-workers satisfaction). For instance, research indicated that information adequacy plays a major part in employee job satisfaction, i.e. the better informed and the more certain they are, the more satisfied an employee is in his job (Sias, 2005). Additional studies also reported a correlation between information adequacy and job satisfaction (Goldhaber, et al., 1978; Trombetta & Rogers, 1988). However, in the Indonesian context, there is little research to assess the correlation between communication satisfaction and organisational satisfaction. Wulandari (2000) reported a significant positive relationship between communication satisfaction and job satisfaction in a Indonesian large garment factory. Empirical research conducted by Emeralda (2005) has found generally that vague language or ineffective medium communication are obstacles in distributing information. In addition, most workers felt more comfortable to share information in the form of text and drawing as the most understandable ways of distributing information (Emeralda, 2005).

Based on the discussion presented above, this study will test the following hypotheses:

(H1) The level of communication satisfaction will be positively related to the level of job satisfaction.

(H1a) The level of satisfaction on the quantity of information received will be positively related to employee’s satisfaction on work, supervision, pay and benefits, promotion, co-workers and organisational outcomes.

(H1b) The level of information loads will be positively related to the level of employee’s satisfaction on work, supervision, pay and benefits, promotion, co-workers and organisational outcomes.
(H1c) The level of information needed will be positively related to the level of employee’s satisfaction on work, supervision, pay and benefits, promotion, co-workers and organisational outcomes.

(H1d) The level of the sources of information loads will be positively related to the level of employee’s satisfaction on work, supervision, pay and benefits, promotion, co-workers and organisational outcomes.

(H1e) The level of the sources of information needs will be positively related to the level of employee’s satisfaction on work, supervision, pay and benefits, promotion, co-workers and organisational outcomes.

2.2.5.2 Communication Climate and Organisational (Job) Satisfaction

Many organisational scholars have examined the link between the communication climate and job satisfaction (Applebaum & Anatol, 1979; Dennis, 1974; Dillard, Wigand, & Boster, 1979; Downs, 1977; Goldhaber & Rogers, 1979; Peterson & Pace, 1976). Peterson and Pace (1976) discussed explicitly the relationship between communication climate and organisational satisfaction. Downs (1977) also examined the relationship between communication climate and job satisfaction. Dillard and his colleagues (1979) found that the relationship between the organisation, the communication climate and job satisfaction was positive and significant. Research conducted by Applebaum and Anatol (1979) demonstrated a positive link between job satisfaction, organisational norms, and communication climate.

In 1980s, studies were conducted to test the hypothesis of the relationship between communication climate and job satisfaction. A study by Hall (1981) reported that the relationship between job satisfaction and communication climate in educational organisation was positive and significant. Mays (1984) showed a strong and high correlation between subordinate perception of interpersonal communication climate and job satisfaction. Doctoral research conducted by Knipp (1985) reported that the communication climate structure is the centre variable for examining the relationship between communication climate and job satisfaction among supervisors of commercial banks in southern California. Her research suggested that there was a positive and significant relationship between employees’ perception of communication climate and
job satisfaction. Jae-Bum (1987) in his doctoral research investigated communication climate as a mediating variable between communication structure and job satisfaction.

Organisational scholars have also attempted to broaden the scope of the research on the linkage between communication climate and job satisfaction. They not only examined the relationship of communication climate and job satisfaction in general but also examined the relationship between the aspects of communication climate (such as trust and communication openness) with job satisfaction or with aspects of job satisfaction (such as supervision satisfaction and co-workers satisfaction). Research conducted by Trombetta and Rogers (1988) suggested that there were three aspects of communication climate (participation in decision-making, communication openness, and information adequacy) and these were directly related to the level of job satisfaction. Pincus and his colleagues (1990) reported that superior-subordinate communication, organisational trust and influence, information satisfaction and information reliability, as communication climate factors correlated positively with job satisfaction. Additionally, the research found that the correlation between organisational trust and influence, which was one of the communication climate aspects, and job satisfaction, had been the strongest relationship in the study (Pincus, et al., 1990).

Many prior studies have been done to examine the association between communication openness and job satisfaction (Baird, 1973; Burke & Wilcox, 1969; Klauss & Bass, 1982; Miles, 1996; Nobile & McCormick, 2008; Richmond, et al., 1982; Rogers, 1973; Trombetta & Rogers, 1988; Wheeless, Wheeless, & Howard, 1983). Burke and Wilcox (1969) suggested that the there was a relationship between openness of communication and between superior and subordinate and satisfaction with job and supervisor. Research by Richmond and other scholars (1982) concluded that supervisors who exhibited open communication with their subordinates achieved higher employee satisfaction score than did other supervisors. Klauss and Bass (1982) suggested that communication openness predicted job satisfaction. Wheeless, et al. (1983) in their research of university’s employees concluded that openness in superior-subordinate communication moderately correlated with work satisfaction, co-workers satisfaction, and promotion and pay satisfaction as well as correlating highly with supervision satisfaction. In an investigation of Japanese organisations, Koike, et al. (1988) found that openness in upward, downward, and horizontal communication was moderately
associated with employee job satisfaction. A study conducted by Trombetta and Rogers (1988) found that openness among all organisational members to have the second highest correlation with job satisfaction among the eight variables included.

Miles (1996) found that upward openness was a significant moderator of the relationship between supervisory communication and job satisfaction. Some studies suggested that openness of the communication process in the workplace is positively related to employee’s job satisfaction, communication satisfaction among employees, and the quality of superior-subordinate relationship (De Ridder, 2004; Johnson, et al., 1994). In a study of Australian Catholic primary schools, Nobile and McCormick (2008) have suggested that vertical openness communication is positively related to job satisfaction.

Trust, which is a part of the communication climate dimension, has been recognised as an important variable in communication in the workplace. Research found that trust has an important role in building relationship harmony in the workplace (Dirks, 1999; Ellis & Shockley-Zalabak, 2001). Zeffane (2006) confirmed that people may not work collectively without trust unless under circumstances of strict control. Some studies have constantly demonstrated that the relationship between trust in workplace communication and organisational outcomes such as employee involvement and job performance was positive and significant (Dirks, 1999; Dirks & Ferrin, 2001; Ellis & Shockley-Zalabak, 2001). Several studies have suggested that trust has a central role in developing effective communication and openness in the relationship between employees and management, between superiors and subordinates, between trade unions and management and among workers in the workplace (Thomas, Zolin, & Hartman, 2009; Tourish, Paulsen, Hobman, & Bordia, 2004).

Trust has been examined by organisational scholars as a determinant, mediator, or consequent in relation to job satisfaction (Cunningham & MacGregor, 2000; Flaherty & Pappas, 2000; Goris, et al., 2003; Muchinsky, 1977; Tan & Tan, 2000; Tuten, 2005). Muchinsky (1977) reported that the relationship between trust and all of job satisfaction aspects (work, supervision, pay, promotions and co-workers) was positively significant. He also suggested that the correlation between trust and satisfaction on supervision has been the highest significant correlation among tested variables. Further studies
confirmed that trust in supervisors was significantly related to satisfaction on supervision (Cunningham & MacGregor, 2000; Flaherty & Pappas, 2000; Tan & Tan, 2000). Goris, et al. (2003) concluded that trust in supervisors received strong support as a predictor of job satisfaction. Trust in supervisors strongly operated as predictor of supervision satisfaction in both high individual congruence and low individual congruence.

Participation in decision-making has been recognised as being an important determinant of the communication climate (Redding, 1972). As one of the communication climate aspects, participation in decision-making has been linked to job satisfaction. A large number of studies have shown that participation in decision-making is related to job satisfaction (Alutto & Acito, 1974; Daniels & Bailey, 1999; Driscoll, 1978; Jackson, 1983; Miles, 1996; Miller & Monge, 1986; Schuler, 1980; Trombetta & Rogers, 1988; Witt, Andrews, & Kacmar, 2000).

Empirical studies in the Indonesian context examining the communication climate as determinant, mediator, or consequent in relation to job satisfaction are abundant (Faridawati, 1996; Irawan, 2002; Irsyadi, 2003; Muktiyo, 1995; Palupi, 2004; Pertiwi, 2004; Widyaningsih, 2000; Wulandari, 2000). However, empirical research in examining the relationship between the sub-variables of communication climate (such as trust, communication openness, and participation in decision-making) with job satisfaction or the sub-variables of job satisfaction (such as supervision satisfaction and co-workers satisfaction) was very infrequent (Iskandarsyah, 2003; Wulandari, 2000). Furthermore, the research on the relationship between communication openness and participation decision-making with job satisfaction or the sub-variables of job satisfaction has never been done in Indonesia. Therefore, in this study, the following hypotheses are formulated:

(H2) The level of communication climate will be positively related to the level of organisational satisfaction.

(H2a) The level of trust will be positively related to work satisfaction, supervision satisfaction and co-workers’ satisfaction.
(H2b) The level of openness will be positively related to work satisfaction, supervision satisfaction, co-workers satisfaction, promotion satisfaction, pay and benefits satisfaction and organisational outcome satisfaction.

(H2c) The level of supportiveness will be positively related to work satisfaction, supervision satisfaction and co-workers satisfaction.

(H2d) The level of participative decision-making will be positively related to work satisfaction, supervision satisfaction and co-workers satisfaction.

2.2.5.3 Quality of Organisational Communication Relationships and Job Satisfaction

Many organisational researchers have recognised the linkage of the quality of communication relationship and job satisfaction. For instance, Burke and Wilcox (1969) found that communication openness between superior and subordinate and satisfaction with job and supervisor were significantly related. Goldhaber and his colleagues (1978) conducted a study based on 16 studies completed by the International Communication Association (ICA) regarding the association between communication effectiveness and organisational outcomes. Their study reported that the superior subordinate communication relationship and employees' involvement within their work unit were found to be the most important predictors of job satisfaction. Richmond and McCroskey (1979) examined the link of managerial communication style with job satisfaction. This study revealed that public school teachers were found to have increased levels of satisfaction, as the managers of the 77 schools became more interactive and subordinate-centred. They also found that supervisory tolerance of disagreement and innovativeness was related to job satisfaction.

In 1979, Jablin's study of superior-subordinate communication classified such studies into nine categories: interaction patterns, openness, upward distortion, upward influence, semantic information distance, effective versus ineffective superiors, personal characteristics of dyads, feedback and effects of systemic organisational variables on the quality of supervisor subordinate communication (Jablin, 1979). Jablin (1979, p. 1215) summarised that the central attention of organisational communication researchers was focused upon the ‘effects of power and status on superior-subordinate communication,
trust as a moderator of superior-subordinate communication and semantic information
distance as a source of misunderstanding in superior-subordinate communication’.

In addition, Richmond and other scholars (1982) found that supervisors who exhibited
open communication with their subordinates achieved higher scores of employee
satisfaction than other supervisors. Hatfield and Huseman (1982) examined the
congruence and the rules of communication between supervisors and subordinates
focusing specifically on the relationship between supervisory-subordinates' communication and job satisfaction. Although they found that the actual congruence
was an important predictor of job satisfaction, the perception of such congruence might
be more important. Their findings implied that the subordinates' own perception about
the factors affecting their relationship with their supervisor was an important factor in
their satisfaction.

Workplace relationships are associated with how employees rely primarily on their
immediate supervisors and departmental co-workers for job and organisational-related
information. The higher quality supervisor-subordinate relationships result in
supervisors and subordinates communicating more openly, accurately, frequently and
about more issues than in lower quality relationships (Sias, 2005). The quality of the
supervisor-subordinate relationship is associated with a variety of individual and
organisational outcomes. For example, employees in higher quality relationships, that
were open and shared a greater level of trust and participation in decision making,
reported higher levels of commitment to the organisation than employees with lower
quality relationships (Falcione, et al., 1977; Richmond, et al., 1982). Rodwell and
colleagues (1998) found that higher quality communication demonstrated a significant
positive relationship with job satisfaction.

The impact of the communication relationship in different types of relationships on
employees’ satisfaction has been supported by many studies (Anderson & Martin,
1995b; Baird & Diebolt, 1976; Clampitt & Downs, 1993; Downs, Hazen, & Quiggins,
1973; Falcione, 1974; Mayfield, Mayfield, & Kopf, 1998; Mueller & Lee, 2002;
(1973) concluded by means of factor analytic procedures that “communication climate”
and “communication with superiors” were of main importance in determining satisfaction among workers. Falcione (1974) discussed that participative management improved subordinate satisfaction provided that their participation had a real effect upon decision making.

Baird and Diebolt (1976) suggested that satisfaction was significantly related to the frequency of communication with supervisors, quality of relationships with the company, and quality of relationships with supervisors. Posner, et al. (1985) suggested that subordinates who perceived senior managers to have effectively communicated with them reported significantly higher level of employee satisfaction. Schnake, et al. (1990) found that the lack of perceptual congruence between superiors and subordinate was negatively related to a subordinate’s job satisfaction, while Pincus, et al. (1990) found that superior-subordinate communication relationships were positively correlated with job satisfaction. Moreover, research conducted by Niehoff, et al. (1990) demonstrated a strong relationship between senior management’s supportiveness of employee effort and job satisfaction.

Clampitt and Downs (1993) reported that the relationship among co-workers in the workplace had an effect on organisational outcomes such as job productivity and job satisfaction. Moreover, besides fulfilling affection need and relaxation, co-worker relations were important because of their association with organisational satisfaction, especially satisfaction with their co-workers (Anderson & Martin, 1995b). The impact of superiors motivating communication on a subordinate’s job satisfaction has been supported by research (Mayfield, et al., 1998). The management values employee job satisfaction because dissatisfied workers tend to leave and replacing them can be expensive. The management wants to maintain a general level of satisfaction, especially among high-performing employees to ensure organisational success (Downs & Adrian, 2004).

In the Indonesian context, however, the study on the association between quality of communication relationships and job satisfaction research has never been done. Therefore, this study offers following hypotheses:

(H3) The level of the quality of employees’ relationships will be positively related to the level of organisational satisfaction.
(H3a) The level of the quality of employees’ relationships with their subordinates will be positively related to work satisfaction and supervision satisfaction.

(H3b) The level of the quality of employees’ relationships with their co-workers will be positively related to work satisfaction and co-worker satisfaction.

(H3c) The level of the quality of employees’ relationships with their superiors will be positively related to work satisfaction and supervision satisfaction.

(H3d) The level of the quality of employees’ relationships with senior management will be positively related to work satisfaction, promotion satisfaction, pay and benefits satisfaction and organisational outcome satisfaction.

(H3e) The level of the quality of employees’ relationships with the organisation will be positively related to work satisfaction, promotion satisfaction, pay and benefits satisfaction, and organisational outcome satisfaction.

2.2.5.4 Organisational Satisfaction, Communication Climate, Communication Satisfaction and Quality of Organisational Communication Relationships

One of the study’s aims is to explore the relationships among organisational communication dimensions. Besides exploring the relationship between three variables of organisational communication dimensions (communication climate, communication satisfaction and quality of communication relationships) and organisational satisfaction, the purpose of this thesis is to provide further insight into the linkage of communication climate, communication satisfaction and organisational satisfaction with quality of communication relationship.

Since 1970s the studies on the relationship between organisational communication dimension and other organisational variables (such as job satisfaction, organisational commitment, productivity, job performance, innovation, and employee morale and involvement) have been examined by several organisational researchers. For example, some studies have investigated the relationship between communication and organisational effectiveness (Burton, Pathak, & Zigli, 1976; Tourish & Hargie, 2009).

Some researchers found the link between effectiveness of communication and productivity in the organisation (Morley, et al., 1997; Pettit Jr, et al., 2000; Sias, 2005). Others have suggested that effective communication has contributed in improving employee performance in the workplace (Pettit Jr, et al., 1997; Rodwell, et al., 1998; Tourish & Hargie, 2004) and increasing employee participation in the organisation’s communication network (Nystrom, 1990; Sias, 2005). Some studies revealed that
effective management of the communication process was a factor in improving organisational life through increased productivity, decreased absenteeism, advanced quality (of service and products), increased levels of innovation, reduced industrial action and reduced costs (Clampitt & Downs, 1993; Smith, 1991). It was also suggested that a high level of quality of organisational communication, which included good employee communications, semi-autonomous teams, employee participation and high levels of training and performance-based rewards, was related to the High Performing Work Organisation (Collins, 2001; Collins & Porras, 2000; O'Reilly & Pfeffer, 2000; Pfeffer, 1994, 1998; Tourish & Hargie, 2004). A number of studies have demonstrated that employees being sufficiently informed had contributed to improving employees’ job satisfaction and performance (Goris, 2007; Pettit Jr, et al., 1997; Pincus, 1986) and to improve their commitment to the organisation (DeCotiis & Summers, 1987; Postmes, Tanis, & de Wit, 2001; Trombetta & Rogers, 1988).

Many organisational studies have been conducted to examine organisational communication dimensions as a determinant, mediator or consequent in relation to organisational variables. For instance, Applebaum and Anatol (1979) examined the aspects of communication climate, organisational norms and job satisfaction. Trombetta and Rogers (1988) linked the organisational communication aspects such as communication openness, participation in decision-making, and information adequacy to organisational commitment that was moderated by age, tenure, position, shift and job satisfaction. Frone and Major (1988) found the relationship between communication quality and job satisfaction that was moderated by job involvement.

Furthermore, Clampitt and Downs (1993) explored the relationship between communication satisfaction and productivity. Pettit, et al. (1997) examined organisational communication dimension as a moderator of the relationship between job performance and job satisfaction. Goris (2007) found that the impact of communication satisfaction on the relationship between individual-job congruence, job performance and job satisfaction. Carrière and Bourque (2009) conducted a study to examine communication satisfaction as mediator in the association between communication practices, job satisfaction and effective organisational commitment.
Thus, there is abundant research linking communication climate, communication satisfaction and quality of communication relationships with organisational satisfaction. On the other hand, few studies have been done to determine the relationship among the four variables, especially with organisational satisfaction and communication satisfaction as a mediating influence. Moreover, what is lacking in the literature is an investigation into the relationship among the four variables, especially with organisational satisfaction and communication satisfaction as a mediating influence. Theoretically, higher linkages of organisational satisfaction and communication satisfaction should increase the relationship between communication climate and quality of organisational communication relationships. Therefore, this study assumes that organisational satisfaction and communication satisfaction may exert a mediating effect on the relationship between communication climate and quality of organisational communication relationships. This expectation is depicted in Figure 2-1.

As denoted in Figure 2-1, beside examining the relationships among communication climate, communication satisfaction and quality of organisational communication relationships with organisational satisfaction, the purpose is also to determine the mediating effect, if any, of organisational satisfaction and communication satisfaction upon the communication climate and the quality of communication relationship. Therefore in this study, the following hypotheses are formulated:

(H4) The level of communication satisfaction will mediate the relationship between the level of communication climate and the level of quality of organisational communication relationships.

(H4a) The level of satisfaction on quantity of information received will mediate the relationship between the level of trust and the level of quality of organisational communication relationships.

(H4b) The level of satisfaction on quantity of information received will mediate the relationship between level of openness and level of quality of organisational communication relationships.

(H5) The level of organisational satisfaction will mediate the relationship between the level of communication satisfaction and the level of quality of organisational communication relationships.

(H5a) The level of supervision and co-worker satisfaction will mediate the relationship between the level of satisfaction on quantity of information received and the level of superior-subordinate relationships and co-workers’ relationships.
(H5b) The level of satisfaction on work, pay & benefits, promotion, and organisational outcomes will mediate the relationship between the level of satisfaction on quantity of information received and the level of senior management-employee relationships.

(H5c) The level of satisfaction on work, pay & benefits, promotion, and organisational outcomes will mediate the relationship between the level of satisfaction on quantity of information received and the level of organisational-employee relationships.

(H6) The level of organisational satisfaction will mediate the relationship between the level of communication climate and the level of quality of communication relationships.

(H6a) The level of supervision satisfaction will mediate the relationship between the level of trust in supervisor and the level of employees’ relationship with their immediate supervisors.

(H6b) The level of co-workers satisfaction will mediate the relationship between the level of trust in co-workers and the level of employees’ relationship with co-workers.

(H6c) The level of supervision satisfaction will mediate the relationship between the level of openness and the level of employees’ relationships with their immediate supervisors.

(H6d) The level of co-workers satisfaction will mediate the relationship between the level of openness and the level of employees’ relationship with co-workers.

(H7) The level of communication satisfaction will mediate the relationship between the level of communication climate and the level of job satisfaction.

(H7a) The level of satisfaction on quantity of information received will mediate the relationship between the level of trust in supervisor and co-workers and the level of supervision satisfaction and co-worker satisfaction.

(H7b) The level of satisfaction on quantity of information received will mediate the relationship between the level of openness and the level of job satisfaction.
Figure 2-1 Organisational Communication Dimensions Model

Communication Climate
- Trust
- Openness
- Supportiveness
- Participative decision making
- High Performance Goals

Communication Satisfaction
- Satisfaction on quantity of information received
- Information loads
- Information needs
- Source of information received
- Source of information needs

Organisational Communication Relationships
- Superior-subordinate relationship
- Co-workers relationship
- Senior management – employee relationship
- Organisational – employee relationship

Organisational Satisfaction
- Work
- Supervision
- Pay and benefits
- Promotion
- Co-workers
- Organisational outcomes
2.3 The Scope of Industrial Relations

As noted in Chapter 1, the thesis examines the systems and processes associated with organisational communications and existing changes of the Indonesian industrial relations system and its effect on the communication mechanisms and processes within a large Indonesian company together with how the communications system and process affect the practice of industrial relations within that company. This section presents the review of the scope of industrial relations to develop an understanding on how industrial relations shapes, involves and affects the relationship among management, employees, and trade unions within the organisation. It also establishes a fundamental knowledge in understanding how industrial relations ‘explain’ communication processes and systems within the organisation.

Callus, et al. (1991) identified two approaches adopted by industrial relations researchers when studying the management-employee relationship. The first approach was that some industrial relations researchers focused almost completely on structures and formality in the management-union relationship, and disregarded the dynamics and informal practices of the more direct interaction that occurs between management and employees (Callus, et al., 1991, p. 7). They argued that other researchers saw the subject of industrial relations as being too narrowly focused, relating more to a time when the relationship between management and employees was almost always mediated by trade unions and when workplace rules and practices were dominated by the outcome of collective bargaining or understanding reached between management and unions.

The second approach was that some researchers preferred the term ‘employee relations’ which was seen to embrace the developments in management strategies which focus on the direct interaction between management and employees (Callus, et al., 1991, p. 7). Callus, et al. (1991) argued that these researchers also viewed bargaining, which specifically involved intervention by third parties, such as industrial tribunals, as being downplayed in favour of stronger internal communication between employees and management. They found that some employee relations researchers focused on direct communication, rather than on collective bargaining and cooperation.
However, Callus, et al. (1991, p. 7) contended that in practice these two approaches only represented different points on a spectrum. In some workplaces, the traditional industrial relations emphasis is dominant, whereas in others the employee relations approach applies. In addition, both approaches were found to play different roles and had divergent purposes within the same organisation. They emphasised the term ‘industrial relations’ to explain the relationship between management and employees in the workplace. They argued that the employee relations model could not disregard rules and structures where rules, regulations, structures and formalities were found in both union-free workplaces and those that are highly unionised. In addition, as Callus, et al. (1991, pp. 7-8) argued:

“Management needs some structures to assist in communication, as well as procedures to organise, motivate and control its employees. Rules and procedures are often necessary to allow management to monitor and direct its own activities. Workplaces will and do, however, vary as to the extent that rules and procedures are articulated and used. The structure and processes that mediate the interaction between management and employees define the nature of that interaction and allow us to understand the way the parties construct ‘the rules of the game’.”

A shift to a more employee relations approach with falling levels of trade union density lessens the level of regulation at least in the West. Callus, et al. (1991) suggested that industrial relations must be involved in the study of the formal and informal employment relationship, the management-employee relationship and the management-union relationship because industrial relations in workplaces is regulated – whether formally or informally, unilaterally or through bargaining. In addition, industrial relations must be regulated so workplaces can be effectively managed. Once the industrial relations process is regulated in workplaces, rules, regulations, structures and formality, which were applied by management, affect the process and system of communication within the formal and informal employment relationship, the management-employee relationship and the management-union relationship.

The Australian Workplace Industrial Relations Survey (known as AWIRS) included communication mechanisms as one of variables in the study (Callus, et al., 1991; Morehead, Steele, Alexander, Stephen, & Duffin, 1997). For example, Morehead, et al. (1997) conducted the 1995 AWIRS which considered communication, employee involvement and negotiation as important variables measured in their industrial
relations research. They regarded communication, especially the process of communication between managers and employees, as significantly contributing to outcomes for workplaces such as productivity. The survey applied information provided by managers to describe three broad ways in which managers and employees interact in the workplace. Even though the 1995 AWIRS was biased towards capturing information about the processes of formal communication, the survey successfully described the use of communication channels in the communication process between managers and employees. Nevertheless, the survey did not measure how the Australian industrial relations system affects the communication mechanisms and system within Australian workplaces or how the communication mechanisms affect the outcomes (such as productivity and satisfaction and even industrial conflict) for Australian managers and employees.

The following sections discuss how the industrial relations systems affect the communication systems and mechanisms within the workplace.

2.3.1 The Linkage between Communication and Industrial Relations

The link between communications and industrial relations has been discussed in a number of key articles. Dunlop and Whyte’s article – *Framework for the Analysis of Industrial Relations: Two Views* in 1950, proposed a framework for studies on the relationship between management and industrial unions. Dunlop & Whyte (1950, p. 389) contended that ‘the “human relations and communication” viewpoint has very little to offer as an *analytical framework to explain industrial relations and collective bargaining behaviour*’. Dunlop & Whyte (1950, pp. 390-393) also suggested that the major points critical of the communication and human relations framework as a comprehensive explanation of industrial relations behaviour as follows:

1) The system of communication within a management or a union is in itself very largely a product of other characteristic of the organisation and its environment. Both structure of communications and the pattern of exchange between superiors and subordinates are themselves to be explained. There may be some problems for which it will be appropriate to take the communication system as given. But for a generalised framework of industrial relations, this system must be treated as a variable; the features of the particular communication pattern need to be explained. The system of communication would in each case have to be quite different. It is difficult to see....the flow of communication in these
situations could reveal very much about the quality of industrial relations. The communication systems themselves reflect the environment. ...internal systems of communication are structured by the environment.

2) ....the communications or human relations approach has provided no analytical framework of collective bargaining.

3) The analysis of communication is simpler and probably more useful in the absence of the union. It is difficult under these circumstances to see how communication can provide an adequate framework analysis of collective bargaining. But as a framework for industrial relations analysis it can be only very limited.

4) The communication and human relations approach seems to precede from the premise that conflict can be reduced in industrial relations if individuals have more accurate information. But this approach is highly inadequate as a framework for industrial relations generally.

5) The philosophic basis of the communication and human relations framework needs to be examined. The communication framework advocates a single unity and corporateness in the work community that is basically incompatible with collective bargaining and democratic traditions. An analytical framework oriented toward the individual worker in his relationship to a single community of interest cannot provide a basis for a full explanation of the facts of collective bargaining.

Following Dunlop’s (1950) framework, an empirical study in 73 high-tech firms in Israel conducted by Carmeli (2004, p. 324) found that organisational communication was significantly related to the industrial relations climate (with \( r = 0.25, p < 0.05 \)). But when he tested his research model and its hypotheses, he found that organisational communication did not correlate to both industrial climate and perceived external prestige (PEP) (p. 326). Furthermore, even though organisational communication is not significantly related, he argued that the importance of organisational communication can still be considered to emphasise the importance of industrial relations climate in a specific work setting – high-tech setting.

In contrast, there have been recent corroborations of the relationship between communication and industrial relations. For instance, as Soykut-Sarıca & Şen-Taşbaşçı (2011) argue that ‘increased quality of industrial relations is expected to increase productivity through better labour standards and healthier communication between workers and employers’. They underline the importance of the basic concept of information sharing, consultation and two-way communication in worker involvement, harmonious employer-worker relations and mechanism and on practices that promote
them. They suggest that a higher degree of consensus would be created in decision-making and mutual trust and understanding among management and workers, if effective communication were achieved in industrial relations. In addition, they note that collective bargaining and social dialogue in the industrial relations system can be regarded as forms of communication.

Yarrington, Townsend, & Brown (2007, p. 6) have noted that communication is one of important factors in developing union-management relations. They have argued that the quality of communication in the union-management relationship can be achieved by facilitating communication for both parties in achieving their goals and providing both formal and informal open communication to the parties. Some communication mechanisms such as consultative meetings and training line managers in employee relations issues and resolving conflict at the workplace must emerged in organisations to promote a genuine employee voice (Yarrington, et al., 2007).

Research in United Kingdom conducted by Munro (2002) has revealed that communication is important in encouraging of staff involvement. She has emphasised the significance of educating line managers and providing means of communication to ensure open employee participation. She has argued that communication is crucial in overcoming problems and reducing tension between collective and individual relations at an operational level. She has also suggested that providing workshops between line managers and union representatives creates shared-understanding (mutual legitimisation of interest) and improves levels of trust essential to genuine cooperation. Moreover, she has contended that communication is improved by increasing the number of union representatives across the organisation to make sure a genuine employee voice is encouraged.

DeSilva (1998) viewed communication as a crucial mechanism in a sound industrial relations system. He emphasised the importance of effective communication to promote sound labour relations, especially in Asian countries. Effective two-way communication was significant to enhance understanding and cooperation, promote productivity improvement through innovation and creativity and as an important source of motivation of human resource and productivity. DeSilva (1998, p. 26) argued that effective communication in industrial relations system would:
1. Create an atmosphere of trust.
2. Promote an atmosphere of intimacy and commitment to the group.
3. Promote integration of the worker in activities of the group and a feeling of ‘belonging’ leading to greater motivation and productivity.
4. Promote participation of workers.
5. Develop the skills and attitude of the individual, engendering self-confidence and a sense of self-worth.
6. Create a high degree of consensus in decision-making that implementation of decision will be quicker and easier.

The International Labour Organisation (ILO) also considers communication as a crucial aspect in developing an effective industrial relations system. Through the Communication within Undertaking Recommendation 1967 (No.129), ILO underlines the importance, in the interest of both management and workers, of mutual trust and understanding which can be generated through an exchange of information (deSilva, 1998, p. 27). In this recommendation, the ILO prescribes a communication policy for an enterprise. It contemplates the adoption by management of an effective communication policy, but only after consultation with representatives of workers. The policy adopted should ensure that information is provided and that consultation takes place, before management decisions are made on matters of importance, provided the disclosure does not prejudice either party (deSilva, 1998; Soykut-Sarıca & Şen-Taşbaşi, 2011).

Morishima (1991, p. 27) conducted a study about the effect of communication in the Japanese industrial relations system. He found that information sharing in an industrial relations system made concerted efforts to restore industrial peace and to develop a stable industrial relations system, including joint consultation, a cornerstone of labour-management information sharing. He suggested that information-sharing through the joint consultation system had a positive effect on profitability, labour productivity and on reducing labour costs, especially in the manufacturing sector. Previous studies on information-sharing in United State corporations revealed that companies shared more business and financial information with their unions and employees than was required by law, and that information sharing within the non-union sector, where the statutory requirement for information disclosure was much less stringent and, was as extensive as in the union sector (Kleiner & Bouillon, 1988).

In the Indonesian context, considerable evidence (see Chapter 3 for details) indicate that the industrial relations system in Indonesia is very important in developing the
communication process between labour unions, management and the Indonesian government. This applies in industrial conflict, industrial dispute settlement and in the communication process between employees and management, with respect to employee voice, collective bargaining and negotiation. Several research projects which are explained in sub-chapter 2.4 and sub-chapter 3.8 also revealed that lack of communication was significant as a cause of conflict between employee and management in Indonesian companies.

This study argues that industrial relations systems affect the communication processes and systems within the workplace, and vice-versa. Effective communication in the workplace can be considered as an important factor in building harmonious industrial relations. How far communication processes can be effective within formal and informal employment relationships, the management-employee relationships and the management-union relationships are also governed by regulated industrial relations at workplace. This thesis also argues that communication problems can possibly be a factor leading to and/or exacerbating industrial conflict in the workplace.

In addition, effective communication in the workplace is expected to improve the industrial relations system especially in reducing industrial disputes in the workplace. A supportive industrial relations system affects the communication climate, employees’ job and communication satisfaction and the quality of relationships within the workplace. The influence of the industrial relations system on the communication process and system in an Indonesian context and the influence of the Indonesian industrial relations system on communication practices (including communication process between employees, trade/union and management as well as industrial dispute settlement) in Indonesian workplaces and how communication problems in the Indonesian workplace lead to and/or exacerbate industrial conflicts are illustrated in Chapter 3.

2.3.2 The Central Role of Communication in the Practice of Industrial Relations

As explained in section 2.2.3, communication in the workplace can be described as the process of giving and receiving messages (Gasler, 1980) by people within the organisation (Pace & Faules, 1994). Members in an organisation experience communication in several ways. Messages flow upward and downward between
hierarchical levels and horizontally among people at the same level (Papa, et al., 2008).

The communication process within organisations occurs through formal communication channels, which can be described as a communication process through official paths stated by the organisational hierarchy or by positions within organisation and informal communication such as hearing it through the grapevine (Goldhaber, 1993; Johnson, et al., 1994; Rauschenberg, 1988).

Since the 1950s organisational scholars have examined effective communication as an organisational function. Researchers have shown that communication was positively associated with organisational effectiveness (Burton, et al., 1976; Tourish & Hargie, 2009). A study suggested that effective communication is important in developing employees understanding, increasing a cooperative and productive relationship between employees and management and increasing employees’ satisfaction and quality of life at the workplace (McKinnon, 1990). Other studies have linked the effectiveness of communication to increasing productivity in the organisation (Morley, et al., 1997; Pettit Jr, et al., 2000; Sias, 2005). There is also evidence that effective communication has contributed to improving employee performance in the workplace (Pettit Jr, et al., 1997; Rodwell, et al., 1998; Tourish & Hargie, 2004) and increasing employee participation in the organisation’s communication network (Nystrom, 1990; Sias, 2005). Some studies showed that employees’ being sufficiently informed contributed to improvements in their job satisfaction and performance (Goris, 2007; Pettit Jr, et al., 1997) and in their commitment to the organisation (DeCotiis & Summers, 1987; Postmes, et al., 2001). Furthermore, well-informed employees are satisfied with the communication process and this tends to make for a better supervisor-subordinate relationship (Alexander, 1977; Robbins, 1974) and general peer relationship (Allen, et al., 1993; Putnam, Phillips, & Chapman, 1996; Wert-Gray & Center, 1991).

Communication also plays an important role in the practice of industrial relations, especially in building harmonious relationships in the workplace. Communication has a central role in developing trust and openness in the relationship between employees and management, between superiors and subordinates, between trade unions and management, and between workers in the workplace (Downs & Adrian, 2004; Thomas, et al., 2009). Studies have shown that trust has an important role in building relationship harmony in the workplace (Dirks, 1999; Ellis & Shockley-Zalabak, 2001). Studies
constantly have demonstrated that trust in workplace communication had a positive effect on organisational outcomes such as employee involvement and job performance (Dirks, 1999; Dirks & Ferrin, 2001; Ellis & Shockley-Zalabak, 2001). Some researchers suggested that the openness in communication processes within the workplace was positively related to an employee’s job satisfaction, communication satisfaction among employees and the quality of the superior-subordinate relationship (De Ridder, 2004; Johnson, et al., 1994). Some studies have also suggested that trust is important in an effective and open communication process and to the relationship between employees and management, between superiors and subordinates, between trade unions and management and among workers in the workplace (Thomas, et al., 2009; Tourish, et al., 2004).

In the workplace, communication is a basic element of workplace activity. However, communication is not the only activity covering the sharing of information and the ways through in which an organisation accomplishes its aims and puts strategies into action. A research in Human Resource Management and Industrial Relations has suggested that an excellent communication process can improve employee satisfaction, motivation, and the quality and quantity of production in addition to diminishing turnover and industrial disputation (Markey, et al., 2001). Moreover, in OECD countries, employment relations law puts responsibility on businesses to communicate to the worker about the substance of workplace behaviour on a range of issues including equal employment opportunity, organisational change and occupational health and safety (Markey, et al., 2001). For example, Australian Industrial Relations Law does not only regulate the wages, rights and obligations of the parties but it also guides the pattern of relationships between employer, employee and the unions which includes the communication between employer, employee, and unions (Petzall, Abbott, & Timo, 2007). In addition, communication, especially the use of communication channels in the relationship between managers and employees, also has been considered as an important variable in the survey research conducted by Australian industrial relations researchers as noted in section 2.3.

In contrast, industrial relations disputes are still common in many countries, including Indonesia, where employment relations law and regulations have established a range of communication processes between employers and their employees. Legislating for
required communication process will neither prevent industrial disputes nor ensure effective communication at the workplace. For example, a Dutch non-government organisation (NGO) on information and documentation about Indonesia - *Indonesisch Documentatie en Informatie Centrum* – has reported that from 1997 to 2008 there were more than 700 industrial relations dispute cases regarding the process of downsizing and wage reductions in Indonesia (History, 2008). As stated by The Ministry of Manpower and Transmigration Republic Indonesia in their internal publication (2007), more than 500 strikes in Indonesia between 2004 and 2006 have been reported as the continuance of the 1998 industrial disputes.

2.4 Effective Communication and Conflict in the Workplace

Communication, especially its absence or ineffectiveness, is one of the basic elements behind conflict in organisations in that ‘the activity of having and managing a conflict in the workplace occurs through communication’ (Putnam & Poole, 1987, p. 549). Putnam and Poole (1987) in their literature review suggested that there were instances where communication diminishes conflict but there were also events where communication could also intensify conflict. Research recommended that misunderstanding was one of the main reasons why conflict occurred in the workplace (Blyton & Turnbull, 1998; Teicher, Holland, & Gough, 2006). According to Goldhaber and Rogers (1979), and there were many examples of issues over which there was communication misunderstanding in the workplace, these included differences in meaning among communication participants, inadequate and unclear communication, bias in the communication conduits, fuzzy information and results in changes in meaning as information moves along the organisational hierarchy. In addition, some organisational studies recommended that the communication failures, the differences of perception between communicator and communicant, and the unequal meanings of organisational events in communication participants could lead to a misunderstanding that would incite interpersonal, intergroup and inter-organisational conflict (Short, 1974; Turnbull, Strickland, & Shaver, 1976; Wichman, 1970).

When employees undertake industrial action, those outside the organisation may assume that there has been a lack of effective communication between management and employees (Caulkin, 1998; Service, 2000). These problems include misunderstanding,
inappropriate communication channels, insufficient information provided and communication blockages (Alexander, 1977; Robbins, 1974). Moreover, some studies found that besides communication misunderstanding, the type of communication channel (e.g. upward, downward, horizontal, and diagonal communication), the amount of information provided, the communication blocks between disputants, and the quality of relationship between employer, employee and the unions were regarded as potential causes of communication failure in the workplace (Short, 1974; Turnbull, et al., 1976; Wichman, 1970).

In the Indonesian context, previous empirical studies found that a cause of conflict between employee and management in Indonesian companies was a lack of effective communication, which was indicated by the low degree of employee communication satisfaction and job satisfaction as well as the low quality of communication climate and superior-subordinate communication (Octavia, 1996; Rahmawati, 2000; Wulandari, 2000). Research conducted by Rahayu and Sumarto (2003) have reported that causes of industrial disputes in Indonesia are the company’s insufficient information provided and non-transparent communication processes in sharing information to employees regarding company’s financial profits, new company’s regulations, and workers’ social security.

Nevertheless, some literature on employee relations and industrial relations viewed communication problems as not the major causes of disputes in the workplace but as being subordinate to economic, technological, and intra-organisational tension in which had been identified as the main source of workplace conflict (Blyton & Turnbull, 1998; Teicher, et al., 2006). Other Industrial Relations scholars regarded communication as a tool or a means to break the disputes rather than being the immediate cause of industrial conflict between management and employees (Blyton & Turnbull, 1998; Markey, et al., 2001). The 1995 AWIRS conducted by Morehead, et al. (1999) also measured the use of communication media in the relationship between managers and employees within Australian workplaces, rather than examine how communications relate to organisational outcomes and factors of industrial disputes. Therefore, the role of communication and its relationship to conflict in the workplace is not fully understood. Indonesian literature on the significance role of communication as one of the roots of
conflict in the Indonesian workplaces and its influence on the industrial conflict, especially in the context of an Indonesian large company, are very limited.

2.5 Conclusion

This chapter has examined the organisational communication and its effect on the relationship among organisational variables. It also reviewed literature that examines the scope of industrial relations, the relationship between communication and industrial relations, the important role of communication in the practice of industrial relations and the communications as factor of industrial conflict in workplace.

This chapter discusses the theoretical framework of the thesis by firstly outlining three organisation theories which have two contrasting views towards the importance of communication in organisations: classical theory as well as human relations and system theories. Classical theory downplayed the important role of communication and human relations in the organisation life. On the other hand, human relations and system theories suggested that communication is an important variable in organisations through relations and interactions. Therefore, it is important to discuss and understand how effective communication plays a significant part in contributing to a harmonious relationship in workplace as purposed by human relations and system theories. These organisational communication dimensions are related to each other in different ways. In this chapter, some organisational scholars suggested that effective communication plays critical role in improving employees’ productivity, performance, satisfaction, commitment and participation in workplace. These employees’ outcomes can be achieved through the effective processes and systems of communication within workplace which is suggested by human relations and system theories.

Human relations and system theories suggest that effective communication is significantly related to job satisfaction, workers’ participation and higher productivity. These theories also suggest that interactions and communication relationships among members of an organisation contribute some effects to the organisation effectiveness and outcomes. Thus, both human relations and system theories are used in this thesis as the theoretical framework of the study. Some research hypotheses and the research model are developed to test the relationship between communication climate,
communication satisfaction, quality of organisational communication relationships and job satisfaction. The study’s framework is illustrated in Figure 2-1.

The chapter has examined the link between communication and industrial relations as well as the important role of communication as the factor of industrial disputes in workplace by discussing the debate of the role of communication in industrial relations systems. Dunlop’s (1950) theory rejected the role of communication in industrial relations as communication and human relations approaches have not provided an analytical framework of collective bargaining. On the other hand, functionalists suggested that communication and industrial relations is each related through collective bargaining and social dialogue where collective bargaining and social dialogue in the industrial relations system can be regarded as forms of communication. Communication is a key aspect in the practice of industrial relations in the workplace, while industrial relations affects and regulates the way organisational members communicate each other. Thus, it is important to discuss and understand the linkage between communication and industrial relations especially how communication can lead to or exacerbate industrial disputes in workplace.

Since 1998, Indonesia has changed its industrial relations system, but evidence has shown a great number of industrial disputes in Indonesian workplaces. Although some research conducted by Indonesian researchers found that inadequate communication was significantly related to industrial disputes in Indonesian companies, as yet there has been no research on the important role of communication as one of the roots conflict in the Indonesian workplaces and its influence on the industrial conflict. Hence, it can be argued that Indonesian literature concerning the important role of communication in building harmonious industrial relations and its influence on the Indonesian industrial relations systems especially in the context of a large Indonesian company are very limited. Also, the significance of communication in the workplace and the central role of communication in building harmonious industrial relations are not fully understood.

Even though some studies have provided significant background and evidence of Indonesian industrial relations and organisational communications, there is still a “big question mark” about what is really happening in Indonesian workplaces for many researchers especially the researcher itself; whether organisational communication
processes and system really affect to industrial conflict in Indonesia. Why is the number of demonstrations and strikes in Indonesia relatively high despite the government of Indonesia passing industrial relations laws and the laws on conflict resolution of industrial relations? What is the role of communications between workers and management, especially when they are facing conflict? And why do employees choose to strike and conduct demonstration rather than find a better disputes resolution by way of dialogue?

The thesis will focus on the organisational communication processes and systems in a large Indonesian state-owned company in oil and gas production. The significant role of this company in Indonesia’s economy and the accessibility toward the respondents and observation objects are the main reasons for conducting the research in this company. The findings of the research are expected to give more explanation about current conditions of organisational communication processes and systems in the workplace; to give illustration about the communication mechanisms among organisational members within workplace; to provide evidence of the linkages among organisational communication dimensions; to give justification on the organisational communication processes and systems as a factor of industrial conflict in the workplace; to see how the current shift of Indonesian industrial relations systems affect the systems and mechanisms of communication within the Indonesian workplace; and to provide recommendation how improved communication mechanism and system can reduce industrial conflict in workplace.

The following chapter discusses and examines the industrial relations system in an Indonesian context including the history, the changes, the regulations, the actors of the context of case study organisation. It also reviews the effect of industrial relations systems in communication systems and processes within the Indonesian workplaces, and examines how communications become a factor of industrial disputes in Indonesia.
Chapter 3: CASE STUDY ORGANISATION’S CONTEXT

3.1 Introduction

From the Soeharto authoritarian administration (1967 – 1998) until the present, industrial relations in Indonesia was identified by an exclusionary corporatism known as Pancasila Industrial Relations (*Hubungan Industrial Pancasila* known as HIP) (Syamsuddin, Simanjuntak, Widiarti, & Sinaga, 2008). However, under HIP, especially during the Soeharto regime, industrial relations in Indonesia was placed under the tight control of the central government (Rahayu & Sumarto, 2003). The New Order administration strictly regulated the presence of labour unionism - only a single labour union was officially recognised by the government. Regulations set workers’ minimum wages and controlled union activity (Hess, 1997; Manning, 1993; Rahayu & Sumarto, 2003). The industrial relations system was subject to centralised control and supported by coercive measures.

However, in the recent era the industrial relations system has undergone major transformations. Since the fall of the Soeharto regime the industrial relations system has become decentralised (Rahayu & Sumarto, 2003) and workers have freedom to form and join labour unions and there has been a dramatic increase in the number of unions in the national labour federation (Ford, 2000; Mizuno, 2005; Rahayu & Sumarto, 2003). New laws in industrial relations have reduced government intervention in the formation of labour unions and in the centralised coordination of industrial relations (Ford, 2000; Mizuno, 2005). The function of settling disputes has shifted from the Committee of Labour Dispute Settlement to the Court of Industrial Relations (Mizuno, 2005; Syamsuddin, et al., 2008). Also, employer associations have been freed from government control and they have started to place greater emphasis on bilateral negotiation between employers and workers (Mizuno, 2005; Syamsuddin, et al., 2008).

This chapter aims to provide a contextual background to the research and briefly review institutional change theory as a theoretical framework which influences change in the Indonesian case study organisation context. The thesis provides a description of the Indonesian economy which is important to the thesis given Indonesia’s status as a developing economy. The chapter contextualises the political and socio-cultural factors which affect change in Indonesia, especially within its industrial relations system. This
chapter also analyses the Indonesian industrial relations system in an historical context and discusses current employment, labour unions, and industrial dispute settlement policies. The analysis of this study of Indonesia’s industrial relations system will include its underlying assumptions, history, recent developments (especially in working conditions), labour unionism, industrial disputes settlement and the implementation of regulations. The research will examine the relationship between communication and industrial relations. In Chapter 2, there was a discussion of the relationship between workplace communications and industrial relations outcomes. This chapter examines the effect of the Indonesian industrial relations system in relation to communication systems and processes within Indonesian workplaces, especially in employee rights, collective bargaining and negotiation. This chapter also discusses the role of communications as a factor in industrial disputes in Indonesia.

3.2 Theoretical Framework

Institutional theories are employed to analyse the mechanisms which promote change and/or stability across different periods. Despite many critiques on the application of institutionalism in industrial relations research, Bray and Wailes (1997) found that many industrial relations researchers have long believed that institutions hold the key to understanding the activities of individuals and groups in the workplace and using terms such as ‘rules’ to explain the pertinent concepts. They identified the significance of rules as central to the study of industrial relations. Moreover, they highlighted the importance of historical process in institutional theory in analysing historic industrial relations research.

In addition, there are three advantages of using institutional theories as a theoretical framework in evaluating the evolution of the industrial relations system, particularly in Indonesia. First of all, institutional theory argues that considering recent changes across longer timelines and using insight from institutional theory allows more informed judgement to be made about forms of institutional stability, despite the intended and implemented changes enacted in each era (Scott, 2008). Secondly, institutions have a role in actually preserving continuity while simultaneously opening up chances for sets of actors to promote change (Campbell, 2004; Pierson, 2004). Finally, Rupidara and McGraw (2010) argue that institutional theory allows consideration of multiple
institutional logics which may possibly co-exist in combination and sometimes in competition with each another.

3.2.1 Definitions of Institutions

Scott (2008, p. 48) defines institutions as “comprised of regulative, normative and cultural–cognitive elements that, together with associated activities and resources, provide stability and meaning to social life”. Meanwhile, Veblen (Veblen, 1919 cited in Vatn (2005, p.239)) a legendary classical institutional scholar, defines institutions as “settled habits of thought common to generality of man”. Giddens (1984, p. 24) concludes: “Institutions by definition are the more enduring features of social life...giving ‘solidity’ (to social systems) across time and space”. According to Jepperson (1991), institutions illustrate distinctive properties and a social order.

Scott (2008) suggests that institutions have the capacity to control and constrain behaviour. Institutions impose limits by defining legal, moral, and cultural boundaries, separating legitimate from illegitimate activities. On the other hand, it is important to recognise that institutions also support and empower activities and actors. Institutions provide strategies and resources for taking action in addition to prohibitions and constraints on action. Hence, the stronger the institutions, the more stable the social realm, which in turn more powerfully determines individual and/or collective preference for action. Institutional theory recognises the function of human agency in structuring and shifting social order although this theory focuses on the structural determination of behaviour (DiMaggio & Powell, 1983; Scott, 2008).

3.2.2 Institutional Change

As Campbell (2004, p. 1) states:

“Institutions are the foundation of social life. They consist of formal and informal rules, monitoring and enforcement mechanisms, and systems of meaning that define the context within which individuals, corporations, labour unions, nation states and other organisation operates and interact with each other”.

The most commonly acknowledged definition is that institutions are the rules of the game in a society, together with their enforcement arrangements (North, 1990). According to North (1990), institutions have an effect on economic performance by
deciding (alongside the technology employed) transaction and transformation (production) costs.

Kingston and Caballero (2009, p. 2) identify five broad approaches to conceptualising institutional change: evolutionary theories, a hierarchy of rules, the interaction between formal and informal rules, the equilibrium view of institution and cognition-based theories. Some institutionalists identify two types of institutional change: path dependence and punctuated equilibrium (Campbell, 2004; Pierson, 2004). Campbell (2004) regards path dependence as a process whereby contingent events or decisions result in the formation of institutions that persist over long periods of time and oblige the range of actors’ future options, including those that may be more efficient or effective in the long run. The concept of path dependence is commonly used by institutionalists to explain institutional evolution and to argue that change is evolutionary as long as these sorts of path dependence mechanisms operate (Campbell, 2004). Campbell (2004) argues that the institutions are likely to change through self-reinforcing mechanisms where a positive feedback process amplifies early small events in a specific path that in turn has a greater impact on following events and advances larger change over the longer period.

On the other hand, the punctuated equilibrium regards the crucial role of both formal and informal “rules” as being devices to allow players to manage on one of these many equilibria by helping them to attain a shared set of beliefs about each other’s behaviour both on and off the field of play: and it is beliefs, rather than the rules which are essential (Kingston & Caballero, 2009). According to Campbell (2004), in this context, an institution may change in a way that is more revolutionary than evolutionary when it becomes incompatible with other institutions alongside which it is located. North (1990, p. 90) believed that even when major disruption, such as a severe price shock or political crisis occurs to the institutional status quo, that it was central to punctuated equilibrium. Kingston and Caballero (2009) argue that in the concept of the punctuated equilibrium, institutional change becomes essentially not about changing rules but about changing expectations.

North (1994) categorises changes in institutions into two forms: changes in formal rules and changes in informal rules. Changes in formal rules may result from laws and constitutions while changes in informal rules may come about as a result of norms,
conventions or personal standards of honesty. On the contrary, North (1990) suggested that informal rules played a key role in institutional change. He explained formal rule change as a result of deliberate actions by organisations and individual entrepreneurs via a political process. Informal rules were replicated through a cultural transmission process and developed in an evolutionary manner. In addition, he argued that informal rules played an important role in institutional change since informal rules changed gradually and could not be changed intentionally. Thus, based on North’s analysis, the change in institutions are commonly incremental rather than sudden, an accretion of numerous little changes rather than irregular great changes (Kingston & Caballero, 2009). Campbell (2004) discusses the importance of time frame in institutional change. He argues that the time frame is critically needed to determine the pattern of institutional change that has occurred. He defines the time frame as “the amount of time elapsed for a given event or series of events to occur” (p. 41). Also, he concludes that the time frame is critical to events or a turning point that may be historically significant, show basically dissimilar social processes and accordingly need a particular causal explanation.

As a result, based on institutional change theory, the contexts of case study organisation are reviewed in relation to the context of development over a period covering the change in its history, process, formal and informal rules, actors and external factors.

3.3 Indonesia as a Developing Economic Country

The Indonesian economy is an emerging market economy. It also is the member of the G-20 major economies and it is the largest economy in Southeast Asia\(^1\). The Indonesian economy relies on the agricultural, manufacturing and the services sectors for growth. The government plays a significant role in the economy through its ownership of more than 164 state-owned enterprises and administers prices on several basic products, including oil, rice, and electricity. According to Pradita (2009), a survey by the IMF (International Monetary Fund) in 2009 showed that after India and China, Indonesia was the third fastest growing economy in the Group of Twenty (G-20) industrialised and developing economies. He has noted that based on the 2009 IMF Survey the S512

\(^1\) What is G20? (http://www.g20.org/about_what_is_g20.aspx). Retrieved 2009-04-11
billion economy has expanded 4.4% in the first quarter from 2008 and in June 2009, the IMF revised its 2009 forecast for the country to 3-4% from 2.5%. According to the 2009 IMF Survey\(^2\), Indonesia had strong fundamentals with the authorities implementing wide-ranging economic and financial reforms, including a fast cutback in public and external debt, strengthening of corporate and banking sector balance sheets and reducing bank vulnerabilities throughout higher capitalisation and enhanced administration (source: www.imf.org). Indonesia’s economy has weathered a twofold global economic downturn in 1997-98 and in 2008 together with several natural disasters, political and social disturbances and disruptive terrorist activities. In 1998, the Habibie government and the IMF reached agreement to stabilise Indonesia’s economic turmoil as a result of the Asian financial crisis by acquiring non-performing bank finance and business’ assets through the process of a debt restructuring which was legitimised by the issuance of Government Rule number 27 of 1998 on Merger, Acquisition, and Take Over on Limited Enterprises as well as Government Rule number 28 of 1999 on Merger, Consolidation, and Acquisition of bank (Tarmidi, 1998).

In 2009, the Asian Development Bank (ADB, 2009a) reported that Indonesia was the best performer, post global financial recession as Indonesia’s economic growth had accelerated to a decade year high of 6.3% in 2007 and was a respectable 4.5% in 2009. By the end of December 2009 international reserves climbed to an all-time high of US$66.1 billion, or 7.1 months of merchandise imports. In addition, the fiscal deficit for 2009 was 1.6% of Gross Domestic Product (GDP) and included a substantial fiscal stimulus. Indonesia’s debt to GDP ratio has continuously decreased from 57% in 2004 to 28% at December 2009. Nonetheless, the poverty rate was still high with 14% of Indonesians living below the national poverty line as the informal sector was about 70% of the workforce.

Assets considered important to the livelihood of the people of Indonesia are water, electricity, agriculture, petroleum, natural gas, minerals, transportation, telecommunications, healthcare, public services and other natural resources which are owned and operated by the State. SMEs (Small and Medium Enterprises) dominate the

\(^2\)IMF Survey Online 2009 (source: www.imf.org)
in Indonesian economy and account for 99% of all businesses and there are estimated to be over 52 million such businesses in 2009\(^3\).

Strong economic growth prior to the financial crisis and social transformation in the development of Indonesia’s economy has affected Indonesia’s labour markets, especially the structure of the labour force, supply behaviour and labour demand (ADB, 2009b; Hasoloan, 2006). A national survey on Indonesia’s labour force which was conducted by *Badan Pusat Statistik* (BPS) (2010) reported that the unemployment rate increased from 9.86% in February 2004 to 11.24% in August 2005 then gradually declined to 7.14% in 2010 which is shown in Figure 3-1.

**Figure 3-1 Unemployment Rate 2004 - 2010, BPS (Indonesian Central Statistical Bureau)**

![Unemployment Rate 2004 - 2010](http://dds.bps.go.id)


*in per cent

As set out in Table 3-1, from 2004 to 2010 the labour force steadily grew from almost 104 million in 2004 to over than 116 million in 2010. The level of employment increased steadily from 93.7 million in 2004 to 108.2 million in 2010. The level of unemployment slightly increased from 10.25 million people in 2004 to 11.89 million people in 2005. Since 2005, the level of unemployment has decreased gradually to 8.32 million people in 2010.

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The composition of workers by industry has also been affected by the growth of the economy in the past 10 years. BPS in its national labour force survey 2004-2010 has reported that from 2004 to 2010 there have been some significant changes in the number of workers in their respective industries of employment. For example, the number of workers in Community, Social and Personal Services has increased significantly by 34.09% from 10.51 million workers in 2004 to 15.95 million workers in 2010. A significant growth has also occurred in the number of workers in Wholesale Trade, Retail Trade, Restaurants and Hotels. Since 2004 the number of workers in Wholesale Trade, Retail Trade, Restaurants and Hotels has increased its share to almost 15% by 2010 (BPS, 2011).

Nevertheless, the agricultural sector is still the main industry of employment for workers. Based on the BPS survey, agriculture has been the major industry of employment for workers since 1990 when it accounted for 55% of workers, especially low-skilled workers who were not able to find jobs in the formal sectors. This phenomenon was synchronised with Indonesia’s economic policy introduced by the Soeharto government that focused on economic development in the field of food self-sufficiency (Swasembada Pangan). During the Soeharto era, the economy policy fully supported the agriculture industry by raising the productivity of rice production, supporting the number of agricultural extension workers, forming cooperative units to sell seeds of superior plants, providing chemical fertilisers and insecticides to eradicate pests and repairing irrigation systems (Ken, 2008). The 2010 BPS Survey has reported that since 2005 the share of agriculture in employment decreased from 44% in 2005 to 38% in 2010 which is shown in Figure 3-2.

Cuevas, Mina, Barcenas and Rosario (2009) have classified employment status in Indonesia into two groups: informal and mixed. They have classified casual employees (either in agriculture or non-agriculture sector) and unpaid workers as informal

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**Table 3-1 Indonesia’s Labour Force 2004 – 2010, BPS (Indonesian Central Statistical Bureau)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Labour Force</th>
<th>Working</th>
<th>Unemployment</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>103.97</td>
<td>93.72</td>
<td>10.25</td>
</tr>
<tr>
<td>2005</td>
<td>105.85</td>
<td>93.95</td>
<td>11.89</td>
</tr>
<tr>
<td>2006</td>
<td>106.38</td>
<td>95.45</td>
<td>10.93</td>
</tr>
<tr>
<td>2007</td>
<td>109.94</td>
<td>99.93</td>
<td>10.01</td>
</tr>
<tr>
<td>2008</td>
<td>111.94</td>
<td>102.55</td>
<td>9.39</td>
</tr>
<tr>
<td>2009</td>
<td>113.83</td>
<td>104.87</td>
<td>8.96</td>
</tr>
<tr>
<td>2010</td>
<td>116.52</td>
<td>108.20</td>
<td>8.32</td>
</tr>
</tbody>
</table>


*in million people
employment. All other workers such as own-account workers, employers (both assisted by temporary/unpaid workers and by permanent workers), and employees have been classified under the mixed category. The mixed category represents the workers who cannot be classified with certainty under formal or informal employment. They have argued that classifying them, without additional information, would be incorrect and misleading (p. 7).

**Figure 3-2 Workers by Industry, 2010, BPS (Indonesian Central Statistical Bureau)**

![Workers by Industry, 2010](http://dds.bps.go.id)

As set out in Figure 3-3, the number of informal workers in Indonesia from 2004 to 2010 increased slightly. The number of casual employees not in agriculture and casual employees in agriculture rose inconsiderably from 2004 to 2010. The number of unpaid workers remained inconsistent. On the other hand, the trend of the formal workers increased significantly, particularly employee workers. The number of self-employed increased slightly but the frequency of self-employed assisted by family member remained stable in spite of a slight decline in August 2006 followed by an increase and some stability from 2007 to 2010. Nevertheless, since 2004, the movement of employers with permanent workers has been stable. Table 3-2 illustrates the frequency of workers by employment status both informal and mixed from 2004 – 2010.
Table 3-2 Workers by Employment Status 2004 – 2010, BPS (Indonesian Central Statistical Bureau) in million people

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>INFORMAL</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Casual employee in agriculture</td>
<td>4,44</td>
<td>5,53</td>
<td>5,54</td>
<td>6,27</td>
<td>5,99</td>
<td>5,87</td>
<td>5,81</td>
</tr>
<tr>
<td>Casual employee not in agriculture</td>
<td>3,73</td>
<td>4,32</td>
<td>4,61</td>
<td>4,26</td>
<td>5,29</td>
<td>5,67</td>
<td>5,13</td>
</tr>
<tr>
<td>Unpaid Worker</td>
<td>17,29</td>
<td>16,93</td>
<td>16,17</td>
<td>17,80</td>
<td>17,37</td>
<td>18,19</td>
<td>18,76</td>
</tr>
<tr>
<td><strong>MIXED</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Self Employed</td>
<td>18,30</td>
<td>17,29</td>
<td>19,50</td>
<td>18,66</td>
<td>20,92</td>
<td>21,05</td>
<td>21,03</td>
</tr>
<tr>
<td>Self Employed Assisted by Family Member/Temp. Help</td>
<td>21,51</td>
<td>20,98</td>
<td>19,94</td>
<td>20,84</td>
<td>21,77</td>
<td>21,93</td>
<td>21,68</td>
</tr>
<tr>
<td>Employer with Permanent Workers</td>
<td>2,96</td>
<td>2,84</td>
<td>2,85</td>
<td>2,84</td>
<td>3,01</td>
<td>3,03</td>
<td>3,26</td>
</tr>
<tr>
<td>Employee</td>
<td>25,45</td>
<td>26,02</td>
<td>26,82</td>
<td>26,86</td>
<td>28,18</td>
<td>29,11</td>
<td>32,52</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>93,72</td>
<td>93,95</td>
<td>95,45</td>
<td>99,93</td>
<td>102,55</td>
<td>104,87</td>
<td>108,20</td>
</tr>
</tbody>
</table>


In 2010, as set out in Figure 3-4, the distribution of workers by employment status was still dominated by employees at 30% of the total employment. Among those who were employed, self-employed workers and self-employed workers assisted by family member comprised about 20% each. Unpaid workers comprised 17% of total employment while both casual employees not in agriculture and casual employees in agriculture comprised about 5% each. Unfortunately, there is no further explanation about the status of ownership of the business where both casual and unpaid workers work.
Overall, Indonesia’s economic and labour market conditions have improved noticeably over the past decade.

3.4 Contextual Factors

Based on Campbell’s review on the institutional change theory (2004), the Indonesian labour relations system consists of formal and informal rules, monitoring and enforcement mechanisms and systems of meaning. Politics and socio-cultural factors play an important role in every change in an institution. North (1994) notices how politics and socio-cultural factors have an effect on institutional change by describing a five step process of institutional change:

1. Institutions, the rules of the game, emerge from competition among economic and political organisation holding different beliefs about reality;
2. Competition forces individuals and organisations to invest in new skills and knowledge that will help them survive. That kind of skills and knowledge acquired will shape perceptions of opportunities;
3. The institutional framework provides the incentive structure that dictates which skills and what behaviour will have the maximum payoff;
4. Perception of reality will vary among people;
5. The complexities of institutions make institutional change incremental and path-dependent (Cassing, 2000, pp. 160-161)

In the context of Indonesia, several studies have examined the role of political and social-cultural factors in Indonesia’s transformation. For instance, Robison (Robison, 1981) analysed the influence of culture, politics, and economy in the Indonesian political history especially in the New Order administration. Cassing (2000) examined political culture as an important factor in the change of economic policy and political culture in Indonesia. Hill (2009) argues that the state plays a crucial role in determining the posture and the climate of its industrial relation system to support the effort to attain their development targets. Recently, Rupidara and McGraw (2010) have examined long run political change and continuity within the Indonesian industrial relations system. How political and social-cultural factors influence aspects of Indonesia’s life, especially in industrial relations system, is discussed in the following sections.

3.4.1 Political Factors

As Morley, Gunnigle and Collings (2006, p. 3) state: “traditional definition of industrial relations stress the rules governing the employment relationship in the workplace as the core focus of the subject”. Briefly, they have concluded that the study of industrial relations is captured through studying the actors who make the rules governing worker-management relations in the workplace, the nature of those regulations, and the administration and regulation process. They have also argued that economic developments are central to the understanding the contemporary nature of industrial relations.

However, one country’s industrial relations system is significantly different to another’s. Morley, et al. (2006) identify factors that influence the discrepancy in industrial relations among countries such as: country size, cultural factors, economic concentration, or political factors, varieties of capitalism, national business system and the level of unionisation. It is supported by Brewster, Mayrhofer and Morley (2004, p. 6) who point to the fact that industrial relations is contextually bound, existing within a cultural, social, structural and most importantly of all, a political web. In addition, Morley, et al. (2006) suggest that one of the most significant ways to examine industrial relations systems in a country is to apply the value of regional perspective which
emphasises the organisational context of the industrial relations system (especially external factors or external environments).

Researchers also demonstrated that an industrial relations system could be only understood in terms of the political environment within which it operates (Flanders & Clegg, 1967; Kuruvilla, 1996). Kuruvilla (1996) noted that the stage of industrialisation strategy and political choices in a country influence a nation’s industrial relations’ systems, policy goals and practices. Dunlop (1972) argued that an industrial relations system overlaps with other sub-systems in the society, namely, the economic and political systems. This implies that a nation’s industrial relations system is affected by political and economic events. Common to all these works is the existence of a favourable political climate which supports a healthy industrial relations system. For instance, Flanders and Clegg (1967) noted that in Britain, industrialisation came at a time when the philosophy of laissez-faire was the underlying principle guiding all economic activities. Consequently, this philosophy affected industrial relations in the free enterprise system. Again, because of the long history of industrialisation in Britain as well as other developed countries of the world, a large proportion of the citizenry constituted the waged labour force. This factor became very relevant in the consideration of industrial relations practice especially in developing countries such as Indonesia when it was realised that in contrast to the situation described above, the political culture was devoid of a definite philosophy while only a very small proportion of the total population constituted the labour force and employees.

Another important issue in the consideration of the interconnection between democracy and industrial relations practice is the involvement of the citizenry in the democratic process. In the Indonesian case, because the country had largely experienced military rule (more 30 years out of the 66 years of its existence as a nation), there was a weak developed culture of democracy and citizen participation within the country and its institutions (Kuruvilla & Erickson, 2002; Rahayu & Sumarto, 2003). This factor has influenced the industrial relations practice in the country. For instance, during the New Order era, a number of restrictions were placed upon trade unions which greatly inhibited their operation (Ford, 2000; Tjandra, 2008).

According to Cribb (1999), during the post-colonial period, Indonesian politics had been distinguished by continuing rivalry, apprehension and conflicts between
institutionalised ideas which had been adopted by and sometimes resulted in the rise and fall of different administrations. Also, Feith (1965) argued that the changes of government significantly transformed the face of Indonesia and thus contributed to an ongoing experience of political volatility. Cassing (2000) noted that in the early part of the Soekarno administration, the 1945 Constitution did not provide many powers to the presidency and thus gave the military a political role as a functional group. Then in 1950, the Constitution under the Soekarno administration was changed by introducing a parliamentary system of government with various safeguards such as a constitutional assembly whose elected members deliberated until President Soekarno shouted it down in 1959 and decreed the return to the 1945 Constitution and a national philosophy, *Pancasila*.

In 1959, Soekarno launched Guided Democracy, a balanced merger of three political groups: nationalist, communist, and religious which attempted to bring about political stability in Indonesia. Communist ideology in Soekarno’s government supported an increasing role of unions. Under Soekarno’s administration, political parties often had ties to unions (Tedjasukmana, 2009). Manning (1993) found that unions, which were dominated by the communist-supported Serikat Organisasi Buruh Seluruh Indonesia (All-Indonesia Workers Organisations known as SOBSI), were free to organise, and played a critical role in social economic affairs. However, in the 1960s military intervention was introduced to control labour issues. King (1982) reported that from 1960 to 1963 the number of strikes and workers involved sharply declined and reached zero.

In 1965, President Soekarno lost his leadership and was replaced by Soeharto who formally ruled from 1966. Soeharto’s New Order administration established an authoritarian government with strong central government control and very limited political participation for the purpose of establishing stability throughout the country. Rupidara and McGraw (2010) argue that by having a clear pragmatic economic and political agenda, Soeharto’s administration was able to attract foreign investment and supported this goal with a cheap labour policy. The regime was also obviously concerned about protecting the interest of employers, and to support this, the regime established extensive surveillance and intimidation of the labour movement and used military intervention to eliminate any strike activity.
The dominance of the military in Indonesian politics was apparent early in post-independence Indonesia. By 1958, the Indonesian army’s Chief of Staff - General Abdul Haris Nasution had enunciated a policy that he called the “middle way” (Crouch, 2007). According to this strategy, military officers were able to participate in the affairs of government. By 1965, this policy had expanded into the notion of *dwifungsi*, or dual function, according to which the military had two roles: (1) traditional defence and security, (2) new social and national development. Despite misgivings from some civilian quarters, *dwifungsi* became law in 1982, constitutionally legitimising what had been military ideology.

After launching the policy of *dwifungsi*, *ABRI*, the army became more dominant in Indonesian political life and was vindicated by the Soeharto administration’s promise of economic development under military coordination. The army claimed the role of “stabiliser” and “dynamiser” and perceived that its own mission required it crucially to be involved in the economy as well in political life. Crouch (2007) notes that the army leaders, who believed that military rule would ensure the maintenance of political stability needed for economic development, were more interested in commercial activities. He also argues that the extension of commercial opportunities during the New Order period was critically important for the army’s role as a stabiliser in spite of raising funds for the armed forces. In the early stage of New Order era, the state-owned oil company was a very important source of funds for the army. A senior member of staff had been selected to lead this state oil company and took over its management from two big international companies, Shell and Stanvac. By the end of 1970s, the involvement of ABRI (Indonesia Armed Forces) in the commercial corporations was noticeably expanded into various types of businesses such as a commodities trading (Badan Urusan Logistik known as BULOG), an airline company (Mandala Airlines), a steel factory (PT. Krakatau Steel), a film distributor, a building construction company, a crude rubber plant and many more businesses across many industries.

Since 1966 the ABRI had become important in the Soeharto policy regime. Crouch (2007) has found that many senior ABRI officers in Soeharto’s administration held prestigious positions in the government, especially in the areas of defence and security, internal affairs and the economy. These military ministers influenced the Indonesian political environment, the process of decision-making in the government bodies and the
set of rules by which the government operated (Crouch, 2007). They also influenced other systems in the country such as the industrial relations system (Crouch, 2007). For instance, during Soeharto’s administration the voices of workers and unions were suppressed and silenced (Ford, 2000; Hess, 1997; Manning, 1993; Rupidara & McGraw, 2010). The New Order administration limited labour freedom to form labour unions by dissolving all existing unions and forming one state-sanctioned union, Serikat Pekerja Seluruh Indonesia (All-Indonesian Workers Organisation known as SPSI) in which a key position in the union had been held by staff from the ruling party, Golongan Karya (known as GOLKAR) and by military personnel (Ford, 2000; La Botz, 2001). Moreover, from 1983 to 1988, President Soeharto appointed Sudomo, an Admiral General, to lead the Ministry of Manpower in order to strictly control labour unrest and to keep the military in power (Fehring & Lindsey, 1995).

After the fall of the New Order regime in 1998, the military intervention and repressive state controls were repealed. The influence of major Indonesian political parties, international organisations and the pressure from western countries have impacted on the policies of the new government (Crouch, 2010). Despite many pressures both from local and international actors, creating a more democratic system in all aspects of Indonesian life was a top priority of Habibie’s administration (Rupidara & McGraw, 2010). Recent studies reveal that soon after the reformation, Habibie’s administration released imprisoned labour activists, accepted new unions for registration and with the assistance of the ILO, ratified eight ILO conventions and implemented them into the Indonesian legislation system (Crouch, 2010; Ford, 2000; Manning, 2008; Quinn, 2003; Rahayu & Sumarto, 2003; Tjandra, 2008).

In 1999, Abdurahman Wahid replaced Habibie as a president in a “deal process” within the MPR (Majelis Permusyawaratan Rakyat). Crouch (2010) argues that during Abdurrahman Wahid’s (popularly known as Gus Dur) administration, the political strategy became known as “politik balas budi” or reciprocation politics, where the administration distributed cabinet posts to its rival parties, the military, its own party and non-party groups. As a result, the cabinet lacked political coherence. Gus Dur’s administration also made two big steps in changing the industrial relations system. Firstly, during 19 – 21 December 2000, the administration conducted a national seminar which was aimed at improving the Indonesian industrial relations system (Syamsuddin,
et al., 2008). Secondly, in the same year, Gus Dur’s government approved Law number 21 of 2000 on Trade Unions (Ford, 2000; Rahayu & Sumarto, 2003; Tjandra, 2008). The detailed explanation and discussion about the details and significance of the seminar and the Law number 21 of 2000 are set out in the section on the Indonesian industrial relations system below.

However, by 2001, Gus Dur had been dismissed as president by the MPR and succeeded by Megawati Soekarno Putri. Crouch (2010) notes that although Megawati was friendly towards the military, her government prepared draft legislation which resulted in incremental steps to reform policy in many areas, including the industrial relations system. There are two items of legislations related to industrial relations system that were produced by Megawati’s government, Law number 13 of 2003 on Manpower which covers a number of labour issues and Law number 2 of 2004 on Industrial Relations Dispute Settlement which essentially organises the mechanism of labour dispute settlement (Rahayu & Sumarto, 2003; Tjandra, 2008). The descriptions of the Law number 13 of 2003 and the Law number 2 of 2004 and its implementation in Indonesian industrial relations system are explained in the section on the Indonesian industrial relations system below.

In 2004, Susilo Bambang Yudhoyono (known as SBY) was elected president through direct election. Crouch (2010) regards the 2004 direct election as a landmark in the reform of Indonesia’s political institutions (Ratnawati, 2010). Political coalition, the successful resolution of the Aceh separatist movement’s demand and anti-corruption campaigning enhanced political and economic stability (Ratnawati, 2010). Thus, SBY’s administration preferred to implement legislative reform in many areas in comparison to the previous government, including the industrial relations system.

The state’s political environment can be understood as a crucial factor in determining a country’s economic and industrial relations system. The specific political environment in each period of administration specifically coloured all aspects of the country’s life, including industrial relations. In the following section, another important factor in the Indonesian context, socio-cultural factors, are examined.
3.4.2 Socio-Cultural Factors

Understanding the organisation’s context and environment is very important in studying management practices (Jackson & Schuler, 1995). The socio-cultural conditions within a country will have a strong influence on a country’s industrial relations system. For instance, Hofstede (1993) studied the limit of the universality of management theories and emphasised the significance of understanding dissimilar weighting of values between countries. He evaluated five main cultural dimensions, i.e. power distance (PD), individualism (ID), masculinity (MA), uncertainty avoidance (UA), and long term orientation (LT) in a multinational company which had branches in sixty four countries located across both developed and developing countries, including Indonesia. He found that developing countries such as Indonesia, West African nations, and China were high in power distance, low in individualism and moderate in masculinity. On the other hand, the foremost developed contries such as USA, Germany, and Japan were likely to have low to moderate in power distance, high to moderate in individualism, and high in masculinity. Also, there were discrepancy scores in uncertainty avoidance and long term orientation dimension among the different groups of countries.

By operationalising Hofstede’s work, Black (2005) determined the source of the consistent pattern identified by the previous studies in some countries. He examined the use of national culture in comparative industrial relations theory to explain the cross-national pattern of industrial relation institutions. He also developed a cultural model which explained longitudinal change in industrial relations institutions and outcomes. He tested some hypotheses linking Hofstede’s dimension of culture with industrial relations dimensions. He found that national culture was significantly associated with all main dimensions of industrial relations system. He concluded that national culture was the major antecedent of cross-national pattern in industrial relations institutions. In addition, he suggested that culture was likely to be a force for ongoing diversity in labour market systems.

The Indonesian state has Pancasila as an ideology and an official philosophical foundation. It consists of five principles: belief in the one god, humanitarianism, national unity, consensual democracy and social justice. Formulated and first enunciated by President Soekarno in June 1945 as the value foundation of an independent state. Fehring & Lindsey (1995) noted that it was designed as a political
concession to compromise between the left, political Islam and the proponents of a Western-style secular state.

Weatherbee (1985, p. 188) argued that in the New Order regime of President Soeharto, the Pancasila had been ideologically specified and operationalised to provide guidance for all relationships in every social domain. It also was interpreted as representing traditional indigenous values of social harmony and absence of political conflict. Thus this ideology was seen as the sole foundation for the entire Indonesian system of life including industrial relations system. In addition, Moertopo (2003, p. 111) argued that Pancasila is not only an ideology but also a culture. It should be understood in three ways: as a basic philosophy, as the state ideology and as the outlook of every Indonesian citizen. He concluded that the Pancasila is the Indonesian people’s concept of culture.

Pancasila was implemented within the Indonesian industrial relations system and emphasised three basic principles: partnership and production, partnership and profit, partnership and responsibility toward God the almighty, nation and state, the community, fellow employees and family and the employer (Syamsuddin, et al., 2008). The HIP’s model underlines the harmonious relationship between workers and employers in production for joint prosperity. Thus, labour unrest must be avoided and resolved through mutual agreement (Rahayu & Sumarto, 2003; Syamsuddin, et al., 2008). The details of HIP system characteristic are discussed in section 3.5.

However, some studies have criticised the influence of Pancasila in Indonesian industrial relations. For instance, Fehring & Lindsey (1995) argued that the HIP had become an ideological framework and a part of the machinery for both government and the military to strictly control industrial security and labour movement. It suppressed labour unions to act at any level without supervision and intervention from both government and the military.

Ford (1999) stressed the concept and structure of corporatism in the HIP during the Soeharto authoritarian regime. She noted that Pancasila as an ideology had been used as both inclusionary machinery and exclusionary mechanism. She also found that in the early period of New Order regime, HIP started as “a rhetorically inclusionary blueprint”
for industrial relations (p. 376). Afterward, with the strengthening of Soeharto’s control power over the state, the HIP became more exclusionary.

Rahayu and Sumarto (2003) have argued that the principles of *Pancasila* in the industrial relations system is only an advisory policy, because it does not form part of industrial relations legislations. Rupidara and McGraw (2010) found that during the authoritarian regime of President Soeharto, the HIP had run an ideological campaign supported by physical intimidation to prevent labour unrest in order to legitimise the New Order regime’s interest in protecting economic growth and political stability. Hence, it can be argued that the role of *Pancasila* as an ideology and a philosophy in the Indonesian industrial relations system is always being contradicted and still becomes ongoing public debates.

In addition to culture, Hess (1997, p. 37) believed that Indonesian industrial relations was influenced by Javanese culture. He supported Hawkins’ opinion (1971, p. 37) stating that “Indonesian government practice is rooted in paternalistic attitudes affected by Javanese culture”. He argued that the hierarchical approach and the patron-client relationship that had been applied in Indonesian administration practice had an effect on Indonesian industrial relations systems. These two cultural approaches influenced the bargaining process between employers and employees and which gave more opportunity to the employers to gain wage flexibility, but dented the protection employees gained from state regulation of minimum standards of employment. Ford (1999) criticised Hess’s work for overemphasising the direct influence of Javanese norms and culture in the Indonesia’s industrial relations system. She argued that New Order’s HIP was directly and explicitly informed by *Pancasila* rather than by Javanese culture.

### 3.5 The Characteristic of the Indonesian Industrial Relations System

From 1974 Indonesia developed its own industrial relations system which was labelled as *Pancasila* Industrial Relations (*Hubungan Industrial Pancasila* known as HIP). It was formulated by the New Order administration in 1974 and its policy was outlined in the Minister of Manpower in Decision No.645, 1985 (*SK Menaker RI No.645/1985*). This industrial relations system emphasises cooperation and partnership between employees, employers, and the government with the aim of building an industrial
society (Syamsuddin, et al., 2008). Its broad features are that it is centralised, controlled and represents a form of corporatism in that issues are orchestrated by a central government.

According to the Minister of Manpower Decision No.645 of 1985 (*SK Menaker RI No.645/1985*), the HIP can be viewed as a system that exists between the various agents involved in the production of goods and services that is based on the values of *Pancasila* and the Constitution 1945. The purpose of applying the philosophy of *Pancasila* in the Indonesian industrial relations system was to reduce the incidence of labour disputes and to solve workplace problems more quickly and fairly (Murtopo, 1974).

The Indonesian industrial relations system endeavours to balance the rights and responsibilities of employees with those of employers as well as sets out each of their obligations towards the other party. The HIP, which holds a tripartite mechanism between workers, employers, and the government, created mutual feelings of belonging, preserved participation, and developed a mutual understanding of the position, role and responsibility of each partner and of the entire production process (Darsono, 1997). In this system, the worker was not only considered as a factor of production but also as a person with human dignity and destiny. Employers and employees were not differentiated because of class, creed, politics, understanding, ethnicity and religion. Employees and employers alike were afforded protection for the creation of social justice that was to be provided for all people of Indonesia (Darsono, 1997; Syamsuddin, et al., 2008).

According to Syamsuddin, *et al.* (2008), the HIP aims are to build harmony in the workplace, increase the level of productivity and improve human dignity and values of workers. The rationale behind the model is that if favourable conditions in the workplace can be achieved, a harmonious industrial relations environment will follow, leading to political and social stability which was deemed as paramount to the New Order regime. These are the principles of the system. However it has turned out very different in practice.
3.6 The History of Indonesian Industrial Relations Post-World War II

In this section, the study will describe the history of industrial relations in Indonesia since the post-World War II. The history will be divided into four sections based on the period of political evolution in Indonesia:

1. The period of early independence era (1945 – 1959)
2. The period of guided democracy (1959 – 1965)
4. The period of reformation (1998 – present)

3.6.1 The Early Independence Era (1945 – 1959)

In the early days of Indonesian independence, the Old Order government was very supportive of the growth of trade unions. Hawkins (1963) reported that in the mid-1950s there was a total union membership of around 2 million or about one fifth of employees in 13 federations. Serikat Organisasi Buruh Seluruh Indonesia (All-Indonesian Workers Organisation known as SOBSI), which was the largest union federation in Indonesia, declared that it had fifty per cent of the country’s workers as members (Hess, 1997). However, some major labour unions and federations had close connections with and explicitly worked for, as well as sometimes being controlled by, political parties (Rupidara & McGraw, 2010). The Old Order’s government also introduced basic protection of labour rights regulation that guaranteed protection of workers' organisations. Indonesian legislation concerning labour protection included the 40-hour working week, the rights for women to take menstruation and maternity leave, child labour regulations, and the opportunity for labour inspections (Manning, 1993).

Legislation supporting the development of the industrial relations system was established and this included the Law on the Control of Work Norms in 1951, the Law on Labour Protection in 1951, the Law on Annual Leave in 1954, statutory provisions about the basics of the Right to Organise, and legislation concerning the Collective Labour Agreement of 1956, and the law on Labour Disputes of 1957. These regulations provided a means of managing the relationship between employers and trade unions when determining wages and conditions of employment (Manning, 1993). Moreover, this legislation provided for collective bargaining by direct negotiation and included important restrictions on the right of employers to dismiss workers without prior government approval.
Although the formal system of industrial relations had begun to develop, the system had a credibility problem and many disputes were not settled through the established industrial relations framework. For example, although the government issued the Labour Disputes Act of 1957 to provide a process of settlement, employees had very limited bargaining power and were constrained in what they could bargain over (Hawkins, 1971). This adverse condition led to industrial disputes around wages and conditions that were not settled, eventually culminating in several large-scale strikes centred on the plantation sector. Hawkins (1963) reported that in 1956, 144 strikes were registered, in which more than 3 million workers were involved and more than one million days were lost. Meanwhile, King (1982) reported that the number of labour strikes from 1950 to 1951 increased dramatically from less than 200 strikes in 1950 to more than 500 strikes in 1951. From 1953 to 1956 the number of labour strikes increased dramatically up to just about 500.

Hess (1997) found that in spite of the growth in union membership and voice, the development of collective bargaining for determining wages and conditions of work progressed very slowly. The Collective Labour Agreement Act of 1956 had a patron-client view of the employment relationship which effectively reduced the ability of employees to engage in autonomous action while at the same time offering very little support for third party conciliation and arbitration over industrial relations issues (Hawkins, 1963).

In 1957, the Soekarno administration reintroduced Law number 22 of the 1957 on Labour Disputes which was concerned with the settlement of disputes (Hess, 1997). This regulation created three instruments or pathways that were elaborated for the settlement of industrial disputes: government, P4D (Regional Committee for Labour Dispute Settlement) and P4P (Central Committee for Labour Dispute Settlement). In the settlement of a labour dispute, the conflict was to be mediated by a government appointed agency and then a binding decision handed down by either P4D or P4P depending on the importance and gravity of the dispute (Hawkins, 1963; Manning, 1993). Each of these committees had representatives from government, employers and trade unions. These committees have been operated until 2004 and they have become a distinctive characteristic of the Indonesian labour relations system.
Hess (1997) found that there were two limitations presented in the functioning and operation of these committees. Firstly, the influence of the patron-client employment relationship had served to limit the recognition of a legitimate discrepancy of interest between employer and employee. Secondly, this was amplified by the fact that Indonesian unions had never achieved acceptance as genuine and independent representatives of labour, and were seen either as arms of state policy by many workers or as a threat to social stability by many employers.

3.6.2 The Period of Guided Democracy (1959-1965)

In July 1959 Indonesia entered a period called the period of guided democracy (Masa Demokrasi Terpimpin). At this time, Indonesia adopted a political ideology of NASAKOM that was a threefold blend of political ideologies of nationalism (nasionalisme), religion (agama), and communism (komunis) (Muhaimin, 1982). It was the creation of President Soekarno and was an endeavour to bring about political stability. Soekarno believed that the Western-style democracy was not appropriate for the newly emergent Indonesian state. Instead, he sought a system of governance based on the traditional village system of discussion and consensus, which occurred under the guidance of village elders. Behind this system was a belief in the harmony of interests and the assignment of the elder’s responsibility to the State.

In this era, Indonesia entered a period of intense conflict, especially between the Communist Party (Partai Komunis Indonesia known as PKI) and the armed forces (Tentara National Indonesia known as TNI). The broader political disagreement and its resolution had a direct impact on government policy, particularly the industrial relations system (Hess, 1997). In 1960, the Agency of Company Board (Lembaga Dewan Perusahaan known as LDP) was established by the government to solve disputes in an enterprise environment (Syamsuddin, et al., 2008). At the beginning of its establishment, the agency had succeeded in creating an atmosphere of togetherness in response to labour problems and integrated both the interests of firms and the interests of workers.

However, from 1959 the institute was captured by the political ideology of NASAKOM. This political ideology was full of contradictions and as a result it was unable to effectively resolve industrial relations disputes (Syamsuddin, et al., 2008). It
intensified the differences between management and workers and harmonious industrial relations were very difficult to achieve. Hess (1997, p. 42) noted that Indonesian industrial relations in this period had been characterised by several situations in which “industrial conflict was illegal, through to a short period of direct collective bargaining, and to a highly regulated state system of mediation and arbitration”. Labour organisations tended to become more politicised as they initially identified with Nationalism and later they identified with Communism. Political parties were involved very strongly in labour issues as the result of politicisation which might be seen as the reaction from workers to their powerlessness within the system. The Old Order regime suppressed the labour movement and intensified direct control over labour relations by establishing the Emergency Law No 7 of 1963 which prohibited industrial action in vital industries and state organisations (Rupidara & McGraw, 2010). The regime also introduced military intervention for controlling labour issues and implemented Emergency Law No 7 of 1963. As a result from 1959 to 1965 the level of labour unrest gradually declined and reached zero in 1962 (King, 1982).

Hess (1997) reported that the power of employers were strengthened. With extensive support from the government, political parties and the military, employers were more powerful in determining wages and conditions of employment. In 1964, the Soekarno government issued the Law Number 12 of 1964 concerning the Termination of Employment in Private Companies to prevent the termination of employment on a large scale in the private sector (Syamsuddin, et al., 2008). In practice, however, workers had no power in the collective bargaining process. Termination, wages and special allowance had been reported as major reasons given for disputes in 1956 (Hess, 1997).


In 1966, the Guided Democracy government fell and was replaced by the New Order government which came to power following an army coup. The authoritarian government was directly controlled by the military. Crouch (2007) argued that the military had an important role to enforce economic stability and national security which provided a conducive investment environment for foreign investors. Thus, the state and military had an absolute power to strictly control the labour movement (La Botz, 2001). Studies revealed the military’s heavy involvement in labour relations issues through abolishing labour unions, the murder of many trade union leaders (Hess, 1997), directly
settling labour disputes (Tjandra, 2008) and using the military power to silence the labour voice by intimidating labour activists (Fehring & Lindsey, 1995).

Manning (1993, p. 67) found that there were three implications of the direct role of the army on labour relations issues. First of all, the union movement had become weakened because of the abolishing of the SOBSI and the removal of its leaders from the industrial relations scene. Secondly, the government’s close relationship with the labour unions that they had maintained prior to 1965 was broken by an increase of government control over unions and old political parties. Thirdly, government interference and military and police intervention in labour relations significantly restrained labour rights such as freedom to form and organise labour organisation and express labour voices.

The New Order regime under President Suharto had its own ideology called the Pancasila Democracy. The New Order government had managed to brutally eliminate communist ideology in Indonesia’s political system through arrests, torture and elimination of party officials and activists and in the process sought to install Pancasila as the only political ideology of the Indonesian nation (Caraway, 2004; Ford, 1999; Rupidara & McGraw, 2010). The New Order government was also committed to implementing all the values of Pancasila and the 1945 Constitution in all aspects of life, including the system of industrial relations in Indonesia (Syamsuddin, et al., 2008).

According to Witoelar (1989), the New Order administration had two priorities when it took control in Indonesia in the 1965: safeguarding the state ideology and the 1945 Constitution, and rebuilding the economy and society. To support the ruling ideology, the New Order regime proclaimed Pancasila as an indigenous, inalienable philosophy whose authority lay beyond the realm of mere politics.

According to Syamsuddin, et al. (2008), in order to develop the industrial relations system in accordance with the values of Pancasila and the Constitution 1945, the Ministry of Manpower, Transmigration and Cooperatives of the Republic of Indonesia held a national seminar in December 1974 in conjunction with the Indonesian Manpower Foundation and a German political foundation called Fried Ebert Stiftung. This seminar on the Pancasila Labour Relations was given the title “Pancasila Labour Relations as a Medium towards Peace Work and Socio-Economic Stability for National Development”. The seminar report of Pancasila Labour Relations (Hubungan
Perburuhan Pancasila known as HPP) was originally based on Ali Moetopo’s ideas of Pancasila and its implementation on labour relations⁴.

The seminar report formulated the specific characteristics of HPP (Syamsuddin, et al., 2008). First of all, the HPP believed that work was not only for making a living, but was also part of mankind’s devotion to his/her Lord. Secondly, HPP suggested that the worker should be considered not just a factor of production, but should be regarded as a person and treated with dignity. Thirdly, the HPP viewed workers and employers not as two conflicting parties, but instead they were regarded as two parties that have the same interests. Fourthly, HPP believed that any differences between the parties at the workplace should be resolved through deliberation to reach consensus. Aggressive unilateral actions such as strikes and lockouts were not regarded as being in accordance with the principles of HPP. Finally, the HPP balanced the rights and obligations based on a sense of justice and propriety, not on the basis of the balance of power.

However, some studies found that Pancasila in the Indonesian industrial relations system had been used as an ideological device by both government and the military to strictly control industrial security and labour movement as well being a justification to prevent labour unrest through physical intimidation to legitimise the New Order regime’s interest in protecting economic growth and political stability (Fehring & Lindsey, 1995; Rupidara & McGraw, 2010). The New Order government abolished the SOBSI and its councils (Hasibuan, 1968). In 1973, the New Order government established two union federations: the Federasi Buruh Seluruh Indonesia, known as FBSI (All-Indonesian Labour Federation) for private sector employees and the Korps Pegawai Negeri Republik Indonesia, known as KORPRI (Association of Government Employees) for public service employees. Twelve years after their establishment, the New Order government transformed the FBSI into a unitary model and retitled it Serikat Pekerja Seluruh Indonesia, known as SPSI (All-Indonesian Labour Union) (Rupidara & McGraw, 2010). La Botz (2001) found that SPSI was led by personnel from the ruling party, Golongan Karya (known as GOLKAR) and by military staff.

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⁴ Ali Moertopo presented his idea about Pancasila Labour Relations to the national seminar which was strongly influenced on the formulation of Pancasila Labour Relations in 1974.
Schregle (1982, p. 38) argued that the establishment of these organisations reflected the attempt by the government to fully control all elements and participants of the tripartite system by controlling the membership of the representative bodies. The administration also directly intervened in the functioning and operations of trade unions by vetting the appointments of union leaders and officials, detaining labour activists, and supporting the active participation of military and police in labour affairs, especially in relation to the settlement of industrial disputes (Bastos, 1968, p. 24). Moreover, Rupidara and McGraw (2010, p. 620) noted that the SPSI was certainly not acting as a representative body for its members, but only as the voice of government’s interest in labour relations issues.

Hasibuan (1968) reported that the tripartite system which was established in the Soekarno Old Order government, was strengthened with a significant role played by the military in the industrial relations system. According to Hess (1997), the Soeharto government wanted to further institutionalise the tripartite system and use it to draw unions closer to the government. In addition, the incorporation would be complete with corporatist organisations leading the way in promoting the vision of the new government for Indonesia. In that new vision of tripartism, unions would play a supportive and uncritical role in the goal-setting of the government.

In 1985, the New Order administration established through the Ministry of Manpower a guideline (Decree number 645) on the implementation of industrial relations in Indonesia (Syamsuddin, et al., 2008). In this guide the words “labour (buruh)” had been changed to be “worker (pekerja)”. The New Order administration regarded the term “labour (buruh)” contained a negative connotation in the relationship between “employer (majikan)” and “labour (buruh)”. There was an unequal relationship which polarised two different social class interests. In addition, the New Order administration described the word “labour” as a group of workers who only engage in manual work.

The Ministry of Manpower Decree number 645 of 1985 had developed HIP in order to emphasise cooperation and partnership between workers, employers and government with the aim of building an ideal industrial society in the sense of shared responsibility and increasing profits. HIP attempted to find a balance of rights and obligations between workers, employers and government. HIP also endeavoured to build harmony...
in the workplace, increase productivity levels, and improve human dignity and the values of workers.

In the context of the industrial relations system, these three HIP’s objectives illustrated that there were mutuality of interest, consultation and consensus decision-making where workers, employers and government worked through a form of *triplartism* towards a common set of goals based on ‘family’ principles’ (*asas kekeluargaan*) (Manning, 1993). However, PIR legitimised the abolition of the SOBSI and its councils and it had also been used in linking union groups to the military, nationalists and Muslims, which had vied for leadership of the labour movement (Bastos, 1968, p. 24).

The HIP prohibited unions from acting as representatives of the sectional interest of their actual members, refusing to recognise disagreement between the interests of workers and management, and accentuating common goals, cooperation, and conciliation between workers, employers and government (Manning, 1993). Manning (1993, p. 69) reported that the HIP provided an ideological basis for a policy agenda that stressed control of labour conflict in order to promote investment in Indonesian economy. In the early period of New Order administration, this system also had been used to ensure that the policy makers that controlled labour would never cause a threat to the stability of national security (Hadiz, 1993). Therefore labour voices and independence were suppressed and the union’s movements were fully controlled by the system that in turn represented employers and government.

During the authoritarian regime, workers and labour activists suffered under oppressive conditions. However, they did organise underground opposition movements. Rupidara and McGraw (2010) identify some participants in the confrontation movement such as student activists (La Botz, 2001), human rights-related NGOs (Ford, 2000), labour unions (Ford, 2000) and international actors such as the International Confederation of Free Trade Unions (ICFTU), the World Confederation of Labour (WCL), the International Labour Organisation (ILO), human rights organisations, and the US government. There were various contributions given by international actors through letter-writing campaigns, delegations to Indonesian embassies, demonstrations and protests and also via campaigns and advertisements in the mass media (Silaban, 2009: p.xv quote from Rupidara & McGraw (2010: 620)).
From 1990 the various resistance movements had an effect on the industrial relations system. Between 1990 and 1992 the number of strikes increased almost threefold from 61 cases in 1990 to 177 cases in 1992 (Manning, 1993). In the latter half of the 1990s the number of strikes in Indonesia had increased by up to 500% more than the total strikes in 1990 and reached its peak in 1996 (Rupidara & McGraw, 2010, p. 617). As Rupidara and McGraw (2010, p. 621) stated: “the increasing frequency of activism was indicative of a moment ripe for an institutional shift”. Finally, an institutional change occurred when the ‘people power’ forced Soeharto from government in 1998.

3.6.4 The Reformation Era (After 1998)

In May 1998, President Soeharto resigned from his presidency after popular unrest and he was replaced by President Habibie. The resignation of President Soeharto was the start of the transformation of the industrial relations system in Indonesia. Some studies have noted significant changes in Indonesian industrial relations system after Soeharto fell from his presidency. Caraway (2004), Ford (2000), Manning (2008), and Rahayu and Sumarto (2003) noted that soon after Habibie took over the presidency, a shift in the country’s industrial relation system began with the new administration triggering an immediate approval for the right of workers to organise.

Although Rupidara and McGraw (2010) argue that Habibie’s government was under pressure from both local and international actors such as student activists, unions, NGOs, international organisations and the US government, the new government nevertheless initiated crucial changes, especially in labour relations. Other measures included for instance, releasing some imprisoned labour activists (Tjandra, 2008), accepting new labour unions for registration (Ford, 2000), and later, ratifying the ILO Convention No.87 on Freedom of Association and Protection of the Right to organise through President Decree No.83 of June 1998 (Keputusan Presiden RI No. 83/KEPPRES/1998) (Mizuno, 2005). Mizuno (2005) reported that this law facilitated the increase in the establishment of labour federations at national level to 74 as of October 2003, when only one had existed under the New Order regime.

On 19 – 21 December 2000, the Abdurrahman Wahid administration organised a national seminar to identify problems in the PIR system, and from there to develop a comprehensive industrial relations system which could deal with global developments
Syamsuddin, et al. (2008, p. 54) note that the seminar also endeavoured to develop three fundamental principles. Firstly, the enforcement of the rule of law must be in accordance with legal reforms in ways that upheld democracy and human rights. Secondly, standard settings for the rights and liabilities in industrial relations in the company are realised in the form of Company Regulations which were reviewed periodically every two years to get approval from the government. Standard arrangements are made jointly between the worker and the company in terms of collective bargaining through the results of negotiations between unions and company representatives. Finally, labour law reforms are to be implemented.

The new labour legislations has contained noticeably reduced government intervention as well as military and police interference in industrial relations (Mizuno, 2005). The Law number 21 of 2000 on Labour unions/Trade unions, which was issued by Wahid’s administration, has minimised government and military intervention in the formation of new labour unions. The Law number 13 of 2003 on Employment and Law number 2 of 2004 on Industrial Relations Dispute Settlement which were issued by Megawati’s government has also minimised the government and military involvement in labour issues and industrial dispute settlement (Syamsuddin, et al., 2008). Government control of employer associations has also been reduced and in turn this led to an emphasis on bilateral negotiations and dialogue between employers and workers (Mizuno, 2005).

Another significant change was that industrial relations administration was shifted to local district administration (pemerintah kabupaten) as a result of the decentralisation policy which is based on Law number 22 of 1999 regarding Regional Government (Mizuno, 2005). Thus, adjustment in the settlement of disputes changed, for example, the function of settling disputes moved from the Committee for Labour Dispute Settlement (as we first known as P4P and P4D) to the Court of Industrial Relations (Pengadilan Hubungan Industrial known as PHI), a new unit independent of the government.

Rupidara and McGraw (2010, pp. 622-624) conclude that there are three important new institutions in the current Indonesian industrial relations system. Firstly, the re-emergence of multiple labour unions and the allied development of the emergence of an independent federation of unions. They have argued that the emergence of multiple unions is a clear indication of a major departure from the New Order system and
conformity to the worldwide idea of freedom to organise. In contrast, they have found that this development has been regarded as a problematic since it has facilitated a highly fragmented labour movement.

Secondly, the introduction of labour courts as a new formal instrument of labour dispute settlement. In the beginning, the Regional Committee of Labour Dispute Settlement was established (P4D and P4P). This was replaced by the process of resolving industrial disputes through using the law of civil procedure on all levels, through the Court of Industrial Relations and Supreme Court with judges. Rupidara and McGraw (2010) have argued that the judicial system was a result of ILO’s suggestions to the Ministry of Manpower and Transmigration. Two years after establishing of Law number 2 of 2004 on Industrial Relations Dispute Settlement, the Court of Industrial Relations commenced operations in 2006. However they noted some boundaries related to wider systemic issues in the Indonesian judicial system such as various form of corruption and bureaucratic slowness, high level of administrative and resource burdens that are imposed on the parties, lack of familiarity among workers and union with court mechanisms or the financial resources to hire lawyers, unfair and unbalance decision-making by court staff which were mostly handed down by legal professionals who were more likely to make decisions on narrow and technical criteria.

Thirdly, the legal approval of contract-employment and of outsourcing practices to support greater labour market and business flexibility. They argued that even though this regulation encourages greater opportunity for both the employment and business sectors in Indonesia, in practice it has been detrimental for labour conditions, for example in the rapid growth of illegal outsourcing and contract-employment practices by many industries which illegally enlarged their core business activities that should be free from outsourcing.

A detailed explanation on the development of Indonesian industrial relations laws will be described in the following section.
3.7 The Development of Indonesian Industrial Relations Laws

The industrial relations system remains largely underdeveloped between 1945 until 1998. The first legislation regulating Indonesian industrial relations was published in 1948 with Law number 12 of 1948 on Labour, setting the tone on labour legislation and protection in the new nation (Tjandra, 2008). This act covered some aspects of labour protection such as: the prohibition of discrimination in the workplace, the 40-hour and six day working week, the obligation of employers to provide workers’ housing, the prohibition of employment of children under the age of fourteen, and the guarantee of women’s right to take menstruation leave and night work restrictions. As Tjandra (2008, p. 2) states that this act has “become the foundation of modern labour law, eliminating the old colonial labour law and labour policy, and providing the legal basis for labour protection in Indonesia”.

The legislation of industrial relations in Indonesia covered five key areas: employment, labour and work agreements, industrial disputes and dispute resolution, wages, and freedom of labour association. Table 3-3 presents the detail of the development of industrial relations legislation in Indonesia from 1948 to 1999. The legislation regulating Indonesian industrial relations did not change significantly for more than forty years until 1999 (Rahayu & Sumarto, 2003). The significant change in Indonesia’s industrial relations legislations started in 1999. The short term of the Habibie government from May 1998 to October 1998 was an important moment in Indonesian industrial relations system and legislation (Rahayu & Sumarto, 2003). For example, on 5th June 1998, Habibie’s government ratified eight of ILO conventions on Workers’ Basic Rights including ILO conventions number 87 of 1948 on Freedom of Association and Protection of the Right to Organise. This positive action created a fair policy for Indonesia in industrial relations negotiations which was more internationally acceptable, especially in regard to protect the workers when they wanted to form or join labour unions or labour organisations.
Table 3-3 the Development of Indonesian Industrial Relations Legislation

<table>
<thead>
<tr>
<th>Year</th>
<th>Industrial Relations Legislations</th>
</tr>
</thead>
<tbody>
<tr>
<td>1948</td>
<td>Law No.12 of 1948 On Labour</td>
</tr>
<tr>
<td></td>
<td>Law No 1of 1951 concerning the Application of Law No.12, 1948 in entire Indonesian Provinces</td>
</tr>
<tr>
<td>1951</td>
<td>Law No.21of 1954 on Labour Agreement between Labour Union and Employers Government Regulation (Peraturan Pemerintah) No. 49, 1954 on Methods to formulate and regulate labour contracts</td>
</tr>
<tr>
<td>1954</td>
<td>Law No.18 of 1956 on the ratification of ILO Convention No.98 of 1949 concerning the Right to Organize and Collective Bargaining</td>
</tr>
<tr>
<td></td>
<td>Law No.80 of 1957 on Wages</td>
</tr>
<tr>
<td></td>
<td>Law No.12 of 1964 on Employment Termination in Private Corporations</td>
</tr>
<tr>
<td>1964</td>
<td>Law No.14 of 1969 on The General Provisions concerning Labour</td>
</tr>
<tr>
<td>1969</td>
<td>Ministerial Regulation (Peraturan Menteri) No. 02/Men/1978 on Internal enterprise regulations and the formulation of labour contracts</td>
</tr>
<tr>
<td>1978</td>
<td>Ministerial Decision (Keputusan Menteri) No. 645/Men/1985 on Pancasila Industrial Relations</td>
</tr>
<tr>
<td></td>
<td>Ministerial Regulation (Peraturan Menteri) No.01/Men/1985 on Mechanism used to formulate workplace agreements</td>
</tr>
<tr>
<td>1985</td>
<td>Circular No.08 of 1990 concerning Wage and non-Wage Components</td>
</tr>
<tr>
<td>1990</td>
<td>Ministerial Decision (Keputusan Menteri) No. 15A/Men/1994 on Guidelines to Industrial Relations Disputes Resolution and Employment Termination at the Enterprise Level and Mediation</td>
</tr>
<tr>
<td>1996</td>
<td>Law No. 25 of 1997 on Employment (postponed)</td>
</tr>
<tr>
<td>1999</td>
<td>Law No. 21 of 2000 on Trade Unions / Labour Unions</td>
</tr>
<tr>
<td>2000</td>
<td>Law No. 13 of 2003 on Employment</td>
</tr>
<tr>
<td>2004</td>
<td>the Law No. 2 year 2004 concerning Industrial Relations Disputes Settlement</td>
</tr>
</tbody>
</table>

Source: Syamsuddin, et al. (2008)

After 1999, the Indonesian government issued three important regulations which significantly affected the Indonesian industrial relations system. These regulations are the Law number 21 of 2000 on Trade Unions / Labour Unions, Law number 13 of 2003 on Employment, the Law number 2 year 2004 concerning Industrial Relations Disputes Settlement and its implementing regulations. The enactment of some government regulations for the implementation of the Law number 3 of 1992 concerning Social Security were all important developments. These regulations have become a critical
foundation in developing the new industrial relations system in Indonesia. Mizuno (2005, p. 191) argues that these three regulations require substantial tripartite dialogue and include the right to organise, the right to negotiate, and the right to take industrial action. These rules have decreased government interference in the formation of labour unions and in the coordination of industrial relations. For instance, Abdurrahman Wahid’s government approved new legislation on labour unions. Law number 21 of 2000 on Labour union states that a labour union can be formed with a minimum of 10 members (Rahayu & Sumarto, 2003). This act states that no party is allowed to prevent the establishment of labour unions, nor force the formation of unions, or forbid their arrangement. Also, no party is allowed to prevent workers from forming union committees, becoming members or prohibiting unions from either carrying out their activities or otherwise.

In 2003, the Megawati administration approved a new regulation on employment (Mizuno, 2005). Law number 13 of 2003 regulates the basic rights of workers, such as time worked, wages, benefits, occupational safety and health protection, special protection for female workers, children and persons with disabilities, as well as the social security labour. In addition, Law number 13 of 2003 also guarantees equal opportunity and treatment without discrimination of race, religion, ethnicity and gender, which of course with due attention to the development progress of the business world to worker protection is a clear form of guarantees and opportunities for workers in self and family welfare.

In 2004, the Megawati government issued a new regulation on industrial relations disputes and settlement (Syamsuddin, et al., 2008). Law number 2 of 2004 defines an industrial relations dispute as a difference of opinion which resulted in conflicts between employers or joint employers with workers or trade unions due to a dispute about rights, conflicts of interest, termination of employment disputes and disputes between trade unions within one company. According to this Act, there are four types of industrial disputes: rights dispute, conflicts of interest; termination of employment dispute and disputes between trade unions within one company. This Act regulates the mechanism of industrial disputes settlement which can be divided into two groups: the non-judicial settlement and the judicial settlement (Syamsuddin, et al., 2008). In the
non-judicial settlement the settlement is achieved in two ways: bipartite and arbitration. This settlement requires the parties to the dispute to initiate dialogue to reach consensus.

Since the reformation era, the government together with the Parliament have attempted to develop a harmonious and workable industrial relations system. The passing of legislation, especially the Law number 21 of 2000 on Trade Unions / Labour Unions, Law number 13 of 2003 on Employment, the Law number 2 year 2004 concerning Industrial Relations Disputes Settlement and its implementing regulations, and the enactment of some government regulations for the implementation of the Law number 3 of 1992 concerning Social Security are all significant improvements.

However, the new regulations have brought some advantages and some detrimental effects on Indonesian industrial relations systems and practices. Tjandra (2008, pp. 7-8) has noted some advantages of the new regulation in Indonesian industrial relations legislations as follows:

1. Indonesian workers are now easily able to form a union legally with only ten workers supporting it, and this has led to a significant increase in the number of national federation unions registered at the Department of Manpower, local and regional federations, and small and independent unions in and around the country. The concept of flexible labour market has intruded into the labour law system.

2. Law number 13 of 2003 on Employment has limited contract-based employment to a maximum of 2 years, with an extension for maximum of one year. This Act also regulates outsourcing in that it must be separated from the main company and limited to supporting operations. If this requirement is not fulfilled by the company, the outsourced workers must be converted to permanent employee.

3. Based on research conducted by NGOs and research organisations in Indonesia in 2003, he have concluded that the implementation of Law number 13 of 2003 on Employment is significantly increased the number of contract workers and reduced the number of permanent workers.

Tjandra (2008, pp. 7-8) has also noted some disadvantages of the new Indonesian industrial relations laws:

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5 A study conducted by the Forum Pendamping Buruh Nasional (FPBN) and Komite Buruh Cisadane (KBC) in 2003. FPBN, which has links with the Catholic church of Indonesia, is a network organisation that acts as workers facilitators. KBC is an independent workers organisation based on Tangerang, Banten Province.
1. Since liberal and flexible labour markets are implemented, union power has declined. Labour market flexibility has limited the union scope especially in a position to demand that the conditions of the law be fulfilled.

2. Since the responsibility for labour issues has become more decentralised from the national to the district levels, the problems of weak labour inspection has been exacerbated which was poor enforcement with a limited labour inspection service.

3. With regard to the implementation of Law number 13 of 2003 on Employment, the reports found that the practice of unfair dismissal was extensive, with dismissals frequently going hand-in-hand with intimidation. Another study conducted by some NGOs in 2006 found the widespread phenomenon of ‘indecent work’ as the direct impact of the implementation of the flexible labour market. The study also argued that without job security, workers would face imprecise on-off contracts of employment with inappropriate levels of legally-mandated minimum wage.

4. Research conducted by another NGO in 2006 noted that the flexible labour market policy delivered some disadvantages to unions: the growing numbers of outsourced workers significantly reduced the membership of union and the ability of the union to function properly had diminished. Hence, the legislation of outsourcing workers under the regulation has raised the insecurity and unpredictability experienced by workers and weakened their chances for permanency.

The following section discusses the implementation of the reformed Indonesian industrial relations system since 1998 to present including recent changes in its regulations, labour unions movement, industrial dispute settlement mechanism and sources of conflict in communication conflict within the Indonesian workplace.

### 3.8 The Implementation of the Reformed Indonesian Industrial Relations System

The beginning of the implementation of democracy into the field of Industrial Relations began with the implementation of Law number 21 of 2000 on Trade Unions (Serikat Pekerja) / Labour Unions (Serikat Buruh). This Act changed the concept of the existence of labour unions from monolithic state organised union into a pluralistic model with many independent unions. This was supported by the existing regulations, which allowed a minimum of 10 members in order to set up a trade union.

6 A study conducted by Akatiga, Trade Union Right Centre and Lab-Sosio University of Indonesia.

7 The National Workers Union (Serikat Pekerja Nasional known as SPN). This research was conducted by Darlina Sihombing who was an activist of SPN.
Consequently, the number of labour unions in Indonesia has increased dramatically as the result of the ratification of ILO Convention number 87 of 1948 and Law number 21 of 2001. Rahayu and Sumarto (2003) have noticed that by the end of 2001, 61 National Workers Union Federations, 1 Confederation, more than 144 National Labour Unions, and approximately 11,000 company unions have been registered with the Ministry of Manpower and Transmigration with total membership amounting to 11 million workers. Under the general provisions of article 1 of the Law number 17 of 2003 on Employment, the union can be defined as an organisation formed of, by and for workers in both the enterprise and outside the company, which is free, open, independent, democratic and responsible in order to fight for, defend and protect the rights and interests of workers and improving the welfare of workers and their families. A federation of trade unions is then formed through the combination of at least 5 trade unions, while a confederation of trade unions is a combination of at least 3 federations of trade unions. The usefulness of this distinction is that trade unions have the power and greater support from other unions for help which then facilitate the efforts of trade unions in the company to fight for the welfare of workers.

Tjandraningsih (2010) reports that three Confederations, eighty-six Federations, and tens of thousands trade union members at the company level have been registered since June 2007. The Confederation of All-Indonesia Trade Union (KSPSI/Konfederasi Serikat Pekerja Seluruh Indonesia) is the biggest organisation among three confederations and has 16 federations and more than 4 million members. Meanwhile, the second largest is Confederation of Indonesia Trade Union (Konfederasi Serikat Pekerja Indonesia known as KSPI) has eleven federations and more than two million members. This is followed by the Confederation of All-Indonesia Labour Unions which has almost two million members.

According to Ford (2000), unions could be categorised into three types of union during the Habibie interregnum: blue-collar private sector unions, white-collar private sector...
unions and public-sector unions. Blue-collar unionism is the prime category of union in Indonesia in terms of membership and these were registered following the fall of the Suharto regime. For the blue collar workers there are two board categories of national sector unions and union federations, as well including unions from small factory-based concerns. White-collar unionism includes unions from the banking sector while public-sector unionism embraces unions from state-own companies whose employees have withdrawn from the state’s civil servants’ organisation or KORPRI and formed their own unions.

Wisudo (2010) reports that three different approaches have been taken by different unions after the reformation: first, those labour unions which tended to compromise with the government; second, those unions which presented themselves as militant organisations and third, labour unions which are affiliated with religious foundations. Rahayu and Sumarto (2003) have noted that labour unions can be divided into two categories based on the way they are formed. First of all, those labour unions that are formed as a basis for workers in voicing their grievances with a given business or workplace. In general, they have definite tasks, definite membership, and direct representation at the workplace. Secondly, those labour unions that are formed on a political base and involve non-workers who claim to act on behalf of company’s workers. Commonly, these types of unions have no definite membership and the organisation is used as a political vehicle to raise funds which often come from international NGOs.

In connection with the change in multiple labour unions, Rupidara and McGraw (2010) argue that although the emergence of multiple unions has facilitated a highly fragmented labour movement, the appearance of multiple unions can still be viewed as an obvious sign of conformity to international labour standards in relation to the concept of freedom to organise. They also point to problems linked to the competition for membership and influence as a source of the fragmentation. They conclude that the fragmentation is a sign of the ideological ‘haziness’ of Indonesian labour movement and the pragmatic interest of some labour elite.

However, in the early 2000s, there were major industrial relations problems emerging. For example, Rahayu and Sumarto (2003) reported that the Ministry Decision number 150 of 2000 (Kepmenaker no. Kep-150/Men/2000) on The Settlement of Employment
Termination and Determining the Payment of Severance Pay, Long Service Pay, and Compensations in Firms, which was issued in June 2000, was rejected by employers who argued that this law would generate a financial burden for employers. Many employers had objected to some particular articles of the Ministry Decision number 150 of 2000 such as Article 15 (employers may proceed with employment termination if employees are absent for more than five consecutive working days), Article 16 (employer’s obligation to pay 75% of the wages during termination process), Article 17 (employer’s obligation during the settlement of employment termination disputes), Article 18 (compensation for retrenched staff who commit major offences), Article 23 (number of working years which entitles workers to long service pay), and Article 26 (compensation for workers who voluntarily resign).

In response to the criticisms, the Wahid administration revised some articles of the Ministry Decision number 150 of 2000 by releasing two new regulations:

1. Ministry Decision number 78 of 2001 (Kepmenakertrans No. Kep-78/Men/2001) that modified some articles from the Ministry Decision number 150 of 2000 concerning on the termination of workers and workers’ severance that written in from Article 27b to Article 35A.

There are some significant changes that have been made in these new laws, for example, with regard to workers who resign properly or with notice, in the Ministry Decision number 150 of 2000; workers who resign properly are entitled to a gratuity fund and compensation fund. In the Ministry Decision numbers 78 of 2000, workers who resign properly are only entitled to compensation fund. Nevertheless, workers believed that these new acts are very detrimental to employees and favoured employers. For workers, the Ministry Decision number 150 of 2000 was considered more effective in providing a protection for workers. As a result of the changes to the laws, there was massive industrial unrest resulting in the reinstatement of Ministry Decision number 150 of 2000 (Rahayu & Sumarto, 2003).

In addition, there was disagreement with a government decision on the settlement of employment termination and determining the payment of severance pay, long service pay and compensations in firms resulted in industrial unrest and mass strikes in some regions in Indonesia such as in Bandung where tens of thousands of workers joined in
the three days of demonstration (Hutagalung, 2001). In 15th June 2001, this negative reaction of the workers prompted the governments to replace the Ministry Decision number 150 of 2000 after a meeting between employers, workers representatives and the government. According to Hutagalung (2001) the reason for the change was that the Minister of Manpower and Transmigration (in the Gus Dur administration) was aware that both of his decisions (Ministry Decision number 78 and 111) were not based on tripartite consultation. The Law number 13 of 2003 on Manpower was revoked 9 (nine) Acts and 6 (six) Ordinances or amendments were introduced (Indonesia, 2010). The Law number 13 of 2003 contains the basic rights of workers, such as time worked, wages, benefits, occupational safety and health protection, special protection for female workers, children and persons with disabilities, as well as the social security labour. In addition, the Law number 13 of 2003 guarantees equal opportunity and treatment without discrimination of race, religion, ethnicity and gender, which of course with due attention to the development progress of the business world to worker protection are clear guarantees and opportunities for workers in self and family welfare.

There is an idea that the welfare of workers is inseparable from industrial relations and that it is a partnership with a cornerstone of three concepts: a partner in responsibility, a partner in the production process and a partner in the form of profits (Indonesia, 2010). The balance of rights and obligations between the parties on the basis of justice and decency, as well as the principle of kinship in resolving disagreements between workers and employers with a way of deliberation to reach consensus are the hallmark of industrial relations in Indonesia (Indonesia, 2010).

In the context of workplace agreements, collective labour agreement (CLA) in Indonesia are regulated by Ministry Decision number 1 of 1985 (Per-01/Men/85) on Mechanism Used to Formulate Workplace Agreement. Article 1 of this law describes a workplace agreement as labour contract which is the same as was regulated in Article 1 of Law number 21 of 1954. Enterprises with a labour force of more than 100 employees are required by the Indonesian government to publish a CLA. Small firms

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10 The Article number 1 of Law number 21 of 1954, states that a labour contract is a contract drawn up between labour unions, employer, and a legal body. The contract is used by labour unions after they have registered with the Ministry of Labour. In general, a labour contract covers workplace requirements which need to be taken into account in workplace agreement.
with a labour force of more than 25, which have no CLA, are required by the government to develop internal company regulations for agreement. In 1995, the Indonesian government under the Soeharto administration upgraded an internal company’s regulations to become CLA by issuing the Letter of Directorate General of Inspection and Supervision (Dirjen Binawas) number B.444 of 1995 (No.B-444.BW/1995).

The Bisnis Indonesia (2010) reported that until 1997 jointly 10,962 firms in Indonesia out of 163,846 companies had CLAs\textsuperscript{11}. More than three quarter of 10,962 company unions, which were registered in the Ministry of Manpower, had CLA in place. The general chairperson of SPSI suggested that from 23,525 CLAs in place within Indonesian businesses only 12,747 CLAs in place were registered with the FSPSI because of the presence of an enterprise union. Hence, at least 10,776 CLAs in place were unregistered or unofficial.

Changes also have occurred in the Industrial Relations Disputes Settlement system. Initially there was the Regional Committee of Labour Dispute Settlement (P4D and P4P). This has been replaced by the process of resolving industrial disputes through using the law of civil procedure on all levels, through the Court of Industrial Relations and the Supreme Court. Outside of the Court of Industrial Relations, there is also the non-judicial institution of Industrial Relations of mediation, arbitration, and conciliation whose functions and duties are stipulated in the Law number 2 of 2004. With non-judicial industrial relations, workers and employers are able to choose a mediator or a conciliator or arbitrators (depending on the type of disputes Industrial Relations) before going to the Court of Industrial Relations.

With regard to sources of industrial conflict, Rahayu and Sumarto (2003, p. 14) have identified four primary sources of disputes in Indonesia and these were divided into four categories. First of all, the non-normative demands where disputes reflected workers’ dissatisfaction over working conditions (such as the insufficient allowance for food, transport, and recreational activities) and also may concern matters such as wage systems, menstrual leave for female workers, clarity of worker status, distribution

\textsuperscript{11} Official statement and data from the Director General of Inspection and Supervision (Binawas), The Ministry of Manpower
benefits, and so on. Secondly, the *normative demands* where workers’ rights as predetermined in various laws and legislation that were equally established to in CLAs including employers’ obedience to current change in government policy concerning employment, obedience to minimum wage requirements or wages as agreed to in tripartite dialogue, and other benefits such as overtime pay, maternity leave, marital and maternal allowances, bonuses, and so on. Thirdly, there were disputes arising from interference *and involvement of third parties*, for instance, workers from outside company and from affiliated labour unions where workers supported other workers. Finally, there was a *pressure from a number of workers inside the company* to coerce other employees to support their cause through demonstrations or strikes.

In addition, Rahayu and Sumarto (2003, p. 15) also have identified 12 other sources of disputes that included solidarity for fellow workers believed to have been treated unfairly by the employer; diverging perceptions on government laws and regulations; demanding the resignation of the Human Resources Department Manager who is viewed as too strict and biased towards the company; changes in corporate management which are viewed as inconsiderate to workers’ interest and welfare; demands for transparency in company management; new government policies which affect workers’ welfare; the implementation of Ministry Decision number 78 of 2001 to replace Ministry Decision number 150 of 2000; perceived non-transparency on the company’s behalf concerning profits; suspicious of misappropriation concerning workers’ social security (*Jaminan Sosial Tenaga Kerja* known as *Jamsostek*); eagerness of workers in waiting for results of negotiations; or other new demands which are surfacing along with workers increased knowledge of their rights following the formation of a company union in their workplace.

While many studies have examined the origin of disputes from the perspective of union and management perspectives (Hess, 1997; Manning, 1993; Rahayu & Sumarto, 2003), research conducted by Mizuno (2005) has suggested that the lack of communication within the company, labour unions, and the members of the workers’ organisation is also a key source of disputes in workplace. Miscommunication among union members, union executives, and the company has been a one important source of industrial disputes in Indonesia (Mizuno, 2005). Given Mizuno’s research finding, this study will examine the communication processes and systems in the Indonesian company,
examine communication as factors of cause in industrial disputes in the Indonesian workplace, and analyse communication as an important key for resolving industrial conflict in Indonesian workplaces.

It can be concluded that in general, the implementation of the new Indonesian industrial relations systems and regulations has been going well. The new Indonesian relations system has made the Indonesian relations system becomes more democratic and more concerned with the welfare of Indonesian workers. With the involvements of international actors such as ILO and international NGOs on labour as well as the political-will of Indonesian government, the new Indonesian industrial relations regulations have been well implemented and obeyed by the government, employers, and employees which are indicated by significant changes in collective labour agreement (CLA), working condition, employees’ welfare, and resolution of industrial dispute.

3.9 Conclusion

This chapter has outlined institutional theory as the theoretical framework in reviewing the case study organisation context. The theoretical framework adopted assisted in understanding the historical change to the Indonesian industrial relation system over the past 50 years. Political and socio-cultural factors are important components of the institutional framework and they are important factors to help explain the evolution of the Indonesian industrial relations system.

The chapter has demonstrated the evolution of the Indonesian industrial relations system which was divided by major periods of the Indonesian political stage changes. Key periods of this development were the early independent era, the period of Guided Democracy, the period of New Order and the Reformation era. These stages all had key features and key changes including industrial relations regulations, industrial conflicts, industrial dispute settlement processes and the labour union formation and activity.

The change in Indonesian industrial relations system is ongoing. The reforms in Indonesian industrial relations system have not addressed many of the ongoing sources of unrest and dispute. Some researchers have suggested that the types of changes at the structural level of the Indonesian industrial relations institutions is path-dependent (Rupidara & McGraw, 2010). This path dependency at a deeper level of institutional realism signifies that “the Indonesian industrial relations system has operated under
parallel, even competing logics wielded by dissimilar forces including regulators, normative and cultural-cognitive institutions, and being carried by dissimilar actors” (Rupidara & McGraw, 2010, p. 626). There are two important issues that dominate recent industrial relations institutional changes: “a high degree of normative isomorphism towards widely-accepted international labour standard and a mimesis of dominant practice in the adaption of the new tribunal system in the context of a neoliberal economic agenda” (Rupidara & McGraw, 2010, p. 627).

For the purposes of the case study analysis, this chapter also has examined the features of the Indonesian industrial relations system, especially in industrial disputes and the source of conflict in Indonesian. These features highlight the contribution of communication toward generating constructive industrial relations system in Indonesia, and in the case of ineffective and poor communications, contributing to industrial unrest. As explained in Chapter 2, the correlation between communication and industrial relations system was supported by some research evidence. In this chapter the influence of the Indonesian industrial relations system as a communication mechanism between Indonesian employees, employers, trade unions and the government has been illustrated. The political and socio-cultural factors that have influenced Indonesian industrial relations system also affect the communication process between Indonesian employees, employers, trade unions and the government especially when facing and settling industrial disputes. Therefore, the contextual background which has been presented above in this chapter is important to the study in relating the context of the case study organisation with the current study’s objectives.
4 Chapter 4: RESEARCH METHODOLOGY

4.1 Introduction

This chapter discusses the approach and research method applied to examine and evaluate the organisational communication systems and processes in a large Indonesian corporation. The selected unit of analysis of this thesis was a large Indonesian state-owned company in the oil and gas industry which was known as “Indo Oil”. The company has more than 20,000 employees including permanent and contracted employees around Indonesia. It has six major departments, seven branch offices (including marketing and retail regions and exploration areas), more than five subsidiaries and several joint ventures. The company was established by the Indonesian government during the 1950s and has become very important to the developing Indonesian economy because of its reputation as a producer and major player in the exploration and distribution of oil and gas products both domestically and overseas. Indo Oil states that its permanent employees enjoy the highest base salaries among employees in stated-owned companies throughout Indonesia.

With regard to industrial relations, Indo Oil has one federation of labour union as a coordinator of the company’s labour unions for all its Indonesian operations. The Federation of Labour Union which co-ordinates nineteen labour unions in the company states that it has a total 18,000 members or more than 90% of union density (source: The Federation of Labour Union’s website). The company has a record of conflict with its labour unions. From 2000 to 2010 there were more than six strikes conducted by both the Federation of Labour union and labour unions not just over employee rights but also about the future of the company (data collected from the Federation of Labour Union’s website). In terms of industrial relations disputes, according to Indo Oil’s Human Resources Department, there were thirty-five (35) industrial relations disputes recorded during 2009 within all departments.
Indo Oil agreed to be the case study organisation for this study by sending a consent letter to the researcher. It allowed the researcher to collect data over four months in its head office in Jakarta and branch offices around Indonesia during 2009.

This thesis analyses the communication processes and systems in a large Indonesian stated-owned company including: the process of communication between management and various stakeholders including employees and trade unions; the communication climate; the organisational satisfaction; the loads of communication; the means of communication and the organisational communication relationships. The purpose of the thesis is to demonstrate the centrality of effective communication’s mechanisms in developing good industrial relations and to outline how the communication system can be improved. Hence, the research has examined and evaluated one large corporation in Indonesia, especially a company which has had a record of recent employee relations conflict by applying a communications audit as a research method in the context of a case study analysis.

This chapter presents an overview of the methodological perspective of the research and is divided into seven sections. The first section presents the introduction of the chapter. The second section provides an outline of, and justification for, the research methods used. A description and explanation of the communication audit tools and procedures follows. The third explains the case study methods. The fourth section explains data collection techniques. The fifth section presents a description and explanation of data analysis techniques. The unit analysis and sampling are discussed and potential ethical implications are then explained in the six section. The conclusion of the chapter is presented in the last section of the chapter.

4.2 Research Methodology

This research used a communication audit to comprehensively analyse the case study of an organisation’s communication systems and processes. This section
explains definitional aspects of communication audits, their characteristics, justifications, instruments and procedures.

4.2.1 The Definitional of Aspects Communication Audits

The idea of the communication audit was introduced by Odiorne (1954) in his classical work “An Application of Communication Audits” that was published in the Journal of Personal Psychology. The term communication audit was used to describe a number of systems or strategies employed to investigate the communication effectiveness within organisations, following as Downs (1988, p. 43) noted that communication audit methodologies were developed by following “the example of financial audit methodologies”. Kopec (1982, p. 24) defines communication audit as:

“the complete analysis of an organisation’s communications-internal and/or external-designed to take a picture of communication needs, policies, practices and capabilities, and to uncover necessary data to allow senior management to make informed, economical decision about future objectives of the organisation’s communication”.

Beyond Kopec’s (1982) definition, Ellis, et al. (1993, p. 143) have argued that “attempting a definition of the concept communication audit is complicated since the concept has been applied as an umbrella term for a variety of applications in dissimilar conditions”. For instance: Emmanuel (1985, p. 50) defines the communication audit as “a comprehensive and thorough study of communication philosophy, concepts, structure, flow and practice within an organisation”. Hamilton (1987, p. 3) regards the communication audit as “an objective report on the internal communication of an organisation”. He suggests that the communication audit is like the financial audit or the medical check-up which is a medium to evaluate the ‘health’ of an organisation’s formal and informal communication system. He also suggests that “the communication audit provides the decision-making information that allows internal communication to be considerably improved and thereby enhances the organisation’s overall productivity” (p. 3). Booth (1988, p. 8) defines the communication audits as “the
process whereby the communications within an organisation are analysed by an internal or external consultant, with a view to increase organisational efficiency”.

Cortez and Bunge (1987, p. 41) provide a more comprehensive definition. They describe communication audits as:

“a fact-finding, analysis, interpretation, and reporting process that studies the communication philosophy, structure, flow and practice of an organisation. The purposes of the audit include the collection of data concerning the efficiency, credibility, and economy of the organisation's communication programs and practices…and the development of recommendations for action tailored to the organisation's specific situation”.

Henderson (2005, p. 312) concludes that:

“the communication audit process is designed to examine and evaluate an organisation’s communication program; to reveal hurdles to effective communication, to reveal gaps in the communication process, and to provide suggestions for improvement”.

The definition of communication audit by Cortez and Bunge (1987) is used by the researcher as a working definition of a communication audit in this thesis.

4.2.2 Characteristics of the Communication Audit

Several approaches have been influenced by the characteristic of the communication audits. Ellis, et al. (1993) suggested that the communication audits was a tool to evaluate the effectiveness of organisational practices especially IT and communication practices within an organisation. They argued that the communication audit could be used as a method to measure the introduction of IT in an organisation, the interpersonal communication, the management-employee communication, the effectiveness of organisational communication and the public relations activity. Recently, Tourish and Hargie (2009) have reviewed the communication audit as a method to maximise an organisation’s performance. They regard the communication audit as a useful diagnostic and prescriptive tool in strategic management. They also justify the importance of the communication audit in improving the performance of
organisation and vindicate the communication audit as a research method to measure both internal and external communication.

There are various types of communication audits in management practices. Tourish and Hargie (2009, p. 29) identified various types of communication audits that have been used by some researchers in different studies such as:

“the role of communication audit in not-for-profit organisations, in evaluating how well marketing communication messages resonate with various targeted audiences, as an important ingredient of strategic marketing in the health sector, as a pedagogic instrument in teaching of management communication, and as a valuable ingredient of employee relations audits in general”.

Some studies found that different types of communication audits have different purposes. For example, Ellis, et al. (1993, p. 142) note that the general purpose of a communication audit is “to compile knowledge based on organisational communication in order to identify and neutralise communication problems”. Buchanan and Gibb (1998, p. 34) suggest that the communication audit is “concerned with organisational and sociological aspects of information flow”. Strenski (1984) found that the communication audit has been used to assess important constituency perceptions and how they connect with a particular organisation’s marketing goals. He believed that in addition to providing a more efficient way to determine the areas of marketing communications that need the most attention, a communication audit reveals potential new markets and establishes a benchmark tool to measure the progress of future communication programs. To this end, it assists in creating “a communications foundation on which cost-effective, strategic business development programs can be based” (p. 15).

Three characteristics of the communication audit that have been identified by Hargie and Tourish (1993 quoted from Hargie & Tourish (2009, p.29)) viz.:

1. The accumulative of information. This is the ‘diagnostic phase’ of the auditing process. In communication terms, the purpose is to
assess a sample communication episode, in order to determine key trends.

2. *The creation of management system.* This is the ‘prescriptive phase’ of the auditing process. Systems are established to control the flow of information and resources over a given period.

3. *The comparison of communication practices with publicly declared standards.* This is the ‘accountability phase’ of the audit process. Specific individual should be made accountable for different aspects of internal communication, so that when problems are highlighted, someone is specifically tasked with ensuring these are swiftly dealt with. Communication audits provide performance benchmarks, generating a much enhanced ability to measure both performance and the impact of specific measures designed to improve it.

According to Kopec (1982) audits can be used to measure the effectiveness of communication programs throughout an entire organisation within an individual department or division, or within a specific employee group. He argued that audits have the capability to examine communication on a specific subject or communications via various media. Furthermore, he contended that audits can also uncover misunderstandings, information gaps and obstacles as well as opportunities for improvement. Kopec (1982) emphasises the ability of a communication audit in measuring cost effectiveness, evaluating ongoing programs, confirming hunches, clarifying questions, and in some instances, reorienting concepts among senior management.

Various approaches have influenced a broad spectrum of activities in the communication audit. For instance, Goldhaber and Rogers (1979 cited in Booth, 1988: 8-9) used two analogies to describe the need for the use of the International Communication Association (ICA)’s communication audit: “companies needs financial audits and individuals need physical check-ups”. Goldhaber and Rogers (1979) believed that communication audits provide an organisation with advance information which may prevent serious breakdowns affecting overall performance. Goldhaber and Rogers (1979) also characterised some activities in the ICA’s communication audit as representing:
1. Determine the amount of the information under load or overload associated with the major topics, sources and channels of communication.
2. Evaluate the quality of information communicated from and/or to these sources.
3. Assess the quality of communication relationships, particularly measuring the extent of interpersonal trust, supportiveness, sociability and overall job satisfaction
4. Identify the operational communication networks (for rumours, social and job-related messages), comparing them with planned or formal networks (prescribed by organisational charts).
5. Determine potential bottlenecks and gatekeepers of information by comparing actual communication roles of key personnel (isolate, liaison, group member, etc.) with expected roles (provided by job description, etc.)
6. Identify categories and examples of commonly occurring positive and negative communication experiences and incidents.
7. Describe individual, group and organisational patterns of actual communication behaviours related to sources, channels, topics, length and quality of interactions.
8. Provide general recommendations, derived from the audit, which call for changes or improvements in attitudes, behaviours, practices and skills.

Ellis, et al. (1993, p. 143) identified a broad spectrum of communication audit activities such as:

1. assessing the effectiveness of the introduction of information technology into an organisation;
2. assessing interpersonal communication;
3. evaluating management/employee communications;
4. evaluating the effectiveness of organisational communications and assessing public relations activity.

Emmanuel (1985) also offered an approach on which specific communication audit activities should be carried out:

1. Find out how well communication programs are working.
2. Diagnose current or potential communication problems or missed opportunities.
3. Evaluate a new communication policy or practice.
4. Assess the relationship of communications to other organisational operations on corporate and local levels.
5. Develop communication budgets.
6. Develop benchmarks.
7. Measure progress against previously established benchmarks.
8. Develop or restructure the communications function within an organisation
9. Provide background for developing formal communication policies and plans.

Identifying key issues in communications is very important for conducting a communication audit. Again, since the purposes of a communication audit are different to others, researchers are required to identify key specific issues to be evaluated in the audit. Some studies have been conducted to identify key issues in communication audits (Cheney, Christensen, Zorn, & Ganesh, 2004; Downs & Adrian, 2004; Goldhaber & Rogers, 1979; Hamilton, 1987; Pace & Faules, 1994). For example, Goldhaber and Rogers (1979) classified a number of key issues to be evaluated by the ICA’s communication audit. These include:

1. The amount of the information under load or overload associated with the major topics, sources and channels of communication.
2. The quality of information communicated from and/or to these sources.
3. The quality of communication relationships, particularly measuring the extent of interpersonal trust, supportiveness, sociability and overall job satisfaction
4. The operational communication networks (for rumours, social and job-related messages), comparing them with planned or formal networks (prescribed by organisational charts).
5. Bottlenecks and gatekeepers of information by comparing actual communication roles of key personnel (isolate, liaison, group member, etc.) with expected roles (provided by job description, etc.)
6. Positive and negative communication experiences and incidents.
7. Individual, group and organisational patterns of actual communication behaviours related to sources, channels, topics, length and quality of interactions.

Hamilton (1987, pp. 4-5) argued that key issues of communication audit were:

1. face-to-face communication, whether one-on-one or in groups;
2. written communication in the form of letters, memos and internal reports;
3. communication patterns among individuals, sections and departments;
4. communication channels and frequency of interaction (communication work-load);
5. communication content, its clarity and effectiveness;
6. information needs of individuals, sections and departments;
7. information technology, particularly with respect to the human and organisational aspects of using communication and information technology;
8. informal communication, particularly as it affects motivation and performance;
9. non-verbal communication (such as physical layout of work areas, marks of seniority or norms of dress and manner; as they affect the efficiency of the organisation);
10. communication climate or ‘corporate culture’.

Downs and Adrian (2004, pp. 50-51) designed ‘focal areas’ in communication audits based on the client’s needs which focus on issues such as:

1. the task processes impact communication;
2. the adequacy of information exchange;
3. the directionality of information flow;
4. how well employees use the communication media/technologies;
5. the differences in communication function;
6. the quality of communication relationships;
7. plot communication networks;
8. the organisation as communication system;
9. the relationship between communication and organisational outcomes;
10. the link between communication and organisational strategies;
11. the impact of new technologies on communication;
12. the possibility of ‘the unexpected’ happening in the audit.

Cheney (2004) classified a great number of key issues of organisational communication that must be examined and explored in communication audits as follows:

1. symbols (including logos, architecture, uniform, etc.)
2. structure (i.e. rules, reporting mechanisms, operating procedures)
3. patterns of practices (i.e. the informal means by which news is habitually spread)
4. discrete messages (particular announcements, CEO statements, or press releases)
5. interactions (for example, those that might occur during performance appraisal interviews or disciplinary hearings)
6. relationships (e.g. those between different departments)
7. narratives (e.g. the history of the organisation)
8. meetings
9. networks (both formal and informal)
10. rituals (such as coffee mornings or celebrations)
11. myths or stories (e.g. story about employee’s promotion)
12. broad discourse (such as a company’s firm belief in its ethics)

In contrast, an emphasis on the diagnostic and prescriptive roles of communication audits has been criticised by Jones (2002, p. 469) who adopts an interpretative approach. She sees the communication audit as a “reflection of a simplistic conception of organisation life, over-relying on the out-dated metaphor of *the organisation as a machine*”. She offers the development of collaborative approaches in which auditors who can “listen with a trained interpretive ear to a range of organisational choices, provide powerful feedback offered in an open and tentative spirit, and collaborate with members of an organisation to frame inquiries, carry out investigations, and generate knowledge about communication” (p. 469). Thus, she regards the communication audit as a tool to “see the organisation holistically as a communicative system’ rather than ‘looking for communication problems or applying a package solution to individual communication skill problem” (p. 469).

Further than Jones’s (2002) criticism, Tourish and Hargie (2009) criticised Cheney’s suggestion due to numerous key issues which are examined in communication audit. They argue that it is difficult, and probably impossible, for one audit or audit process to look comprehensively at all the above issues because it involves various different tools and concerns about the resources of the audit team. They suggest that in general, the main aim of a communication audit is to provide managers and the organisation with the following information:

1. Whom they are talking to,
2. Whom they should be talking to,
3. What issues people are talking about,
4. From which sources most people get their information,
5. Whether information reaches people through the media, face-to-face discussion with managers, internal publications or other communication channels,
6. The impact of all this on working relationships (p. 31).
In this study, evaluating organisational communication systems and processes, identifying communication problems and providing recommendations to improve the effectiveness of organisational communication systems and processes are considered as the purpose of this research. In this regard, the thesis develops a broad spectrum of communication audit activities in order to fulfil the research aims and to answer the research questions that have been developed. The communication audit activities of the thesis are follows:

1. Evaluate current situation of organisational communications systems such as the communication climate, the quality of organisational relationships, the employee communication satisfaction and the organisational satisfaction.

2. Evaluate the communication mechanisms between management and employees, management and unions, and among employees (including the using of communication media, the source of information, information flow and the quantity and the quality of information).

3. Identify operational communication networks both formal (through organisational chart) and informal (social communication relationship in workplace).

4. Evaluate communication policies within an organisation regarding workplace communication.

5. Assess departments of both internal public relations and industrial relations as well as labour unions activity concerning workplace communication.

6. Assess the relationships among the organisational communications systems.

7. Identify current or potential communication problems that could lead to or exacerbate industrial disputes.

8. Provide recommendations, derived from the audit’s result, for changes and improvements in attitudes, behaviours, practices and skills of workplace communication to develop harmonious industrial relations.

The communications audit activities of the thesis also are used as an important guideline in conducting the communication audit during the study. They are also essential for the researcher to develop focal areas of the thesis which will be examined. There are seven key issues of organisational communication systems and processes within the case study organisation that will be evaluated in the study. These are:
1. Current situation of organisational communications systems such as current state level of the communication climate, the quality of organisational relationships, the employee communication satisfaction and the organisational satisfaction.

2. The communication mechanisms between management and employees, management and unions, and among employees (including the using of communication media, the sources of information, information flow and the quantity and the quality of information).

3. Communication networks, both formal (such as organisational chart) and informal (such as social communication relationship in workplace).

4. Communication policies within an organisation regarding workplace communication.

5. Communication activities in departments of both internal public relations and industrial relations and labour unions.

6. The relationships among the organisational communications systems.

7. Current or potential communication problems that lead to or exacerbate industrial disputes.

4.2.3 Benefits of the Communication Audit

How do managers know whether their organisational communication operates effectively? To answer this question requires an analysis and evaluation of the organisational communication system. The organisational communication evaluation is a method that views organisational communication as an indicator of whether the organisation is functioning effectively or ineffectively (Pace & Faules, 1994). According to organisational specialists, the basic aims of diagnosing the organisation is to identify the factors that are causing problems and therefore provide the organisation with a potential solution to the problem (Harrison, 1987; Harvey & Brown, 1992). With regard to effectiveness and productivity in the workplace, Downs (1988, p. 7) suggests that the communication audit can provide information that ‘explains or predicts critical organisational events such as dissatisfaction, lapses in productivity, union activity, turnover and lack of teamwork’.

As an important research method in organisational communication studies, the communication audit has methodological strengths. A great number of studies
have shown benefits of a communication audit as a research method in evaluating communication systems and mechanisms within an organisation. For instance, communication audits allow organisational members to participate in “reflecting learning and build upon existing strengths” (Gray & Laidlaw, 2004, p. 426); they provide meaningful information to management concerned with proficiency, credibility and cost of their communications procedures and programs; and they provide useful data for redeveloping or enhancing communication functions, guidelines and budgets (Kopec, 1982).

Emmanuel (1985) argues that a communication audit is a diagnostic tool and a means of periodically checking ongoing communication programmes within an organisation. He indicates that it can be used to: reveal information blockages; highlight organisational hindrances to effective communication; pinpoint lost opportunities in term of communication; expose misunderstanding in communication; help gauge media effectiveness and provide evaluation of ongoing programmes. Hamilton (1987, p. 6) suggests that:

“the communication audit leads to an in-depth understanding of internal communication structure and climate of the organisation including: improved productivity; more appropriate use of existing and future communications and information technology; more efficient use of time; discovery of ‘hidden’ information resources; improved morale and a more vibrant corporate culture”.

Hurst (1996) suggests that communication audits can help managers by giving them information about how effective the organisation is operating in the communication field. Du Plooy (2004, p. 315) states that advantages of communication audits include:

1. An audit provides information about attitudes, perceptions and actual behaviours as they relate to the dissimilar elements of communication process.
2. An audit is based on a valid framework that investigates the effectiveness during a specified time period.
3. The selection of one measuring instrument or the combination of two or more instruments provides flexibility in the research
design and can be guided by the objective of the research, the extent of the problem and the size of the population.

4. An instrument such as a questionnaire can be adapted to the nature of the particular organisation and, once standardised, it can be used during follow-up audits, thus increasing validity.

Downs and Adrian (2004) classify the benefits of communication audits into the following: strategic planning, feedback, training and participation benefit. For strategic planning, the communication audit can provide some insight as to how employees view the organisation and how the organisational management relates its goals and strategic vision to its employees” (p. 11). For feedback, the communication audit can offer a comprehensive review of many general patterns of communication in the organisation and examine only specific programs of interest to management, for instance developing new communication training programs, assessing how changes in telephone equipment and usage could save money, etc. (p. 15). The training benefit is that it reveals opportunities to enhance manager or employee skills once deficiencies are found (p. 17). For participation, a communication audit is an effective medium for employee participation to make changes in their organisation (p. 18).

Tourish and Hargie (2009, p. 41) point out the methodological strengths of communication audits. Firstly, communication audits allow auditors to identify the subjective interpretations of reality held by all important actors in organisational life. Secondly, communication audits explore individual perceptions of communication in organisation. They bring the reality of how organisational members feel to the fore. They can reveal some problems and provide information to managers about the obstacles that they must overcome to move the situation forward. Thirdly, common understanding of organisational life can be identified by communication audits. They help audit participants to facilitate the development of a strategy that will lead to improvements in communication climate. Finally, the understanding that audit participants have of communication episodes can be compared to formal organisational channel and systems, to explore the gaps that exist between imagined and real practices.
4.2.4 Limitations of Communication Audits

As a method of measuring the effectiveness of communication within an organisation, communication audits have several weaknesses. DeWine and James (1988b) have criticised communication audits particularly the ICA’s (International Communication Association) communication audit because: they lack ability to contrast different organisations; they lack a follow-up procedure to evaluate the audit’s impact on organisation; they are time consuming and costly. Goldhaber (1993, pp. 381-383) also notified some limitations of using communication audits. He identified potential problems to overcome during the audit such as:

1. The boundaries to maintain adequate communication and good interaction with the contact person within the organisation and all the required personnel and documents.
2. The number of organisation members that may be fully briefed about the study.
3. The allocated time in completing the process of communication audits.
4. The difficulties in working together with organisation members during the study.

In addition, Gayeski (2000, p. 28) identified some disadvantages of communication audits as tools to measure employee or customer perception of the quality of interactions with managers or key representatives as follows:

1. Communication audits rely greatly on opinions which are often influenced by the “demand effect”. Participants in both survey and focus groups often air their view and criticise communication, particularly supervisory behaviours.
2. These participants seldom have much to compare their current communication system to anything and thereby offer objective input.
3. Satisfaction measures are not very easy to connect to performance and causality cannot be determined.
4. In today’s mobile career environments, the results of communication behaviours often receive less attention, as it is more productive to focus on communication “rules and tools”.

Whilst most HR and communication practitioners recognise the value of a communication audit in measuring the effectiveness of communication in an
organisation, there are often other consequences that cause resistance to audits. Tourish and Hargie (2009) have suggested that those responsible for communications within the organisation may feel as if their workload is already burdensome enough. They also may feel that the audit would unfurl opportunities for criticism. These concerns are often compounded with budget and time constraints. Badaracco (1988) argued that for those organisations that have sufficient budget and resources to conduct a communication audit, as the auditors move beyond data gathering and assessment into implementation, some managers may experience a hostile response from management within organisations being audited. As communication mechanisms are intangible, and at times give way to subjective interpretation, the audit results cause a ‘boomerang’ effect where the proposals do not provide solutions, but a ‘shoot the messenger’ syndrome that rejects the solutions (Badaracco, 1988, p. 27).

On the other hand, Badaracco (1988, p. 31) suggested new concepts and a greater need for communication audits in order for organisations to keep pace with the changing research climate. It was important to differentiate products in a service economy, to think beyond the niche market, to calculate the impact of strategic choice upon public perception, to understand the impact of consumer choices on the bottom line and to better communicate the company’s business policies to employees who range from highly educated, knowledgeable workers to less educated, productivity-based workers.

As explained in the previous sub-section, a communication audit is conducted because of its capabilities to provide comprehensive information about how effective an communication process and system is operated within an organisation (Hurst, 1996; Pace & Faules, 1994); to provide information about employees’ feelings and perceptions about their workplace (Downs, 1977); to provide information about communication failures that have happened in the workplace (Emmanuel, 1985; Harrison, 1987; Harvey & Brown, 1992) and to provide useful data that is very important for the management to improve the communication processes and systems within the workplace by providing potential solutions to
the problem (Harvey & Brown, 1992; Kopec, 1982). These methodological strengths of a communication audit have been regarded by the research as a justification in selecting communication audit as a research method of the study.

Despite some weaknesses, such as high cost, time consuming, rejection from the management, and safety and ethical issues during the data collection, the researcher believes that those weaknesses can be diminished by openly communicating with the management, conducting a good communication audit activities guideline, actively communicating with the management, and following safety and ethical human research standards conducted by University of Newcastle during the study. Hence, the researcher believes that conducting communication audits as a research method seem appropriate.

4.2.5 Communication Audit Measurement Tools

The communication audit as a research method applies the combination of both quantitative and qualitative research methodologies through triangulation. The triangulation method can be defined as the application of two or more research methods or methodologies within a single study (Duffy, 1987, p. 131). The reason for methodological triangulation lies in the fact that the benefit of using more than one research method is that the researcher can undertake a more wide-ranging testing of the theory, which is of concern to the specific study. Baker (1999, p. 483) defines triangulation as “drawing together multiple types of evidence gathered from different sources using different methods of data collection”. He argues that triangulation involves using a combination of methods, researchers, data sources and theories in a research project. In addition, he argues that triangulation creates the opportunity for the researcher to establish a complex picture of the phenomena being studied, which might otherwise be unavailable if only one method was utilised. He suggests that applying more than one method to examine a problem allows “a corrective approach as one method may have certain features that another has not” (p. 248). The principle of triangulation adopted here is that approaching the research problem through a variety of methods allows the
strengths of each method to complement each other and decreases the impact of any individual weaknesses of a specific method.

The purpose of using triangulation in the communication audits is to get more reliable data by using more measures in data collection process, as the different measurement instruments supplement each other so that the consistency of the findings can be tested (Downs, 1988). Hamilton (1987, p. 9) identifies the advantages of triangulation in the communication audit:

1. By using triangulation, the variety of measurement tools in communication audits tackle problems and opportunities from different perspectives, identifying issues by independent, corroborating evidence.
2. The triangulation in communication audit is efficient in term of cost, time and accuracy.
3. It shows facts from different angles.
4. It corroborates and often stimulates solutions which go right to the heart of the problems.
5. It is likely to appeal more to people within an organisation, thus generating a more widespread willingness to participate in implementation.

As a result, the communication audit uses more than one data gathering method significantly improves the validity of the research.

Goldhaber and Rogers (1979, pp. 9-10) suggest that five standardised instruments have been used by the ICA communication audit as data gathering tools. These instruments are:

1. **Questionnaire Survey.** The standardised survey allows respondents to indicate their perception of the current statues of their communication system as well as their desired or ideal status. It greatly helped the identification of communication uncertainty in the organisation. It contains 122 items and 12 demographics plus up to 34 questions of any type determined by the organisation. The reliability of the scales on the 134-items set range from a low of 0.73 to a high of 0.92. The validity of the scales was based upon their self-evident relationship to organisational communication.
2. **Interviews.** Focuses on the topics that are important to the organisation or to the researcher. Randomly and/or purposively
selected members of organisation are asked to participate in one-on-one interviews, the principal purpose of which was corroborate and/or expand concern reported in other audit tools. Most interviews lasted one to one-half hours and were conducted confidentially.

3. **Network Analysis.** Focuses on general patterns of interaction and communication roles within an organisation. Respondents indicate the extent to which they typically communicated with each individual in their unit or department (or with key individuals outside their unit). It needs computer software to examine all communication links identified that operational communication network and placed individuals in communication roles of isolate, liaison, or group member. The instrument was completed in a group session lasting about thirty minutes.

4. **Communication Experiences.** It provides a description of communication behaviour related to a specific area of communication events. Respondents completed this instrument in group or individual session lasting about one hour. All data were computer analysed confidentially.

5. **Communication Diary.** It focuses on general pattern of interaction and communication roles. Each participant was asked to maintain a diary of specified communication activities (such as conversations, phone calls, meetings, written materials received and sent, etc.) for one-week period. These data were computer analysed confidentially.

Booth (1988, p. 17) identifies eight instruments which were the most widely used in auditing communication in the UK as being:

1. Structured interviews.
2. Unstructured interviews.
3. Questionnaires.
4. Group discussions
5. Network analysis or socio-grams.
6. Communication diaries.
7. Telephone call logging/monitoring
8. In tray/out tray analysis.

Generally, Booth (1988) combines some measurement methods between the ICA communication audit tools and other tools such as telephone call logging and communication documentary analysis. He used the telephone call logging to discover the communication failure and effectiveness in which using communication hardware such as telephone as well as to evaluate the usage of
telephone in terms of its cost, efficiency, frequency, accuracy and implication on
the communication process and effectiveness in organisational communication
(pp. 54-57). He refers in-tray out-tray analysis as a technique that can be used to
classify documentary communication received and sent by individuals. It allows
individuals (sometimes representative of groups with the same task in the
company) to obtain a quantitative indication of the type and size of paper traffic
they process (p. 59). With regard to the choice of instrument, he argues that the
selection of instrument is greatly dependent upon the objectives of the audit and
some techniques are applicable in many cases, whilst others are specifically
oriented to individual aspects of the communication mechanism (p. 18).

Hamilton (1987) classifies the communication audit measurement instruments
into six methods which are: focus group discussion, surveys, network analysis,
interviews, content analysis and technology assessment. He added another
technique in quantitative methodology that focuses on the question ‘What are they
writing about?’ by analysing the records that the organisation keeps which is
known as content analysis (p. 81). It examines paper items such as memos, letters,
rule books, order forms, minutes of meetings, newsletters, job descriptions and
office guidelines which are part of the business of running an organisation and
must be the recorded history of the organisation or at least the raw material from
which history can be understood and made relevant to the current situation. He
argues that the content analysis in a communication audit provides “a
counterbalance to interviews and other instruments, all of which tend to focus on
what the people think or where they keep current issues and problems” (p. 81).
Thus, content analysis has to be selective but the selection process has to be
objectively accepted or results will not be believed.

With regard to the purpose of this study, this research has selected techniques
such as survey questionnaires, interviews, participant observation and document
analysis as the set of measurement instruments. Detailed justification in selecting
measurement instruments of communication audit in the research and explanation
each of these selected instruments will be presented in section 4.4 of this chapter.
4.2.6 Communication Audit Procedures

As a research methodology, communication audits have some procedures that have to be followed and obeyed by the auditor or the researcher. These audit procedures help auditors to minimise unethical actions that can cause long-term detrimental effects to the organisation and its member as well as to the auditor (Clampitt & Williams, 2005; Hargie & Tourish, 2004). By systematically preparing and conducting communication audits, managers and all members of the organisation will be able to be aware of the audit as a key supportive activity, how it is completed and what advantages develop from its correct use (Sincoff, 1976, p. 4).

Greenbaum (1971, 1972) has proposed an assessment of the auditing process which connects to both the overall communication system and to specific communication activities that constitute the components of system. He divided the work plan for communication audits into two sections. Section A is a work plan for communication system appraisal and Section B is a work plan for specific communication activities. Section A helps the auditor to gain the overall information about general background of organisational communication systems. Section B helps the researcher to get information about particular communication activities and processes within the organisation. Details of Greenbaum’s work plan for assessing a communication system in an organisation is shown in Table 4-1.
Table 4-1 Greenbaum’s Work Plan for a Communication System Appraisal

<table>
<thead>
<tr>
<th>Section A Overall Communication System</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Stage I. Fact Finding</strong></td>
</tr>
<tr>
<td>1. Determine organisational objectives, organisational policies, and communication policies.</td>
</tr>
<tr>
<td>2. Inventory the communication activities and classify in relation to specific communication policies.</td>
</tr>
<tr>
<td>3. Identify the character of communication system controls and the organisation function vested with communication as a key responsibility.</td>
</tr>
<tr>
<td><strong>Stage II. Analysis</strong></td>
</tr>
<tr>
<td>1. Study communication activities in term of levels, objectives, functions, channels, and other class types.</td>
</tr>
<tr>
<td>2. Utilise appropriate measurement techniques to judge the strengths and weaknesses of the overall communication system.</td>
</tr>
<tr>
<td>3. Note the strengths and weaknesses of the overall system in relation to organisation situational factors including structure, processes, and leadership.</td>
</tr>
<tr>
<td><strong>Stage III. Evaluation</strong></td>
</tr>
<tr>
<td>1. Summarise the data obtained and arrive at conclusions concerning the adequacy of existing activities to implement policies.</td>
</tr>
<tr>
<td>2. Recommend necessary changes and/or supportive communication programs and furnish details as to implementation.</td>
</tr>
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<table>
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<tr>
<th>Section B Specific Communication System</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Stage I. Fact Finding</strong></td>
</tr>
<tr>
<td>1. Determine the nature and objectives of the activity;</td>
</tr>
<tr>
<td>2. Ascertain the procedural instruction for the activity with reference to applicable communication performance;</td>
</tr>
<tr>
<td>3. Arrive at performance standards constituting satisfactory performance for each procedural instruction.</td>
</tr>
<tr>
<td><strong>Stage II. Analysis</strong></td>
</tr>
<tr>
<td>1. Employ appropriate measurement techniques to estimate actual performance and deviation from standards.</td>
</tr>
<tr>
<td>2. Study deviations representing important weakness in the communication activity and give attention to the activity situational factors influencing communication behaviour.</td>
</tr>
<tr>
<td><strong>Stage III. Evaluation</strong></td>
</tr>
<tr>
<td>1. Summarise the data obtained and arrive at conclusion concerning the adequacy of the specific communication activity to meet the objectives set for that activity.</td>
</tr>
<tr>
<td>2. Recommend corrective measure furnishing details as to implementation and/or report on the presence of organisational situation factors preventing accomplishment of objectives.</td>
</tr>
</tbody>
</table>

(Source: Goldhaber, G (1993: p.335)
Cook et.al (2004) has outlined the steps of the audit process into seven steps that is shown in Figure 4-1.

**Figure 4-1 Audit Team Processes**

**INITIATION PHASE**
- Focus effort inward.
- Create a vision for the team.

**PLANNING PHASE**
- Designate team roles.
- Develop schedules.
- Publicise team to organisation.
- Create mechanism for collaboration.

**FOCUS AREAS**
- Assign areas of focus.
- Determine primary and secondary roles.
- Establish collaborative norms.

**DATA COLLECTION PHASE**
- Determine interview teams
- Outline data collection guidelines

**INTERPRETATION PHASE**
- Organise information
- Synthesize all member’s perceptions
- Verify all data for accuracy and reliability

**FINAL REPORT PHASE**
- Determine standards for writing report
- Verify final report
- Develop plan for report presentation

**SHARED REVIEW OF AUDIT PROCESSES**

Sincoff (1976, p. 7) developed a schematic summary which traces the major steps in a communication audit. It can be summarised that his steps are divided into three which are:

1. *Introductory contact between the auditor and management.* An auditor has to make an initial contact with the organisation to explain the details of audit including its objectives, benefits to the organisation, techniques, activities and costs.
2. *The conduct of the audit.* An auditor has to select the data-gathering instruments, involving three phases:
a. Determination of the instrument’s relevance to a particular purpose
b. Estimation of cost factors (both temporal and monetary) which are involved in using the particular instrument
c. Evaluation of the strengths and weaknesses of each instrument.

3. **Final evaluation of communication effectiveness as revealed by the audit.** In this step, an auditor should analyse all data that have been collected from various data gathering techniques. Once data have been analysed, the form of audit report including the recommendations should be developed. The recommendations should be made based on the data analysed that provides ways that the organisation can achieve its goals and objectives through corrective action of communication behaviour. (Sincoff, 1976)

Pace and Paterson (1988) outlined fourteen specific steps for completing an analysis of organisational communication. This procedure helps the auditor to analyse overall and specific organisational communication systems and processes within an organisation. These steps include: “planning research activity; guiding pre-research activity; administering the research instruments; gathering complementary data through interviews; analysing the data and preparing the final report” (Pace & Faules, 1994, pp. 331-332).

In this research, as the communication audit has been viewed as a research methodology, the researcher develops steps in the communication audits by combining existing communication audit procedures and existing general business research methodology. The communication audit steps of the study are presented in Figure 4-2.
Figure 4-2 Communication Audit Processes of the Study

1. Define research problems
2. Establish research objectives
3. Develop literature reviews
4. Select communication audit as a research
5. Selection methods of assessing data
6. Design data collection forms
7. Determine the case study organisation
8. Determine sample plan and size
9. Design data collection forms
10. Select nominated case study organisations
11. Introductory contact between the researcher and some nominated case study organisations by sending the initiate letter to the organisation that includes a research proposal and consent
12. Get confirmation from a nominated case study
13. Collection of data (fieldwork)
14. Editing and coding data
15. Data processing and analysis
16. Interpretation of findings
17. Draw conclusions and
18. Prepare and present the final research
4.3 The Case Study Methods

The argument for case studies arises out of the need to understand complex social phenomena. Case study methodology allows an investigation to retain the holistic and meaningful characteristics of real life events, such as individual life cycles, small group behaviour, organisational and managerial processes, neighbourhood change, school performance, international relations, and the maturation of industries (Yin, 2009, p. 4). Certainly, case studies contribute uniquely to knowledge of individual, organisational, social, and political phenomena and have been a common research strategy in social science disciplines including organisational communication and industrial relations (Yin, 2009).

The term ‘case study’ can be generally defined as qualitative, systematic inquiry into a particular phenomenon for the purpose of gaining knowledge, as opposed to teaching and/or learning. Gerring (2007, p. 20) regards a case study as “the intensive study of a single case where the purpose of that study is – at least in part – to shed light on a larger class of cases (population)”. As Dul and Hak (2007, p. 4) defines: “a case study is a study in which (a) one case (single case study) or a small number of cases (comparative case study) in their real life context, and (b) scores obtained from these cases are analysed in a qualitative manner”. A more systematic approach comes from Yin (2009, p. 18) who explains that:

“a case study is an empirical inquiry that: investigates a contemporary phenomenon within its real-life context; when the boundaries between phenomenon and context are not clearly evident; and in which multiple sources of evidence are used”.

Yin (2009, p. 18) argues that the reason for the application of a case study is the needs of the study to understand ‘a real-life phenomenon in depth’, with such understanding encompassing critical contextual conditions. He also argues that a case study method can help the researcher to know “how” or “why” the program (in an organisation) had worked (or not). Haynes and Fryer (2000, p. 242) similarly state that “the use of the case study is appropriate where researchers seek a richer understanding of the key issues and dynamics involved in specific
context”. As Zikmund, *et al.* (2009, p. 140) contend: “A primary advantage of the case study is that an entire organisation or entity can be investigated in depth with meticulous attention to detail”.

According to Bryman and Bell (2003, p. 62), a case study can be: a single organisation, a single location, a person and a single event. They argue that a single location such as workplace and organisation is the most common use of case study in business research which often favours qualitative methods as these are regarded to be particularly helpful in the generation of intensive, detailed examination of a case. Yin (2009, p. 18) argues that case study research can be applied in both single and multiple case studies. He states further that

> “the case study is not just a form of ‘qualitative research’, even though it may be recognised among the array of qualitative research choice. Some case study research goes beyond being a type of qualitative research, by using a mix of quantitative and qualitative evidence”.

Despite their strengths, a case study has the problem of generalisation, i.e. whether a case study can be used to explain the same phenomenon under different conditions or answer this question “How can you generalise from a single case?” (Yin, 2009). Even though many researchers would say, “you cannot generalise from a single case” (Flyvbjerg, 2006), Yin (2009, p. 15) states that:

> “Case studies, like experiments, are generalisable to theoretical proportions and not to populations or universes. In this sense, the case study, like the experiment, does not represent a ‘sample’ and your goal will be to expand and generalise theories (analytic generalisation) and not enumerate frequencies (statistical generalisation).”

Erickson (1986) argues that since the general lies in the particular, what we learn in a particular case can be transferred to similar situations. Further, he argues that it is the reader, not the researcher, who determines what can apply to his or her context. In his examination on five ‘misunderstandings’ about case study research, Flyvbjerg (2006, p. 221) puts the problem of generalisability into the second misunderstanding of case study research that is “one cannot generalise on the basis of an individual case; therefore the case study cannot contribute to scientific
development”. By pointing to the research of Galileo, Newton, Einstein, Bohr, Darwin, Marx and Freud, he makes the point that both human and natural sciences can be advanced by a single case. In addition, he contends that formal generalisations based on large samples are overvalued in their contribution to scientific progress (p. 228).

Burns and Bush (2000) have reviewed the use of case studies in the accounting, management and organisational disciplines. As they state:

“the capacity of case studies to draw from different data sources, to allow several level of simultaneous analysis of the dynamics in a single setting creates the potential for a richer understanding of organisational phenomena than can be conveyed by statistical analysis” (p. 169).

They argue that case studies potentially contribute to the development of both theory and practice. They contend that the capacity of case studies in explaining “how” and “why” some organisational and managerial processes and their flexibility in mixing research methods have influenced many organisational communication scholars (p. 169).

In organisational communication study, the case study method allows the researcher to explore and investigate how the communication systems and processes work in one or more organisations, how members of organisations interact in their unit or department, why communication conflict happens, how members of organisations express their perceptions about their organisation, job and satisfaction with their work and other organisational outcomes (Hargie & Tourish, 2009). Abundant evidence showed many research case studies use communication audits as research methodology in both single and multiple case studies (Applebaum & Anatol, 1979; Bakanauskiene, Bendaraviciene, & Krikstolaitis, 2010; Brooks, Callicoat, & Siegerdt, 1979; Carrière & Bourque, 2009; Quinn & Hargie, 2004; Scott, Shaw, Timmerman, Frank, & Quinn, 1999). Hargie and Tourish (2009) also have identified some evidence of the applications of case study methods in communication audits using both individual and many
organisations as unit analysis. Hence, this evidence has been justified by the researcher as the important argument in deciding on the case study method as part of the study’s research methodology.

In connection with the purposes of the study described in chapter 1, this study employs a single organisation and uses a communication audit method that applies multiple data collection techniques in a large Indonesian oil and gas company which has had a recent history of industrial disputes. Thus, the study is expected to provide detailed illustrations and explanations on organisational communication systems and processes as well as on the industrial relations system in the Indonesian workplace that could be explored further in subsequent studies.

Three Indonesian large corporations have been selected to be the case study organisation. Only one company agreed to be the case study organisation of the study by filling a consent form and sending an email to the researcher. The reasons in selecting large Indonesian state-owned companies as unit analysis of the study are: the range of possibilities to gain access to data collection; recent history of industrial disputes and a willingness to participate in the research. The company must also have a unique of character as a unit analysis of the study as well as being a company in Indonesia’s developing economy and making a significant contribution to the Indonesian economy. A detailed illustration of the case study organisation is described in the introduction section of this chapter.

In case study research, the researcher can choose one object of study based on an organisation, a location, a person or a case. It allows the researcher to select more than one object of study. It develops the logic of comparison, implying that the researcher is able to understand social phenomena better when comparing two or more different situations (Bryman & Bell, 2003). The research has examined and evaluated one large profit-oriented organisation in Indonesia with a record of recent employee relations conflict. The size of the case study organisation is very important in this research as a research study conducted by Smeltzer and Fann (1989) found that large organisations can provide various communication patterns
compared with small and medium organisations. In addition, large organisations also can provide a range of data about a variety of media communication in the communication process within the organisation.

4.4 Data Collection Techniques

As explained in sub-section 4.2.5, communication audits apply multi-data collection techniques in order to gain information as much as possible from the observed organisation. In collecting data, communication audits have the flexibility to use both quantitative and qualitative data. A variety of techniques is used by communication audits to cover an extensive range of information and to build up a detailed illustration about communications systems and processes in the case study. The selection of data collection techniques in communication audits is also very much dependent upon the purpose of the research (Booth, 1988).

As described in Chapter 1, the objectives of the study are to map, evaluate, and examine the employee communication process and system in detail as well as to investigate the communication problems that cause industrial disputes. Thus, there are four methods used in this research. Primary data were collected through survey questionnaires and interviews, while secondary data were gathered using participant observations and document analysis. The following sub-sections present detailed explanation of selected collection techniques or selected communication audit measurement tools as well as justification in selecting communication audit measurement tools during data collection.

4.4.1 Survey Questionnaire

The questionnaire is the most widely used data gathering instrument in communication audits. This instrument is very important in communication audits due to its contribution in helping auditors to examine communication practices and systems at both the macro and micro levels of the organisation (Hargie & Tourish, 2009). Some scholars suggest that that the utilisation of the questionnaire is particularly appropriate in the audit context as it needs a relatively short time to gather information (Baron & Kenny, 1986; Downs & Adrian, 2004; Hamilton,
Barker (1986, p. 153) also identifies other strengths of this instrument which are: “it is well-designed to measure the concerns of employees and the organisation as well as a valid and reliable tool which makes its use appropriate when auditing communication in organisations”.

The use of the questionnaire as a measurement tool in a communication audit has further advantages:

“it allows the researcher to include large sample size, thereby potentially increasing the reliability of the data extracted; it is cost effective; assures confidentiality of respondents; allows for a quick readout and simple statistical analysis; it is easy to duplicate; allows inclusivity by providing an opportunity for everyone to contribute and finally has capacity to incorporate more topics than normally covered by other data collection” (Downs & Adrian, 2004; Hamilton, 1987).

However, Downs (1988, p. 109) argues that the questionnaire has some drawbacks - one of the most obvious weaknesses is the length and complexity of the questionnaire. He notes that the time that is needed to complete the questionnaire can result in respondents rushing the process, refraining from answering all question or just not participating in the research by not returning their questionnaires. Furthermore, he argues that this disadvantage is of particular concern as the case study organisation employs staff who are often working outside office and thus have time constraints in terms of their availability to complete the questionnaire.

There are many forms of questionnaire that are commonly used in communication audits. For example, Greenbaum, et al. (1988) provided a comprehensive review of four major survey questionnaires that are mostly used in communication audits. Briefly, they are:

1. The Organisational Communication Questionnaire (OCQ) which is designed by Robert and O’Reilly in 1973. It is designed to compare communication across organisation. The OCQ has had many versions. In general, it contains items that were developed to assess the three communication-related variables of trust in superiors, perceived influence of superiors, and respondent
mobility aspirations (Greenbaum, et al., 1988, pp. 246-247). They argue that the OCQ not only reports on the nature of organisational communication process but it also assesses the level of specific variables which affect that communication (Greenbaum, et al., 1988, p. 248).

2. The Organisational Communication Audit Questionnaire (OCA) which was launched by Wiio and Helsila in 1974. The OCA is designed to measure the communication climate, to estimate both communication satisfaction and job satisfaction, to locate possible bottlenecks in organisational communication, and to enable the comparison of findings between organisations. This instrument contains 12 dimension of organisational communication and 76 items of network analysis (Greenbaum, et al., 1988, pp. 259-260).

3. The Communication Satisfaction Questionnaires (CSQ) which is introduced by Down and Hazen in 1977. The instrument is developed to measure employees’ satisfaction and productivity. This questionnaire consists of five items for each of the following eight factors:
   a) Communication Climate – deals with the general satisfaction with the perceived effectiveness of the communication atmosphere.
   b) Supervisory Communication – measures satisfaction with upward and downward communication with the respondent’s supervisors.
   c) Organisational Integration – involves the degree to which employees receive information about the immediate work environment.
   d) Media Quality – focuses on the extent to which to which meetings are well organised, written directives are short and clear, and the degree to which the communication is about right.
   e) Co-worker Communication – relates to satisfaction with horizontal communication relationship in the organisations.
   f) Corporate Information – deals with information about the organisation as whole, such as information about the corporation’s financial standing.
   g) Personal Feedback – concerns what workers need to know about how they are judged and how their performance is appraised.
   h) Subordinate Communication – consists of items only answered by supervisors, including “extent to which subordinates initiate upward communication” (Greenbaum, et al., 1988, p. 262).
4. *The Communication Audit Survey Questionnaire* (CAS), which is more popular with the ICA Questionnaire, is developed by Goldhaber and Rogers in 1979. The one of five ICA communication audit’s measurement tool assesses communication systems of organisation. It was to be communication assessment equivalent of the accounting audit which as Goldhaber (cited in Greenbaum, et al., 1988, p. 265) states: “designed to essentially photograph of organisation’s system of communication at a given point in time”. It includes 122 items in 13 dimensions to measure respondent attitudes and perceptions about communication sources, messages, channels, and receivers within the of the major organisational interfaces and contains some topics surveyed including concepts about information accessibility, information adequacy, communication satisfaction, communication content, communication relationship and communication outcomes (Goldhaber & Rogers, 1979).

Greenbaum, *et al.* (1988, p. 246) argue that all of these questionnaires mainly focus on

“information flow, communication climate, message characteristics, and communication structure, rather than the measurement of specific communication constructs such as apprehension, competency, style and other concepts which relate to individual members of an organisation”.

Peterson and Pace (1976) introduced another form of questionnaire for diagnosing communication in the organisation known as Organisation Communication Profile Survey (OCP). The OCP questionnaire is a moderately simple printed survey that organises, interprets and provides information about the overall organisational communication systems’ function (Sampson, 2005b). It provides organisation members with a method to report on a number of areas within an organisation such as: “varieties of communication climate: means of information distribution and characteristics of culture” (Pace & Faules, 1994, p. 332). This instrument focuses on such organisational communication concerns as “organisational satisfaction, communication climate, media quality, information accessibility, information dispersion, information load, message fidelity and organisation culture” (Pace & Faules, 1994, p. 332).
Among all existing and widely used instruments in communication audit research, the CSQ and the CAS are the most popular questionnaire instruments in the last two decades. Survey reported that CAS and CSQ have been used in many PhD dissertations and Master theses as well as consultant company research activities in many countries such as USA, UK, Australia, Mexico, Nigeria and Scotland (Downs & Adrian, 2004). With regard to the validity and reliability of these survey questionnaires, some studies have been conducted to examine the reliability and validity of the CAS questionnaire and the CAQ questionnaire (Downs & Adrian, 2004; Greenbaum, et al., 1988; Karen & Menno de, 2007). The researchers have confirmed that generally, the reliability and validity in the Downs and Hazen’s Communication Satisfaction Questionnaire is internally consistent and valid (Crino & White, 1981; Greenbaum, et al., 1988; Hecht, 1978; Pincus, 1986).

More recently researchers have confirmed that the CSQ instrument still has a good criterion–related validity and the CSQ instrument is a suitable instrument for gaining overall insight into employees to assess characteristics of organisational communication, even though it is a less appropriate instrument for diagnosing specific communication problems and formulating recommendations (Karen & Menno de, 2007). Furthermore, Gray and Laidlaw (2004) suggest that the CSQ questionnaire is one of the most comprehensive instruments available in evaluating organisational communication because it examines the direction of information flow, formal and informal channels of communication flow; relationships with various members of the organisation and the forms of communication. Nevertheless, the CSQ questionnaire still needs to be improved in order to develop understanding of antecedents and consequences of employee communication satisfaction (Greenbaum, et al., 1988).

Some studies have examined the CAS instrument reliability and validity (Brooks, et al., 1979; DeWine & James, 1988a; Goldhaber & Rogers, 1979; Greenbaum, et al., 1988; Porter, 1985). For example, Goldhaber and Rogers (1979) reports that the reliability of the scales on the 134 items range from a low of 0.73 to a high of
0.92. Brooks, et al. (1979) suggest that the validity of these scales was based on their self-evident relationship to organisational communication, their ability to predict organisational outcomes and their consistency with previously validated measures of organisational communication. DeWine and James (1988b) confirm that the CAS instrument has an overall reliability figure of 0.972. However, Hogard and Ellis (2006) suggest that the CAS questionnaire needs particular topics to make the device applicable in real time and conditions.

A comparison of communication audit questionnaires found that the OCP questionnaire has high face validity (Sampson, 2005a). Furthermore, in 1998, organisational communication research in University of Wisconsin Eau Claire utilised the OCP questionnaire in their analysis of organisational communication at a Wal-Mart store; they found the OCP to be very effective (Sampson, 2005b). In 2000 the researcher utilised the OCP as a communication audit tool in evaluating organisational communication systems in an Indonesian T-shirt factory. It was also very effective - indicated by overall reliability figure of 0.968 (Wulandari, 2000).

4.4.1.1 Survey Questionnaire Design

A self-administered questionnaire was designed for this research. The use of a self-administered questionnaire in a communication audit provides an opportunity for respondents to complete the questionnaire themselves (du Plooy, 2004). The use of a self-administered questionnaire in a communication audit also provides further advantages (Downs & Adrian, 2004, p. 106). Firstly, it is one of the cheapest audit procedures. Secondly, it is easy and quick to administer, compared to other audit methods (such as interviews and a communication diary). Thirdly, it provides comfort for respondents and reduces researcher bias as the respondent will complete the questionnaire anonymously at his/her convenience especially with sensitive information which can be obtained from respondents who might not risk disclosing it in another way. Fourthly, the complexity in tabulating standardised answers is less difficult when dealing with large sample size. Lastly, the widely used self-administered questionnaire increases validity as the research
instrument. However, according to Downs (1988) the self-administered instrument will present the respondents with a problem in answering the questions. The results of the self-administered instrument can be subject to question about the congruence between what the respondents report and the actual communication realities in the organisation.

A new modified self-administered questionnaire, which was the Organisational Communication Inventory (OCI), was developed for this research. The OCI was a combination and modification of existing questionnaire instruments such as the CSQ, the CAS and the OCP to measure the effectiveness of organisational communication systems and processes. The main purpose of combining and modifying three questionnaire instruments was to help the researcher to comprehensively measure the elements of communication in the organisation and cover some items and dimensions which might not be covered by each of those existing questionnaires.

The OCI was organised by grouping the questions into five sections:

- Section One: the OCI’s profile information
- Section Two: topic on organisational satisfaction
- Section Three: topic on organisational communication climate
- Section Four: topic on communication satisfaction which was classified into 6 (six) sub sections:
  - Sub section 1: topic on satisfaction on the quantity of information received
  - Sub section 2: topic on information loads
  - Sub section 3: topic on information needs
  - Sub section 4: topic on the sources of information loads
  - Sub section 5: topic on the sources of information needs
  - Sub section 6: topic on the media of communication
- Section Five: topic on quality of relationships which was classified into 2 (two) sub sections:
  - Sub Section 1: topic on communication relationships
  - Sub Section 2: topic on communication networks

The questionnaire was developed in the English language and then was translated by a certified translator into Bahasa Indonesia (see Appendix) which is the national language in Indonesia. The double translation approach was used,
whereby the questionnaire was translated into Bahasa Indonesia and then back-translated into English. According to McGorry (1981), despite being costly, this is one of the most rigorously validated translation methods.

All questions in the OCI were designed as closed questions. Downs and Adrian (2004, p. 109) claimed some advantages in using closed questions in the questionnaire instrument of communication audits. Firstly, closed questions characteristically restrict the answer in specific ways. Secondly, such questions take the form of rating scales, ranking, dichotomous alternatives, inventories, checklist or grids, thus making them easier and faster to answer, code, compare and sample quickly many different topics. In this research questionnaire, the 5-point Likert Scale was used for questions about organisational satisfaction, organisational communication climate, information load, information need, communication relationship, and satisfaction with the quantity of information received. For questions about the media of communication and communication network, a nominal scale was used.

The wordings of all questions in the OCI instrument were taken from several existing questionnaire instruments in communication audit and validated scales. Several wording modifications were applied to make the OCI instrument relatively easy for Indonesian respondents especially in regard to some sensitive questions which respondents may have considered prejudicial to their future careers. Minor wording changes were also applied so that the OCI questionnaire could specifically apply to the study context. All wording changes that were made did not affect the meaning or content of the questions as they were previously intended.

Although the researcher ensured the OCI respondents’ confidentiality, Indonesian respondents may still be hesitant or reluctant to answer some sensitive questions such as those relating to their satisfaction with their supervisors, peers, and their current organisation because of previous unpleasant experiences (especially prior to 1998) in relation to employees voicing their opinions. As explained in Chapter
3, much of the organisational culture in Indonesia has been affected by: limited formal and informal opportunities for employees to have their voices heard; central controls over trade unions; a repressive, authoritarian government and limited general freedom. Sometimes this was manifested in employee dismissals in cases where they were found to be dissenting over work and other issues. Accordingly, this needed to be factored into the design of the survey and to the other data collection methods.

4.4.1.2 Measurement of Organisational Communication Dimensions

During the research, the survey questionnaire method was applied to examine the effectiveness of organisational communication systems by measuring variables such as organisational satisfaction, communication climate, communication satisfaction (include media quality, information accessibility, information dispersion, information load, message fidelity) and quality of organisational relationships.

- **Organisational Satisfaction** is the perception of the extent to which each employee feels satisfied with his or her job, pay and benefits, promotion system, supervision and organisational change. Responses were measured using the 5-point Likert Scale ranging from 1 = “very dissatisfied” to 5 = “very satisfied”.

- **Communication Climate** is the perception of the extent to which each organisation member feels that organisation trust and support, is open to, attends to and actively consults them, and has a concern for high performance standards. Responses were measured using the 5-point Likert Scale ranging from 1 = “strongly disagree” to 5 = “strongly agree”.

- **Communication Satisfaction** is the degree to which each organisation member felt satisfied with:
  - the quality of media which is used within the organisation
  - the information that is available to organisation members from a variety of sources in the organisation
  - the message that is dispersed throughout the organisation or who knows something about particular message;
  - the information that organisation members receive more or less information than they can cope with or need to function effectively;
• and the amounts of information organisation members know about specific messages in contrast to the actual amount of information in the message.

Communication satisfaction dimensions were divided into 6 variables:

1) **Satisfaction on the quantity of information received** is the perception of the extent to which each organisation member feels satisfied with the amount of information that they have received. Twenty questions about quantity of information about their job, pay and benefits, promotion system, law and regulations, and organisation change that employees received were recorded on the 5-point Likert Scale ranging from 1 = “very dissatisfied” to 5 = “very satisfied”.

2) **Information loads** is the degree to which each organisation member receives the amount of information recently. Responses were measured using the 5-point Likert Scale ranging from 1 = “very little” to 5 = “very great”.

3) **Information needs** is the degree to which each organisation member often needs to receive a range of information now. Responses were measured using the 5-point Likert Scale ranging from 1 = “very little” to 5 = “very great”.

4) **The sources of information loads** are the degree to which each organisation member receives the amount of information from sources in the organisation recently. Responses were measured using the 5-points Likert Scale ranging from 1 = “very little” to 5 = “very great”.

5) **The sources of information need** are the degree to which each organisation member needs to receive the amount of information from sources in the organisation recently. Responses were measured using the 5-point Likert Scale ranging from 1 = “very little” to 5 = “very great”.

6) **The media of communication** is the degree to which each organisation member uses the channels of communication in the communication process within organisation recently. Responses were measured using a nominal scale.

• **Quality of Organisational Communication Relationships** is how each organisation member feels about their relationship with their superiors, subordinates, co-workers, senior management and the organisation. This dimension contains two variables that were measured:
• **Communication relationship** is the degree to which each organisation member feels about their communication relationship with their superiors, subordinates, co-workers, senior management and the organisation. This variable was recorded on a 5-point Likert Scale ranging from 1 = “strongly disagree” to 5 = “strongly agree”.

4.4.1.3 Sample Size

Downs and Adrian (2004) identified several types of sampling methods that have been applied in communication audits. According to Downs and Adrian (2004), stratified random sampling is the mostly used sampling method in communication audits because it ensures every segment in the organisation is involved. Stratification is very important in gathering a sample that represents the entire organisation; however, it is unnecessary to maintain exact matching for every part of the characteristics of a population (Bryman & Bell, 2003; Downs & Adrian, 2004; Neuman, 2006).

Stratified random sampling was used in the survey data collection during this research. This research designed the sample by classifying the organisation based on:

1. **The levels of management**; including senior management and managers (Directors, General Manager, and Managers of Department), medium level management (Heads of Sub-department, Assistant Managers, Heads of Branch Office), lower level management (officers, labours) and labour unions (union officials).
2. **The departments in which employees work within organisation**; including finance, marketing, human resource development, operational, production, public relations, etc.
3. **The locations of the organisation**; including head office and branch offices.

Two hundred and fifty respondents selected by stratified random sampling from the population of 18,167 employees of the case study organisation located in head office and three branch offices received the survey questionnaire (source: the official document of the Department of Human Resources). Participants represented 6 (six) different organisational functions: refinery, corporate secretary, internal watch system, marketing, human resource management and
upstream (exploration operation area). All were permanent employees (PWTT –
pegawai waktu tidak tertentu / non-particular time employees). The respondents
included vice presidents, managers, assistant managers, senior analysts, analysts
and employees who had more than five years’ work experience. Participation was voluntary and respondents were allowed to complete the questionnaire during
work hours. Table 4-2 illustrates the strata samples of the observed organisation.

4.4.1.4 Distribution and collection procedure

A self-administered survey instrument was distributed and collected using a drop-
off and pick-up approach. According to Bryman (2004), this approach is more
likely to lead to a higher response rate. Initially, a total of 250 full-time employees
from different departments in the head office as well as from three branch offices
in the case study organisation were invited to participate in this research. A
research consent form (see Appendix) and research information sheet (see
Appendix) with the OCI questionnaire were sent to all departments in the head
office and selected branch offices. In each department, the numbers of potential
respondents were identified that was classified by stratified sample system.

The OCI instruments were sent to each department of head office through the
secretary of the Human Resources Department and then were distributed to the
potential respondents on the classification of stratified random sampling design
which was designed by the researcher. For example, in the department of Human
Resources, based on the calculation of stratified random sampling, it would
involve one of Senior Vice President, one Vice-President, seven Managers,
twenty Assistant Managers, and 53 ordinary staff. Detailed illustration of the
stratified random sampling size is presented in the following section. The
enclosed envelope in the OCI questionnaire with the researcher contact address
was provided so every respondent could directly return the OCI instrument via the
internal-mail system of the observed organisation.

The researcher and the Director of Human Resources Department assured the
respondents that their participation in the research was voluntary, that they could
withdraw any time prior to data coding and aggregation and that their participation would remain anonymous in the reporting of this research. Respondents were asked to complete a single questionnaire. They were clearly informed that the questionnaire would take approximately 45 minutes to complete.

4.4.1.5 Response Rate

Of the 250 questionnaires distributed, 168 were returned from most departments in the head office and from the selected branch offices. This represented a response rate of 67.2% of the total respondents.

4.4.1.6 Validity and Reliability of Survey Questionnaire

As explained in section 4.1.1.1, the OCI survey questionnaire was the combination of existing survey questionnaires such as the CAS, the CSQ and the OCP. The validity and reliability of these existing survey questionnaires which have been tested by some researchers were illustrated in section 4.1.1 in this chapter. Therefore, it is unnecessary to conduct pre-tests on the OCI because of the credibility of the CAS, the CSQ, and the OCP. These instruments have fulfilled reliability and validity criteria as well as the instruments having been examined in various research in some countries and types of organisations (Downs & Adrian, 2004; Greenbaum, et al., 1988; Karen & Menno de, 2007; Sampson, 2005a). Although a modification of those instruments in terms of question items was made in the OCI instrument, it did not change the basic principles of those questionnaire instruments.
Table 4-2 The List of Stratified Random Samples in the Indo Oil Company (in Head Office and Branch Offices) in 2009

<table>
<thead>
<tr>
<th>No</th>
<th>Department</th>
<th>Senior Vice President</th>
<th>Vice President</th>
<th>Manager</th>
<th>Assistant Manager</th>
<th>Other positions below assistant manager</th>
<th>Number for each department</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>SAS BTP</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>2.</td>
<td>SUBSIDIARY, JOINT VENTURE &amp; ASSET RESTRUCTURING</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>3.</td>
<td>STAFF OF PRESIDENT DIRECTOR &amp; VICE PRESIDENT</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>4.</td>
<td>UPSTREAM</td>
<td>0</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>2</td>
<td>6</td>
</tr>
<tr>
<td>5.</td>
<td>PROCESSING</td>
<td>0</td>
<td>1</td>
<td>10</td>
<td>9</td>
<td>10</td>
<td>30</td>
</tr>
<tr>
<td>6.</td>
<td>MARKETING AND COMMERCIAL</td>
<td>1</td>
<td>2</td>
<td>8</td>
<td>19</td>
<td>34</td>
<td>63</td>
</tr>
<tr>
<td>7.</td>
<td>FINANCE</td>
<td>0</td>
<td>1</td>
<td>3</td>
<td>7</td>
<td>21</td>
<td>31</td>
</tr>
<tr>
<td>8.</td>
<td>GENERAL AND HUMAN RESOURCE</td>
<td>1</td>
<td>1</td>
<td>7</td>
<td>20</td>
<td>53</td>
<td>82</td>
</tr>
<tr>
<td>9.</td>
<td>INTERNAL WATCH</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>5</td>
<td>8</td>
</tr>
<tr>
<td>10.</td>
<td>LNG BUSINESS SECTOR</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>11.</td>
<td>CORPORATE LEGAL</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>12.</td>
<td>CORPORATE SECRETARY</td>
<td>0</td>
<td>0</td>
<td>2</td>
<td>1</td>
<td>3</td>
<td>6</td>
</tr>
<tr>
<td>13.</td>
<td>BUSINESS DEVELOPMENT AND CORPORATE TRANSFORMATION</td>
<td>0</td>
<td>0</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>7</td>
</tr>
<tr>
<td>14.</td>
<td>INTEGRATED SUPPLY CHAIN</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>4</td>
<td>3</td>
<td>8</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td>2</td>
<td>6</td>
<td>36</td>
<td>65</td>
<td>141</td>
<td>250</td>
</tr>
</tbody>
</table>
4.4.2 Interview

Interviews and questionnaires are the most fundamental methods in communication audits (Downs & Adrian, 2004). The interview, which is a qualitative method, contributes first-hand information that can be investigated in detail in a personal relationship with member of staff as well as being the source of information used for the diagnosis of an organisation’s communication dynamics (Downs & Adrian, 2004).

By using the interview, the researcher will know how to begin to experience what the organisation’s communication problems might be. It also helps the researcher to generate a more precise depiction of the organisation by getting the participants to explain their understanding of and experience with the communication systems within the organisation (Bryman & Bell, 2003; Downs & Adrian, 2004). According to Booth (1988, p. 19), the interview can be defined as conversations with a specific purpose and is especially appropriate to the auditing context as it is used to explore variables that may be impacting on communication. Hamilton (1987, p. 69) argues that the interview is more personal than some of the other measurement instruments such as focus group discussions as it is focused on the individual and what he wants from the organisation. Booth (1988, p. 19) notified that the interview has three main advantages over alternative information gathering-strategies or approaches. Firstly, it provides unanticipated information as well as greater depth and meaning of communication experiences. Secondly, it enables auditors to gain a better understanding of how organisational practices and issues are perceived and interpreted by the employees. Lastly, it also fulfils the need of both the auditor and respondents to the audit to have a human and social aspect to discovery information.

In addition, the interview enables the researcher to explore and describe specific communication experiences and to elaborate and explain the findings of one of the measuring techniques (du Plooy, 2004). Hamilton (1987, p. 69) argues that the
interview is the most productive way of becoming acquainted with and understanding an organisation and its employees. The interview provides the opportunity for the researcher to observe the organisation in operation and to acquaint themselves with some of communication issues that may be prevalent in the organisation. Downs (1988) argues that the interviews allows the researcher to probe for answers during the interview, whereas some other measurement tools, such as the questionnaire, typically provide defined questions and therefore have a narrower or less explorative opportunity. With regard to this, the interview also enables the researcher to ask open-ended questions that will uncover information about areas that the researchers may not have anticipated to include in the questionnaire as well as potential idiosyncrasies of the organisation of which the researcher should be aware. (Downs, 1988).

However, the interview has some weaknesses that the researcher must consider. Some scholars confirm that time constraints and its time consuming nature are the most common weaknesses of the interview (Downs & Adrian, 2004; du Plooy, 2004; Hamilton, 1987). The organisation has indicated that the researcher has a particular timeframe, which must be adhered to, and this weakness has an effect on how the interviews as measurement instruments must be used. Information extracted from interviews is not entirely quantifiable as it is more complex to code, analyse and interpret (Downs & Adrian, 2004; du Plooy, 2004; Hamilton, 1987). Another limitation of the interview is that information gathered from the interviews represents only the perspectives of the participants in how they see the organisation (Downs & Adrian, 2004; du Plooy, 2004). Thus, reliability of these perceptions could be problematic and need to be verified, which would require probing and further questioning of other respondents as well as documentary data.

4.4.2.1 Interview Procedure

This research used two rounds of interviews. The ICA communication audit usually uses two rounds of interviews. The first interview is structured, using
open-ended questions, which provides exploratory information about a general orientation to the organisation and identifies areas that need to be probed further, either with a questionnaire or in a second round of interviews (Downs & Adrian, 2004, p. 79). The second one is a follow-up interview, directed at expanding and explaining information revealed in the first interview and by other audit instruments (Downs & Adrian, 2004, p. 79).

With regard to the interviewee selection process, Downs and Adrian (2004, p. 91) argue that every employee is a potentially good source of information about the organisation, but since interviews are expensive in term of time and money, selecting interviewees is a crucial step in the audit. The decision on the number interviewees to go with is based on the size of the case study organisation itself. Downs and Adrian (2004, p. 91) suggest that small organisations enable the researcher to interview everyone within the organisation, however, if the organisation has more than 50 employees, the researcher may employ sampling techniques to select interviewees in the organisation. Millar and Tracey (1953, p. 82) argue that participants in the interview need to be representative and also reflect all levels or grades of the hierarchy.

According to Downs and Adrian (2004, pp. 91-92) there are four sampling techniques that are commonly used during the interviews in the audit:

1. **Representative sampling.** This can be defined as a technique in which the researchers have selected the interviewees so carefully that whatever the auditors would have found out by interviewing everyone can be discovered from the sample. The researcher must interview a sufficient number of people in which the size of the necessary sample varies with the size of the organisation, thus it can be representative. It is common if the researcher selects 10% - 20% of 150-200 employed members of an organisation. 100 or less (10%) respondents can be selected if an organisation employs 1000 or more members.

2. **Random sampling.** Every member of organisation has an equal chance of being included in the sample. Random sampling techniques enable the researchers to eliminate potential bias that might occur if the researchers select people on any other basis.
3. **Stratified sampling.** This technique ensures that every segment of the organisation is included. However, the number from any segment is less significant thus it may or may not be proportional to its size in the organisation.

4. **Interview key people.** Key people in the organisation generally have more communicative contacts by nature of their roles in the organisation. By interviewing these key people, the researchers can get a good overview of the organisation as they have a lot to tell and can often pinpoint problem areas in the organisation.

In this research, a technique of interviewing key people was applied. Key people in the case study organisation included key managers, opinion leaders and isolators in the middle level of organisation and union officials selected by the researcher. Two senior executives, two managers, three senior analysts, one analyst, one member of the federation union and one members of the labour union agreed to be interviewed. The researcher contacted each interviewee through the HR department’s secretary where the researcher was placed in the observed organisation. The secretary sent an initial letter and attached both the information statement and the consent form to each interviewee. Once the interviewee had agreed to be interviewed, he/she replied to this letter by giving the date and place of interview to the secretary.

Before the interview session, the researcher should follow certain interview procedures. Selecting key people as interviewees, scheduling the time and place, and recording information quickly and systematically are some activities that the auditor must do beforehand. (Downs & Adrian, 2004). Each interview was conducted face-to-face in a convenient location of the participant’s choosing. According to Downs and Adrian (2004), the location of the interview is negotiable. The location should assure privacy, stimulate free communication and be convenient for the interviewee. The researcher should give the employee an option to choose the location for the interview in order to avoid interruptions and to feel relaxed enough to talk. Such premises included meeting rooms, the employees’ own rooms if available (manager’s room) and consultation rooms.
Each of the facilities ensured privacy for the participant and allowed for the interviews to be recorded.

In this research, each interview began with the tape recorder turned off. Participants were reminded of the purpose of the interview and its duration and structure. Participants were given the opportunity to ask questions before the interview commenced and were reminded that they were free to cease the interview and/or withdraw their consent at any time. The interviews ranged in duration from one hour to two hours. Any time constraints were discussed prior to interview. Ten minutes before a participant’s time limit, or at fifty minutes, participants were reminded of the time and asked if they would like to continue. Each interview continued as long as the participant chose. The interview was conducted in the location selected by each participant. Such premises included meeting rooms, the employees’ own room, and consultation rooms were used in the research to ensure privacy for the participant and allow for the interviews to be recorded. All of the interviews were held using Bahasa Indonesia. With consent from the interviewees, the conversation were recorded digitally and transcribed into Bahasa Indonesia by the researcher and validated by independent Australian translator. Interviewees had right to review the transcripts.

4.4.3 Participant Observation

Participant observation research is a qualitative research method in which the researcher observes behaviour of members in that setting, listens to what is said in conversations between others and with the fieldworker and records notes on people in an ordinary situation over a given time period (Bryman, 2008, p. 402). It is generally designed for explanatory and descriptive studies and also intended for explanatory research (Neuman, 2006). An ethnographic approach involves strong researcher participation in the daily operation of the organisation with the purpose of the researcher being able to recognise the focus of study from an insider’s viewpoint (Bryman & Bell, 2003).
According to Bryman (2008, p. 403), participant observation has two different social settings: the open/public setting and closed setting. The open/public setting refers to space and places that can be accessed by the public. Closed or non-public settings are likely to be organisations of various kinds, such as firms and schools, where entry is controlled and restricted. Since the aims of the field study in this research were to learn, to understand and to describe communication activities within an organisation between the CEO and managers; between managers/supervisors and staff; between employees and labour unions; between managers and union or employee representatives, among employees and among labour union members, the closed setting of the organisation was selected.

Related to the role of participant observers, there are four classifications of participant observer roles which can be arranged on a continuum of degree of involvement with detachment from members of the social setting (Gold (1958) cited in Bryman, 2008, pp. 410-411). The following four roles are:

1. **Complete participant.** The complete participant is where the researcher is a fully functioning member of the social setting and his or her true identity is not known to members.

2. **Participant-as-observer.** Generally, this role is the same as the complete participant but members of the social setting are aware of the researcher’s status as a researcher. The researcher is engaged in regular interaction with people and participates in their daily lives.

3. **Observer-as-participant.** The researcher is mainly an observer. There is some observation but very little of it involves any participation.

4. **Complete observer.** In this role, the researcher does not interact with people and people do not have to take the researcher into account.

In this research, the **participant-as-observer** was selected. The members of the observed organisation were aware of the researcher’s presence and status. With consent from the case study organisation, the researcher was allowed to collect data over four months both in head office (in Jakarta) and branch offices around Indonesia (Palembang, Balikpapan and Surabaya). The researcher engaged in
regular communication activities within the organisation and in interaction with members of organisation. The researcher was allowed by the organisation to have an official space in the organisation. The researcher also had an ID card as a formal ‘member of organisation’ which was provided by the organisation to get access into all areas and buildings of the organisation. Interestingly, the researcher was asked to use the clothes of the same colour as the company’s uniform to make the researcher blend in more easily with the members of the organisation.

All communication activities that have been observed were recorded by taking field notes. There are three types of field notes that commonly used by the researcher in participant observation research (Lofland and Lofland (1995) and Sanjek (1990) cited in Bryman, 2008, p. 420) as follows:

1. **Mental notes** - especially useful when it is improper to be seen taking notes (such as complete participation).

2. **Jotted note** (also known as scratch notes) - very brief notes which are written down on pieces of paper or in small notebooks to jog one's memory about events that should be written up later by writing some words such as little phrases, quotes, key word and the like.

3. **Full field notes** – detailed notes that were written at the end of the day or sooner if possible as well as promptly and as fully as possible. These notes record information about events, people, conversations, etc. and initial ideas about interpretations. These notes also record impressions and feelings.

Mental notes and jotted notes were applied in this research. The limited of time to collect data were main reasons in selecting the types of field notes for this research.

Iacono, *et al.* (2009, pp. 42-43) argue that participant observation has some major disadvantages. One of the most of obvious weaknesses is the potential lack of objectivity, especially where the researcher is not an independent observer but a participant. As a participant, the researcher does accept a degree of emotional detachment from the subject matter. Another key issue are ethical problems which
can be raised in participant observation: the research should not be conducted in a covert manner; informants should be informed of the nature and scope of the research. In contrast, if informants are aware of the presence of the researcher, it may influence the way they behave (Iacono, et al., 2009). Informants may be dubious of the researcher and reluctant to participate or be eager to please. Moreover, having empathy with his/her informants and having personal relationship between researcher and informants may affect the interaction (Iacono, et al., 2009).

During the field research, some particular communication activities within the organisation had been identified to be observed such as: weekly meetings of a department/unit; conversation and interaction in coffee break of a department/unit/trade union; conversation and interaction at lunch time in organisation’s canteen; special event/meeting held by labour unions and regular daily interaction among members of department/unit.

4.4.4 Document Analysis

Even though documentary analysis is not a common tool of communication audits, it will help the auditor to get more information about the organisation and its history (Bryman & Bell, 2003; Neuman, 2006). Documents such as personal documents, public documents and organisational documents can be used as a source of data in qualitative organisational research as long as they fulfil the criteria of quality of document (Bryman & Bell, 2003). In this research, organisational documents such as organisational charts, memos, internal publications, letters, emails, and mission statements, manuals for new recruits, policy statements and company regulations were used as the data sources. Those organisational documents could provide the researcher with important background information about the organisation. Furthermore, in the case study research, the aim of using documents as source of data is to build up a description of the organisation and its history (Bryman & Bell, 2003).
The researcher was allowed by the organisation to access its intranet website. By accessing the organisation’s intranet website, the researcher could get documents such as organisation charts, policy statements, company regulations, memos, internal publications of employment data from the Department of Human Resources and industrial relations dispute data from the Department of Human Resources.

4.5 Data Analysis Techniques

Generally, the OCI data was descriptive. Thus, descriptive statistics such as the frequency distribution means and ranks describe the basic pattern in the data. Data from the questionnaires were analysed using SPSS statistical software. Descriptive analysis and frequency calculations were computed to report the distribution of the respondent demographics. For nominal and ordinal questionnaire items, the percentage of cases was reported.

The research examines causal factors of communication problems in the workplace, factor analysis were used as another statistical tool. Factor analysis (with principal component extraction) was performed as a data reduction method to identify a smaller number of factors explaining the variance observed in the dimensions for organisational satisfaction, communication climate, communication satisfaction and organisational communication relationships. It is a statistical approach that can be used to analyse interrelationships among a large number of variables and to explain these variables in terms of their common underlying dimensions (factors) (Kim & Mueller, 1978). According to Neumann (2006), factor analysis results inform a researcher how well the items or indicators relate to an underlying factor or hypothetical construct.

Cronbach’s Alpha was computed to test internal reliability and determine if all organisational communication dimensions were measured in a useful way.
The thesis objective was to measure the relationship between organisational satisfaction, communication climate, communication satisfaction and organisational communication relationships in which measure in the 5-point Likert Scale, correlations analysis such as Pearson Correlations analysis and Multiple Regressions analysis were used in the research to test the hypotheses that were developed in Chapter 2.

Pearson’s correlation coefficient was computed to measure the relationships between organisational satisfaction, communication climate, communication satisfaction and organisational communication relationships. This statistical tool was used because it measures the linear relationship between two intervals and/or ratio scaled variables (Burns & Bush, 2000, p. 594). It also indicates not only the degree of the association but also the direction of the relationship (Burns & Bush, 2000, p. 594). Furthermore, Burns and Bush (2000, p. 595) suggest that the Pearson product moment correlation standardises the co-variation between two variables into a correlation coefficient ranging from -1.0 to +1.0.

Multiple regression analysis was also used in this thesis to measure mediator variables in mediation hypotheses that have been designed in Chapter 2. Judd and Kenny (1981 cited in Baron & Kenny (1986, p.1177)) suggest that to test for mediation a series of regression models should be estimated as follows: firstly, regressing the mediator on the independent variable; secondly, regressing the dependent variable on the independent variable, and lastly, regressing the dependent variable on both the independent variable and on the mediator. In addition, separated coefficients for each equation should be estimated and tested. Baron and Kenny (1986, p. 1177) suggest that these series of regression equation provide the test of the relationship of the mediation model. They also note that there are four specific conditions which must be met before a variable can be described as a mediator:
1) The predictor (independent) variable must be significantly related to the mediator in the first equation.

2) The predictor (independent) variable must be significantly related to the dependent variable in the second equation.

3) The mediator must be significantly related to the dependent variable in the third equation.

4) The impact of the predictor on the dependent variable must be less after controlling for the mediator.

Therefore, the use of multiple regressions should be applied due to it estimating a mediational model which requires two following assumptions: that there be no measurement errors in the mediator and that the dependent variable does not determine the mediator (Baron & Kenny, 1986). To establish that the fourth condition is met, a multiple regression must be used in which the dependent variable and both the independent and mediator variables are predictors. The condition requires that in this multiple regression the partial correlation between the predictor (independent) variable and the dependent variable should be lower than the raw correlation.

Another test measurement, the Sobel Z test, was used to examine the mediation relationship. The Sobel Z test is a procedure developed by Sobel (1982) where the procedure provides a more direct test of indirect effect. The objective of this test is to assess whether a mediator carries the influence of an independent variable to a dependent variable. Specifically, this test allows researchers to focus not on individual paths in the mediation model, but instead focus on the product terms, under the logic that this product is equal to difference between the total and direct effect (Preacher & Hayes, 2008).

The qualitative data collected for each participant included: interview sheet, a summary sheet of their interview with demographic details such as age, position and department of each member (Downs & Adrian, 2004). All interviews were transcribed into both Bahasa Indonesia and English. In this research, all qualitative data was processed using NVivo 8.
NVivo 8 is computer software that can help the researcher to analyse qualitative data faster and more efficiently than manual methods and spreadsheets. Coding information is the key process of qualitative data analysis. Bryman (2003) suggests that NVivo’s helps system define coding as “the process of marking passages of the text in project’s document with nodes”. Nodes are “items that you create to represent anything at all in or about your project, and to hold information about it, code text about it, etc. A node belongs to particular project and is kept inside its database” (Bryman & Bell, 2003). As recommended by Downs and Adrian (2004), the data entry and analysis was undertaken as quickly as possible following the interviews.

Finally, the qualitative data collected from data sources, including notes and office documents, were analysed using analytic induction. Analytic induction is an approach to analyse the qualitative data in which the researcher searches for general clarifications of observable fact by following the collection data until there are no cases that are incoherent with a theoretical explanation of a phenomenon established (Bryman & Bell, 2003).

4.6 Ethical and Legal Considerations

In communication audits, there are three ethical considerations: personal ethics, organisational ethics and professional ethics (Benne, 1959). For this study, human ethics protocol requires informed consent from participants, provides both the company and its labour union a report of findings and recommendations (Goldhaber, 1993), voluntary participation, anonymity of the organisation and participants. Moreover, all information was treated with the strictest confidentiality and anonymity which would remain so during every stage of this research. All name and subject identifier data was kept in secure storage and destroyed at the conclusion of the research. These conditions have been met through the process of peer review and formal human ethics approval process at
the University of Newcastle. The ethics clearance form can be found in the Appendix.

4.7 Conclusion

This chapter provides an outline of, and justification for, the methods used in the research. The method used was communication audit which contains four (4) measurement instruments: survey questionnaires, interviews, participant observation and document analysis. This chapter has argued for the use of the case study and triangulation approach to study the research topic. The research strategies adopted in this study may be characterised as the combination of qualitative and quantitative strategies. The detailed processes and the methods of conducting the questionnaire survey, interviews, participant observations, document analysis and case study were described. A questionnaire survey was used to obtain data from employees of the case study organisation to study the processes and system of organisation communication as well as the factors of communication problems within the case study organisation.

A communication audit was used to evaluate organisational communication systems and processes, identify communication problems and provide recommendations to improve the effectiveness of organisational communication systems and processes which were regarded as the purpose of this research. Two hundred and fifty subjects selected by stratified random sampling from the population of 18,167 employees of the case study organisation located head office and three branch offices received the questionnaire. Descriptive statistics were applied to analyse current level of organisational communication dimensions such as organisational satisfaction, communication climate, communication satisfaction and quality of organisational communication relationships. Factor analysis was used to examine if organisational communication can be the factor causing industrial conflict as a result of communication problems between employees and employer, between management and labour unions and between employees and
labour unions. Pearson correlation tests were used to examine the correlation between organisation satisfaction, communication climate, communication satisfaction and organisational communication relationships. Multiple Regression analysis was employed to support mediator variables in mediation hypotheses. The mediator model analysis was applied in developing and testing the organisational communication systems theoretical models hypothesised in this research. Finally, NVivo 8 was used on the interview responses, participation observation notes and document analysis.

The following chapters discuss findings and results of quantitative and qualitative data.
5 Chapter 5: QUANTITATIVE ANALYSIS RESULTS

5.1 Introduction

This chapter is presenting the quantitative data analysis results. As stated in Chapter 1, the purposes of this study are to analyse the organisational communication systems in a large Indonesian state-owned company as measured by the Organisational Communication Inventory’s (OCI) survey questionnaire, to determine if there are any relationships among organisational communication dimensions and to examine if organisational communication can be the factor causing industrial conflict as a result of communication problems between employees and employers, between management and labour unions and between employees and labour unions. The chapter begins with a presentation and descriptive overview of the statistics and ends with a presentation of the correlation and multiple regression findings. Correlations and multiple regressions are used to examine the association between variables.

5.2 Profile of the Respondents

The one hundred sixty eight participants in the study ranged in periods of work from 5 to 35 years. All were permanent employees of Indo Oil. Figure 5-1 presents the sample’s length of service profiles.

Figure 5-1 Employees’ Length of Service
Participants were working in different departments or units within the organisation. Table 5-1 illustrates the sample’s working department profile.

Table 5-1 Employees’ Working Department Profile

<table>
<thead>
<tr>
<th>DEPARTMENT</th>
<th>N</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. SAS BTP</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>2. SUBSIDIARY, JOINT VENTURE &amp; ASSET RESTRUCTURING</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>3. STAFF OF PRESIDENT DIRECTOR &amp; VICE PRESIDENT</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>4. UPSTREAM</td>
<td>2</td>
<td>1.2</td>
</tr>
<tr>
<td>5. PROCESSING</td>
<td>20</td>
<td>11.9</td>
</tr>
<tr>
<td>6. MARKETING AND COMMERCIAL</td>
<td>37</td>
<td>22.0</td>
</tr>
<tr>
<td>7. FINANCE</td>
<td>20</td>
<td>11.9</td>
</tr>
<tr>
<td>8. GENERAL AND HUMAN RESOURCE</td>
<td>67</td>
<td>39.9</td>
</tr>
<tr>
<td>9. INTERNAL WATCH</td>
<td>5</td>
<td>3.0</td>
</tr>
<tr>
<td>10. LNG BUSINESS SECTOR</td>
<td>4</td>
<td>2.4</td>
</tr>
<tr>
<td>11. CORPORATE LEGAL</td>
<td>2</td>
<td>1.2</td>
</tr>
<tr>
<td>12. CORPORATE SECRETARY</td>
<td>2</td>
<td>1.2</td>
</tr>
<tr>
<td>13. BUSINESS DEVELOPMENT AND CORPORATE TRANSFORMATION</td>
<td>2</td>
<td>1.2</td>
</tr>
<tr>
<td>14. INTEGRATED SUPPLY CHAIN</td>
<td>7</td>
<td>4.2</td>
</tr>
<tr>
<td>TOTAL</td>
<td>168</td>
<td>100</td>
</tr>
</tbody>
</table>

5.3 Descriptive Statistics

As stated in Chapter 4, descriptive statistics and frequency calculations were used to examine the distribution of the respondent demographics. For nominal and ordinal questionnaire items, the percentage of cases was reported. Cronbach’s Alpha was used to test internal reliability and determine if all organisational communication dimensions were measured in a useful way. The descriptive statistics results are presented in Table 5-2.

Table 5-2 shows that Cronbach’s Alpha for the OCI survey questionnaire is 0.968. It provides evidence that the OCI as survey instrument has a very high reliability figure. The following sections present descriptive statistics results of the OCI survey questionnaire.
Table 5-2 Descriptive Statistics on Organisational Communication Dimensions

<table>
<thead>
<tr>
<th>Variables</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Job Satisfaction</strong></td>
<td>3.66</td>
<td>.48159</td>
</tr>
<tr>
<td>Work Satisfaction</td>
<td>3.69</td>
<td>.60869</td>
</tr>
<tr>
<td>Supervision Satisfaction</td>
<td>3.74</td>
<td>.65218</td>
</tr>
<tr>
<td>Pay and Benefits Satisfaction</td>
<td>3.80</td>
<td>.64037</td>
</tr>
<tr>
<td>Promotion Satisfaction</td>
<td>3.38</td>
<td>.73050</td>
</tr>
<tr>
<td>Co-workers Satisfaction</td>
<td>3.94</td>
<td>.53049</td>
</tr>
<tr>
<td>Organisational Outcomes Satisfaction</td>
<td>3.47</td>
<td>.58675</td>
</tr>
<tr>
<td><strong>Communication Climate</strong></td>
<td>3.73</td>
<td>.46585</td>
</tr>
<tr>
<td>Trust</td>
<td>3.94</td>
<td>.43873</td>
</tr>
<tr>
<td>Supportiveness</td>
<td>3.56</td>
<td>.55143</td>
</tr>
<tr>
<td>Participative Decision Making</td>
<td>3.76</td>
<td>.79284</td>
</tr>
<tr>
<td>Openness</td>
<td>2.92</td>
<td>.83797</td>
</tr>
<tr>
<td>Concerning High Performance</td>
<td>4.06</td>
<td>.51274</td>
</tr>
<tr>
<td><strong>Communication Satisfaction</strong></td>
<td>3.35</td>
<td>.32030</td>
</tr>
<tr>
<td>Satisfaction on the quantity of information received</td>
<td>3.26</td>
<td>.57122</td>
</tr>
<tr>
<td>Information needs</td>
<td>3.68</td>
<td>.43956</td>
</tr>
<tr>
<td>Information loads</td>
<td>3.25</td>
<td>.45803</td>
</tr>
<tr>
<td>The Source of information needs</td>
<td>3.50</td>
<td>.45851</td>
</tr>
<tr>
<td>The Source of information loads</td>
<td>3.06</td>
<td>.54389</td>
</tr>
<tr>
<td><strong>Quality of Organisational Communication Relationships</strong></td>
<td>3.66</td>
<td>.45918</td>
</tr>
<tr>
<td>Co-workers</td>
<td>3.98</td>
<td>.54122</td>
</tr>
<tr>
<td>Senior Management</td>
<td>2.96</td>
<td>.93646</td>
</tr>
<tr>
<td>Subordinate</td>
<td>4.06</td>
<td>.41102</td>
</tr>
<tr>
<td>Immediate Supervisor</td>
<td>3.78</td>
<td>.54900</td>
</tr>
<tr>
<td>Organisation</td>
<td>3.64</td>
<td>.49147</td>
</tr>
</tbody>
</table>

Valid N = 168
Cronbach’s α = .968

5.3.1 Organisational (Job) Satisfaction

The descriptive statistics show that the level of employee job satisfaction was high \( \mu = 3.66 \) out of 5 (with \( \mu > 3.60 \) estimated mean value). It provides evidences that employees felt satisfied with their job conditions. As can be seen in Table 5-2, descriptive statistics show that the level of satisfaction with work (\( \mu = 3.69 \) out of 5), satisfaction with supervision (\( \mu = 3.74 \) out of 5), satisfaction with co-workers (\( \mu = 3.94 \) out of 5) and satisfaction with salary (\( \mu = 3.80 \) out of 5) were high. It shows that employees were satisfied with their working conditions, wages, and relationships with co-workers and also how their supervisors supervised, supported, and worked with them. On the other hand, the level of satisfaction with respect to promotion and organisational outcomes were reasonable (\( \mu = 3.38 \) out of 5), indicating that employees were not as enthusiastic about the company’s promotion systems and their organisational outcomes.
5.3.2 Communication Climate

The descriptive statistics show a high communication climate ($\mu = 3.73$ out of 5). It provides the evidence that communication climate in the organisation was acceptable (with $\mu > 3.60$ estimated mean value). As can be seen in Table 5-2, descriptive statistics show the level of trust and participation in decision-making were fairly high, as well as the level of communication concerning high performance. It provides evidence that employees felt that they could trust their subordinates, co-workers and immediate supervisors, also that both employees and the organisation were strongly committed to high performance. Other evidence revealed that employees felt positive about the organisation’s supportiveness as indicated by the mean value of supportiveness ($\mu = 3.56$ out of five). However, the level of openness was moderately low ($\mu = 2.92$ out of 5). It shows that employees felt that they were not able to say “what’s on their mind” and they had no easy access to information - only particular personnel could receive information that enhanced their abilities to coordinate their work within the organisation, and felt that their superior rarely listened consistently and with an open mind to suggestions or reports made by them.

5.3.3 Communication Satisfaction

As can be seen from Table 5-2, the level of communication satisfaction was reasonable ($\mu = 3.35$ out of 5 with $\mu > 3.60$ estimated mean value). It provides evidence that employees felt fairly satisfied with the communication mechanism within the organisation.

Table 5-2 shows a reasonable level of employee satisfaction for the quantity of information received ($\mu = 3.26$ out of 5). It indicates that the respondents were moderately satisfied with the quantity of information that they received from their workplace. Table 5-3 reveals that the quantity of information about employees’ benefits and pay, company policies and goals and employees’ progress in their job were the top three indicators of the level of employee satisfaction. However, information about specific problems faced by management, achievement and/or failures of the organisation and profit and/or financial standing was the bottom three indicators of the level of employee satisfaction. It indicates that employees were most satisfied with information about employee benefits and pay, company policies and goals and
employees’ progress in their job but were least satisfied with information about specific problems faced by management, achievement and/or failures of the organisation and profit and/or financial standing that they received from the organisation.

Table 5-3 The Rank of Employees' Satisfaction on the Quantity of Information that They Received

<table>
<thead>
<tr>
<th>Rank</th>
<th>Employees’ satisfaction on the quantity of information that they received</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Information about employee benefits and pay</td>
<td>3.51</td>
</tr>
<tr>
<td>2</td>
<td>Information about company policies and goals</td>
<td>3.50</td>
</tr>
<tr>
<td>3</td>
<td>Information about my progress in my job</td>
<td>3.49</td>
</tr>
<tr>
<td>4</td>
<td>Personnel news</td>
<td>3.42</td>
</tr>
<tr>
<td>5</td>
<td>Information about departmental policies and goals</td>
<td>3.42</td>
</tr>
<tr>
<td>6</td>
<td>Information about requirement of my job</td>
<td>3.40</td>
</tr>
<tr>
<td>7</td>
<td>Reports on how problems in my job are being handled</td>
<td>3.38</td>
</tr>
<tr>
<td>8</td>
<td>Recognition of my efforts</td>
<td>3.36</td>
</tr>
<tr>
<td>9</td>
<td>Information about changes in company</td>
<td>3.33</td>
</tr>
<tr>
<td>10</td>
<td>Information about change in my workplace</td>
<td>3.32</td>
</tr>
<tr>
<td>11</td>
<td>Specific problem faced by my department</td>
<td>3.30</td>
</tr>
<tr>
<td>12</td>
<td>Information about how I am being judged</td>
<td>3.21</td>
</tr>
<tr>
<td>13</td>
<td>Information about government regulatory action affecting company</td>
<td>3.20</td>
</tr>
<tr>
<td>14</td>
<td>Information about bargaining over conditions</td>
<td>3.14</td>
</tr>
<tr>
<td>15</td>
<td>Information about how my job compares with others</td>
<td>3.10</td>
</tr>
<tr>
<td>16</td>
<td>Information about bargaining over pay</td>
<td>3.05</td>
</tr>
<tr>
<td>17</td>
<td>Information about crises faced by the company</td>
<td>3.04</td>
</tr>
<tr>
<td>18</td>
<td>Specific problems faced by management</td>
<td>3.03</td>
</tr>
<tr>
<td>19</td>
<td>Information about achievement and/or failures of the organisation</td>
<td>3.03</td>
</tr>
<tr>
<td>20</td>
<td>Information about profit and/or financial standing</td>
<td>3.01</td>
</tr>
</tbody>
</table>

Valid N = 168

Similarly, the level of information loads (µ = 3.25 out of 5) and the source of information loads (µ = 3.05 out of 5) are reasonable (with µ > 3.60 estimated mean value). It provides evidence that employees were reasonably satisfied with the variety of information received from the organisation. It also indicates that employees were adequately satisfied with information from various sources of information obtained from within the organisation. The ranking of information topics and sources of information that employees received is shown in Table 5-4.

Table 5-4 shows that the quantity of information about their job duties (µ = 3.77 out of 5), how technological changes affect my job (µ = 3.58 out of 5) and pay and benefits (µ = 3.55 out of 5) were reasonably high to high and in the top three at the level of quantity of the information topics that employees received. It provides evidence that employees received a great amount of information about their job duties and moderately high level
of information about how technological changes affected their works and about pays and benefits. However, the information about how they were being judged ($\mu = 2.90$ out of 5), mistakes and failures of their organisation ($\mu = 2.87$ out of 5) and complaints about their job and/or working conditions ($\mu = 2.79$ out of 5) were moderately low and in the bottom three indicators of the level of quantity of information topics that employees received. It indicates that those employees received minimal amounts of information about how they were being judged, mistakes and failures of their organisation and complaints about their job and/or working conditions from the organisation.

Table 5-4 also reveals that the amount of information that employees received from department meetings ($\mu = 3.47$ out of 5), individuals in other units or other departments in their organisation ($\mu = 3.44$ out of 5) and co-workers in their own unit or department ($\mu = 3.43$ out of 5) was moderate and in top three indicators of the level of the information that employees received from sources of information within the organisation. It indicates that the departmental meeting, individuals in other units or departments in their organisation and co-workers from their own unit or department were the sources of information from which employees mostly received information within the organisation. However, as can be seen from Table 5-4, the level of information that employees received from senior management ($\mu = 2.84$ out of 5) and mass media ($\mu = 2.79$ out of 5) was moderately low while that from external organisations was also low ($\mu = 2.18$ out of 5). These sources of information were the bottom three indicators of the levels of information that employees received from sources of information within the organisation. This indicates that senior management, mass media and external organisation were infrequent sources of information that employees received from within the organisation.

Meanwhile, Table 5-2 presents high level of information needs with $\mu = 3.68$ out of 5 and moderately high level of the source of information needs with $\mu = 3.50$ out of 5. This provides evidence that employees had a fairly high need for some of the information from the organisation and also that they had a high need for a variety of sources of information from within the organisation. The ranking of information topics and sources of information that employees needed is shown in Table 5-5.
Table 5-4 The Ranks of Information Topics and the Sources of Information that Employees Received

<table>
<thead>
<tr>
<th>Rank</th>
<th>Information topics that employees received</th>
<th>Mean</th>
<th>Rank</th>
<th>Sources of Information that employees received</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>My job duties</td>
<td>3.77</td>
<td>1</td>
<td>Department meeting</td>
<td>3.47</td>
</tr>
<tr>
<td>2</td>
<td>How technological changes affect my job</td>
<td>3.58</td>
<td>2</td>
<td>Individuals in other units or department in my organisation</td>
<td>3.44</td>
</tr>
<tr>
<td>3</td>
<td>Pay and benefits</td>
<td>3.55</td>
<td>3</td>
<td>Co-workers in my own unit or department</td>
<td>3.43</td>
</tr>
<tr>
<td>4</td>
<td>How well I am doing in my job</td>
<td>3.54</td>
<td>4</td>
<td>Immediate Supervisor</td>
<td>3.32</td>
</tr>
<tr>
<td>5</td>
<td>Reporting what I am doing in my job</td>
<td>3.46</td>
<td>5</td>
<td>Subordinates (if applicable)</td>
<td>3.28</td>
</tr>
<tr>
<td>6</td>
<td>How my job relates to the total operation of my organisation</td>
<td>3.43</td>
<td>6</td>
<td>Middle management</td>
<td>3.27</td>
</tr>
<tr>
<td>7</td>
<td>Organisational policies</td>
<td>3.41</td>
<td>7</td>
<td>Formal management presentations</td>
<td>3.04</td>
</tr>
<tr>
<td>8</td>
<td>Requesting information necessary to do my job</td>
<td>3.39</td>
<td>8</td>
<td>The &quot;grapevine&quot;</td>
<td>2.86</td>
</tr>
<tr>
<td>9</td>
<td>Reporting what I think my job requires me to do</td>
<td>3.38</td>
<td>9</td>
<td>Trade Union</td>
<td>2.86</td>
</tr>
<tr>
<td>10</td>
<td>Reporting job-related problems</td>
<td>3.30</td>
<td>10</td>
<td>Senior management</td>
<td>2.84</td>
</tr>
<tr>
<td>11</td>
<td>Important new product, service, or program developments in my organisation</td>
<td>3.28</td>
<td>11</td>
<td>Mass Media such as TV, Newspaper</td>
<td>2.79</td>
</tr>
<tr>
<td>12</td>
<td>Changes at the workplace</td>
<td>3.16</td>
<td>12</td>
<td>External organisation such as NGO</td>
<td>2.18</td>
</tr>
<tr>
<td>13</td>
<td>Changes in my work</td>
<td>3.15</td>
<td></td>
<td>Valid N = 168</td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>Asking for clear work</td>
<td>3.14</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15</td>
<td>How my job related problems are being handled</td>
<td>3.13</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>16</td>
<td>Promotion and advancement opportunities in my organisation</td>
<td>3.08</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>17</td>
<td>Specific problems faced by management</td>
<td>3.07</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>18</td>
<td>How organisation decision are made that affect my job</td>
<td>3.07</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>19</td>
<td>Evaluating the performance of my immediate supervisor</td>
<td>2.98</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>20</td>
<td>How I am being judged</td>
<td>2.90</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>21</td>
<td>Mistakes and failures of my organisation</td>
<td>2.86</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>22</td>
<td>Complaining about my job and/or working conditions</td>
<td>2.79</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Valid N = 168
As explained in Chapter 2, the media of communication is one variable of communication satisfaction dimensions. The variable of communication channels was measured to analyse the use level of communication channels in the communication mechanisms between management and employees, management and unions and among employees within the organisation. In addition, the result of this measurement also can be used to answer Research Question 2 that addresses mechanisms of communication
between management and employees, management and unions and among employees within the organisation. The following description presents a descriptive overview of the statistics of using levels of communication channels in the communication mechanisms between management and employees, management and unions and among employees within the organisation.

Table 5-6 The Use of Communication Channels in Communication between Employees and Their Supervisor

<table>
<thead>
<tr>
<th>Q: When supervisor communicates to you</th>
<th>Q: When you communicate to your supervisor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Channel of Communication</td>
<td>N</td>
</tr>
<tr>
<td>1 Face to Face</td>
<td>168</td>
</tr>
<tr>
<td>2 Phone</td>
<td>168</td>
</tr>
<tr>
<td>3 Hand phone</td>
<td>89</td>
</tr>
<tr>
<td>4 SMS</td>
<td>122</td>
</tr>
<tr>
<td>5 Letter</td>
<td>32</td>
</tr>
<tr>
<td>6 Memo</td>
<td>73</td>
</tr>
<tr>
<td>7 Email</td>
<td>159</td>
</tr>
<tr>
<td>8 Facsimile</td>
<td>0</td>
</tr>
<tr>
<td>9 Bulletin Board</td>
<td>0</td>
</tr>
<tr>
<td>10 Flyer</td>
<td>0</td>
</tr>
<tr>
<td>11 Meeting</td>
<td>168</td>
</tr>
<tr>
<td>12 Briefing</td>
<td>168</td>
</tr>
<tr>
<td>13 Corporate Newsletter</td>
<td>0</td>
</tr>
<tr>
<td>14 Grapevine (Gossip)</td>
<td>0</td>
</tr>
<tr>
<td>15 Outside – newspapers, TV, etc.</td>
<td>0</td>
</tr>
</tbody>
</table>

N= 168

Table 5-6 provides the breakdown of respondents’ replies on the proportionate use of communication channels in the process of communication among employees and supervisors within the organisation. It can be seen from the data in Table 5-6, a score above 50% in this this table shows a more extensive utilisation of communication channels in general of the use of communication channels in communication processes between employee and supervisor and any score below that number implies a less extensive use of communication channels. With regard to the communication channels that were used by supervisors to communicate with employee, from the table above we can see 100% of respondents used face-to-face, telephone, meetings and briefings. More than 90% of respondents used email, almost three-quarters used SMS, just over half of total respondents used hand phone (mobile phones), less than half of respondents used memos and almost 20% of respondents used letters. It shows that the communication channels that were most-used in the communication process between supervisor and employee were face-to-face, telephone, meetings, briefings, email, SMS and mobile phone while letters and memos were rarely used.
In connection with the communication channels that were used by employees to communicate with supervisors, Table 5-6 shows that all respondents used face-to-face, meetings and briefings, more than 80% of respondents used phone and email, just over three-quarters of respondents used SMS and less than half of respondents used mobile phones. This provides evidence that the communication channels that were frequently used by employees to communicate with supervisors were face-to-face, meetings, briefings, phone, email and SMS while mobile phones were infrequently used.

Table 5-7 The Use of Communication Channels in Communication between Employees and Their Subordinates

<table>
<thead>
<tr>
<th>Channel of Communication</th>
<th>N</th>
<th>%</th>
<th>Channel of Communication</th>
<th>N</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Face-to-Face</td>
<td>168</td>
<td>100.00</td>
<td>1 Face to Face</td>
<td>168</td>
<td>100.00</td>
</tr>
<tr>
<td>2 Phone</td>
<td>139</td>
<td>82.74</td>
<td>2 Phone</td>
<td>102</td>
<td>60.71</td>
</tr>
<tr>
<td>3 Hand phone</td>
<td>68</td>
<td>40.48</td>
<td>3 Hand phone</td>
<td>98</td>
<td>58.33</td>
</tr>
<tr>
<td>4 SMS</td>
<td>101</td>
<td>60.12</td>
<td>4 SMS</td>
<td>98</td>
<td>58.33</td>
</tr>
<tr>
<td>5 Letter</td>
<td>10</td>
<td>5.95</td>
<td>5 Letter</td>
<td>0</td>
<td>0.00</td>
</tr>
<tr>
<td>6 Memo</td>
<td>134</td>
<td>79.76</td>
<td>6 Memo</td>
<td>0</td>
<td>0.00</td>
</tr>
<tr>
<td>7 Email</td>
<td>160</td>
<td>95.24</td>
<td>7 Email</td>
<td>158</td>
<td>94.05</td>
</tr>
<tr>
<td>8 Facsimile</td>
<td>0</td>
<td>0.00</td>
<td>8 Facsimile</td>
<td>0</td>
<td>0.00</td>
</tr>
<tr>
<td>9 Bulletin Board</td>
<td>0</td>
<td>0.00</td>
<td>9 Bulletin Board</td>
<td>0</td>
<td>0.00</td>
</tr>
<tr>
<td>10 Flyer</td>
<td>0</td>
<td>0.00</td>
<td>10 Flyer</td>
<td>0</td>
<td>0.00</td>
</tr>
<tr>
<td>11 Meeting</td>
<td>168</td>
<td>100.00</td>
<td>11 Meeting</td>
<td>168</td>
<td>100.00</td>
</tr>
<tr>
<td>12 Briefing</td>
<td>168</td>
<td>100.00</td>
<td>12 Briefing</td>
<td>168</td>
<td>100.00</td>
</tr>
<tr>
<td>13 Corporate Newsletter</td>
<td>0</td>
<td>0.00</td>
<td>13 Corporate Newsletter</td>
<td>0</td>
<td>0.00</td>
</tr>
<tr>
<td>14 Grapevine (Gossip)</td>
<td>0</td>
<td>0.00</td>
<td>14 Grapevine (Gossip)</td>
<td>0</td>
<td>0.00</td>
</tr>
<tr>
<td>15 Outside – newspapers, TV, etc.</td>
<td>0</td>
<td>0.00</td>
<td>15 Outside – newspapers, TV, etc.</td>
<td>0</td>
<td>0.00</td>
</tr>
</tbody>
</table>

Table 5-7 illustrates the breakdown of respondents’ replies on the proportionate use of communication channels in the process of communication among employees and subordinates within the organisation. As shown in Table 5-7, regarding the usage of communication channels by employee in communicating with subordinates, the total number of respondents used face-to-face, meetings and briefings, 95% of respondent used email, just over 80% of respondents used phone, almost 80% of respondents used memos, 60% of respondents used SMS and 40% of respondents used mobile phones. It indicates that face-to-face, meetings, briefings, email, phone, memos and SMS were the most frequently used channels by employees in the communication process with subordinates but mobile phones were the least frequently used channels.

Table 5-7 also presents the communication channels used by subordinates when communicating with superiors, as responded by the superiors. It shows that face-to-face, meetings and briefings were used by all respondents, email was used by more than 90%
of respondents, phones were used by 60% of respondents and both mobile phone and SMS were used by more than 50% of respondents. This indicates that face-to-face, meetings, briefings, email, phone, mobile phones and SMS were the most regularly used media by subordinates when communicating with superiors.

Several communication channels were utilised when employees communicated with their co-workers as illustrated in Table 5-8. It shows that the communication channels used by employees to communicate with their peers were: face-to-face, meetings and briefings (100%); email (90%); grapevine (87.5%); phone (73%); hand phones (mobiles) (67%); SMS (58%) and memos (19%). It provides evidence that face-to-face, meetings, briefings, email, grapevine, phone, hand phones (mobiles) and SMS were the most used conduits by employees to communicate with their co-workers instead of memo.

Table 5-8 The Use of Communication Channels in Communication between Employees and Their Co-workers

<table>
<thead>
<tr>
<th>Q: When you communicate with your co-workers</th>
<th>Channel of Communication</th>
<th>N</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Face-to-Face</td>
<td>168</td>
<td>100.00</td>
<td></td>
</tr>
<tr>
<td>2 Phone</td>
<td>122</td>
<td>72.62</td>
<td></td>
</tr>
<tr>
<td>3 Hand phone</td>
<td>113</td>
<td>67.26</td>
<td></td>
</tr>
<tr>
<td>4 SMS</td>
<td>97</td>
<td>57.74</td>
<td></td>
</tr>
<tr>
<td>5 Letter</td>
<td>0</td>
<td>0.00</td>
<td></td>
</tr>
<tr>
<td>6 Memo</td>
<td>32</td>
<td>19.05</td>
<td></td>
</tr>
<tr>
<td>7 Email</td>
<td>152</td>
<td>90.48</td>
<td></td>
</tr>
<tr>
<td>8 Facsimile</td>
<td>0</td>
<td>0.00</td>
<td></td>
</tr>
<tr>
<td>9 Bulletin Board</td>
<td>0</td>
<td>0.00</td>
<td></td>
</tr>
<tr>
<td>10 Flyer</td>
<td>0</td>
<td>0.00</td>
<td></td>
</tr>
<tr>
<td>11 Meeting</td>
<td>168</td>
<td>100.00</td>
<td></td>
</tr>
<tr>
<td>12 Briefing</td>
<td>168</td>
<td>100.00</td>
<td></td>
</tr>
<tr>
<td>13 Corporate Newsletter</td>
<td>0</td>
<td>0.00</td>
<td></td>
</tr>
<tr>
<td>14 Grapevine (Gossip)</td>
<td>147</td>
<td>87.50</td>
<td></td>
</tr>
<tr>
<td>15 Outside – newspapers, TV, etc.</td>
<td>0</td>
<td>0.00</td>
<td></td>
</tr>
</tbody>
</table>

N=168
Table 5-9 The Use of Communication Channels in Communication between Employees and the Trade Union

<table>
<thead>
<tr>
<th>Channel of Communication</th>
<th>N</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Face-to-Face</td>
<td>139</td>
<td>82.74</td>
</tr>
<tr>
<td>2 Phone</td>
<td>32</td>
<td>19.05</td>
</tr>
<tr>
<td>3 Hand phone</td>
<td>21</td>
<td>12.50</td>
</tr>
<tr>
<td>4 SMS</td>
<td>126</td>
<td>75.00</td>
</tr>
<tr>
<td>5 Letter</td>
<td>142</td>
<td>84.52</td>
</tr>
<tr>
<td>6 Memo</td>
<td>0</td>
<td>0.00</td>
</tr>
<tr>
<td>7 Email</td>
<td>159</td>
<td>94.64</td>
</tr>
<tr>
<td>8 Facsimile</td>
<td>22</td>
<td>13.10</td>
</tr>
<tr>
<td>9 Bulletin Board</td>
<td>0</td>
<td>0.00</td>
</tr>
<tr>
<td>10 Flyer</td>
<td>0</td>
<td>0.00</td>
</tr>
<tr>
<td>11 Meeting</td>
<td>136</td>
<td>80.95</td>
</tr>
<tr>
<td>12 Briefing</td>
<td>27</td>
<td>16.07</td>
</tr>
<tr>
<td>13 Corporate Newsletter</td>
<td>0</td>
<td>0.00</td>
</tr>
<tr>
<td>14 Grapevine (Gossip)</td>
<td>0</td>
<td>0.00</td>
</tr>
<tr>
<td>15 Outside – newspapers, TV, etc.</td>
<td>0</td>
<td>0.00</td>
</tr>
</tbody>
</table>

N=168

Some means of communication were utilised by employees to communicate with the trade union. Table 5-9 presents that the means of communications that were used by employees to communicate with the trade union were by email (95%), letter (84%), face-to-face (83%), meetings (81%), SMS (75%), phone (19%), briefings (16%), facsimile (13%) and mobile phone (12.5%). It shows that email, letter, face-to-face, meeting and SMS were the means of communication most frequently used in the communication process between employees and the trade union rather than phone, briefing, facsimile and mobile phone.

Table 5-10 provides the breakdown of the usage level of communication channels in the communication mechanism between management and the trade union. As can be seen from Table 5-10 the communication channels that were utilised by management in communicating with the trade union were by meeting (100%); email, letter and corporate newsletter (more than 90%); phone (14%); hand phone, SMS, facsimile and face-to-face (under 10%). It indicates that email, letter and corporate newsletter were the most frequently utilised channels by management in communicating with the trade union however hand phone, SMS, facsimile and face-to-face were the infrequent used channels.
Table 5-10 The Use of Communication Channels in Communication between Management and the Trade Unions

<table>
<thead>
<tr>
<th>Q: When the management communicates with the trade union</th>
<th>Channel of Communication</th>
<th>N</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Face-to-Face</td>
<td>8</td>
<td>4.76</td>
</tr>
<tr>
<td>2</td>
<td>Phone</td>
<td>23</td>
<td>13.69</td>
</tr>
<tr>
<td>3</td>
<td>Hand phone</td>
<td>10</td>
<td>5.95</td>
</tr>
<tr>
<td>4</td>
<td>SMS</td>
<td>10</td>
<td>5.95</td>
</tr>
<tr>
<td>5</td>
<td>Letter</td>
<td>157</td>
<td>93.45</td>
</tr>
<tr>
<td>6</td>
<td>Memo</td>
<td>0</td>
<td>0.00</td>
</tr>
<tr>
<td>7</td>
<td>Email</td>
<td>162</td>
<td>96.43</td>
</tr>
<tr>
<td>8</td>
<td>Facsimile</td>
<td>10</td>
<td>5.95</td>
</tr>
<tr>
<td>9</td>
<td>Bulletin Board</td>
<td>0</td>
<td>0.00</td>
</tr>
<tr>
<td>10</td>
<td>Flyer</td>
<td>0</td>
<td>0.00</td>
</tr>
<tr>
<td>11</td>
<td>Meeting</td>
<td>168</td>
<td>100.00</td>
</tr>
<tr>
<td>12</td>
<td>Briefing</td>
<td>0</td>
<td>0.00</td>
</tr>
<tr>
<td>13</td>
<td>Corporate Newsletter</td>
<td>159</td>
<td>94.64</td>
</tr>
<tr>
<td>14</td>
<td>Grapevine (Gossip)</td>
<td>0</td>
<td>0.00</td>
</tr>
<tr>
<td>15</td>
<td>Outside – newspapers, TV, etc.</td>
<td>0</td>
<td>0.00</td>
</tr>
</tbody>
</table>
N=168

Table 5-11 The Use of Communication Channels in Communication between Management and Employees

<table>
<thead>
<tr>
<th>Q: When management communicates with employees</th>
<th>Channel of Communication</th>
<th>N</th>
<th>%</th>
<th>Q: When employees communicates to management</th>
<th>Channel of Communication</th>
<th>N</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Face-to-Face</td>
<td>17</td>
<td>10.12</td>
<td>1</td>
<td>Face-to-Face</td>
<td>27</td>
<td>16.07</td>
</tr>
<tr>
<td>2</td>
<td>Phone</td>
<td>0</td>
<td>0.00</td>
<td>2</td>
<td>Phone</td>
<td>0</td>
<td>0.00</td>
</tr>
<tr>
<td>3</td>
<td>Hand phone</td>
<td>0</td>
<td>0.00</td>
<td>3</td>
<td>Hand phone</td>
<td>0</td>
<td>0.00</td>
</tr>
<tr>
<td>4</td>
<td>SMS</td>
<td>0</td>
<td>0.00</td>
<td>4</td>
<td>SMS</td>
<td>0</td>
<td>0.00</td>
</tr>
<tr>
<td>5</td>
<td>Letter</td>
<td>157</td>
<td>93.45</td>
<td>5</td>
<td>Letter</td>
<td>132</td>
<td>78.57</td>
</tr>
<tr>
<td>6</td>
<td>Memo</td>
<td>0</td>
<td>0.00</td>
<td>6</td>
<td>Memo</td>
<td>0</td>
<td>0.00</td>
</tr>
<tr>
<td>7</td>
<td>Email</td>
<td>162</td>
<td>96.43</td>
<td>7</td>
<td>Email</td>
<td>127</td>
<td>75.60</td>
</tr>
<tr>
<td>8</td>
<td>Facsimile</td>
<td>0</td>
<td>0.00</td>
<td>8</td>
<td>Facsimile</td>
<td>0</td>
<td>0.00</td>
</tr>
<tr>
<td>9</td>
<td>Bulletin Board</td>
<td>168</td>
<td>100.00</td>
<td>9</td>
<td>Bulletin Board</td>
<td>0</td>
<td>0.00</td>
</tr>
<tr>
<td>10</td>
<td>Flyer</td>
<td>168</td>
<td>100.00</td>
<td>10</td>
<td>Flyer</td>
<td>0</td>
<td>0.00</td>
</tr>
<tr>
<td>11</td>
<td>Meeting</td>
<td>168</td>
<td>100.00</td>
<td>11</td>
<td>Meeting</td>
<td>168</td>
<td>100.00</td>
</tr>
<tr>
<td>12</td>
<td>Briefing</td>
<td>0</td>
<td>0.00</td>
<td>12</td>
<td>Briefing</td>
<td>0</td>
<td>0.00</td>
</tr>
<tr>
<td>13</td>
<td>Corporate Newsletter</td>
<td>168</td>
<td>100.00</td>
<td>13</td>
<td>Corporate Newsletter</td>
<td>168</td>
<td>100.00</td>
</tr>
<tr>
<td>14</td>
<td>Grapevine (Gossip)</td>
<td>0</td>
<td>0.00</td>
<td>14</td>
<td>Grapevine (Gossip)</td>
<td>0</td>
<td>0.00</td>
</tr>
<tr>
<td>15</td>
<td>Outside – newspapers, TV, etc.</td>
<td>0</td>
<td>0.00</td>
<td>15</td>
<td>Outside – newspapers, TV, etc.</td>
<td>27</td>
<td>16.07</td>
</tr>
</tbody>
</table>
N=168

Table 5-11 presents the breakdown of the usage level of the communication channels in the communication mechanism between the management and employees. With regard to the utilisation of communication channels when the management communicates with employees, Table 5-11 illustrates that total numbers of respondents selected bulletin board, flyer, meeting and corporate newsletter, more than 90% of respondents selected email and letter and only 10% of respondent selected face-to-face as a means of communication. It indicates that bulletin board, flyer, meeting and corporate newsletter,
email and letter were often used by employees in the communication process with subordinate but face-to-face was rare.

In connection with the utilisation of communication channels when employees communicate their views to the management, Table 5-11 shows that that total number of respondents selected meeting and corporate newsletter, more than three-quarters of respondents selected email and letter as well as 16% of respondents selected both of external media and face-to-face as communication conduits. It provides evidence that meetings, corporate newsletter, email and letter were the most frequently used communication conduits when employees communicated their views to the management while external media and face-to-face were the most rarely used media.

Table 5-12 The Use of Communication Channels in Communication between Employees with Individuals from Other Departments

<table>
<thead>
<tr>
<th>Q: When employees communicate with individual from other department</th>
<th>Channel of Communication</th>
<th>N</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Face-to-Face</td>
<td>168</td>
<td>100.00</td>
<td></td>
</tr>
<tr>
<td>2 Phone</td>
<td>144</td>
<td>85.71</td>
<td></td>
</tr>
<tr>
<td>3 Hand phone</td>
<td>102</td>
<td>60.71</td>
<td></td>
</tr>
<tr>
<td>4 SMS</td>
<td>124</td>
<td>73.81</td>
<td></td>
</tr>
<tr>
<td>5 Letter</td>
<td>137</td>
<td>81.55</td>
<td></td>
</tr>
<tr>
<td>6 Memo</td>
<td>0</td>
<td>0.00</td>
<td></td>
</tr>
<tr>
<td>7 Email</td>
<td>168</td>
<td>100.00</td>
<td></td>
</tr>
<tr>
<td>8 Facsimile</td>
<td>93</td>
<td>55.36</td>
<td></td>
</tr>
<tr>
<td>9 Bulletin Board</td>
<td>0</td>
<td>0.00</td>
<td></td>
</tr>
<tr>
<td>10 Flyer</td>
<td>0</td>
<td>0.00</td>
<td></td>
</tr>
<tr>
<td>11 Meeting</td>
<td>144</td>
<td>85.71</td>
<td></td>
</tr>
<tr>
<td>12 Briefing</td>
<td>57</td>
<td>33.93</td>
<td></td>
</tr>
<tr>
<td>13 Corporate Newsletter</td>
<td>0</td>
<td>0.00</td>
<td></td>
</tr>
<tr>
<td>14 Grapevine (Gossip)</td>
<td>0</td>
<td>0.00</td>
<td></td>
</tr>
<tr>
<td>15 Outside – newspapers, TV, etc.</td>
<td>0</td>
<td>0.00</td>
<td></td>
</tr>
</tbody>
</table>

N=168

Table 5-12 presents the breakdown of the percentage of respondents who selected the communication channels that were used when employees communicate with individuals from other departments. As can be seen from Table 5-12, the communication channels that were utilised by employees in communicating with individual from other departments were by face-to-face and email (100%); phone, letter, and meeting (more than 80%); SMS (73%); hand phone (61%); facsimile (55%) and briefing (34%). It indicates that face-to-face, email, phone, letter, meetings, SMS, hand phone and facsimile were the most frequently utilised media used by employees in communicating
with individual from other departments however briefings were the most infrequently used media.

Table 5-13 The Use of Communication Channels in Communication between Senior Management and Employees

<table>
<thead>
<tr>
<th>Q: When senior management communicate with employees</th>
<th>Channel of Communication</th>
<th>N</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Face-to-Face</td>
<td>18</td>
<td>10.71</td>
</tr>
<tr>
<td>2</td>
<td>Phone</td>
<td>8</td>
<td>4.76</td>
</tr>
<tr>
<td>3</td>
<td>Hand phone</td>
<td>8</td>
<td>4.76</td>
</tr>
<tr>
<td>4</td>
<td>SMS</td>
<td>0</td>
<td>0.00</td>
</tr>
<tr>
<td>5</td>
<td>Letter</td>
<td>144</td>
<td>85.71</td>
</tr>
<tr>
<td>6</td>
<td>Memo</td>
<td>33</td>
<td>19.64</td>
</tr>
<tr>
<td>7</td>
<td>Email</td>
<td>168</td>
<td>100.00</td>
</tr>
<tr>
<td>8</td>
<td>Facsimile</td>
<td>0</td>
<td>0.00</td>
</tr>
<tr>
<td>9</td>
<td>Bulletin Board</td>
<td>168</td>
<td>100.00</td>
</tr>
<tr>
<td>10</td>
<td>Flyer</td>
<td>147</td>
<td>87.50</td>
</tr>
<tr>
<td>11</td>
<td>Meeting</td>
<td>56</td>
<td>33.33</td>
</tr>
<tr>
<td>12</td>
<td>Briefing</td>
<td>8</td>
<td>4.76</td>
</tr>
<tr>
<td>13</td>
<td>Corporate Newsletter</td>
<td>168</td>
<td>100.00</td>
</tr>
<tr>
<td>14</td>
<td>Grapevine (Gossip)</td>
<td>0</td>
<td>0.00</td>
</tr>
<tr>
<td>15</td>
<td>Outside – newspapers, TV, etc.</td>
<td>0</td>
<td>0.00</td>
</tr>
</tbody>
</table>

N=168

Lastly, the table above presents the breakdown of the percentage of respondents who selected the communication channels that were used when the senior management communicated with employees. As shown in Table 5-13, the communication channels that were utilised by the senior management in communicating with employees were email, bulletin board and corporate newsletter (100%); flyer and letter (more than 85%); meeting (33%); memo (20%); face-to-face (11%) as well as briefing, phone and hand phone (almost 5%). It provides evidence that email, bulletin board, corporate newsletter, flyer and letter were the most frequently utilised media used by the senior management in communicating with employees. However, meeting, memo, face-to-face, briefing, phone and hand phone were the most infrequently used media.

5.3.4 Quality of Organisational Communication Relationships

The descriptive statistics shows that the quality of communication relationships was high ($\mu = 3.66$ out of 5 with $\mu > 3.60$ estimated mean value). It provides evidence that employees had good communication relationships within the organisation. The high level of quality of organisational communication relationships was related to the high quality of communication relationships with subordinates ($\mu = 4.06$ out of 5), and
immediate supervisors (µ = 3.78 out of 5) and co-workers (µ = 3.98 out of 5). It means that employees had a good relationship in the work place, especially with their subordinates, immediate supervisors and co-workers. In addition, the quality of communication relationships with the organisation (µ = 3.64 out of 5) was reasonably high. This shows that employees felt that they still could have an appropriate communication relationship with their organisation. However, the level of the quality of communication relationships with senior management was quite low (µ = 2.96 out of 5). This data indicates that the quality of communication relationships with senior management was relatively low.

5.3.5 Validity Test

This section presents results of validity test of the OCI survey questionnaire. To do this, a variable or organisational communication was selected to be measured. The SPPS 19 output’s results (see Appendix) shows that from Q1 to Q25 have loading factor > 0.4. It provides evidence that all tested questions were valid as variable’s indicator of Organisational (Job) Satisfaction. The output results also show that cumulative % of variance was 41.560%. It provides evidence that factor 1 is able to explain the variance value of 41.560%. Hence, the thesis concluded that the OCI survey questionnaire has good validity.

5.4 The Analysis of Hypotheses

This section presents findings based on the correlations analysis performed from the Organisational Communication Inventory (OCI) survey. The findings are used to address from Research Question 3. The correlation findings are also used to test some research hypotheses of the study concerning the relationship among organisational communication variables that was presented in Chapter 2. Table 5-14 presents a matrix of correlation coefficients between organisational satisfaction, communication climate, communication satisfaction and quality of organisational communication relationships.
It can be seen from Table 5-14, all coefficient correlations showed a significant relationship between the variables in the study with p value at the 0.01 level (2-tailed). Table 5-14 presents that the Cronbach Alpha scale was 0.795. It provides evidence that the reliability of correlation analysis result was acceptable with Cronbach Alpha > 0.70.

As we would expect, organisational (job) satisfaction correlates with communication satisfaction (r = .457, p < 0.01), communication climate (r = .767, p < 0.01) and quality of organisational communication relationship (r = .701, p < 0.01). This provides evidence that job satisfaction was positively related with communication satisfaction, communication climate and quality of organisational communication relationships. Therefore, hypothesis 1, 2, and 3 were supported.

Table 5-14 shows that communication climate was significantly correlated with communication satisfaction (r = .430, p < 0.01) and quality of organisational communication relationships (r = .730, p < 0.01). It indicates that communication climate was positively related with communication satisfaction and quality of organisational communication relationships. Therefore, hypothesis 4 and 5 was supported. In addition, Table 5-14 demonstrates that communication satisfaction was correlated with quality of organisational communication relationships (r = 3.64, p < 0.01). This data provides evidence that communication satisfaction was positively related with quality of organisational communication relationships. Therefore, hypothesis 6 was supported.

Table 5-15 illustrates the coefficient correlations between aspects of communication satisfaction and organisational (job) satisfaction variables. As shown in Table 5-15 most of those coefficient correlations showed significant relationship between aspects of communication satisfaction and organisational (job) satisfaction variables. As expected, Table 5-15 indicates that there were significant relationships between

---

**Table 5-14 Pearson Correlations between Organisational Communication Variables**

<table>
<thead>
<tr>
<th>Variable</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Organisational (Job) Satisfaction</td>
<td>1</td>
<td>.767**</td>
<td>.457**</td>
<td>.701**</td>
</tr>
<tr>
<td>2 Communication Climate</td>
<td>.767**</td>
<td>1</td>
<td>.430**</td>
<td>.730**</td>
</tr>
<tr>
<td>3 Communication Satisfaction</td>
<td>.457**</td>
<td>.430**</td>
<td>1</td>
<td>.364**</td>
</tr>
<tr>
<td>4 Organisational Communication Relationships</td>
<td>.701**</td>
<td>.730**</td>
<td>.364**</td>
<td>1</td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.01 level (2-tailed).**

Cronbach’s α = .795
satisfactions on the quantity of information received with work satisfaction \((r = .36)\), supervision satisfaction \((r = .31)\), pay and benefits satisfaction \((r = .38)\), promotion satisfaction \((r = .43)\), co-workers satisfaction \((r = .28)\) and organisational outcome satisfaction \((r = .41)\). All of the correlations are statistically significant at the 0.01 level (2-tailed). It shows that there was a significant positive relationship between satisfaction with the quantity of information received and all aspects of job satisfaction. Therefore, hypothesis 1a was supported.
<table>
<thead>
<tr>
<th>Variable</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
<th>10</th>
<th>11</th>
<th>12</th>
<th>13</th>
</tr>
</thead>
<tbody>
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<td>.83</td>
<td>.80</td>
<td>.68</td>
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<td>.70</td>
<td>.79</td>
<td>.45</td>
<td>.46</td>
<td>.49</td>
<td>.12</td>
<td>.25</td>
<td>.12</td>
</tr>
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<td>2 Work Satisfaction</td>
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<td>1</td>
<td>.67</td>
<td>.48</td>
<td>.61</td>
<td>.51</td>
<td>.61</td>
<td>.35</td>
<td>.36</td>
<td>.42</td>
<td>.06</td>
<td>.22</td>
<td>.03</td>
</tr>
<tr>
<td>3 Supervision Satisfaction</td>
<td>.80</td>
<td>.67</td>
<td>1</td>
<td>.30</td>
<td>.65</td>
<td>.55</td>
<td>.52</td>
<td>.37</td>
<td>.31</td>
<td>.41</td>
<td>.05</td>
<td>.28</td>
<td>.11</td>
</tr>
<tr>
<td>4 Pay and Benefits Satisfaction</td>
<td>.68</td>
<td>.43</td>
<td>.30</td>
<td>1</td>
<td>.46</td>
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<td>.55</td>
<td>.35</td>
<td>.38</td>
<td>.32</td>
<td>.19</td>
<td>.13</td>
<td>.10</td>
</tr>
<tr>
<td>5 Promotion Satisfaction</td>
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<td>.61</td>
<td>.65</td>
<td>.46</td>
<td>1</td>
<td>.49</td>
<td>.51</td>
<td>.40</td>
<td>.43</td>
<td>.41</td>
<td>.07</td>
<td>.21</td>
<td>.13</td>
</tr>
<tr>
<td>6 Co-workers Satisfaction</td>
<td>.70</td>
<td>.51</td>
<td>.55</td>
<td>.41</td>
<td>.49</td>
<td>1</td>
<td>.41</td>
<td>.17</td>
<td>.28</td>
<td>.23</td>
<td>.05</td>
<td>.02</td>
<td>.03</td>
</tr>
<tr>
<td>7 Organisational Outcomes Satisfaction</td>
<td>.79</td>
<td>.61</td>
<td>.52</td>
<td>.55</td>
<td>.51</td>
<td>.41</td>
<td>1</td>
<td>.43</td>
<td>.41</td>
<td>.42</td>
<td>.11</td>
<td>.26</td>
<td>.14</td>
</tr>
<tr>
<td>8 Communication Satisfaction</td>
<td>.46</td>
<td>.35</td>
<td>.37</td>
<td>.35</td>
<td>.40</td>
<td>.17</td>
<td>.43</td>
<td>1</td>
<td>.64</td>
<td>.68</td>
<td>.57</td>
<td>.73</td>
<td>.61</td>
</tr>
<tr>
<td>9 Satisfaction on the quantity of information received</td>
<td>.46</td>
<td>.36</td>
<td>.31</td>
<td>.38</td>
<td>.43</td>
<td>.22</td>
<td>.41</td>
<td>.64</td>
<td>1</td>
<td>.48</td>
<td>.16</td>
<td>.25</td>
<td>.05</td>
</tr>
<tr>
<td>10 Information needs</td>
<td>.49</td>
<td>.42</td>
<td>.41</td>
<td>.32</td>
<td>.41</td>
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<td>.42</td>
<td>.68</td>
<td>.48</td>
<td>1</td>
<td>.09</td>
<td>.45</td>
<td>.13</td>
</tr>
<tr>
<td>11 Information loads</td>
<td>.12</td>
<td>.06</td>
<td>.05</td>
<td>.19</td>
<td>.07</td>
<td>.05</td>
<td>.11</td>
<td>.57</td>
<td>.16</td>
<td>.10</td>
<td>1</td>
<td>.20</td>
<td>.49</td>
</tr>
<tr>
<td>12 The Source of information needs</td>
<td>.25</td>
<td>.22</td>
<td>.28</td>
<td>.13</td>
<td>.21</td>
<td>.02</td>
<td>.26</td>
<td>.73</td>
<td>.25</td>
<td>.45</td>
<td>.20</td>
<td>1</td>
<td>.40</td>
</tr>
<tr>
<td>13 The Source of information loads</td>
<td>.12</td>
<td>.03</td>
<td>.11</td>
<td>.10</td>
<td>.13</td>
<td>.03</td>
<td>.14</td>
<td>.61</td>
<td>.05</td>
<td>.13</td>
<td>.49</td>
<td>.40</td>
<td>1</td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.01 level (2-tailed).
*. Correlation is significant at the 0.05 level (2-tailed).
Interestingly, Table 5-15 indicates that information load was not significantly correlated with work satisfaction ($r = .06$), supervision satisfaction ($r = .41$), promotion satisfaction ($r = .41$), co-workers satisfaction ($r = .23$) and organisational outcome satisfaction ($r = .42$) except it was significantly correlated with pay and benefits satisfaction ($r = .32$) at $p < 0.05$ level. It shows that information loads was negatively related with employees’ satisfaction on work, supervision, promotion, co-workers and organisational outcome satisfaction. However, it was positively correlated with pay and benefit satisfaction. Therefore, hypothesis 1b was rejected. As can be seen from the table above, information needs was significantly correlated with work satisfaction ($r = .42$), supervision satisfaction ($r = .41$), pay and benefits satisfaction ($r = .32$), promotion satisfaction ($r = .41$), co-workers satisfaction ($r = .23$) and organisational outcome satisfaction ($r = .42$). All of the correlations are statistically significant at the 0.01 level (2-tailed). It indicates that information needs has a positive correlation with all aspects of job satisfaction. Hence, hypothesis 1c was supported.

With regard to the sources of the information load, Table 5-15 suggests indicates that the sources of information loads were not significantly correlated with all aspects of job satisfaction. It indicates that the sources of information loads were negatively related with all aspects of job satisfaction. Therefore hypothesis 1d was rejected. Similarly, the sources of information needs were not significantly related to two aspects of job satisfaction which were pay and benefits satisfaction and co-workers satisfaction. However, the source of information need was significantly related with most variables of job satisfaction such as work satisfaction, supervision satisfaction, promotion satisfaction and organisational outcome satisfaction at significant level $p < 0.01$ (2-tailed). Hence, hypothesis 1e could be supported.

Table 5-16 presents the coefficient correlations between variables of communication climate and job satisfaction aspects. All of those aspects from both of communication climate and job satisfaction were correlated at significance level of $p < 0.01$ level (2-tailed). It indicates that all aspects of communication climate were positively related with all aspects of job satisfaction. Therefore, hypotheses 2a, 2b, 2c and 2d were supported.
Table 5-16 Pearson Correlations between Job Satisfaction and Communication Climate

<table>
<thead>
<tr>
<th>Variable</th>
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</table>

**. Correlation is significant at the 0.01 level (2-tailed).
Table 5-17 displays the coefficient correlations between aspects of quality of organisational communication relationships and aspects of job satisfaction. The level of the quality of employees’ relationships with their subordinate was significantly related with work satisfaction ($r = .356$, $p < 0.01$) and supervision satisfaction ($r = .366$, $p < 0.01$). It indicates that there was a positive relationship between the quality of employees’ relationship with their subordinates and employees’ satisfaction on their work and supervision. Therefore, hypothesis 3a was supported.

As shown in Table 5-17, the level of quality of employees’ relationships with their co-workers was significantly correlated with work satisfaction ($r = .396$) and co-workers satisfaction ($r = .476$) at 0.01 level of significant. It shows that the quality of employees’ relationships with their co-workers was positively related with employees’ satisfaction on their work and supervision. Therefore, hypothesis 3b was supported. The level of quality of employees’ relationship with their immediate supervisor was found to correlate to employees’ satisfaction on their work ($r = .662$) and supervision ($r = .655$) at 0.01 level of significant. Therefore, hypothesis 3c was supported.

The result of the coefficient correlations with the level of the quality of employees’ relationship with senior management is presented in Table 5-17. As expected from previous relationship, the association with work satisfaction ($r = .481$), promotion satisfaction ($r = .349$), pay and benefit satisfaction ($r = .281$) and organisational outcome satisfaction ($r = .421$) was significant at $p < 0.01$, therefore hypothesis 3d was supported.

Table 5-17 also presents result of the Pearson correlations with the level of quality of employees’ relationships with their organisation. It shows that the correlation with work satisfaction ($r = .422$), promotion satisfaction ($r = .357$), pay and benefit satisfaction ($r = .319$) and organisational outcome satisfaction ($r = .260$) was significant at significant level $p < 0.01$, therefore hypothesis 3e was supported.
Table 5-17 Pearson Correlations between Job Satisfaction and Quality of the Organisational Communication Relationship

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<td>.396</td>
<td>.351</td>
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<td>.419*</td>
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<td>.588</td>
<td>.650</td>
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<td>.655*</td>
<td>.306*</td>
<td>.588*</td>
<td>.435*</td>
<td>.517*</td>
<td>.920*</td>
<td>.562*</td>
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** Correlation is significant at the 0.01 level (2-tailed).
5.5 Test of Mediation Analysis

This section presents tests of mediation that were conducted in this study. As explained in Chapter 4, the approach of mediation regression was outlined by Baron & Kenny (1986). They suggest that their technique needed a three step equation. The first step required a regression to be run with the mediator on the predictor variable. The second step involved a regression to run with the criterion on the predictor variable. Finally, a regression is run with the criterion variable simultaneously on the predictor and mediator variables. They propose that in order to test for mediation effects, a variable that functions as mediator has to meet the following requirement condition: (a) results from the step 1 must show that the predictor is significantly related to the mediator, (b) result from step 2 must indicate that the predictor is significantly related to the dependent variable, (c) step from step 3 must show that the mediator is significantly related to the dependent variable, and (d) the relationship of the predictor with the dependent variable is less at step 3 than at step 2 (after controlling for the mediator) (p. 1176).

Full mediation is evident when the predictor variable influences the criterion variable simultaneously with the mediator variable. Figure 5-2 shows the mediation model where the mediator completely influences the predictor on the outcome variable. This model suggests that the predictor variable does not have influence on the outcome other than influence through the mediator variable (James & Brett, 1984; Miles & Shevlin, 2001). On the other hand, a partial mediation occurs when the predictor variable influences the criterion variable directly, or when the predictor and mediator variable influences the criterion variable. Figure 5-3 illustrates a partial mediation where the predictor variable exerts some of its influence via a mediating variable, and it exerts some of its influence directly and not via a mediator (Baron & Kenny, 1986; James & Brett, 1984).
As explained in Chapter 4, the statistical significance of mediated relationships also can be assessed by using the Sobel test. The Sobel test is a method developed by Sobel (1982) where the formula provides a more direct test of the indirect effect. The purpose of this test is to calculate whether a mediator carries the influence of an independent variable to a dependent variable. Precisely, this test allows researchers to focus not only on individual paths in the mediation model (Figure 5-3, paths $a$ and $b$), but also instead to focus on the product term ($ab$), under the logic that this product is equal to the difference between the total and direct effect (Preacher & Hayes, 2008).

As noted in Chapter 2, the study developed a theoretical model as illustrated in Figure 2-1. The mediated relationship presented the two mediators; communication satisfaction and organisational (job) satisfaction were viable for testing through mediated regression. The study adapted Figure 5-3 in which the independent variable influences...
the dependent variable indirectly, or when the predictor and mediator variable influences the dependent variable. The following section discusses the mediated regression results predicting the mediation relationships that were developed in the theoretical model which was shown in Figure 2-1.

5.5.1 Communication Satisfaction Mediating Communication Climate and Quality of Organisational Communication Relationship

Hypothesis 4 stated that communication satisfaction will mediate the relationship between communication climate and quality of the organisational communication relationships. Table 5-18 presents the findings from the three regression equations tests of this hypothesis. In the first equation, communication satisfaction (mediator) was regressed on communication climate (the independent variable). In equation two, the quality of organisational communication relationship (the dependent variable), was regressed on communication climate (the predictor) and their relationship was found to be significant. In equation three, quality of organisational communication relationships was regressed simultaneously on communication climate and communication satisfaction. The relationship between the quality of organisational communication relationships and communication climate was significant and was less in equation three. The relationship between quality of organisational communication relationships and communication satisfaction was significant. Hence, all four of Baron and Kenny’s (1986) conditions are met, indicating a partial mediation was demonstrated. So hypothesis 4 was supported. A Sobel test was performed indicating a significant mediation effect.

Table 5-18 The Mediated Regression Results Predicting the Mediation Effects of Communication Satisfaction on the Relation between Communication Climate and Quality of Organisational Communication Relationships

<table>
<thead>
<tr>
<th>Eq.</th>
<th>Dependent Variable</th>
<th>Independent Variable</th>
<th>Beta</th>
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<th>Sig</th>
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<td>6.14**</td>
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<td>2</td>
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<td>Communication Climate</td>
<td>.72</td>
<td>13.76**</td>
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<td>Communication Climate</td>
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<td>11.96**</td>
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<td>Communication Satisfaction</td>
<td>.52</td>
<td>5.04**</td>
<td>.000</td>
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</table>

**p < .001, Sobel test Z= 4.01*, p = 0.00 (*p < 0.05). Note: Eq. = Equation
Hypothesis 4a stated that satisfaction with the quantity of information received will mediate the relationship between trust and quality of the organisational communication relationships. Table 5-19 represents the findings from three regression equations testing this hypothesis. In equation one of the mediated regression, satisfaction on quantity of information received (mediator) was found to be significantly related to trust (the independent variable). In the second equation, quality of organisational communication relationships (the dependent variable) and trust (the independent variable) were significantly related. In the third equation, quality of the organisational communication relationships was regressed simultaneously on trust and satisfaction on the quantity of information received. The relationship between quality of organisational communication relationships and trust was significant and was less in equation three. The relationship between quality of organisational communication relationships and satisfaction on quantity of information received was significant. Hence, all four of Baron and Kenny’s (1986) conditions are met, indicating a partial mediation was demonstrated. So hypothesis 4a was supported. A Sobel test was performed indicating a significant mediation effect.

Hypothesis 4b stated that the satisfaction with the quantity of information received will mediate the relationship between openness and the quality of the organisational communication relationships. Table 5-20 shows the findings from three regression equations testing this hypothesis. In equation one of the mediated regression, satisfaction on quantity of information received (mediator) was found to be significantly related to openness (the independent variable). In the second equation, the quality of organisational communication relationships (the dependent variable) and openness (the independent variable) were significantly related. In the third equation, the quality of

**Table 5-19 Mediating Regression Equation Testing Hypothesis H4a**

<table>
<thead>
<tr>
<th>Eq.</th>
<th>Dependent Variable</th>
<th>Independent Variable</th>
<th>Beta</th>
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<td>5.62**</td>
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<td>Trust</td>
<td>.19</td>
<td>8.66**</td>
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</table>

|                                            | Satisfaction on quantity of information received |
|                                            | .25                                               |

Sobel test Z= 4.29*, p = 0.00 (*p < 0.05). Note: Eq. = Equation

**p < .001, Sobel test Z= 4.29*, p = 0.00 (*p < 0.05). Note: Eq. = Equation**
organisational communication relationships was regressed simultaneously on openness and satisfaction on quantity of information received. The relationship between quality of organisational communication relationships and openness was significant and was less in equation three. The relationship between quality of organisational communication relationships and satisfaction on quantity of information received was significant. Hence, all four of Baron and Kenny’s (1986) conditions are met, indicating a partial mediation was demonstrated. So hypothesis 4b was supported. The Sobel test produced a significant mediation effect.

Table 5-20 Mediating Regression Equation Testing Hypothesis H4b

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</tbody>
</table>

**p < .001, Sobel test Z = 4.44*, p = 0.00 (*p < 0.05). Note: Eq. = Equation

5.5.2 Organisational (Job) Satisfaction Mediating Communication Satisfaction and the Quality of Organisational Communication Relationships

Hypothesis 5 stated that job satisfaction will mediate the relationship between communication satisfaction and the quality of the organisational communication relationships. Table 5-21 presents the findings from the three regression equations testing this hypothesis. In the first equation, job satisfaction (mediator) was regressed on communication satisfaction (the independent variable). In second equation, the quality of the organisational communication relationships (the dependent variable) was regressed on communication satisfaction (the predictor) and their relationship was found to be significant. In the third equation, the quality of the organisational communication relationships was regressed simultaneously on communication satisfaction and job satisfaction. The relationship between quality of organisational communication relationships and communication satisfaction was significant and was less than in equation three. The relationship between quality of organisational communication relationships and job satisfaction was significant. Hence, all four of Baron and Kenny’s (1986) conditions were all met indicating a partial mediation
relationship so hypothesis 5 was supported. The Sobel test produced a significant mediation effect.

Table 5-21 The Mediated Regression Results Predicting the Mediation Effects of Organisational (Job) Satisfaction on the Relation between Communication Satisfaction and the Quality of Organisational Communication Relationships

<table>
<thead>
<tr>
<th>Eq.</th>
<th>Dependent Variable</th>
<th>Independent Variable</th>
<th>Beta</th>
<th>t</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Job Satisfaction</td>
<td>Communication Satisfaction</td>
<td>.69</td>
<td>6.61**</td>
<td>.000</td>
</tr>
<tr>
<td>2</td>
<td>Quality of Organisational Communication Relationships</td>
<td>Communication Satisfaction</td>
<td>.52</td>
<td>5.04**</td>
<td>.000</td>
</tr>
<tr>
<td>3</td>
<td>Quality of Organisational Communication Relationships</td>
<td>Communication Satisfaction</td>
<td>.08</td>
<td>0.90**</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Job Satisfaction</td>
<td>.67</td>
<td>12.66**</td>
<td>.000</td>
</tr>
</tbody>
</table>

**p < .001, Sobel test Z= 5.84*, p = 0.00 (*p < 0.05). Note: Eq. = Equation

Hypothesis 5a stated that employees’ satisfaction with supervision and co-workers will mediate the relationship between satisfaction with the quantity of information received and the employees’ relationships with their immediate supervisor and co-workers. Table 5-22 provides three regression equations for testing this hypothesis. In equation one of the mediated regression, supervision and co-worker satisfaction (mediator) was found to be significantly related to the satisfaction with the quantity of information received. In equation two the supervisor and co-workers relationship (criterion) was significantly related to the satisfaction with the quantity of information received (predictor). In equation three there was a significant relationship between the supervisor and co-workers relationships and with the satisfaction of the satisfaction with the quantity of information received and supervision and co-workers satisfaction. The relationship was less than in equation three. Hence, all the Baron and Kenny’s (1986) conditions were met indicating a partial mediation relationship. Therefore, hypothesis 5a was supported. The Sobel test produced a significant mediation effect.
Table 5-22 Mediating Regression Equation Testing Hypothesis H5a

<table>
<thead>
<tr>
<th>Eq.</th>
<th>Dependent Variable</th>
<th>Independent Variable</th>
<th>Beta</th>
<th>t</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Supervision and Co-worker Satisfaction</td>
<td>Satisfaction on quantity of information received</td>
<td>.28</td>
<td>4.15**</td>
<td>.000</td>
</tr>
<tr>
<td>2</td>
<td>Supervisor and co-workers Relationships</td>
<td>Satisfaction on quantity of information received</td>
<td>.35</td>
<td>5.41**</td>
<td>.000</td>
</tr>
<tr>
<td>3</td>
<td>Supervisor and co-workers Relationships</td>
<td>Satisfaction on quantity of information received Supervision and Co-worker Satisfaction</td>
<td>.19</td>
<td>3.47**</td>
<td>.000</td>
</tr>
</tbody>
</table>

**p < .001, Sobel test Z= 3.89, p = 0.00 (*p < 0.05). Note: Eq. = Equation

Table 5-23 Mediating Regression Equation Testing Hypothesis H5b

<table>
<thead>
<tr>
<th>Eq.</th>
<th>Dependent Variable</th>
<th>Independent Variable</th>
<th>Beta</th>
<th>t</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Work, pay and benefits, promotion and organisational outcomes Satisfaction</td>
<td>Satisfaction on quantity of information received</td>
<td>.44</td>
<td>7.31**</td>
<td>.000</td>
</tr>
<tr>
<td>2</td>
<td>Senior management-employee Relationships</td>
<td>Satisfaction on quantity of information received</td>
<td>.52</td>
<td>4.27**</td>
<td>.000</td>
</tr>
<tr>
<td>3</td>
<td>Senior management-employee Relationships</td>
<td>Satisfaction on quantity of information received Work, pay and benefits, promotion and organisational outcomes Satisfaction</td>
<td>.17</td>
<td>5.40**</td>
<td>.000</td>
</tr>
</tbody>
</table>

**p < .001, Sobel test Z= 5.02, p = 0.00 (*p < 0.05). Note: Eq. = Equation

Hypothesis 5b stated that the satisfaction on work, pay and benefits, promotion and organisational outcomes will mediate the relationship between satisfaction on quantity of information received and the senior management – employee relationship. Table 5-23 represents three regression equations for testing this hypothesis. In the first equation, of the mediated regression, the work, pay and benefits, promotion and organisational outcomes satisfaction (mediator) was found to be significantly related to satisfaction on quantity of information received. In second equation, senior management-employee relationship (criterion) was significantly related to satisfaction on quantity of information received (predictor). In third equation, there was a significant relationship between senior management-employee relationship and satisfaction on quantity of information received and work, pay and benefits, promotion and organisational outcomes satisfaction. The relationship was less than in equation three. Thus, all the Baron and Kenny’s (1986) conditions were met indicating a partial mediation relationship. Therefore, hypothesis 5b was supported. The Sobel test produced a significant mediation effect.
Hypothesis 5c stated that the work, pay and benefits, promotion and organisational outcomes will mediate the relationship between satisfaction on quantity if information received and organisation-employee relationships. Table 5-24 illustrates the three regression equations for testing this hypothesis. In first equation of the mediated regression, there was a significant relationship between work, pay and benefits, promotion and organisational outcomes satisfaction (mediator) and satisfaction on quantity if information received. In the second equation, the organisation-employee relationship (criterion) was found to be significantly related to satisfaction on quantity if information received (predictor). In third equation, organisation-employee relationships was significantly related to satisfaction on quantity if information received and work, pay and benefits, promotion and organisational outcomes satisfaction. The relationship was less in equation three. Thus, all the Baron and Kenny’s (1986) conditions were met indicating a partial mediation relationship so hypothesis 5c was supported. The Sobel test produced a significant mediation effect.

5.5.3 Organisational (Job) Satisfaction Mediating Communication Climate and Quality of Organisational Communication Relationships

Hypothesis 6 stated that job satisfaction will mediate relationship between communication climate and quality of the organisational communication relationships. Table 5-25 presents three regression equations for testing this hypothesis. In equation one of the mediated regression, job satisfaction (mediator) was found to be significantly related to communication climate. In equation two, quality of organisational communication relationships (criterion) was found to be significantly related to communication climate (predictor). In third equation, quality of organisational
communication relationships was significantly related to communication climate and job satisfaction. The relationship was less than in equation three. Thus, all the Baron and Kenny’s (1986) conditions were met indicating a partial mediation relationship so hypothesis 6 was supported. The Sobel test produced a significant mediation effect.

Table 5-25 The Mediated Regression Results Predicting the Mediation Effects of Organisational (Job) Satisfaction on the Relation between the Communication Climate and Quality of Organisational Communication Relationships

<table>
<thead>
<tr>
<th>Eq.</th>
<th>Dependent Variable</th>
<th>Independent Variable</th>
<th>Beta</th>
<th>t</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Job Satisfaction</td>
<td>Communication Climate</td>
<td>.79</td>
<td>15.39**</td>
<td>.000</td>
</tr>
<tr>
<td>2</td>
<td>Quality of Organisational Communication Relationships</td>
<td>Communication Climate</td>
<td>.72</td>
<td>13.76**</td>
<td>.000</td>
</tr>
<tr>
<td>3</td>
<td>Quality of Organisational Communication Relationships</td>
<td>Communication Climate</td>
<td>.46</td>
<td>5.96**</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Job Satisfaction</td>
<td>.69</td>
<td>12.66**</td>
<td>.000</td>
</tr>
</tbody>
</table>

**p < .001, Sobel test Z= 9.71*, p = 0.00 (*p < 0.05). Note: Eq. = Equation

Hypothesis 6a stated that supervision satisfaction will mediate the relationship between trust in supervisor and employees’ relationships with their immediate supervisor. Table 5-26 presents the three regression equations for testing this hypothesis. In equation one of the mediated regression, there was a significant relationship between supervision satisfaction (mediator) and trust in supervisor. In equation two, the immediate supervisor-employee relationship (criterion) was found to be significantly related to trust in supervisor (predictor). In the third equation, immediate supervisor-employee relationships were significantly related to trust in supervisor and supervision satisfaction. The relationship was less than in equation three. Thus, all the Baron and Kenny’s (1986) conditions were met indicating a partial mediation relationship so hypothesis 6a was supported. The Sobel test produced a significant mediation effect.

Table 5-26 Mediating Regression Equation Testing Hypothesis H6a

<table>
<thead>
<tr>
<th>Eq.</th>
<th>Dependent Variable</th>
<th>Independent Variable</th>
<th>Beta</th>
<th>t</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Supervision Satisfaction</td>
<td>Trust in supervisor</td>
<td>.93</td>
<td>10.34**</td>
<td>.000</td>
</tr>
<tr>
<td>2</td>
<td>Immediate supervisor-employee Relationship</td>
<td>Trust in supervisor</td>
<td>.76</td>
<td>9.84**</td>
<td>.000</td>
</tr>
<tr>
<td>3</td>
<td>Organisation-employee Relationship</td>
<td>Trust in supervisor</td>
<td>.40</td>
<td>4.56**</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Supervision Satisfaction</td>
<td>.55</td>
<td>11.17**</td>
<td>.000</td>
</tr>
</tbody>
</table>

**p < .001, Sobel test Z= 7.61*, p = 0.0 (*p < 0.05). Note: Eq. = Equation
Hypothesis 6b stated that co-workers satisfaction will mediate the relationship between trust in co-workers and employee-peers relationship. Table 5-27 shows three regression equations for testing this hypothesis. In equation one of the mediated regression, there was a significant relationship between co-workers satisfaction (mediator) and trust in co-workers. In equation two, employee-peers relationships (criterion) was found to be significantly related to trust in co-workers (predictor). In the third equation, employee-peers relationships were significantly related to trust in co-workers and co-workers satisfaction. The relationship was less in equation three. Thus, all the Baron and Kenny’s conditions (1986) were met indicating a partial mediation relationship, therefore hypothesis 6b was supported. The Sobel test produced a significant mediation effect.

Hypothesis 6c stated that supervision satisfaction will mediate the relationship between openness and the immediate supervisor-employee relationships. Table 5-28 displays three regression equations for testing this hypothesis. In equation one of the mediated regression, there was a significant relationship between supervision satisfaction (mediator) and openness. In equation two, the immediate supervisor-employee relationships (criterion) were found to be significantly related to openness (predictor). In the third equation, immediate supervisor-employee relationships were significantly related to openness and supervision satisfaction. The relationship was less than in equation three. As a result, all the Baron and Kenny’s conditions (1986) were met indicating a partial mediation relationship, therefore hypothesis 6c was supported. The Sobel test produced a significant mediation effect.

**p < .001, Sobel test Z= 5.78*, p = 0.0 (*p < 0.05). Note: Eq. = Equation
Table 5-28 Mediating Regression Equation Testing Hypothesis H6c

<table>
<thead>
<tr>
<th>Eq.</th>
<th>Dependent Variable</th>
<th>Independent Variable</th>
<th>Beta</th>
<th>T</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Supervision Satisfaction</td>
<td>Openness</td>
<td>.45</td>
<td>9.01**</td>
<td>.000</td>
</tr>
<tr>
<td>2</td>
<td>Immediate supervisor-employee Relationship</td>
<td>Openness</td>
<td>.36</td>
<td>8.64**</td>
<td>.000</td>
</tr>
<tr>
<td>3</td>
<td>Immediate supervisor-employee Relationship</td>
<td>Openness</td>
<td>.18</td>
<td>3.94**</td>
<td>.000</td>
</tr>
</tbody>
</table>

**p < .001, Sobel test Z = 5.46*, p = 0.00 (p < 0.05). Note: Eq. = Equation

Table 5-29 Mediating Regression Equation Testing Hypothesis H6d

<table>
<thead>
<tr>
<th>Eq.</th>
<th>Dependent Variable</th>
<th>Independent Variable</th>
<th>Beta</th>
<th>T</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Co-workers Satisfaction</td>
<td>Openness</td>
<td>.27</td>
<td>6.16**</td>
<td>.000</td>
</tr>
<tr>
<td>2</td>
<td>Employee-Peers Relationships</td>
<td>Openness</td>
<td>.22</td>
<td>4.61**</td>
<td>.000</td>
</tr>
<tr>
<td>3</td>
<td>Employee-Peers Relationships</td>
<td>Openness</td>
<td>.10</td>
<td>2.16**</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Co-workers Satisfaction</td>
<td>.49</td>
<td>6.72**</td>
<td>.000</td>
</tr>
</tbody>
</table>

**p < .001, Sobel test Z = 4.63*, p = 0.0 (*p < 0.05). Note: Eq. = Equation

Hypothesis 6d stated that co-workers satisfaction will mediate the relationship between openness and employee-peers relationships. Table 5-29 displays three regression equations for testing this hypothesis. In equation one of the mediated regression, there was a significant relationship between co-workers satisfaction (mediator) and openness. In equation two, employee-peers relationships (criterion) was found to be significantly related to openness (predictor). In the third equation, the employee-peers relationship was significantly related to openness and co-workers satisfaction. The relationship was less than in equation three. All the Baron and Kenny’s (1986) conditions were met indicating a partial mediation relationship. Therefore, hypothesis 6d was supported. The Sobel test produced a significant mediation effect.

5.5.4 Communication Satisfaction Mediating Communication Climate and Organisational (Job) Satisfaction

Hypothesis 7 stated that communication satisfaction will mediate the relationship between communication climate and job satisfaction. Table 5-30 shows three regression equations for testing this hypothesis. In equation one of the mediated regression, there was a significant relationship between communication satisfaction (mediator) and communication climate. In equation two, job satisfaction (criterion) was found to be significantly related to communication climate (predictor). In the third equation, communication climate was significantly related to communication satisfaction and job satisfaction.
satisfaction. The relationship was less in equation three. Hence, all the Baron and Kenny’s (1986) conditions were met indicating a partial mediation relationship so hypothesis 7 was supported. The Sobel test produced a significant mediation effect.

Table 5-30 The Mediated Regression Results Predicting the Mediation Effects of Communication Satisfaction on the Relation between Communication Climate and Quality of Organisational (Job) Satisfaction

<table>
<thead>
<tr>
<th>Eq.</th>
<th>Dependent Variable</th>
<th>Independent Variable</th>
<th>Beta</th>
<th>t</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Communication Satisfaction</td>
<td>Communication Climate</td>
<td>.30</td>
<td>6.14**</td>
<td>.000</td>
</tr>
<tr>
<td>2</td>
<td>Job Satisfaction</td>
<td>Communication Climate</td>
<td>.79</td>
<td>15.39**</td>
<td>.000</td>
</tr>
<tr>
<td>3</td>
<td>Job Satisfaction</td>
<td>Communication Climate</td>
<td>.23</td>
<td>2.88**</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Communication Satisfaction</td>
<td>.69</td>
<td>6.61**</td>
<td>.000</td>
</tr>
</tbody>
</table>

**p < .001, Sobel test Z = 4.50*, p = 0.00 (p < 0.05). Note: Eq. = Equation

Hypothesis 7a stated that satisfaction on quantity of information received will mediate the relationship between trust in supervisor and co-workers and satisfaction on supervision and co-workers. Table 5-31 displays three regression equations for testing this hypothesis. In equation one of the mediated regression, there was a significant relationship between satisfaction on quantity of information received (mediator) and trust in supervisor and co-workers. In equation two, the satisfaction on supervision and co-workers (criterion) was found to be significantly related to trust in supervisor and co-workers (predictor). In third equation, trust in supervisor and co-workers was significantly related to satisfaction on quantity of information received and satisfaction on supervision and co-workers. The relationship was less than in equation three. Hence, all the Baron and Kenny’s (1986) conditions were met indicating a partial mediation relationship so hypothesis 7a was supported. The Sobel test produced a significant mediation effect.

Table 5-31 Mediating Regression Equation Testing Hypothesis H7a

<table>
<thead>
<tr>
<th>Eq.</th>
<th>Dependent Variable</th>
<th>Independent Variable</th>
<th>Beta</th>
<th>t</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Satisfaction on Quantity of Information Received</td>
<td>Trust in supervisor and co-workers</td>
<td>.47</td>
<td>5.50**</td>
<td>.000</td>
</tr>
<tr>
<td>2</td>
<td>Satisfaction on supervision and co-workers</td>
<td>Trust in supervisor and co-workers</td>
<td>.80</td>
<td>14.13**</td>
<td>.000</td>
</tr>
<tr>
<td>3</td>
<td>Satisfaction on supervision and co-workers</td>
<td>Trust in supervisor and co-workers</td>
<td>.02</td>
<td>.342***</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Satisfaction on Quantity of Information Received</td>
<td>.79</td>
<td>12.82**</td>
<td>.000</td>
</tr>
</tbody>
</table>

**p < .001, Sobel test Z = 3.32*, p = 0.00 (p < 0.05). Note: Eq. = Equation
Table 5-32 Mediating Regression Equation Testing Hypothesis H7b

<table>
<thead>
<tr>
<th>Eq.</th>
<th>Dependent Variable</th>
<th>Independent Variable</th>
<th>Beta</th>
<th>t</th>
<th>Sign</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Satisfaction on Quantity of Information Received</td>
<td>Openness</td>
<td>.28</td>
<td>5.92**</td>
<td>.000</td>
</tr>
<tr>
<td>2</td>
<td>Job Satisfaction</td>
<td>Openness</td>
<td>.36</td>
<td>10.18**</td>
<td>.000</td>
</tr>
<tr>
<td>3</td>
<td>Job Satisfaction</td>
<td>Openness</td>
<td>.30</td>
<td>8.02**</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Satisfaction on Quantity of Information Received</td>
<td>.39</td>
<td>6.75**</td>
<td>.000</td>
</tr>
</tbody>
</table>

**p < .001, Sobel test Z = 4.45*, p = 0.00 (p < 0.05). Note: Eq. = Equation

Hypothesis 7b stated that the satisfaction on quantity of information received will mediate the relationship between openness and job satisfaction. Table 5-32 displays three regression equations for testing this hypothesis. In equation one of the mediated regression, there was a significant relationship between the satisfaction on quantity of information received (mediator) and openness. In equation two, job satisfaction (criterion) was found to be significantly related to openness (predictor). In the third equation, openness was significantly related to satisfaction on quantity of information received and job satisfaction. The relationship was less than in equation three. Hence, all the Baron and Kenny’s (1986) conditions were met indicating a partial mediation relationship so hypothesis 76 was supported. The Sobel test produced a significant mediation effect.

### 5.6 Factor Analysis

Research Question 8 addressed particular factors within the communication mechanism that can lead to or exacerbate industrial conflict as a result of communication problems between employees and employer, between management and labour unions, and between employees and labour unions, factor analysis, especially principal component analysis and Varimax rotation, was used. Principal component analysis using SPSS 19 was selected as an appropriate procedure to decide the minimum number of factors that will explain the total differences in the data.

Based on the descriptive statistics results shown in Table 5-2, the study found that the level of openness, the level of employees’ satisfaction on the quantity of information received and the level of employees’ relationships with senior management had relatively low means. These results could be an appropriate indicator of inadequate communication in the workplace that was indicated by the moderately low of mean
value in each variable. Hence, the study examined these variables by using factor analysis.

Table 5-33 Results of Factor Analysis and Rotated Component Matrix

<table>
<thead>
<tr>
<th>RQ</th>
<th>Item</th>
<th>Mean</th>
<th>SD</th>
<th>Rotated Component Matrix*</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>RQ39</td>
<td>You are able to say “what’s on your mind” regardless of whether you are talking to your subordinates and your supervisor</td>
<td>2.98</td>
<td>.861</td>
<td>.240</td>
</tr>
<tr>
<td>RQ40</td>
<td>Except for necessary security information, all personnel have relatively easy access to information that relates directly to their immediate job</td>
<td>2.74</td>
<td>.954</td>
<td>.153</td>
</tr>
<tr>
<td>RQ41</td>
<td>All personnel receive information that enhances their abilities to coordinate their work within the organisation</td>
<td>2.97</td>
<td>.865</td>
<td>.143</td>
</tr>
<tr>
<td>RQ42</td>
<td>Your superior listens continuously and with open mind to suggestions or reports made by you</td>
<td>2.99</td>
<td>.906</td>
<td>.117</td>
</tr>
<tr>
<td>RQ158</td>
<td>I trust my senior management</td>
<td>2.95</td>
<td>.943</td>
<td>.084</td>
</tr>
<tr>
<td>RQ159</td>
<td>Senior management is genuine in effort to communicate with employees</td>
<td>2.90</td>
<td>1.040</td>
<td>.092</td>
</tr>
<tr>
<td>RQ160</td>
<td>My relationship with senior management is satisfying</td>
<td>3.04</td>
<td>1.011</td>
<td>.129</td>
</tr>
<tr>
<td>RQ55</td>
<td>Information about changes in company</td>
<td>3.33</td>
<td>.838</td>
<td>.725</td>
</tr>
<tr>
<td>RQ58</td>
<td>Information about profit and/or financial standing</td>
<td>3.01</td>
<td>.922</td>
<td>.820</td>
</tr>
<tr>
<td>RQ59</td>
<td>Information about achievement and/or failures of the organisation</td>
<td>3.03</td>
<td>.836</td>
<td>.858</td>
</tr>
<tr>
<td>RQ60</td>
<td>Information about crises faced by the company</td>
<td>3.04</td>
<td>.864</td>
<td>.878</td>
</tr>
<tr>
<td>RQ61</td>
<td>Specific problems faced by management</td>
<td>3.03</td>
<td>.851</td>
<td>.844</td>
</tr>
<tr>
<td>RQ63</td>
<td>Information about change in my workplace</td>
<td>3.32</td>
<td>.863</td>
<td>.816</td>
</tr>
</tbody>
</table>

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalisation.
a. Rotation converged in 4 iterations.
Cronbach’s α is .890, N = 168

Table 5-33 presents the results of factor analysis and the rotated component matrix. It can be seen in the rotated component matrix of Table 5-33, factor 1 has high coefficients (>Kaiser-Meyer-Olkin measure of sampling adequacy = 0.66) for question numbers RQ55, RQ58, RQ59, RQ60, RQ61, and RQ63. Hence, this factor might be labelled a satisfaction on the quantity of organisational information received. Factor 2 was highly related to RQ39, RQ40, RQ41, and RQ42. Thus, factor 2 might be labelled...
an openness factor. Finally, factor 3 was strongly related with RQ158, RQ159, and RQ160. Therefore, senior management-employees relationships factor was a label for factor 3. One could summarise the data by stating that the communication factors causing industrial disharmony in the workplace or exacerbating industrial conflict were satisfaction with the quantity of information received, the openness and the employees-senior management communication relationships.

Table 5-33 indicates that Cronbach Alpha of the Factor Analysis was 0.890. It provides evidence that the reliability of the Factor Analysis was good with more than > 0.7 of estimated value.

5.7 Summary

The main objectives of this chapter have included examining the organisational communication systems in a large Indonesian state-owned company which was measured by the Organisational Communication Inventory’s (OCI) survey questionnaire, the relationships among organisational communication dimensions and the factor variables of communication problems between employees and employer, between management and labour union and between employees and labour unions that can lead to industrial disputes in the organisation. The descriptive statistics results showed that organisational (job) satisfaction and quality of organisational communication relationships were high while the communication climate and communication satisfaction were acceptable and reasonable. The results of the study revealed that communication climate, communication satisfaction and quality of organisational communication relationships were significantly related to job satisfaction.

Based on the multiple regressions analysis results and the Sobel test, communication satisfaction was partially mediated the relationship between communication climate and quality of organisational communication relationships as well as the relationship between communication climate and job satisfaction. Similarly, job satisfaction was partially mediated the relationship between communication satisfaction and quality of organisational communication relationships as well as the relationship between communication climate and quality of organisational communication relationships.
Finally, the results of factor analysis in the study concluded that three variables of organisational communication dimension, which were the openness, the senior management-employee relationships and the satisfaction on quantity of organisational information received, were summarised as factors causing industrial conflict in the organisation. The results indicated employees were dissatisfied with the quantity of information that they currently received, the communication climate within the organisation was less open and the relationships between senior management and employees was problematic.

A detailed account of the meaning and implication of all of findings, and their relationships with the literature, will be dealt with in the discussion and recommendation chapter.
6 Chapter 6: QUALITATIVE RESULTS

6.1 Introduction

This chapter provides an analysis of the qualitative data collected from interviews, observation and document analysis within the Indonesian case study organisation. The qualitative findings are presented to answer the RQ 2, 8, 9 and 10. The summary of those RQs are presented as follow:

RQ 2: What are the communication mechanisms between management and employees, management and unions, and among employees?

RQ 8: What are the particular factors within the communication mechanism that can lead to or exacerbate industrial conflict as a result of communication problems between employees and employers, between management and labour union, and between employees and labour unions?

RQ 9: How are the practices of recent Indonesian industrial relations impacting on the Indonesian workplace?

RQ 10: How can recent changes in Indonesian industrial relations systems influence the systems and mechanisms of communication within Indonesian workplaces especially regarding with industrial conflict?

The chapter is divided into seven sections. The first section describes the profile of participants who took part in the interview. The second section describes the organisational structure of the company. The third section looks at the practice of industrial relations systems in the company including the overview of the trade unions in the company, the conditions of employment, the attitude towards trade unions, the sources of industrial disputes and the dispute settlements. Section four provides the description of communication mechanisms within the company, followed by communication problems within the company (section five). The sixth section relates how current changes in the Indonesian industrial relations system affect the communication processes and systems within the case study organisation. The final section of this chapter provides a conclusion of the key themes.
6.2 Profile of Interview Participants

Key people in the case study organisation including two senior executives, two managers, three senior analysts, one analyst, two executive members of the federation union and one member of the trade union agreed to participate in in-depth interviews. Participants were full-time employees who had been working for more than ten years.

6.3 Organisational Structure

As the biggest state owned company in Indonesia, Indo Oil has a very tall and complex organisational structure. The company’s organisational structure is shown in Figure 6-1. As can be seen from the figure below, the company has five major coordinated departments and six independent units which are directly controlled by the CEO and Deputy President Director. The six independent units worked independently without any influence or control from five operational departments.
Figure 6-1 Organisational Structure of Indo Oil Company

President Director & CEO
Deputy President Director

SVP Planning, Business Development, Corporate Transformation

Corporate Secretary

SVP Integrated Supply Chain

Head of Internal Audit

Subsidiary & Joint Venture Restructuring Implementation Coordinator

Head of Legal Corporate

Head of LNG

Upstream Director
Refining Director
Marketing & Trading Director
General Affairs & HR Director
Finance Director

Source: from the Indo Oil original documents.
Figure 6-2 Organisational Structure of the Upstream Department

Source: from Indo Oil original documents.
The company has tall and wide scalar and functional processes that are reflected in differing of spans of control (the number of persons reporting directly to a superior) in each department. The company also has a large number of specific occupations in every department. Those complexities of span of control and specific occupation were reflected in the structure of spans in each department. For example, the upstream department has four levels of sub-departments, each of which has at least four branches of units with each unit in turn having two levels of sub units, as shown in Figure 6-2. A participant argued that the complexity of organisational structure had developed because of the complexity of the company’s core business:

“The company’s organisational structure has been restructured and designed by our consultant based on the benchmark evaluation in early year of 2009. It was also developed based on the needs of the company and the complexity of its core businesses. The company has several areas of business such as oil and gas exploration, production and distribution. It also has other businesses as subsidiaries and joint ventures in the geothermal and marine industry. As an important business and asset in the Indonesian economy, you can imagine how complex the Indo Oil businesses are. Therefore, we need a lot of jobs and people to run these businesses.” (Manager 1)

As explained in Chapter 2, organisational structure can be viewed as the network of relationships and the configuration of communication processes within the organisation. A tall organisational structure in the company shows that the company has a great number of stages between the top and bottom management within the organisation’s hierarchy. A participant suggested that a tall organisational structure within the company showed the steps of the communication processes in the company. The participant also argued that the flow of information from both upward and downward communication had to pass through many stages in the organisation’s hierarchy.

“With regard to the information flow, we realised that a ‘fat’ (wide) structure will slow the flow of information from senior management to employees, among departments, from head office to branch offices and even from my director to my unit. Information from superiors, especially from senior management, was received slowly by employees. This happens because of the many levels of bureaucracy and the steps that must be passed in transmitting information. For example, when I send a report to the SVP (Senior Vice President) in my department, the report must go through various stages starting from the secretary of the VP (Vice President) to VP,
VP handed back to the VP's secretary, who gave the report to the secretary of the SVP, and finally the report was submitted to the SVP and vice versa.”
(Manager 1)

A long hierarchical communication process also was apparent when the researcher was sending a set of survey questionnaires to employees. An initial letter from the manager of IR department firstly had to be sent to the senior executive in HR department via the secretary. Once the senior executive had approved, the letter was sent back to the manager of the IR unit via the secretary. The letter was forwarded to the senior analyst of the IR unit. The senior analyst wrote a memo to managers in all departments which had been selected by the researcher. That memo and the letter from the senior executive were sent by the secretary of the IR manager. Finally the secretary distributed these letters, memos and survey questionnaires to all departments.

Some participants argued that a tall organisational structure caused a long and complex bureaucracy in the company especially for the bigger functions or departments. This long and complex bureaucracy slowed down the flow of information:

“In the bigger functions or departments, a ‘fat’ (wide) organisational structure has made a long and complex bureaucracy. For instance, in department of upstream or department of marketing and trading, a long and complicated bureaucracy is very subtle. For example, we often hear complaints from employees, especially in the lowest sub-unit of department of upstream where the approval process of employee performance evaluation reports have to go through five stages from the head unit up to the director of department of upstream and then sent to us. Of course, this will slow down the course of the employee performance appraisal process in this company. Consequently evaluation results are often received too late by the employees.” (Senior Analyst 1)

“In a large department or unit, communication barriers commonly occur. Barriers often occur because of the tall levels of bureaucracy that must be passed. Information often arrives too late to be accepted by staff or superiors. In addition, sometimes the communication process stops at a unit because there may be a superior in the unit that does not agree with particular messages.” (Senior Analyst 2)
Some participants believed that a long level of hierarchy within the company often inhibited the flow of information:

“We often feel that if the information delivered from the subordinate to higher level staff, especially in senior management, often encounters obstacles. Sometimes, information is blocked by certain staff at middle and upper levels. We can’t send the message directly to the staff in upper level. The process of sending messages must follow the flow of hierarchy and bureaucracy in every department. For example, messages from subordinates often either not delivered or sent late to the manager or the senior executives by the secretary. I have come across cases such as the blocking of subordinates’ messages, often by their immediate superior in order to protect the latter’s own position.” (Senior Analyst 2)

“In my department, a blocking of information flow frequently occurs. The transmission of a message from the bottom unit to higher level is very slow. For example, I often wait for days to get an approval from my director. We are not able to cut off the flow of bureaucracy because there is a higher hierarchy than us. If we go beyond the hierarchy, we will be regarded as staffs that are disobedient to their superiors.” (Manager 1)

The long hierarchal structure also contributed to some problems, especially in the communication system and in the practice of industrial relations in the company. The Senior Analyst 3 argued that the long hierarchy delayed the process of decision making, especially in handling of violations of company rules. It also caused misunderstanding among superiors within a department or a unit. He provided an illustration about this situation:

“Here (HR Department), the level of the hierarchy is very long...and sometimes becomes problematic. The problem (is) (there are superiors) who feel being by-passed. (His/her) subordinate reported directly to his boss, (but) he did not receive the report. The impression (a superior being by-passed) is that you (his/her subordinate) are stupid and should be replaced. If I want to give a report to the director (of HR), it (the report) should go to my manager, then to the VP, and finally go the Director. Conversely, information from the top (management) will also cascade through a long hierarchy so that it takes a long time and eventually a decision to be made becomes too late.”(Senior Analyst 3)

In 2009 Indo Oil planned to redevelop its organisational structure. According to the Manager 3, there would be reduction on scalar of functions in the organisational structure of up to 40% in the following three years, especially at the head office. He
argued that the current wide organisational structure had slowed down the company’s performance and caused too much inefficiency especially in employees’ salaries and benefits. He contended that he should cut back or close down some functions that were ineffective based on the company’s assessment. However, he expressed that it would face some resistance because of the company’s previous culture that accommodated some interests of particularly powerful groups (the ruling party, the government and senior executives). He also was not yet prepared to deal with some industrial disputes as consequences of an organisational restructure, despite having mitigated the causes by fully considering where the staff should be placed based on the employee performance assessments conducted by HR Department.

6.4 Industrial Relations Practices

The company has established an IR department to manage industrial relationships within the company. According to the Guidelines of Human Resources Management Practices of Indo Oil, the scope of the management of industrial relations was to manage the authority and responsibility in setting policy industrial relations, establishing relationships with relevant agencies relating to employment, establishing relations with unions and managing industrial relations dispute settlement and worker distribution. This function was led by a manager of IR and had two specialist staffs.

In controlling the administration of industrial relations, especially industrial disputes, the function applied a computerised online system known as ‘Industrial Peace Dashboard’. The online system consisted of data from industrial dispute cases, industrial relations regulations, labour unions, bipartite cooperation agencies, socialisation programs, consultation sites and forums for discussion. The data of industrial dispute cases was categorised by type of punishment, time consumed in settlement process, location and process of dispute settlement. Particular employees who could access this system included the IR personnel, senior executives in HR department, general managers and HR managers in each branch office.

The industrial relations system formed in the company basically follows the Indonesian industrial relations regulations. Recent changes in the Indonesian industrial relations
systems were also adopted by the company. The Senior Analyst claimed that the company’s current industrial relations system is much better than the Indonesian industrial relations systems itself. He argued that all matters regarding industrial relations and employment in the company were well-regulated by the CLA which was formed through a series of negotiation processes between the unions and the company. The following sections describe the practices of industrial relations within the company including: the trade unions, the collective labour agreement and the conflict dispute settlement.

6.4.1 The Trade Unions

The unions were formed in the 1970s after the passing of Law number 8 of 1971 on the change of Indo Oil’s status from state company to become a liability company and nineteen unions were formed and recognised in the mid-1970s affiliated with the only union at that time, the SPSI. The formation of unions was based on the field of operation of the unit. Every level of permanent employees in all operational areas were eligible to be members of the union except for contract employees (pegawai waktu tertentu known as PWT) and special staff.

With regard to contract employees, the unions deliberately did not recruit this group of workers as they contended that the contract employees’ tenure would be temporary. They also argued that they (the contract employees) were recruited by outsourcing companies while the special staffs were workers recruited by the company for a specific project in a particular function. Therefore, these types of workers cannot negotiate their problems with the unions.

When the government introduced Law number 13 of 2003 on freedom of labour association, the federation of labour unions was formed upon agreement of all unions in Indo Oil in order to coordinate all unions throughout Indonesia. The federation union now organises 18,000 permanent employees who are eligible to be members according to the CLA and has 21 committee members (source: the Federation Union’s website). It has strong influence on the relationship between trade unions and senior management. Besides taking care of labour problems and industrial relations, the federation union
also involves itself in political matters within the company. The Federation Union Executive Member 1 argued:

“We are not only concerned with employee’s welfare but also about the company’s future. Actually we have no problems with employees’ welfare as you knows that our salaries and benefits are at the highest rate among Indonesian state-owned companies’ employees. We believe that the company’s future is very important for us (employees) as well. Whatever happens in the company, it will have an impact on employees. We are the management’s partner, aren’t we? So we have a voice that should be heard by the management.”

Furthermore,

“Why do we interfere in political issues in the company? Because we feel that this company will soon be destroyed ... too many interests have been accommodated by this company...the interests of the ruling parties and people in this country as well as the free trade system that allows foreign companies to operate here. If we do not get involved in controlling the company, it will go bankrupt with all its profits being taken by various groups of powerful people or its control assumed by foreign interests. Of course, those more disadvantaged will be the workers and the people of Indonesia, won’t they?”

The unions in Indo Oil have no specific recruitment program as permanent employees of the company can automatically become union members, according to the CLA. Basically, union membership in this company is voluntary. Union members argued that committee members were confident that workers would like to join if they could see the positive contribution by the union towards membership. The union preferred to use a human relations approach in recruiting new members which was fully dependent on all union members’ willingness to approach their colleagues in their work unit. The members of the union stated that many new members joined the union because they noticed the union’s success in increasing employee welfare through the improvement of the CLA. The Federation Union Executive Member 2 argued:

“The workers now can see that we have much better bargaining position and power with the management. It was reflected upon the 2008 CLA and the next CLA. They can examine what we’ve done in improving their salary and benefits. We’re very welcoming if they want to join us.”
Before 2003, employees of Indo Oil were not freely joining the union. As explained in Chapter 3, during the Soeharto administration, the union was strictly controlled. Likewise, unions within Indo Oil were strictly controlled and powerless in the process of negotiation with the management. The members of unions were regarded by the management as troublesome workers who were dissatisfied with their work conditions. The Federation Union Executive Member 2 stated that the union membership was less than 30% union density. Despite union membership in this company being voluntary, after the passing of Law number 21 of 2000, it increased dramatically. It was more than 90% of union density at the time of research (source: the Federation Union’s website). The workers are not afraid anymore to sign up with the unions. The negative presumption of union membership is slowly wearing off.

The unions are more powerful in the process of negotiation with the management since many managers have been willing to become committee members of the union. The Federation Union Executive Member 1 stated that he himself was also one of the middle level managers. He explained that most committee members of the federation union are middle level managers while most of the unions’ leaders are middle level managers or heads of a division. Only the staffs of the HR department are not eligible to be committee members of the unions.

It can be argued that the relatively high density of union membership in the Company was generated by the large number of managers and heads of division who were signed up by the unions. It has encouraged the workers to be confident in joining the unions.

“By increasing number of managers or heads of division, the workers are becoming more confident to sign up for union membership. If the superiors in their unit were joining up, why weren’t they?” (Federation Union Executive Member 1)

The Executive Committee of the Federation union argued that having managers and/or heads of division as part of union committees would make their bargaining position better and more powerful for negotiating with the management.

“I do believe that if we have managers on the board committee, we can enhance our position in the negotiation process with the management. As a
manager, at least we have better knowledge about the condition of the company and a bigger network rather than the non-managers. We (the managers) know how to gain valuable information from our network though....” (Federation Union Executive Member 1)

Hence, in every biannual election, there was an unwritten agreement among all unions’ members that the candidate for union committee member at least be a head of unit. The 21 unionists voted by the unions’ representative members could be a head of unit or manager of sub department.

Each union was identified by having its own official uniform. The official uniform should to be worn by each member on every official occasion of the union such as regular meetings, demonstrations and hearing programs with the government. In addition, the unions have other identification attributes such as jackets, caps, ID cards, headbands and union flag.

Both the federation union and the labour unions had their organisational structure. The executive federation union consisted of a president, secretary-general, treasurer, head of division and advisors. The federation union’s organisational structure is shown in Figure 6-3.
Figure 6-3 The Federation Union's Organisational Chart

President

General Secretary

Treasure

Board of Advisors (The Team 8)

Optimisation Division
Coaching Constituent Division
Evaluation & Monitoring of the Implementation of GCG (Good Corporate Governance)
Evaluation & Monitoring of the Implementation of CLA Division
Advocacy and Industrial Dispute Settlement Division
Strategic Analysis Division
Communication Division
KKS & RTO Division
The federation union launches its program regularly. This is then adopted by the unions in all operational areas of the Company but the unions in branch office are still able to have their own programs. The main programs of the trade union in the Company were a series of meetings for preparing a new CLA, socialisation program of new CLA, regular meetings with the management, hearings with the government, consultation programs and an annual grand meeting. Special programs were occasionally conducted such as demonstrations and strikes if their negotiations with the management were not successful. To fund all their activities, the unions required their members to pay monthly memberships. According to the CLA (the article number 9 of Chapter 1), the membership fees are paid by members from direct deduction from their monthly salary. The unions cooperated with the HR Department in collecting the fees. The Federation Union Executive Member 2 stated that there is no fund from the company to support their activities. Some of unions’ funds were contributed to the federation, which was 25% of fees from each union.

The Federation Union Executive Member 2 stated that the membership fee of the company’s union was the highest membership fee among unions of Indonesian state-owned companies along with the high salaries of Indo Oil’s employees. Despite receiving no funds from the company, he claimed that the funding resources were sufficient for their activities, especially in conducting big events such as demonstrations in Jakarta and the establishment of new CLA meetings.

With regard to the union-management relationship, the management regarded the unions as a ‘partner’ in the workplace in creating harmonious a workplace relationship and healthy working atmosphere. The unions regarded themselves as a partner which balances the governance of the company. The management claimed that they provide open communication channels with the unions. However, the Federation Union leader claimed that the unions-management relationship was good only with the middle management. He contended that the relationship between the federation union with the senior management is not always ‘harmonious’.
“Our relationship (the federation union) with the middle management is very good but not with the senior management. The relationship is up and down. The senior management doesn’t like (the federation union) if we are actively involved in the governance of the company especially in terms of financial management and political interests.”

The Senior Executive 1 suggested that the union is an institution that cooperatively works with management in developing a co-operative working environment and formed CLA for the purpose of increasing employees’ welfare instead of interfering in non-employment issues. He claimed that the unions meddled too much in areas of the management’s concern. He stated:

“They (the unions) often get involved in matters that are not for them. For instance, they want to be involved in all the governance of the company. They may forget that we have an Internal Watch Division which is responsible on the GCG (Good Corporate Governance). We have a formal mechanism in evaluating, controlling and monitoring the performance of the senior executives. They want to know everything but we can’t share everything, especially confidential and restricted information.”

Meanwhile, the unions-management relationship in branch offices was different from branch to branch. The Federation Union Executive Member 1 claimed that most of the unions have ‘difficult’ relationships. He argued that the primary reasons for the difficult relationships are the characteristic of the GM and the existing negative culture of Indo Oil in the branch offices. As he explained:

“I think every GM has their style of leadership. I’ve gotten some information from some of union leaders in branch offices who reported on the arrogance of the GM. It is worsening with the existing feudalism within the Indo Oil where the GM is like a ‘little king’ of the region, in that they have to be fully served and respected by the employees. Some GMs still considered the union members as ‘rebels’ or ‘trouble makers’.

Beyond these unfriendly relationships, management and the unions both agreed that negotiation was a proper means of communication in reaching agreements. The Federation Union Executive Member 1 suggested that being proactive and up-front were attributes chosen by the union as the strategic approach in dealing with
management. He stated that they would become more radical if they thought that the management did not want to cooperate anymore.

“We always use all formal approaches to the management. But sometimes they don’t relay our messages properly. They don’t answer our questions when we ask them in an appropriate manner. If we lost our patience, we would do something more radical. It started from calling and sending SMS to the CEO directly. We use forceful language. When we can’t stand anymore, we walk out of the meeting. Industrial action such as demonstration and strikes are the last resort if all other communication doors are closed”

However, the Manager 1 argued that the management preferred being reactive than proactive in dealing with the unions. The management should be thoughtful in conveying any statement to the unions to avoid any misunderstandings. Sometimes they need more time to consider and to select appropriate information for the unions. These different approaches caused communication problems within the company that will be discussed further in section 6.6.

6.4.2 Collective Labour Agreements

All terms and conditions of employment in Indo Oil were regulated by the CLA. The conditions of employment of Indo Oil are reviewed every two years by both the management and the unions. The terms and conditions of employment with the company are negotiated through the collective bargaining process between the federation union and the management. The negotiation over the CLA usually takes about one year including three months intensive negotiation. A series of meetings were conducted to develop a proposal which was then distributed to their members to ask for suggestions.

The management also makes a proposal and each party examines the other party’s proposal. The three month full negotiation is conducted after the federation union and the management have observed the proposals. In addition, the management also issued the Guidance Book (Buku Pedoman) of Human Resources Management (source: the Indo Oil original document). The book is used as a basic guideline for the all managers.
within the company on managing human resources. It regulates the limits of managers’ authority in managing human resources.

Interestingly, the CLA, which was awarded as the 2010 Best CLA in Indonesia, covers all types of employees: permanent (PWTT) and contract (PWT) employees in all operational areas as well as specific workers such as the marine crews (source: the federation union’s website). Indo Oil arranges its CLA into 12 chapters and 129 articles that are shown in the following table:

Table 6-1 The Contents' List of the CLA

<table>
<thead>
<tr>
<th>Chapter</th>
<th>Content</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>General provisions</td>
</tr>
</tbody>
</table>
| 2       | Employees and their family’s status:  
First section: permanent employees (PWTT)  
Second section: contract employees (PWT) |
| 3       | Wages and compensations |
| 4       | Protections and occupational safety and health |
| 5       | Facilities and welfare |
| 6       | Assignment of outside the domicile and displacement |
| 7       | Awards |
| 8       | Industrial relations |
| 9       | Termination of employment |
| 10      | The marine crew |
| 11      | Coaching and development of human resources |
| 12      | Conclusion |

Source: from the Indo Oil’s intranet website

However, it was signed by the company and its federation union when contract employees did not affiliate with the trade unions. The contract employees joined the trade union where they were recruited by their outsourcing company.

The unions and the management closely observed the implementation of the CLA. The Federation Union Executive Member 1 argued that the implementation of the CLA was not running smoothly especially in the implementation of sanctions and penalties. He explained:

“The implementation of sanctions and penalties in the company is very slow and not running smoothly. The processes of decision making at the middle level, especially in the branch offices, are too long. These make for a
lengthy and complicated bureaucratic process. Enforcement of discipline is becoming slow. Hence, many industrial dispute cases are not solved comprehensively. These situations would be detrimental to the employees and the company.”

The management agreed with the union’s statement. The Senior Analyst 3 claimed that the slow actioning of sanctions and penalties were the result of delayed decision making by general managers (at branch office level).

“In fact, we, who are as a policy guard, have worked in timely manner. However, the general managers and IR managers in operational areas were very slow in the decision-making and implementation process. They always said that those jobs (decision-making process and implementation of the decision) are not their responsibility but ours. But, we are just a policy guard. They are (the GMs and IR managers) supposed to be a policy executive..... Bureaucracy is also becoming a causal factor. The company’s bureaucracy is too long and complicated. There are many steps that must be passed in the enforcement process.”

6.4.3 *Industrial Dispute Settlements*

The industrial dispute settlements were regulated by the CLA in chapter 8 and chapter 9. According to Article 92 on the Industrial Relations Dispute Settlement, any industrial disputes must be settled by using the cultural mechanism of ‘*Musyawarah untuk Mufakat*’ (meeting and discussing a matter to achieve consensus). If the deliberations do not reach an agreement, the disputes can be resolved through a procedure regulated by the Law.

The CLA regulates the specific procedures in settling industrial disputes within the company which are written at Clause 5 of Article 91. According to this regulation, industrial disputes can be settled into three steps:

a) The employee is able to submit their complaints directly or via the union/the federation union to their managers to be resolved by the *Musyawarah untuk Mufakat*.

b) The settlement of complaints, which as mentioned in number a, will be pursued and have to be solved within 14 days.
c) If within 14 days (as mentioned in number b) the complaints cannot be solved, the employee is able to continue his/her complaints process by sending his/her written complaint letter through the unions/the federation union accordance with the following schematic:

<table>
<thead>
<tr>
<th>Superior</th>
<th>L4D</th>
<th>L3D</th>
<th>L2D</th>
<th>L1D</th>
<th>Director</th>
</tr>
</thead>
<tbody>
<tr>
<td>≥ L5D</td>
<td>X</td>
<td>Y</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>L4D</td>
<td>X</td>
<td>Y</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>L3D</td>
<td></td>
<td>X</td>
<td>Y</td>
<td></td>
<td></td>
</tr>
<tr>
<td>L2D</td>
<td></td>
<td></td>
<td>X</td>
<td>Y</td>
<td></td>
</tr>
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</table>

X : the completion of 1st stage written complaints no later than 14 working days

Y : the completion of 2nd stage written complaints if needed with a copy forwarded to HR Department no later than 14 working days

Z : the completion of final stage written complaints no later than 14 working days

L1D is:

a. Position 1 level under the Director

b. Structural position directly under the President Director

c. Apply for positions/organisations within operational function/unit, subsidiary and head office.

d. If the complaints are related to the Director, the settlement must be complied with this level by sending the written complaint to the Board of Commissioners via the federation union.
As mentioned earlier, the HR Department established computer system called Industrial Peace Dashboard (IPD) to manage and control the industrial disputes (source: the Indo Oil’s intranet website). The Manager 1 argued that the system is developed to assist the HR Department in solving current disputes within Indo Oil. As he explained that:

“We constructed the IPD to assist us in monitoring all industrial disputes within the company because of the extent of the operational of industrial relations department that covers the work of the IR unit both in head office and branch offices. The system can monitor the extent to which the cases are processed. We have a database about the type and number of industrial disputes, reports on how the complaints are processed and the final decisions”.

In addition, he claimed that Indo Oil is the only Indonesian state-owned company which has this system. In order to protect the confidentiality and safety, the system can only be accessed by certain staff. Only HR managers, the IR staff, executive officers in the HR department and the CEO are permitted to access the IDP. The system is also fully monitored by the Internal Watch Unit (**Satuan Pengawas Internal** known as SPI) to reduce misapplication of the system. The system needs a user name and password for each user. The system also has a record of the users who enter the system. The Manager 1 claimed that the system is very safe and full of safeguards.

As can be seen from the above process, the industrial dispute settlement in Indo Oil was time consuming and had to pass through lengthy bureaucratic process. The Manager 1 argued that it is in accordance with Law number 2 of 2004 on Industrial Disputes Settlement. As he explained:

“Our settlement procedure is consistent with Article 3 of Law number 2 of 2004. The article states that industrial relations dispute settlement shall be sought first through bipartite negotiations to reach agreement by consensus. The bipartite negotiation process is no longer than 30 days. I think ours is shorter than the Law. Normally ours is no longer than 28 days. We want to solve the dispute as soon as possible. The sooner the better….so it does not disrupt the performance of the company. That is the way we set up IPD to make the process run faster.”
Furthermore,

“We need time to collect evidence and facts from both parties involved in the dispute. To get them (evidence and facts) is not an easy task. We must work together with another unit (Internal Watch Unit). We have to work carefully because we don’t want to harm either party. The negotiation process also takes long time. If the negotiation is tough, the time is also longer. It also depends on the cases. The more complicated the case, the longer the process. But we still try to solve the problem on time.”

The Senior Analyst 3 suggested that industrial disputes involving elements of criminality take a longer time to resolve. He explained that in doing those kinds of cases, it could take up to 1 year following procedures contained in Law number 2 of 2004. It happened this way because the company had to wait for the final decision of the Court about the criminal case, and then it could decide the final stage of the settlement.

Based on the IDP, 35 industrial disputes have been recorded since 2009 (at the research time). Most of the cases were disciplinary cases. 12 cases were resolved, 10 cases were in the 1st stage of the settlement process, 7 cases were in the 2nd stage and 6 cases were in the final stage.

6.5 Communication Mechanisms within the Organisation

Research question 2 addressed the communication mechanisms between management and employees, management and trade unions and among employees. This question was analysed with collected qualitative data from interviews, participant observation and document analysis. As noted in Chapter 2, this thesis classified the communication mechanism into formal and informal communication. Formal communication is defined as communication which occurs through official organisational channels or is undertaken by an employee to do his job for example, official meetings, letters or requests from a manager to an employee to complete a task. On the other hand, informal communication is that which occurs outside the recognised communication networks such as talking between employees in the lunchroom or hallways, phone calls, texting and emails.
6.5.1 The Communication Process with Superiors and Subordinates

In general, employees in Indo Oil communicated by using both formal and informal media of communication in the communication process with their superiors and subordinates. Meetings and briefings commonly occurred in formal communication process while conversations at the break times, talking over the phone or the mobile phone, sending messages via SMS and electronic mail (e-mail) were considered as part of the informal communication process.

Usually, a department or a unit organised a routine meeting and briefing with its staff. The units within the department scheduled a regular meeting once a month. Every Monday morning before starting work, the superior in the unit or the sub-unit had a briefing with his/her subordinates for about 10 minutes (from 8.00am – 8.10am). Regular meetings could be in the morning (in between 9am – 11am) or afternoon (in between 1pm – 3pm). Meetings took place in a meeting room and briefings took place in the head of unit’s room or in the manager’s office. Every department has various spaces such as small meeting rooms (for up to 6 people), medium meeting rooms (for up to 15 people) and big meeting rooms (for up to 40 people). All rooms were fully facilitated with a LCD projector, a laptop, an oval meeting table and a white board.

Some participants described the use of meetings and briefings in the process of formal communication with their subordinates and superiors:

“Formally, we usually talk and discuss with our superiors and or subordinates in regular meetings and briefings. We discuss anything related to our tasks and jobs. We also communicate formally to deliver some instructions to our subordinates, express our opinions and ideas to our supervisors as well as our concerns with our project. I do briefings every Monday morning for 10 minutes to give some instructions to my subordinates.” (Manager 1)

“I usually communicate with my subordinates in meetings and briefings. I like to open a discussion with my subordinate as well as to get input from them. In the meeting, I am able to listen to work progress reports from them. I give them some job instructions in the meetings and the briefings.” (Senior Executive 2)

“Commonly, I express my opinion and my ideas within the meeting. I also report on my group’s work progress, difficulties and problems to my manager in the meeting.” (Senior Analyst 1)
“We use formal communication to talk with our superiors about our tasks and jobs, get some instruction from them and solve problems with our current projects.” (Senior Analyst 2)

“If there is nothing very confidential, I usually talk with my subordinates and the VP (Vice President) (in his department) in the meeting and the briefing. My VP will talk to me directly in his office if something extraordinary occurs in our department or there is highly confidential information related to our company or our CEO. Every Monday morning I also do a briefing with my subordinates to give orders and directions relating to the work to be done within the next 5 days.” (Manager 2)

The meeting environment in a department of the company was similar to any meeting in other companies. For instance, a regular meeting in a sub-department of HR was attended by managers, senior analysts and analysts. It was led by the VP of the sub-department. Regular meeting took place in the VP’s room. It discussed the ongoing project and its problems. The discussion was very open in which the VP as a moderator of the meeting gave equal chances to his audience to share their opinions and ideas. However it was very apparent that criticism was only expressed with hesitation. In voicing the criticism, staffs were using high-context Bahasa Indonesia in which the messages were not directly meaningful and there was a high use of metaphors. In addition, no one criticised their superiors. The staff preferred to suggest a new idea or opinion rather than challenged or questioned those of their superiors’. The staff preferred to listen and to accept their superiors’ ideas and opinions.

In the informal communication process, conversation with superiors and subordinates occurs during the coffee break and lunch time, in the elevator and hallways of employees. Superiors and subordinates always say hello in the morning when arriving at the office and say good bye in the afternoon when going home from work. In the elevator, they might just say hello, or enquire about each other’s health and well-being or perhaps discuss hot topics in the newspapers or television. Occasionally, they continued their conversation in their office or in hallways of their office.

Informal communication processes can occur during the coffee break or lunch time. During this time they could talk about their lives, share stories, make a light joke about somebody and even discuss the current Indonesian political situation. The Senior Executive 2 revealed that he enjoyed sharing a story from his life experiences with his subordinates when they were having lunch at outside the office. He said that he liked to
have an informal conversation with his subordinates to become closer with and to build confidence amongst them. He also described that when he and some of his subordinates were visiting a branch office (outside Jakarta) he liked to take them out to lunch or dinner in a restaurant.

Sometimes the coffee break could be used as a small celebration of a manager’s birthday in the unit or a department. The manager celebrating his/her birthday would provide an Indonesian breakfast which was shared among all employees within his/her office building. The manager invited all the employees within his office area. These included employees from other units. They enjoyed the breakfast as well as the small party and had pleasant and relaxed conversation between the manager and employees. Some of them ate together in the small area of the unit’s office while others ate at their own desks. Some employees made some jokes about the manager to liven up the party. The party was held on Friday morning for about twenty minutes. Senior Analyst 1 explained:

“Sometimes, we have a small party organised by a secretary of a manager in the office of this floor level to celebrate a manager’s birthday. The party is very simple. We have a light breakfast with all employees within this office room. The breakfast menu is very simple such as ‘bubur ayam’ (chicken rice porridge), ‘nasi pecel’ or ‘bubur madura’. During this simple party, we can have light and friendly conversation with all employees from senior executives to lowest staff. In this situation there is no boundary between superiors and subordinates. We eat the same food and talk with more ease. We don’t talk about work duties or the job. We are just having fun for a while and it’s good!”

During the data collection, the researcher also been invited by a manager in the HR Department to join his birthday party at the coffee break. The party was attended by some managers and staff within his office building including employees from other units. The party finished within twenty-five minutes. The Senior Executive 1 argued that the morning coffee break and afternoon tea were created by the company not only to provide employees with a proper break time but also to encourage harmonious relationships among employees. He contended that the break time helped employees stave off tiredness for a short time by conversing with their colleagues while drinking a cup of coffee or tea. He explained about the small party during the coffee morning break, saying:
“The small birthday party or simple celebration is allowed during the morning coffee break as long as it doesn’t disturb the work of employees. The celebration should be as simple as possible and must not exceed the time limit of the coffee break itself. Besides, the party should be held in their own office space and not in another department’s or unit’s office. Hopefully, it could familiarise the relationship among employees as well as between superiors and their subordinates.”

Other forms of informal communication could be found in the conversation between superiors and his/her subordinates over the mobile or the office phones. Some superiors could talk to their subordinates using office or mobile phones more than five times a day. They talked to their subordinates for about 2 – 5 minute to give orders, ask some questions and to provide some information. Some superiors also often sent messages through the SMS (Short Messaging System) to their subordinates from their mobile phone. Generally, the messages sent by the manager were in the form of brief instructions and several questions relating to current up-dated jobs in the unit. The SMS was sent when superiors were on duty outside the office or away from work. Some participants showed how they communicate with their subordinate on the mobile phone or phone:

“I like to contact my subordinates from the office phone or my mobile to get immediate and direct answers from them. I want to hear directly and immediately from them about anything related to our tasks especially when I am not in my office. They don’t always have to come to my office to say something to me. I can call them or send them SMS.” (Manager 1)

“I call my subordinates to ask them come to my office. I frequently give them particular orders and listen to their reports especially when I am on duty outside the office. I also send messages via SMS if it’s necessary.” (Manager 2)

On the contrary, subordinates rarely called their immediate supervisor or superiors’ phone and mobile phone. They only called their boss’s mobile phone if he/she was out of the office and there was something very urgent that should be communicated. They would call their superiors if the supervisors wanted to be called. It was the same situation with sending a message via SMS.

Interestingly, mailing system through email was rarely used by employees in the process of communication with their immediate supervisor, superiors and subordinates. That was probably because of the short distances between each employee’s work
stations. The Indo Oil office blocks were designed so the employees in each unit can work and communicate effectively. For example, a sub-department of HR is located in the first tower on the 15th floor. This sub department has four units which are close together. The staffs in each unit have open plan work stations separated by a plywood and glass partition. So they can still be connected relatively closely with other employees in their unit. These conditions affected the communication process among employees. Employees in a unit or a sub-department preferred to communicate with their superiors and subordinates by using face-to-face and phone rather than email.

Some participants claimed that they used face-to-face and phone in communicating with their superiors and subordinates to get rapid responses and feedback from them.

“I prefer talking to my subordinates directly or by phone. It’s quick and I get direct responses from them.” (Senior Analyst 3)

“Why should I send an email to my subordinate next door? I even hear her clearly when she is talking with her boyfriend (laughs).” (Senior Analyst 2)

“I can come to my supervisor's room in few seconds. I rarely sent him an email unless he is on duty in the branch office (outside of Jakarta) and needs some files from me.” (Analyst)

“Even though my work station is located on a different floor to my boss, I rarely use email to communicate with him. He always asks me to come to his office or calls me on my phone or my mobile. I also often ask my subordinates to come to my office and talk to them directly or call them over the phone. I want rapid responses from them.” (Senior Executive 2)

6.5.2 The Communication Process with Co-workers

In the relationship among co-workers, employees in Indo Oil used informal processes in communication with their co-workers. Every day most employees of the company spend 10% - 20% of their time communicating with their peers either from the same unit or from other units, sub-departments or departments. Employees in the same unit meet their peers in the meeting and briefing to discuss their work together with their supervisor. Some employees liked to have a conversation with their peers during off-duty periods such as in the lunch hour, the coffee break and when the company has special events. Sometimes they coincidentally meet their peers in the morning when arriving at the office and in the afternoon on the way home.
Typically, employees communicated with their peers face-to-face for most of the time. They could meet their peers in their office. They were able to communicate with other workmates from other work areas at many spots within the company such as the canteen, the employee’s desk, the staff kitchen, the company’s mosque, the lobby, the car park, the corridor and the elevator. They also communicated with their co-workers over the office phone and by mobile at any time as they needed.

In addition, employees met their peers from other work areas when they were attending special occasions such as: the company anniversary celebration; religious events such as Wednesday church service for Christian and Catholic employees and recitation every Friday for Muslim employees; in-house training courses and Friday morning sport where employees do an hour of exercise in the company’s car park. On those special occasions, some employees took a seat close to their co-workers. They looked so happy to be shaking each other’s hands or (at least for same sex peers) hugging each other while exchanging greetings and chatting about work.

According to some participants, during the working hours, they communicated with their colleagues to discuss and get some information regarding work issues within their work area. They regarded co-workers partners to accomplish their tasks and duties.

“I need my peers in doing my jobs. They can give me assistance when I meet some problems in my work.” (Senior Analyst 1)

“My co-workers are my partner to carry out work in my unit. I can ask them for advice regarding work difficulties. I can discuss anything related to our work.” (Senior Analyst 2)

“I usually mutually work together with my fellow managers in our sub department. I love to give them assistance if they need it. I also sometimes ask them for a hand to help me if I meet difficulties in doing our current project and they are very cooperative colleagues.” (Manager 1)

Some employees considered their co-workers, especially peers from outside their work area, as collegial peers who generally could be trusted regarding work and personal issues, and who could give them not only emotional, but confidential support. They had moderate levels of trust and friendship with these kinds of co-workers. The relationship might be formed because of their long-standing tenure together.
“I have some close friends in this company. They come from different work areas. I met them a long time ago. One of them is Mr UG, the health function manager. He always gives me support when something bad happens to me. He is a nice friend to discuss things with. He is older than me. But he is open to share his story with me. If I meet him, we discuss everything about work and personal matters.” (Manager 1)

“At least once a month, I meet my good peers either in my office or at other places. We discuss work, life and family…um…but mostly the company. We discuss how we can improve our company and the future of our company. Sometimes, we play golf together on Saturday morning or have lunch at a restaurant. With my current position, I need them to support me politically and emotionally. They like to give me some advice as well.” (Senior Executive 1)

Many reasons had been considered by employees when employees are looking for communication relationships with co-workers. Some employees argued that their need to communicate with peers especially was due to feeling relaxed and interpersonal needs. They claimed that they had some affection needs to be fulfilled. In addition, by conversing with peers, they felt that they had someone they could rely on, discuss things with and share experiences not only regarding their jobs, but also their problems and feelings.

“I like to meet my close peers because it can release my stress. We can joke together. Sometimes I can express my feelings when I’m upset at work especially after being scolded by my supervisor. By talking with them, it helps cool me down.” (Analyst)

“For me, talking with my close co-workers is just like relaxation. We can talk anything besides about work. We can laugh together...share our problems in work, without fear. We support each other, especially when we are having a difficult time. For instance, recently my close peer’s wife was very sick. His wife had breast cancer for 5 years and now she is in stadium V. We always supported him by visiting his wife in hospital or trying to cheer him up.” (Manager 1)

6.5.3 The Communication Process between Senior Management and Employees

The senior management of the Indo Oil communicated with employees formally. The formal communication process between senior management and employees was fully organised and scheduled by the internal communication department of the corporate communication department. Manager 2 stated that the internal communication department was a department which plans, organises and evaluates the process of communication between the company and employees including communication
mechanisms not only between the CEO and employees but also between the senior management and employees. He explained that the scope of this internal communication was internal relations, management events, HR development, budgeting and administration.

Furthermore, the Manager 2 described that he did not organise the process of sharing information through the media but he did the displays of audio visual presentations at particular spots in the head office. He argued that this department helped the company to provide a package of communication for the purposes of socialisation and internal awareness. With regard to management events, he described that his department was responsible for organising corporate events such as the company anniversary celebration, corporate ceremony events, special meetings and in-house exhibitions.

Interestingly, the scope of work area of the internal communication department was limited to the head office. He explained that each branch office has its own public relations department separate from the corporate communication in the head office. He claimed that this situation was very confusing because there was no co-ordination between the PR at head office and at its branches. The PR department at the branch offices was responsible to the General Manager, not to the VP of Corporate Communication. Furthermore, the Manager 2 commented:

“This department is becoming a rubbish bin. All problems within the directories left untreated by the department of operations will be thrown to the corporate secretary. If there are some problems in branch office, we can’t handle them but its general manager and the senior executive of the operations department will give it to us”.

The formal process of communication between senior management and the employees in Indo Oil occurred through some channels of communication such as letter, corporate newsletter, special events and internal audio visuals. The senior management used letters to inform employees about new policies, regulations and the company’s decision regarding employment (promotion, advancement, dismissal, sanctions and punishment) as well as to give instructions.

The senior management also communicated with the employees by using the corporate newsletter called “Media Indo Oil”. Media Indo Oil was a weekly newsletter published
every Monday by the media communication arm of the corporate communications department. Basically, the corporate newsletter was similar to a regular daily newsletter. It was printed in eight pages of full colour glossy A3 paper. This corporate newsletter contained editorial news, headline news, regular columns and coverage of various activities within the company.

The senior management has a space within the corporate newsletter called ‘Pojok Manajemen’ (or Management Corner). It is placed on the second column of page two of Indo Oil’s newsletter. The column consists of messages from senior management regarding work and company issues. Its aims are to bring awareness, socialisation, explanations and motivation to the employees. Every published article might be written by a senior executive, a director or the CEO. The article could take many forms such as results of the interview excerpts, a description article, an explanation article and a speech.

In the Media Indo Oil newsletter, employees were also able to communicate with the senior management. This provided employees a space to express the employees’ opinions and ideas called ‘Suara Pekerja’ (or Employee’s Voice). In the column, employees could contribute their knowledge to improving the company’s performance and productivity. They even allowed expressing their criticism of management policy and regulation via this article in the proper way.

However, all articles from employees had to be edited by the media team. Censorship of the employees’ written works would be carried out by the editor. Writing which contained provocation or resistance against the company and senior management would not be published. In addition, the Manager 2 argued that criticisms of company policy had to be accompanied by accurate facts to produce quality articles. He contended that the Employee’s Voice should be a voice for employees to develop their colleagues’ critical thinking on everything happening in the company. He also explained that the column was not used as a forum of conflict but a forum of healthy and conducive discussion.

The process of communication between senior management and employees happened at special events in the company. The special events were the company anniversary
celebration, religious festivals (Eid Mubarak Festival and Christmas celebration), the Indonesian Independence Day celebration and in-house training programs, seminars and workshops. Special events were organised by the internal communication department. The Manager 2 explained that special events were not only used to celebrate special moments but were also regarded as a means of communication between senior management and employees. For instance, in the company anniversary celebration at the head office, all employees gathered at the venue. All of them wore the same official company uniform (white shirt, blue jacket, black pants/skirt and tie). The CEO presented her speech to all employees. She also gave awards to some successful employees and they had lunch together. Food and beverages were presented buffet-style so all employees had the same menu. During the lunch, all employees had an opportunity to talk with their superiors, subordinates and co-workers. At the end of the party, all employees were lined up to greet and shake the hands of the CEO and board of directors.

Communication between senior management and employees also occurred through the internal audio visual channels. The internal audio visuals were in-house radio and television and broadcasted by the corporate communications department. The internal radio broadcasted from 7am to 4pm. The relayed radio announcements, motivational, greeting and farewell messages, as well as playing easy listening music. The internal radio was connected to all the head office buildings.

Finally, Indo Oil has an internal television program called “Indo Oil TV”. Various themes were presented in the television footage such as corporate advertorials, announcements, documentary features, news and live shows. It broadcasted from 7am to 8pm. Some television units were displayed at many spots in the head office building such as in the main lobby, around the elevator area in the ground level floor and in the lobby on each floor. According to Manager 2, Indo Oil TV was designed as a medium of communication not only between the management and employees but also between the company and its stakeholders especially on their visits to the company headquarters.

6.5.4 The Communication Process between Management and Trade Unions

The communication mechanisms between Indo Oil’s management and the trade unions were via formal and informal mechanisms. Various channels of communication were
used in exchanging messages between the management and the trade unions. Formal communication between the Indo Oil’s management and trade unions happened via channels of communication such as official letter, email and meetings, while informal channels of communication included using office phones or mobiles, casual lunch conversations and sending messages via SMS.

The process of sending and receiving message between management and trade unions was a two-way communication. Both the management and the unions confirmed this:

“We are open to having communication with the trade union. We always respond anytime they want to talk with us. We answer every question they ask. We always try to have good communication and relationships with them because we think that trade unions are our partners, not our enemies.” (Manager 1)

“As long as they communicate in the proper way, we are open to meeting them. We answer their questions as best as we can. But they have to talk based on the fact. Give us the evidence...they shouldn’t just yell at us proposing their demands.” (Senior Executive 1)

“So far, our communication with the management is going in a good manner...especially with the department of industrial relations. But...with the senior management...is tough! The senior management always delegate the department of industrial relations to answer every letter that we send to them but we want them (the senior management) to respond.” (Federation Union Executive Member 1)

“We have a good communication relationship with the management especially the General Manager. We meet regularly at least once in three months to discuss employment and disputes within this branch office.” (Trade Union Member in the branch office)

The management and the confederation union met regularly, at least once every three months. It was more frequent if there were some particular events such as extraordinary dispute issues between employees and the management, selection of candidates for CEO and board of directors and special meetings in establishing the Collective Labour Agreement (CLA). The meetings could be located in the confederation’s office or in the HR department’s meeting room or the CEO’s meeting room.

The meeting between the confederation union and IR department was run in a friendly atmosphere. It was led by the IR manager. This non-regular meeting, which was attended by 10 people from both parties, discussed the implementation of the CLA and
some industrial relations cases. The discussion ran democratically. The IR manager gave the members of confederation union adequate time to present their opinions. Both management and union were able to control their tempers by giving constructive arguments without discrediting each other.

Formal communication between management and trade unions occurred through formal letter and email. The formal letter and email were used by the trade unions to deliver some questions to the management and to give feedback on the letter sent by the management. The Federation Union Executive Member 2 argued that the letter, sent via email or intra-mail, was the main step in sending message to the management. He stated that if the letters sent three times to the management were ignored, then they would communicate by other means.

As explained in section 6.5.3, the trade unions could communicate with the management through the “Suara Pekerja”. Usually, the message contains criticism of the company policy and the senior management performance as well as expressing critical views about the company’s future. For example, the chief executive of the federation union wrote an article in an edition of Indo Media in 2009 (at the research time) which criticised the company’s policy on employees’ benefits. The article was written in Bahasa Indonesia by using a sub-text of pointedly strong language.

According to the Federation Union Executive Member 1, sending messages via SMS and calling the CEO or senior executives on their mobile phones was occasionally done by the unions. He argued that these communication mechanisms were the second step of communication process with the senior management when the first step (the letter) was not responded to by the senior management.

“If they didn’t replay to my letter or email that was sent three times, I’ll call them (the senior management) directly or send a SMS to their mobile phone without feeling hesitant. I often call the CEO if her subordinates ignore our message. I once called her after office hours. I don’t care...if the case is very important and urgent, I’ll do any means to speak with the CEO. I won’t call them (the senior management), if they reply to our letters. Yeah... please communicate to us using same media with us. Please reply to our letter by letter. Please answer our questions properly.”
Talking over the phone between the chief executive of federation union and the IR Manager was also frequently done. Both parties argued that this mechanism was very helpful in developing good communication between the management and the trade unions.

“I often talk with Mr S (the IR Manager) over the phone. I have a good relationship in person and officially. He’s very good manager, he always picks up my call at any time. He is a nice person to talk with. But I realise that he’s not the decision maker. He has limited authority….but he shows a good attitude to us (the unions). He is never rude and arrogant. We respect each other.” (Federation Union Executive Member 1)

“I am very close with Mr U (the chief executive of federation union). We are good friend. I like to discuss the company with him. I always pick up his call when he rings me. That’s my job…I should open my communication door with the unions, they are our partner. So far, they are good and polite so why shouldn’t I don’t want to talk with them? They will be nice to us if we are nice too. Being the IR manager is only temporary…and I am an employee too, so there is no reason to not pick up their call, isn’t there?” (Manager 1)

According to the Federation Union Executive Member 2, the final step in communicating with the management was via industrial actions. He argued that industrial actions would be taken by the union if the management did not want to listen to them. As he described:

“If the management ignore us and don’t want to listen to us, we will take actions. Our actions could be from soft actions to radical actions. We will conduct press conferences to disseminate our voice to public. If the management is still stubborn, we’ll take further actions…do mass demonstrations. If the management doesn’t react, finally we have to do strike. You can imagine if we do strike, especially the employees at refinery unit, how much the material losses will be suffered by the company and this country. Within only one day the oil plant will cease operations; two billion Rupiah will be lost! Finally, we’ll close the oil plant.

Furthermore,

“So far, we did talk to the mass media and mass demonstrations. Honestly, we prefer to negotiate with them rather than do industrial actions. But in doing mass demonstrations, we do it in a good manner and peacefully. We are not like employees from other companies. We must do the actions intellectually not aggressively. I always remind our constituents that we are different from others as we enjoy highest salary rate among employees of Indonesian state-owned companies. Our statements were also well-designed
by our advisors. The statement published in the mass media was not plebeian and careless.”

Some management staff argued that the management was reactive in communicating with the trade unions.

“We communicate with the union reactively. We will be reactive if any messages from the unions are coming to us.” (Manager 1)

“During this time, we are being reactive in communicating with them (the unions). If there is a problem, then we act.” (Senior Analyst 3)

With regard to challenging communication between the senior management and the federation union, the Senior Executive 1 illustrated his views on the unions.

“Personally, I have a good relationship with Mr U (the President of the Confederation). We’ve known each other for a long time. But the unions sometimes don’t want to understand about our situations and the company’s. They don’t put their position as a good partner. They always want to have all their demands met by the company. We already gave them an explanation but they have remained adamant. If their demands are not met, they threatened us (the executive officers) to take industrial actions. When they are talking to the CEO, they speak loudly and roughly. Of course, she (the CEO) will be afraid. Sometimes they call the CEO directly over the mobile phone or send her SMS. They like to get involved in the subjects that are not supposed to be their business. For example, the coming election of the CEO and board of direction is not in their scope of business. Their concern is about employment and employees’ welfare. But they insist on being involved.”

6.6 Communication Problems within the Organisation

As explained in Chapter 5, factor analysis found that the satisfaction with the quantity of organisational information received, openness and employees-senior management communication relationship could be predicted as factors of communication problems within Indo Oil. In this thesis, qualitative data was collected to validate this finding. A second round of interviews with key persons within the company was conducted to explore the three variables as factors of communication problems within the company which can lead to or exacerbate industrial disputes in the company.

6.6.1 Satisfaction with the Quantity of Organisational Information Received

Chapter 5 showed that employees were moderately satisfied with the quantity of information that they received from their workplace. Specifically, it was found that
employees were less satisfied with information that they received about specific problems faced by management, achievement and/or failures of the organisation and profit and/or financial standing. Some participants experienced various conditions in receiving information from management especially information about specific problems faced by the company/the management, failures of the company and the company’s financial difficulties.

“I get little information from the management about the financial problems within the company. Um… may be because I am just ordinary staff. I believe that the management never informs us (employees) if the company is facing financial difficulties.” (Senior Analyst 1)

“I have rarely received that information from the management. The management always gives us (employees) only the good information. It’s the company secret, isn’t? Only specific employees can get that information.” (Senior Analyst 2)

“We never get bad information about the company directly from the management. We always get that information from ‘our sources’. When we ask the management about that information, they won’t give it to us.” (Federation Union Executive Member 1)

“I always receive reports about problems faced by my department or the company because I must be responsible for any failures happening in my work unit. My subordinates and my executive colleagues have given that information to me.” (Senior Executive 2)

Some participants who received less information about the company’s circumstances expressed dissatisfaction with the information they received from management. They argued that they have a right to know the condition of the company:

“I am a bit disappointed with the management in giving information about problems or failures faced by the company or the management. I think every employee has a right to know the real conditions of their workplace. No information must be hidden from employees…because…whatever happens in this company, employees will get the impact.” (Senior Analyst 1)

“We are very dissatisfied with the management in conveying actual facts about the circumstances of the companies. We are their partner, so why do they always cover up if there is something bad happens in the company? We have a right to know though!” (Trade Union Member)

“I am dissatisfied. Every time I read the company’s newsletter, information that I always receive is the good (information) … only. It is very rare to find information about the company’s problems or the company’s failures or
even the financial problems. If ever it does exist, they (the management) won’t let us know. They are very reticent with these sensitive issues. Even though we are entitled to know, but we can’t get any access to obtain this information.” (Senior Analyst 2)

Some participants contended that they needed the information about the company’s adverse conditions, achievements and/or failures, and financial status to increase employees’ sense of belonging and to motivate them to work much better and to anticipate the possible conditions they might face in the future:

“Although that information is negative, I think we (employees) still need to know. It will be useful to enhance our sense of belonging towards this company. If employees have a sense of ownership of their company, at least they come trying to help Management to address the problem.” (Senior Analyst 1)

“I believe that negative information about the company can motivate employees to work more productively, you know! Employees don’t want their company to go bankrupt then they will be terminated, won’t they? Even more, nowadays, it is very difficult to find a job (in Indonesia).” (Analyst)

“We need the negative information so we can take anticipatory steps before the adverse conditions that could harm the future of the employees.” (Trade Union Member)

The process of dissemination information to the employees had been regulated by the company and coded into the Handbook of Information and Communication Policy and Guidelines. Some policies in the handbook are as follows:

- All information about the company is fully controlled by the management.
- Information is categorised into: general information, classified information and high classified information.
- General information can be accessed by all employees through an intranet website. Classified information can be accessed by authorised staff. Highly classified information can be accessed by the CEO, the Minister of State-Owned Company and President of Republic Indonesia.
- Information related to finance, employees’ data base, refinery production and sales is categorised as classified information.
- The dissemination of classified information must follow the guidelines and be known and be approved by authorised staff.
- All disseminated information must not create concern in the stakeholder for the stability of company. (source: the Indo Oil’s official website)
With regard to the regulation of information dissemination, the Manager 2 argued that information about adverse conditions of the company, failures of the company and the company’s financial conditions were categorised as classified information, therefore only particular stakeholders can get this kind of information. He argued that it is purpose is to create a conducive atmosphere and for security reasons. He stressed that Indo Oil is very crucial for the Indonesian economy so all important information related to the company must be fully protected so that it cannot be stolen and used by irresponsible parties or foreign interests.

In addition, the Manager 2 suggested that that policy was conducted to protect the interest of employees as well.

“The management does not want employees to be disturbed because they know that the company is in trouble. The management believes negative news can disturb employees’ productivity and performance. Employees may be disappointed and they won’t trust us. This (situation) can create disputes and problems. We want to avoid this kind of situation.”

6.6.2 Openness

According to a result of factor analysis noted in Chapter 5, the variable of openness was a possible source of the communication problems in the company’s communication systems and processes. As noted in Chapter 5, statistic descriptive results showed that the level of openness within the company was reasonably low. It indicated that employees experienced that they could not to say “what’s on their mind” and they had difficulty in getting information - only particular staff could receive information that enhanced their abilities to coordinate their work within the organisation and felt that their superior seldom listened consistently and with an open mind to suggestions or reports made by them. Some participants expressed their opinions on the level of openness within the company.

“My supervisor is inconsistent in listening to us (subordinates). He is not very open-minded to suggestions from his subordinates as well. He likes to work alone.” (Senior Analyst 1)

It’s not easy to get specific information especially secret and important information in this company. The bureaucracy is too complex. It is tightly controlled by the IT department.” (Analyst)
“We are always experiencing difficulties in getting information related to the company’s financial data. We once requested the management to give us a report on employee benefits calculations. We wanted exact numbers and real facts about the calculation. But they always tried to delay in sending that report.” (Federation Union Executive Member 2)

“I don’t have any problem regarding openness with my supervisor…but with the management. This company is very reserved in term of sensitive issues. For instance, employees are not entitled to know how they are being evaluated. They told us about the evaluation program but not about the detailed process…we just know the final result. Where the result comes from, we never know (sigh).” (Senior Analyst 2)

The Manager 2 argued that the level of openness within the company was good. He claimed that the current level of openness within the company was much better rather than 10 years ago (1999).

“Nowadays, the company is much more open than 10 years ago. The development of IT and the era of openness in Indonesia have made us much more open to our stakeholders. You can access our website to know about us. We have established a hotline service 24 hours to our customers. We have various communication tools to communicate with our employees.”

The Senior Executive 1 suggested that there was a limitation in term of openness.

“The openness in the company must be understood as non-unlimited openness. The openness should have boundaries. Everything has a limit. We (the management) cannot give all information that we have to our stakeholders including the trade union and our employee event though they are entitled. There is particular information that is not necessarily known by them. We have to consider many things such as the safety and stability of the company and both advantages and disadvantages for our company and stakeholders.”

With regard to openness in term of saying what was on the employees’ mind, the Manager 2 stated that employees must follow the company’s rules in saying “what is in their mind”. He argued that employees could not say anything on their mind inappropriately as the company had provided various channels for employee communication and developed procedures in expressing employees’ thinking.

However, some participants suggested that the existing old company’s culture and style of leadership affected to the low level of openness within Indo Oil.
“A long time ago, employees could not talk freely. If we said something that was undesirable by the management, we would get severe consequences such as administrative punishment, suspended promotion and transfer to a remote operational area. Until now this culture still exists (in the company) as well as in my own functions. So I’m afraid to talk openly.” (Analyst)

“A climate of openness in this company depends on the style of its leaders. Authoritarian superiors caused the company to be less open. Employees’ voices are limited. Access to information and communication channels is strictly controlled by the management. It happens especially in the branch office where General Manager typically acts like ‘a little king’ in the regional area.” (Trade Union Member)

The Senior Analyst 3 argued that some superiors are displeased if their subordinates speak out since it could threaten their favoured positions.

“Many superiors are upset if their subordinate ‘voiced’…especially if what they (the subordinates) are voicing for could threaten the position of the superiors. Usually they (the vocal employees), were directly removed to other units and would not be recommended for promotion.”

The Federation Union Executive Member 1 contended that the management is less open with the unions, especially in disseminating information about profit and/or financial standing because of certain reasons.

“The management doesn’t want to give that information because if the company is in profit, they worry that we will demand higher salaries, allowances and benefits. Likewise, if the company is facing a poor financial standing, they worry that we will demand their resignations from their positions. They don’t want to lose their comfort in enjoying exclusive facilities and high salary.”

In addition,

“They are less open because they always think that we will protest against their decisions and we are likely to question them. They said they feel annoyed if we interfere in their affairs. In our view, we’ll interfere in their business if we smell something stinks and know something is wrong! If they are wrong, we must remind them. If the company is in profit, don’t take the profits for their own interests. Employees are entitled to enjoy it too.”

The Manager 2 argued that the level of openness in Indo Oil has met the standard which is accordance with the company’s Codes of Conduct. It governs confidentiality of the company’s data and information. It states that all Indo Oil personnel utilise data and
information companies to increase the value-added component of the company and for
decision-making by:

1) using adequate data security systems.
2) providing relevant and proportionate information to the stakeholders while
considering the interests of the company.
3) avoiding dissemination of data and information to other parties who are not
interested either during work or after work.
4) submitting all data related to the company at the cessation of work.
5) maintaining confidentiality of information about consumers. (source: the Indo
Oil’s official website)

6.6.3 Employees – Senior Management Relationship

Factor analysis results in Chapter 5 show that employees-senior management
communication relationship was also a possible factor of communication problems
within the company. As explained in Chapter 5, statistics descriptive results show that
the level of quality of communication relationships with senior management was quite
low. It indicated that employees moderately distrust senior management; senior
management was perceived to be artificial in effort to communicate with employees;
and employees felt that their relationship with senior management was quite
unsatisfactory.

With regard to this, the Manager 2 argued that the current process of communication
between senior management and employees was unequal. What was his opinion about
the communication process between senior management and employees within Indo
Oil, why was it unequal? This was revealed in the following exchange in the interview:

**Interviewer:** What do you think about the process of communication
between the senior management and employees?

**The Manager 2:** (Smiles)...I confessed that it was unequal...most of it was
one-way communication, from senior management to employees.
Communication from employees to senior management is very rare and
indirect.

**Interviewer:** Why does it happen?

**The Manager 2:** The culture of Indo Oil that was inherited by previous
management. In the past, Indo Oil had same culture as the Indonesian
administration body...feudal like monarchy system. The superiors have to be served. Now Indo Oil is changing but it still exists.

Interviewer: What about the style of leadership?

The Manager 2: Um...the style of leadership too...the current CEO rarely communicates with employees especially employees in middle – low level. She is too busy coping with pressure from elsewhere...internal and external...busy abiding by the rules in this country. She is new (being the CEO). Her priority is to Indo Oil’s transformation.

The Interviewer: Do you have communication strategy and policy in managing communication between senior management and employees?

The Manager 2: I must confess that we don't have any communication strategy and policy in managing the communication process between senior management and employees. My work unit is too busy handling other units (in corporate communication department) jobs. We always concentrate being an event organiser but not in developing a good relationship between senior management and employees.

Interviewer: Do the CEO and senior management have an agenda with dialogue with employees so employees can talk to the senior management directly?

The Manager 2: Um...I don’t think so.

Interviewer: Why?

The Manager 2: (Smiles and laughs) because they may be afraid to meet employees directly.

Interviewer: Why don’t you (the internal communication department) plan and organise the dialogue between employees and senior management?

The Manager 2: Actually we did. In her (the CEO) first tenure being President Director, we organised her to branch offices. When we (the CEO and senior management) were in Plaju (branch office), she (the CEO) encountered a demonstration action from the employees. The employees (in Plaju) organised industrial action to demand higher salaries and employment contracts. It also happened in other branch offices. From that moment, she and the senior management were afraid to meet employees (from middle-low level both in head office and branch offices).

Some participants expressed their opinion about trust in senior management:

“I don’t really trust the senior management because some of them are politicians and are just the ruling party’s person. They just think about their own interests. They don’t think about us...about the future of the company. They just take advantage as much as they can.” (Trade Union Member)
“How do I trust them (the senior management, if they don’t listen to our opinion? They don’t want to open regular dialogue with employees. It is difficult to meet them or to be invited to communicate with us. If we (employees) want to talk with them, we have to go through a complicated bureaucracy and procedure…(sighs).” (Analyst)

“We trust her (the CEO) but we don’t trust some of Directors especially the Directors who come from outside of Indo Oil. They are persons who were sent by the ruling party. They just want to take our ‘fortune’ to support their campaign and political activities.” (Federation Union Executive Member 1)

Some participants argued that there were discriminations against employees who communicated with senior management:

“Only particular employees can communicate with the senior management people such as managers, senior executives and directors. Employees from the middle-low level of management found it very difficult to meet and talk to them (the executives). I even can’t talk with my director in my department.” (Analyst)

“We can’t simply communicate with the senior management. It’s a very difficult process. Only a few staff can communicate with them…middle managers, VPs, SVPs and directors.” (Senior Analyst 1)

Senior executives argued that there was a particular mechanism in communicating with the senior management. The Senior Executive 1 stated:

“In fact all employees at any level can communicate with senior management but there are procedures. The leaders in senior management were like our parents in our family. So we need to know the manners when talking to our leaders. Employees must understand that the senior executives are facing various problems. There are affairs of the company which are more important to be handled. But this does not mean that employees are not important... no! But they have to make a priority. Therefore, the company authorises the middle-line managers to handle the problems faced by the employees so that executives can concentrate on things that are bigger and broader. If employees in the lower middle line have some obstacles, it should be resolved together with the manager in her/his unit or it can be delivered through a labour union as an institution that represents the employees in communicating with the company.”

As the Senior Executive 2 argued:

“I must admit that only certain employees can communicate to the leaders in senior management. This happens because since 2003 employees may give an opinion or communicate to senior management through unions. The mechanism is like that. They also can communicate through the "voice of
workers" in our corporate media. If (employees want to) meet in person, of course this is very difficult considering the number of events and issues that must be taken care by the senior management. In addition, we have provided the proper channels to communicate with senior management. If (employees) have a problem in their unit, the problem could also be delivered through the "Whistle Blower" program in which every problem presented by the employee will be responded by senior management based on the rate case.”

The following section presents qualitative analysis result in relation to examine how resent changes in the Indonesian industrial relations system affect the organisational communication processes and systems within the case study organisation.

6.7 The Effect of Recent Changes of the Indonesian Industrial Relations System in the Organisational Communication Processes and Systems within the Organisation

The shift of the Indonesian industrial relations system has affected the company’s industrial relations system as well as organisational communication systems and processes. The change to its industrial relations system was explained in session 6.4 of this chapter. This section shows how recent changes in Indonesian industrial relations affect the organisational communication processes and systems within the company.

Some participants described the organisational communication system and process within Indo Oil before the fall of President Suharto:

“Most of communication in the company was top-down communication…a lot of job instruction…and it was very formal.” (Senior Analysis 1)

“The company adopted close communication systems to its stakeholders. I still remember that my relationship with my superiors was very formal. When I met my boss, I was always feeling nervous and scared…I was afraid if I made mistake. We (subordinates) never talked informally with our boss.” (Senior Analysis 2)

“The climate was the same as in a kingdom. Leaders had to be served and we were the servants. It was much worse in the branch office.” (Senior Analysis 3)

“We used less means of communication in communicating with the public. All information was strictly controlled by the senior management. The public relations did not operate properly. Employees got very little information they needed from the management. We (employees) got abundant information regarding our job. Internal media such as corporate
news letters were not well-organised and proportional in providing space for employees to express their opinion.” (Manager 2)

“Our voice was silenced. Our movement was strictly controlled by the management. Employees, who were trade union members, did not have chances to get proper promotion. We never communicated freely with the management. We had no power in the bargaining and negotiation process. Our members were always under threat and pressure to be transferred to non-strategic functions or to be denied promotion. Committee members were regarded as ‘hopeless’ or ‘troublesome’ employees who rebelled against the management. A trade union was viewed as an institution where desperate people gathered. Our relationship with the management was unfriendly.” (Federation Union Executive Member 1)

“Employees were never involved in the decision-making process. No chance of that! They (superiors) didn’t want to listen to our opinion. No appreciation of our ideas…The worst thing was that they sometimes liked to take our ideas and then claim them as theirs…(sighs). The promotion system was neglected…chaotic! We even couldn’t trust our supervisors, subordinates and co-workers. Working atmosphere was not really comfortable. But I must keep working for my family and the salary is quite good.” (Analyst)

“The relationships between superior and subordinate was very formal. We couldn’t talk in a friendly atmosphere. There’s always a big gap between superiors and subordinates. The promotion system was based on like or dislike of the superiors. An employee who was the ‘golden boy’ of a superior would get a good promotion. Work ethic was very low. Industrial disputes were solved unilaterally by the management.” (Manager 1)

Some participants claimed that, after the reformation, especially after the passing of new industrial relations regulations, the organisation communication systems and mechanisms within the company changed significantly.

“Since the reformation era, the company has been dramatically changed. The company is much more open with the public. The changes were perceived on the communication systems and mechanisms as well. The relationships among employees and between management and employee are getting well established. Trust in each other has grown. Subordinates are involved in the decision-making process. The unions have power in the bargaining process with the management. The changes have occurred especially after 2004 when the government introduce Law number 2004 on Employment and the Government Regulation (Peraturan Pemerintah) number 31 of 2003 on the Transformation of Indo Oil into a Public Liability Company. Those regulations have caused Indo Oil to change its paradigm on all aspects. So…finally we can transform and restructure all functions and systems gradually including our communication systems and processes.” (Senior Executive 1)
“Regarding workplace communication, it has changed accordingly with the change of the company’s status which is a public liability company and the new law on employment. We restructured the human resource management including in terms of the relationships among employees and the relationships between management and employees. Communication between superiors and subordinates is going well. The management uses various media in communicating with employees. Now we provide a medium for employees to express their opinions. Nowadays, (the workplace communication) is far more open than before. When I was a manager, I couldn’t freely give suggestions to the superior in my department. If they asked then I’d give. Now, subordinates are able to give any suggestions to their superior. My boss trusts me and I trust him. I trust my subordinate and peers as well. The climate is conducive and much friendlier now.” (Senior Executive 2)

“Law number 13 of 2003 does not only govern on wages, benefits, allowances and other employment matters but also regulates the relationship between management and employees as well as the relationship among employees. In accordance with this regulation, we have transformed our paradigm in managing HR including organisational communication. Now we have an internal communication department under the Corporate Secretary’s unit that manages communication processes within the company. We have formed the Code of Conduct to rule the relationship between company and its stakeholders. Now the conditions (organisational communication’s conditions) are much better.” (Manager 2)

“Industrial relations reformation in Indonesia has affected how employees, management and trade union interact within our company. For instance, meetings now happen interactively. Every participant has an equal chance in giving opinions, ideas and suggestions. Um…mutual trust is growing very well. Employees work cooperatively with their superiors, subordinates and peers. There is no mutual suspicion of one another. The management decisions related to industrial dispute settlements are also fairer and more proportional... no more like or dislike. Everything is resolved accordance with the (IR) regulation not unilaterally as reflected in our last two CLAs. Communication conduits also is much more open…yup, the climate is getting conducive.” (Manager 1)

The trade unions claimed have more freedom in expressing their voice and have more confidence communicating with the senior management after the passing of new industrial relations regulations.

“We can’t be silenced anymore. We have freedom to express our voice. Even though our relationship with the management is like a rollercoaster, we still can talk directly to the CEO without any fears anymore.” (Federation Union Executive Member 1)
“We have the same position in bargaining and negotiation process with the management. They can’t under estimate us again. And we have big self-confidence when we meet the senior management. We know that we have more power now, but we still stand in the right corridor in using our power.” (Federation Union Executive Member 2)

Some participants claimed that the reformation on the Indonesian industrial relations systems affect to their communication relationships with superiors and subordinates.

“Despite the existence of complicated bureaucracy, I think overall communication systems and processes within the company are much better than 10 years ago. My relationships with my supervisor and subordinate are run well and relaxed.” (Senior Analyst 1)

“We work cooperatively and respect each other…no sense of distrust. If we have a problem, we’ll solve it together with others (subordinates and supervisor). I think the condition (organisational communication) is better.” (Senior Analyst 2)

“Now the company is more dynamics. Work atmosphere is more favourable and the company is really concern on the employee’s performance and satisfaction. Subordinates don’t need to be afraid anymore in expressing their opinion to their superior or even in reminding the superior when he/she made a mistake.” (Senior Analyst 3)

The changes to organisational communication systems and processes are one of the company’s ‘Transformation Agenda’ programs. According to the company’s official website on ‘Transformation Agenda’ on human resources, the company has determined the following corporate strategies for the development of its human resources:

- Implement an organised and consistent development of employees so that employees have the competency, skills, dedication, high performance and productivity.
- Establish a form of welfare and competitive remuneration and protection to employees according to the standard of oil and gas companies in Indonesia as well as under the existing regulations.
- Establish and develop a broad and a secure industrial relationship in order to create a harmonious and comfortable atmosphere to support high productivity.

(source: the Indo Oil’s official website)

As the Senior Executive 1 argued:

“Without a secure industrial relations system, communication systems and processes won’t run smoothly. With the current changes in Indonesian industrial relations which are subsequently adopted by our industrial
relations system, our communication system and process will run well. Even if change is still happening, that’s normal… it takes time to change the company and especially to change people’s mind within the company. It’s not an easy task. But, I do believe that the company is moving in the right direction.”

6.8 Conclusion

The empirical evidence in the case study organisation demonstrates that the company has a tall, wide and complicated organisational structure. Participants noted some disadvantages associated with the complicated organisational structure on the communication processes. With regard to industrial relations practice, it was managed by the IR division within the HR Department. The evidence has shown that the company has 19 trade unions and 1 federation union present that have more than 90% of union density. The unions were responding to taking care of labour and industrial relations problems as well as being involved in the political interests of the company. The unions have involved some managers on its board of committees to increase its power in the negotiation and bargaining process with the management.

The evidence has shown that all terms and conditions of employment in the company were controlled by the CLA. Interestingly, it covered both permanent and contract employees and was signed by the company and the federation union. Participants suggested that the CLA did not run well, especially in the implementation of sanctions and penalties because of the complexity of bureaucracy in enforcement system within the company.

The industrial dispute settlements were also regulated by the CLA. The CLA stressed ‘musyawarah untuk mufakat’ as a fundamental philosophy in the process of the resolutions. In managing and controlling the process of the settlement, the management developed a system called Industrial Peace Dashboard which can be accessed by authorised staff. Managers argued that the system is completely secure and full of safeguards.

Communication mechanisms within the company were conducted through both formal and informal channels. Participants suggested that various means of communication have been applied in all forms of communication processes within the company.
The satisfaction with the quantity of organisational information received, openness within the company and the relationship between senior management and employees were identified as factors causing communication problems in the case study organisation. Each participant had had different experience in receiving particular information from the company. Participants, who were dissatisfied with the quantity of information received from the management, suggested that they were entitled to know about unpleasant conditions faced by the company. Participants argued that unpleasant information was regarded as a medium for employees to enhance the sense of belonging with the company, to encourage employees’ morale and to forestall possibly adverse conditions. The empirical evidence has shown that the mechanism of information dissemination is ruled by the Handbook of Communication and Information Policy and Guidelines. Manager argued that the handbook was designed to establish a favourable atmosphere and to protect employees’ interests as well as for security reasons.

In connection with the openness, participants indicated a low level of openness in the company. However, managers and executive officers claimed that the level of openness in the company was good and met the standards of the company’s Codes of Conduct. Participants suggested that the openness in the company was influenced by the previous company’s existing culture and style of leadership.

An in-depth interview session with one particular interviewee well-summarised the overall qualitative data, i.e. the communication mechanisms between senior management and employees lacked balance in that they were affected by: the old culture still existing in the company; the style of the CEO and the lack of definite guidelines and policies in regulating the communication mechanisms between senior management and employees. Participants revealed that they didn’t trust the senior management. Participants also notified that employees have been discriminated against for communicating with the senior management. On the other hand, Senior Executive argued that in communicating with the senior management, employees have to follow the formal procedures and use available media selected by the management.

The interviews revealed how the recent shift of the Indonesian industrial relations system has affected the organisational communication systems and processes within the case study organisation. Before the shift, participants illustrated that the communication
processes within the company were formal and stiff; the communication systems were closed and strictly controlled by the management. But after the reformation, participants described that the communication processes within the company were less formal and more cordial; the communication system was open and cooperative. A senior executive argued that the company wanted change by introducing a special program called ‘Transformation’ – an agenda to create and build an extensive and a protective industrial relationship with the purpose of developing a harmonious and comfortable working environment.
Chapter 7: DISCUSSIONS, CONTRIBUTIONS AND RECOMMENDATIONS

7.1 Introduction

This chapter integrates the findings from Chapters 5 and 6 and answers the research questions outlined in Chapter 1. The summary of the research questions of the thesis is presented as follow:

RQ 1: What is the current state of organisational communication systems, including the current state of organisational satisfaction, communication climate, employee communication satisfaction and the quality of organisational communication relationships?

RQ 2: What are the communication mechanisms between management and employees, management and unions, and among employees?

RQ 3: To what extent are communication climate, employee communication satisfaction and the quality of organisational communication relationships significantly related to organisational (job) satisfaction?

RQ 4: To what extent does communication satisfaction mediate the relationship between the communication climate and the quality of communication relationships?

RQ 5: To what extent does job satisfaction mediate the relationship between the communication satisfaction and the quality of communication relationships?

RQ 6: To what extent does job satisfaction mediate the relationship between the communication climate and the quality of communication relationships?

RQ 7: To what extent does communication satisfaction mediate the relationship between the communication climate and the job satisfaction?

RQ 8: What are the particular factors within the communication mechanism that can lead to or exacerbate industrial conflict as a result of communication problems between employees and employers, between management and labour union, and between employees and labour unions?

RQ 9: How are the practices of recent Indonesian industrial relations impacting on the Indonesian workplace?

RQ 10: How can recent changes in Indonesian industrial relations systems influence the systems and mechanisms of communication within Indonesian workplaces especially regarding with industrial conflict?
The first section presents the introduction of the chapter. The second section presents a discussion of quantitative and qualitative findings. Section three provides a number of implications for both theory and practice. Section four provides a number of recommendations for the organisation derived from this research. Section five considers the limitations of this study and makes some recommendations for future study. Finally, this is followed by the concluding remarks.

7.2 Discussion

This part is divided into two sections. The first section outlines the quantitative findings. It begins with a discussion of the findings of statistics descriptive results, Pearson correlations, multiple regressions and factor analysis findings. It presents explanations relating to the extent to which RQ 1 was addressed. It continues with a discussion of the findings related to the extent to which the correlations hypotheses were supported in the study which RQ 3 addressed. This is followed by a discussion of findings related to the mediation hypotheses as proposed in the study in which the RQ 4, 5, 6 and 7 were addressed. Finally, it presents a discussion of findings related to factor analysis in which RQ 8 was addressed.

The second section outlines the qualitative findings. It presents explanations relating to the extent to which the communication mechanism between management, and employees, management and unions and among employees within the case study organisation which RQ 2 addressed. It continues with a discussion of the findings related to particular factors within the communication mechanism that can lead to or exacerbate industrial conflict as a result of communication problems between employees and employers, between management and labour unions and between employees and labour unions which support the factor analysis findings. This is followed by a discussion of findings related to the practices of recent Indonesian industrial relations legislation impacting on the Indonesian workplace, which RQ 9 addressed. Finally, it provides a discussion of the findings linked to recent shifts in Indonesian industrial relations legislation and how this is influencing the systems and mechanisms of communication within Indonesian workplaces, especially with regard to industrial disputes, which RQ 10 addressed.
7.2.1 Discussion of Quantitative Findings

The aims of the research are to map, understand and evaluate the organisational communication processes and systems in a large Indonesian company. The first question in this research intended to map the current level of organisational communication systems including organisational (job) satisfaction, communication climate, communication satisfaction and quality of organisational communication relationships within a large Indonesian company. Results of the data showed high levels of organisational (job) satisfaction, communication climate and quality of organisational communication relationships within the company. The findings on job satisfaction suggested that employees were satisfied not only with their working conditions, pays & benefits and relationships with co-workers but also with how their supervisors supervised, supported and worked with them. However, employees were not as enthusiastic about the company’s promotional system since they felt that not everyone had a chance to be promoted, especially when they did their best work, as the company had inadequate mechanisms for evaluating employee performance and a poor system for promoting qualified individuals on regular basis. Employees were also moderately satisfied with organisational outcomes because they felt that their company was not only inefficient in producing quality products and services but also ineffective in achieving its goals, objectives and communication targets. Table 7-1 presents summary of the statistics descriptive findings for the organisational communication systems.
Table 7-1 Summary of the Statistics Descriptive Findings of the Organisational Communication Systems

<table>
<thead>
<tr>
<th>Variables</th>
<th>Mean</th>
<th>Condition Interpretation</th>
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<tbody>
<tr>
<td><strong>Job Satisfaction</strong></td>
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<tr>
<td>Work Satisfaction</td>
<td>3.69</td>
<td>Satisfied</td>
</tr>
<tr>
<td>Supervision Satisfaction</td>
<td>3.74</td>
<td>Satisfied</td>
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<tr>
<td>Pay and Benefits Satisfaction</td>
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<tr>
<td>Promotion Satisfaction</td>
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<tr>
<td>Co-workers Satisfaction</td>
<td>3.94</td>
<td>Satisfied</td>
</tr>
<tr>
<td>Organisational Outcomes Satisfaction</td>
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<td>Relatively Satisfied</td>
</tr>
<tr>
<td><strong>Communication Climate</strong></td>
<td>3.73</td>
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<td>Trust</td>
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<td>Supportiveness</td>
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<td>Participative Decision Making</td>
<td>3.76</td>
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<tr>
<td>Openness</td>
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<tr>
<td>Concerning High Performance</td>
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<td>Good</td>
</tr>
<tr>
<td><strong>Communication Satisfaction</strong></td>
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<td>Relatively Satisfied</td>
</tr>
<tr>
<td>Satisfaction on the quantity of information received</td>
<td>3.26</td>
<td>Relatively Satisfied</td>
</tr>
<tr>
<td>Information needs</td>
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<td>Adequate</td>
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<td>Information loads</td>
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</tr>
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<td>The Source of information needs</td>
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</tr>
<tr>
<td>The Source of information loads</td>
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<td>Relatively Adequate</td>
</tr>
<tr>
<td><strong>Quality of Organisational Communication Relationship</strong></td>
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</tr>
<tr>
<td>Co-workers</td>
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<td>Good</td>
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<td>Senior management</td>
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<td>Organisation</td>
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</tbody>
</table>

With regard to the communication climate, the findings suggested that the communication climate within the company could be regarded as a cooperative and an acceptable working environment where employees had a good level of trust with their subordinates, supervisors and peers; both employees and the company were strongly committed to high performance and employees felt that the company was supportive. However, the findings showed low levels of openness. Employees felt that they could not say “what’s on their mind” and access to information was difficult - only particular personnel could receive information that improved their abilities to coordinate their work within the organisation, and felt that their superiors rarely listened with an open mind to suggestions or reports made by them.
Relating to communication satisfaction, the findings suggested that employees were quite satisfied with the communication mechanisms within the company. They were also reasonably satisfied with the quantity of information that they received from their workplace especially information about employee benefits and pay, company policies and goals and employees’ progress in their jobs. Employees were satisfied with information from various sources obtained from within their workplace. In addition, employees had moderately high needs for some of the information and a high need for a variety of information sources from within their workplace.

Regarding quality of organisational communication relationships, the findings showed that communication relationships between employees and their immediate supervisors, subordinates and co-workers were good and harmonious. Employees felt that they were able to trust, support and get along with their immediate supervisors, subordinates and co-workers. Employees also felt that that they still could have a suitable communication relationship with their organisation. However, results of data indicated the poor quality of communication relationships between employees and senior management. Employees felt that they mistrusted the senior management because they were perceived to artificial in their efforts to communicate with employees. Employees also felt that their relationship with the senior management was unsatisfactory.

Based on all the findings on the current level of organisational communication systems, it can be concluded that these systems in the case study organisation were somewhat ineffective. This was indicated by the poor quality of some aspects of organisational communication systems. Examples included employee dissatisfaction with the quantity of information received from the organisation, the less-than-open workplace communication system and the poor quality of the relationship between employees and senior management. These findings are consistent with studies conducted by Goldhaber (1993), Pace and Faules (1994), and Tompkins (1967). The thesis confirms that job satisfaction, communication climate, communication satisfaction and quality of organisational communication relationships were important variables of effective organisational communication systems within the workplace.
7.2.1.1 Discussion of the Pearson Correlation Findings

The thesis examined the relationships and mediation relationships among organisational communication dimensions. The first section presents discussions on the relationships among organisational communication dimensions. The second section presents discussions on the mediation relationship among organisational communication dimensions.

7.2.1.1.1 Discussion of the Relationship between Communication Satisfaction and Organisational (Job) Satisfaction

The research examined the relationship between communication satisfaction and job satisfaction. Hypothesis 1 predicted a relationship between communication satisfaction and organisational (job) satisfaction. The correlation findings showed a positive association between communication satisfaction and job satisfaction. These findings are consistent with studies conducted by Mueller and Lee (2002), Wulandari (2000), Falcione, et al. (1977), Pincus (1986) and Wheeless, et al. (1984). Therefore, the findings support for the hypothesis that communication satisfaction is positively related to job satisfaction.

The research also examined the relationship between aspects of communication satisfaction and aspects of job satisfaction. Hypothesis 1a related to the relationship between satisfaction on the quantity of information received and employee satisfaction with work, supervision, pay and benefits, promotion, co-workers and organisational outcomes. The correlation findings showed a positive association between satisfaction with the quantity of information received and all aspects of job satisfaction. These findings are consistent with previous research findings conducted by Sias (2005), Goldhaber, et al. (1978) and Trombetta and Rogers (1988). These findings are therefore supportive of hypothesis 1a that “The level of satisfaction with the quantity of information received will be positively related to employee satisfaction with work, supervision, pay and benefits, promotion, co-workers and organisational outcomes”.

Hypothesis 1b related to the relationship between information loads and employee satisfaction with work, supervision, pay and benefits, promotion, co-workers and
organisational outcomes. The correlation findings found a negative association between information loads and all aspects of job satisfaction. These findings are consistent with previous research which suggests communication satisfaction, especially communication overload sub-dimension, is related negatively to job satisfaction (Roberts & O'Reilly, 1974). Hence, the findings argue that the relationship between information loads and all aspects of job satisfaction are not related.

Hypothesis 1c predicted a relationship between information needed and employee satisfaction with work, supervision, pay and benefits, promotion, co-workers and organisational outcomes. The correlation findings indicated a positive association between information needed and all aspects of job satisfaction. These findings support previous research conducted by Roberts and O'Reilly (1974). Therefore, these findings suggest that the information needed is positively related to all aspects of job satisfaction.

In addition, hypothesis 1d predicted a relationship between sources of information loads and employee satisfaction with work, supervision, pay and benefits, promotion, co-workers and organisational outcomes. There was a negative association between the sources of information loads and all aspects of job satisfaction. Hypothesis 1e related to the relationship between the sources of information needs and employee satisfaction with work, supervision, pay and benefits, promotion, co-workers and organisational outcomes. These findings on hypothesis 1d and 1e are consistent with a previous study conducted by Sussman (1974).

This research suggests that communication satisfaction is significantly related to job satisfaction. When employees felt satisfied with the communication mechanism within the company, they were more likely to be confident and keener to do their work. When employees felt that they: were satisfied with the quantity of information received from the management; got the information that they needed from the company; were able to use the communication channels in the company in communicating with their subordinates, supervisors, peers and the management and were able to get information from various sources of information within the company, then they were more likely to be competent and effectively share information with their subordinates, supervisors,
peers and the management. On balance they were probably quite satisfied with most facets of their workplace conditions. It seem to be consistent with Sias (2005) who suggests the better informed and the more confident they are, the more satisfied employees are in their job. Therefore, this research suggests the better communication processes are, the better informed and the more confident employees are and the more satisfied they are with their jobs.

Overall, this research has demonstrated that the correlation analyses between communication satisfaction and job satisfaction were consistent with the hypothesis suggested in the literature review. Table 7-2 provides a summary of the hypothesis and the related findings.
### Table 7-2 Summary of the Relationship between Communication Satisfaction and Job Satisfaction

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Findings in this Study</th>
<th>Previous Studies</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1a</td>
<td>The level of satisfaction on the quantity of information received will be positively related to employee satisfaction with work, supervision, pay and benefits, promotion, co-workers and organisational outcomes</td>
<td>Positive correlation between satisfaction with the quantity of information received and all aspects of job satisfaction</td>
</tr>
<tr>
<td>H1b</td>
<td>The level of information loads will be positively related to the level of employee satisfaction with work, supervision, pay and benefits, promotion, co-workers and organisational outcomes.</td>
<td>Negative correlation between information loads and all aspects of job satisfaction</td>
</tr>
<tr>
<td>H1c</td>
<td>The level of information needed will be positively related to the level of employee satisfaction on work, supervision, pay and benefits, promotion, co-workers and organisational outcomes.</td>
<td>Positive correlation between information needed and all aspects of job satisfaction</td>
</tr>
<tr>
<td>H1d</td>
<td>The level of the sources of information loads will be positively related to the level of employee satisfaction on work, supervision, pay and benefits, promotion, co-workers and organisational outcomes.</td>
<td>Negative correlation between the sources of information loads and all aspects of job satisfaction</td>
</tr>
<tr>
<td>H1e</td>
<td>The level of the sources of information needs will be positively related to the level of employee satisfaction on work, supervision, pay and benefits, promotion, co-workers and organisational outcomes.</td>
<td>Positive correlation between the sources of information needs and all aspects of job satisfaction</td>
</tr>
</tbody>
</table>
7.2.1.1.2 Discussion of the Relationship between Communication Climate and Job Satisfaction

The thesis examined the association between communication climate and job satisfaction. Hypothesis 2 predicted a relationship between communication climate and job satisfaction. The results of the thesis found a positive correlation between communication climate and job satisfaction. This research confirms that communication climate is positively related to job satisfaction which is consistent with a great number of the previous studies conducted by many organisational researchers, including Applebaum and Anatol (1979), Dennis (1974), Dillard, et al. (1979), Downs (1977), Goldhaber and Rogers (1979) and Peterson and Pace (1976). These findings, therefore, were supportive of hypothesis 2 that “The level of communication climate will be positively related to the level of organisational satisfaction”.

The thesis also examined the special linkage between aspects of communication climate and aspects of job satisfaction. Hypothesis 2a predicted a relationship between trust and employees’ satisfaction with their work, supervision and relationships with their co-workers. Results of the data indicate a positive relationship between trust and employees’ satisfaction with their work, supervision and relationships with their co-workers. The findings indicate support for the interpretation that the relationship between trust and employees’ satisfaction with their work, supervision and relationships with their co-workers was significantly interrelated. These findings are in agreement with Muchinsky’s (1977) conclusions which showed a positive relationship between trust and all job satisfaction aspects, especially satisfaction with work, supervision, pay, promotions and co-workers. It can thus be suggested that trust is positively related to employees’ satisfaction with their work, supervision and relationships with their co-workers.

Hypothesis 2b predicted a relationship between openness and all aspects of job satisfaction. The thesis found a positive relationship between openness and all aspects of job satisfaction. The findings indicate support for the interpretation that the relationship between openness and all aspects of job satisfaction was positively significant. The present findings are consistent with previous studies which found that
Openness was significantly related to job satisfaction (Baird, 1973; Burke & Wilcox, 1969; De Ridder, 2004; Johnson, Donohue, Atkin, & Johnson, 1994; Klauss & Bass, 1982; Nobile & McCormick, 2008; Richmond, McCroskey, & Davis, 1982; Rogers, 1973; Trombetta & Rogers, 1988; Wheeless, Wheeless, & Howard, 1983). It can therefore be suggested that openness is positively related to job satisfaction.

Hypothesis 2c predicted a relationship between supportiveness and some aspects of job satisfaction including work satisfaction, supervision satisfaction and co-worker satisfaction. Results from data show a positive association between supportiveness and employees’ satisfaction with their work, supervision and relationships with their peers. This research confirms that supportiveness is positively related to employees’ satisfaction with their work, supervision and relationships with their peers which is consistent with the studies conducted by Pincus, et al. (1990). Therefore, the findings support the interpretation that the relationship between trust and employees’ satisfaction with their work, supervision and relationships with their peers was positively significant.

Hypothesis 2d predicted a relationship between participative decision-making and some aspects of job satisfaction including work-, supervision- and co-worker satisfaction. The correlations analysis showed a positive association between participative decision-making and employees’ satisfaction with their work, supervision and relationships with their peers. These findings are consistent with research which suggest that participation in decision making is related to job satisfaction (Alutto & Acito, 1974; Daniels & Bailey, 1999; Driscoll, 1978; Jackson, 1983; Miles, 1996; Miller & Monge, 1986; Schuler, 1980; Trombetta & Rogers, 1988; Witt, Andrews, & Kacmar, 2000). Therefore, the thesis suggests that the relationship between participative decision-making and employees’ satisfaction with their work, supervision and relationships with their peers was positively significant.

The thesis suggests that communication climate is significantly related to job satisfaction. When employees feel that their workplace atmosphere is cooperative, in that: there is mutual trust among employees; their superiors help them build and maintain a sense of personal worth and importance; they are free to communicate...
upward with a true sense of influence; message sources and/or communication events are judged believable; there is openness and candour in message “telling” and “listening” and performance goals are clearly communicated to organisation members, they are more likely to be satisfied with all aspects of job satisfaction in their workplace. It can thus be suggested that communication climate was significantly related to job satisfaction.

With regard to trust, the thesis suggests that trust was related to employees’ satisfaction with their work, supervision and relationships with their co-workers. When employees feel that mutual trust exists among their supervisors, subordinates, co-workers and the organisation, they are more likely to be confident and keener to do their work. Then they are more probably largely satisfied with their role in the workplace. Therefore, the results strongly support the proposition that trust was related to job satisfaction.

The thesis also examined the relationship between communication openness and job satisfaction. The thesis argues that openness in workplace communication is positively related to all aspects of job satisfaction. Employees are more comfortable in saying, “What’s on their mind”, they have easy access to and can share information and they feel that their superiors and co-workers are happy to listen consistently and with an open mind to their suggestions or reports. When employees feel that their organisation, supervisors, and co-workers are communicating openly, they will feel more confident and comfortable working with their superiors and co-workers in the workplace. Openness of communication in the workplace may be more desirous of engaging with the employee’s job satisfaction. The general conclusion that can be made is that communication openness and job satisfaction were positively associated.

Relating to supportiveness, the thesis suggests that there is a positive relationship between supportiveness and employees’ satisfaction with their work, supervision and relationships with their peers. Employees are more likely to feel that their immediate supervisor and organisation support them by instilling in them a great deal of confidence to do their jobs; their organisation allows them opportunity to give input to every organisational policy and their supervisor and their organisation supports a diversity of opinions among employees. When employees feel that their organisation
and supervisor are supportive, they will feel more appreciated. This feeling will build a sense of personal worth and importance in the relationship between employees and their supervisor and co-workers as well between employees and the organisation. Feeling valued may encourage employees’ satisfaction in their jobs. Therefore, it can be concluded that supportiveness was positively related to job satisfaction.

In addition, the thesis analysed the relationship between participative decision-making and some aspects of job satisfaction, including work satisfaction, supervision satisfaction and co-worker satisfaction. Employees are more likely to feel that they are kept informed and consulted with in the decision making process concerning organisational policy relevant to their positions if the organisation gives them chances to have their say about organisational policy that is determined by their superior or immediate supervisor. Employees who participate in the decision making process will feel more appreciated in their organisational roles. They will be more likely to accept and implement decisions that have considered their opinions. Then they will happy and satisfied with every organisational policy made by their superiors and the organisation. Therefore, the results offered strong support for the proposition that supportiveness was related significantly to job satisfaction.

Overall, this research has demonstrated that the correlation analyses between communication climate and job satisfaction were consistent with the hypothesis suggested in the literature review. Table 7-3 provides summary of the hypothesis and the related findings.
<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Findings in this Study</th>
<th>Previous Studies</th>
</tr>
</thead>
<tbody>
<tr>
<td>H2</td>
<td>The level of communication climate will be positively related to the level of organisational satisfaction</td>
<td>a positive correlation between communication climate and job satisfaction</td>
</tr>
<tr>
<td>H2a</td>
<td>The level of trust will be positively related to work satisfaction, supervision satisfaction and co-workers’ satisfaction</td>
<td>a positive correlation between trust and work satisfaction, supervision satisfaction and co-workers’ satisfaction</td>
</tr>
<tr>
<td>H2c</td>
<td>The level of supportiveness will be positively related to work satisfaction, supervision satisfaction and co-workers satisfaction</td>
<td>a positive correlation between supportiveness and work satisfaction, supervision satisfaction and co-workers satisfaction</td>
</tr>
</tbody>
</table>
7.2.1.3 Discussion of the Relationship between Quality of Organisational Communication Relationships and Job Satisfaction

The thesis examined the relationship between quality of organisational communication relationships and job satisfaction. Hypothesis 3 predicted a relationship between quality of organisational communication relationships and job satisfaction. Results of data showed a positive correlation between quality of organisational communication relationships and job satisfaction. This research confirms that the quality of organisational communication relationships is positively related to job satisfaction, a conclusion which is consistent with a great number of the previous studies conducted by Jablin (1979), Hatfield and Huseman (1982) and Rodwell, et al. (1998). Therefore, the findings support the interpretation that the relationship between quality of organisational communication relationships and job satisfaction was positively significant.

The thesis also tested the correlation between aspects of quality of organisational communication relationships and particular facets of job satisfaction. Hypothesis 3a predicted an association between the quality of employees’ relationships with their subordinates to both work and supervision satisfaction. Results of data analysis showed that the quality of employees’ relationships with their subordinates is positively related to employees’ satisfaction with their work and supervision. These findings corroborate the ideas of Posner, et al. (1985), who suggested that subordinates who perceived senior managers to have effectively communicated with them reported significantly higher level of employee satisfaction. These findings, therefore, were supportive of hypothesis 3a that “The level of the quality of employees’ relationships with their subordinates will be positively related to both work and supervision satisfaction”.

With regard to employees’ relationship with their co-workers, it was hypothesised in hypothesis 3b that the quality of employees’ relationship with their co-workers will be positively related to work satisfaction and co-worker satisfaction. The correlation analysis indicated that the association between the quality of employees’ relationships with their co-workers to work and co-worker satisfaction was positively significant. These findings are consistent with research conducted by Clampitt and Downs (1993).
and Anderson and Martin (1995). Therefore, the thesis confirms that the quality of employees’ relationships with their co-workers was positively related to both work and co-worker satisfaction.

The thesis analysed the relationship between the quality of employees’ relationships with their immediate superior and work satisfaction and supervision satisfaction. It was predicted in hypothesis 3c that the quality of employees’ relationships with their superiors will be positively related to work satisfaction and supervision satisfaction. The findings showed a positive relationship between the quality of employees’ relationships with their immediate superior and employees’ satisfaction with their work and supervision. These findings support previous research conducted by Downs, et al. (1973) and Mayfield, et al. (1998). It can thus be suggested that the quality of employees’ relationships with their immediate superior is positively related to employees’ satisfaction with their work and supervision.

With regard to employees’ relationships with senior management, it was suggested in hypothesis 3d that the quality of employees’ relationships with senior management will be positively related to work satisfaction, promotion satisfaction, pay and benefits satisfaction and organisational outcomes satisfaction. The thesis found a positive association between the quality of employees’ relationships with senior management and employees’ satisfaction on work, promotion, pay and benefits and organisational outcomes. These findings are consistent with research which found strong relationships between senior management’s supportiveness of employee effort and job satisfaction (Downs & Adrian, 2004; Niehoff, Enz, & Grover, 1990). Therefore, the findings support the interpretation that the relationship between the quality of employees’ relationships with senior management and employees’ satisfaction with work, promotion, pay and benefits and organisational outcomes was positively related.

In addition, the thesis examined the relationship between the quality of employees’ relationships with their organisation and employees’ satisfaction on work, promotion, pay and benefits, and organisational outcomes. Hypothesis 3e related to the association between the quality of employees’ relationships with their organisation and employees’ satisfaction with work, promotion, pay and benefits and organisational outcomes.
Results of the data analysis showed a positive relationship between the quality of employees’ relationships with their organisation and employees’ satisfaction with work, promotion, pay and benefits and organisational outcomes. This research confirms that the quality of employees’ relationships with their organisation was positively related to employees’ satisfaction with work, promotion, pay and benefits and organisational outcomes which is consistent with the previous study conducted by Downs and Adrian (2004).

This research provides evidence that quality of organisational communication relationships is positively related to job satisfaction, therefore contributing to the empirical knowledge of quality of organisational communication relationships. Employees are more likely feel that their quality of communication relationships with all co-workers and their organisation was pleasant and satisfying. When employees have a pleasant and harmonious relationship as well as being able to communicate with the organisation and its members, they are more likely to feel comfortable and happy to do their jobs. Satisfying, pleasant and mutual communication relationships within the workplace create a cooperative and pleasant working atmosphere within the workplace. This will make employees more amenable to do their work. They will also enjoy their working relationships and environment. Consequently their level of job satisfaction will be very high. Therefore, the results offered strong support for the proposition that the quality of organisational communication relationships was related to job satisfaction.

With regard to employee-subordinate relationships, the thesis suggests that the correlation between the quality of employees’ relationships with their subordinates and employees’ satisfaction with their work and supervision was significantly related. When employees feel that their subordinates enjoy mutual trust, they are more likely to feel comfortable and confident in their work. Employees are also more likely to feel that relationships with their subordinates are pleasant and satisfying. Having pleasant and satisfying relationships between employees and their subordinates may encourage employees’ satisfaction with their work and supervision. The general conclusion that can be made is that the quality of employees’ relationship with their subordinates and employees’ satisfaction with their work and supervision were positively associated.
Relating to employee-co-worker relationships, the thesis argues that there is a positive connection between the quality of employees’ relationships with their co-workers and both work and co-worker satisfaction. When employees feel that their peers can get along with each other, they have someone with whom to share experiences in an informal way. With their co-workers, they are more likely to be happy, spontaneous and comfortable enough to share information about work, their problems in the workplace and their personal life stories. Employees need their peers to support and give them advice when they are dealing with problems or difficulties in their work and to cheer them up when they are stressed or sad. Employees are more likely to be spontaneous and relaxed when they talk to their peers. Having friendly and supportive co-workers may enable employees to enjoy and then find fulfilment in their work. Therefore, the results offered strong support for the proposition that the quality of employees’ relationships with their co-workers was significantly related to both work and co-worker satisfaction.

The thesis suggests that the quality of employees’ relationships with their immediate superior is related to both work and supervision satisfaction. Employees are more likely to feel that their immediate superior is someone with whom they can enjoy mutual trust, and especially who wants to listen to them, is sincere and pleasant with them, can be confided in when things go wrong, congratulates them on doing a good job and understands their needs. In this way employees feel that their relationships with immediate superiors are satisfying and pleasing. If employees are fortunate to have good relationships with immediate superiors, they are more likely to be content to do their jobs and be willing to accept instructions from their immediate superiors, and then they will be satisfied with their jobs and how their superiors manage them. Hence, it can be concluded that the quality of employees’ relationships with their immediate superior and employees’ satisfaction with work and supervision were positively associated.

Furthermore, the thesis argues that the relationship between the quality of employees’ relationships with senior management and employees’ satisfaction with work, promotion, pay and benefits and organisational outcomes was positive and significant. When employees feel that senior management can be trusted and is genuine in efforts to
communicate with employees, there will be fewer disagreements between employees and senior management on organisational policy devised at the executive level. Employees want to feel that senior management will listen to and consider their opinion and voice in determining an organisational policy, especially in regard to employment and working conditions. If employees trust senior management, they are probably more willing to agree with, accept and obey the policy. In this way employees will be satisfied with their working conditions, wages and benefits, the company’s performance and promotion system. The general conclusion that can be made is that the quality of employees’ relationships with senior management and employees’ satisfaction with work, promotion, pay and benefits and organisational outcomes were strongly associated.

Relating to employee-organisation relationships, the thesis suggests that there is a positive relationship between the quality of employees’ relationships with their organisation and employees’ satisfaction on work, promotion, pay and benefits and organisational outcomes. Employees like to feel that their organisation supports differences of opinion. They are able to have a say in decisions that affect their job. They are more likely to influence operations in their work unit or department and play a role in accomplishing the organisation's goals. When employees feel that they are part of the organisation, they will feel more confident, satisfied and comfortable in their jobs and will tend to stay with the organisation instead of going elsewhere. Therefore, the results offered strong support for the proposition that the quality of employees’ relationships with their organisation was positively related to employees’ satisfaction with work, promotion, pay and benefits and organisational outcomes.

Overall, this research has demonstrated that the correlation analyses between quality of organisational communication relationships and job satisfaction were consistent with the hypothesis suggested in the literature review. Table 7-4 provides summary of the hypothesis and the related findings.
Table 7-4 Summary of the Relationship between Quality of Organisational Communication Relationship and Job Satisfaction

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Findings in this Study</th>
<th>Previous Studies</th>
</tr>
</thead>
<tbody>
<tr>
<td>H3</td>
<td>The level of the quality of employees’ relationships will be positively related to the level of organisational satisfaction</td>
<td>A positive relationship between quality of employees’ relationships and organisational satisfaction</td>
</tr>
<tr>
<td>H3a</td>
<td>The level of the quality of employees’ relationships with their subordinates will be positively related to work satisfaction and supervision satisfaction</td>
<td>A positive relationship between employees’ relationships with their subordinate and work satisfaction and supervision satisfaction</td>
</tr>
<tr>
<td>H3b</td>
<td>The level of the quality of employees’ relationships with their co-workers will be positively related to work satisfaction and co-worker satisfaction</td>
<td>A positive relationship between quality of employees’ relationships with their co-workers and work satisfaction and co-worker satisfaction</td>
</tr>
<tr>
<td>H3c</td>
<td>The level of the quality of employees’ relationships with their superiors will be positively related to work satisfaction and supervision satisfaction</td>
<td>A positive relationship between quality of employees’ relationships with their superiors and work satisfaction and supervision satisfaction</td>
</tr>
<tr>
<td>H3d</td>
<td>The level of the quality of employees’ relationships with senior management will be positively related to work satisfaction, promotion satisfaction, pay and benefits satisfaction and organisational outcome satisfaction</td>
<td>A positive relationship between quality of employees’ relationships with senior management and work satisfaction, promotion satisfaction, pay and benefits satisfaction and organisational outcome satisfaction</td>
</tr>
<tr>
<td>H3e</td>
<td>The level of the quality of employees’ relationships with the organisation will be positively related to work satisfaction, promotion satisfaction, pay and benefits satisfaction, and organisational outcome satisfaction</td>
<td>A positive relationship between quality of employees’ relationships with the organisation and work satisfaction, promotion satisfaction, pay and benefits satisfaction, and organisational outcome satisfaction</td>
</tr>
</tbody>
</table>

7.2.1.2 Discussion of Mediated Regression Analysis Findings

As noted earlier, the thesis examined the mediation relationship among organisational communication dimensions. This section presents a discussion of mediation relationship that is divided into 2 sections.
7.2.1.2.1 Discussion of Communication Satisfaction as a Mediator in the relationship between Communication Climate and Quality of Organisational Communication Relationships and between Communication Climate and Job Satisfaction

As explained in Chapter 2, some studies suggest that communication satisfaction was significant as a mediator in the association between individual-job congruence, job performance and job satisfaction (Goris, 2007), and between communication practices and job satisfaction and affective organisational commitment (Carrière & Bourque, 2009). The thesis predicted that communication satisfaction would mediate the relationship between communication climate and quality of organisational communication relationships, and between communication climate and job satisfaction. The thesis also examined the mediation effect in the relationship’s particular aspect of those dimensions. The results of mediation regression analysis found that the correlation between the independent variable and the dependent variable was significantly reduced by the inclusion of the mediating variable and the association is significant at the (p < .01) indicating a partial mediation. The findings showed that communication satisfaction partially mediated many of the relationships as well as the particular aspect in any of the relationships that were hypothesised in this research. Therefore hypotheses 4, 4a, 4b, 7, 7a and 7b were supported. Table 7-5 presents summary of hypotheses were supported in this research and the empirical support.
Table 7-5 Summary of Mediated-Regression Hypotheses and the Empirical Support in which Communication Satisfaction as a Mediator

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Predicted Direction</th>
<th>Support</th>
</tr>
</thead>
<tbody>
<tr>
<td>H4</td>
<td>The level of communication satisfaction will mediate the relationship between the level of communication climate and the level of quality of organisational communication relationships</td>
<td>Partial</td>
</tr>
<tr>
<td>H4a</td>
<td>The level of satisfaction on quantity of information received will mediate the relationship between the level of trust and the level of quality of organisational communication relationships</td>
<td>Partial</td>
</tr>
<tr>
<td>H4b</td>
<td>The level of satisfaction on quantity of information received will mediate the relationship between level of openness and level of quality of organisational communication relationships</td>
<td>Partial</td>
</tr>
<tr>
<td>H7</td>
<td>The level of communication satisfaction will mediate the relationship between the level of communication climate and the level of job satisfaction</td>
<td>Partial</td>
</tr>
<tr>
<td>H7a</td>
<td>The level of satisfaction on quantity of information received will mediate the relationship between the level of trust in supervisor and co-workers and the level of supervision satisfaction and co-worker satisfaction</td>
<td>Partial</td>
</tr>
<tr>
<td>H7b</td>
<td>The level of satisfaction on quantity of information received will mediate the relationship between the level of openness and the level of job satisfaction</td>
<td>Partial</td>
</tr>
</tbody>
</table>

The thesis suggests that most respondents, who felt they were working in a pleasant and acceptable atmosphere, were more satisfied with the communication mechanisms and would have better relationships with subordinates, superiors, peers, senior management and the organisation. Employees who felt the level of trust within the workplace was higher, and who were more satisfied with the quantity of information they received, would have better workplace relationships. Employees who felt they had easy access to information and who were more satisfied with the quantity of information that they received would be more likely to have good relationships within the workplace. Therefore, the results offered strong support for the proposition that communication satisfaction partially mediates the relationship between communication climate and quality of organisational communication relationships.

In addition, the thesis suggests that most respondents, who felt their workplace was cooperative and acceptable, would be more satisfied with the communication process and would be more satisfied in their jobs. Employees who enjoyed the mutual trust of their supervisors and co-workers who were more satisfied with the job information received from their supervisor and peer, would be satisfied with the relationships with
their supervisor and peers. Employees who felt the management and the company were open with them, would be satisfied with the quantity of information received from the management and the company, and would be more likely to be satisfied in their jobs. Therefore, it can be concluded that communication satisfaction partially mediates the relationship between communication climate and job satisfaction.

7.2.1.2.2 Discussion of Job Satisfaction as a Mediator in the Relationship between Communication Satisfaction and Quality of Organisational Communication Relationships and Communication Climate and Quality of Organisational Communication Relationships

Previous studies found that job satisfaction was significant as a mediator in the relationship between communication climate and organisational commitment (Trombetta & Rogers, 1988), communication satisfaction and job performance (Pincus, 1986). The thesis hypothesised that job satisfaction would mediate the relationship between communication satisfaction and quality of organisation communication relationships, and communication climate and quality of organisational communication relationships. The thesis also examined the mediation effect in the relationship’s particular aspects of those dimensions. The results of data showed that the correlation between the independent variable and the dependent variable was significantly reduced by the inclusion of the mediating variable and the association is significant at the (p<.01) indicating a partial mediation. The findings indicated that job satisfaction partially mediated many of the relationships as well as the particular aspect in any of the relationships that were hypothesised in this research. Therefore, hypotheses 5, 5a, 5b, 5c, 6, 6a, 6b, 6c and 6d were supported. Table 7-6 presents summary of hypotheses were supported in this research and the empirical support.
### Table 7-6 Summary Hypotheses that were Supported in which Job Satisfaction as a Mediator

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Predicted Direction</th>
<th>Support</th>
</tr>
</thead>
<tbody>
<tr>
<td>H5</td>
<td>The level of organisational satisfaction will mediate the relationship between the level of communication satisfaction and the level of quality of organisational communication relationship</td>
<td>Partial</td>
</tr>
<tr>
<td>H5a</td>
<td>The level of supervision and co-workers satisfaction will mediate the relationship between the level of satisfaction on quantity of information received and the level of superior-subordinate relationship and co-workers relationship</td>
<td>Partial</td>
</tr>
<tr>
<td>H5b</td>
<td>The level of satisfaction with work, pay &amp; benefits, promotion, and organisational outcomes will mediate the relationship between the level of satisfaction on quantity of information received and the level of senior management-employee relationship</td>
<td>Partial</td>
</tr>
<tr>
<td>H5c</td>
<td>The level of satisfaction with work, pay &amp; benefits, promotion, and organisational outcomes will mediate the relationship between the level of satisfaction on quantity of information received and the level of organisational-employee relationship</td>
<td>Partial</td>
</tr>
<tr>
<td>H6</td>
<td>The level of organisational satisfaction will mediate the relationship between the level of communication climate and the level of quality of communication relationship</td>
<td>Partial</td>
</tr>
<tr>
<td>H6a</td>
<td>The level of supervision satisfaction will mediate the relationship between the level of trust in supervisor and the level of employees’ relationship with their immediate supervisor</td>
<td>Partial</td>
</tr>
<tr>
<td>H6b</td>
<td>The level of co-workers satisfaction will mediate the relationship between the level of trust in co-workers and the level of employees’ relationship with co-workers</td>
<td>Partial</td>
</tr>
<tr>
<td>H6c</td>
<td>The level of supervision satisfaction will mediate the relationship between the level of openness and the level of employees’ relationship with their immediate supervisor</td>
<td>Partial</td>
</tr>
<tr>
<td>H6d</td>
<td>The level of co-workers satisfaction will mediate the relationship between the level of openness and the level of employees’ relationship with co-workers</td>
<td>Partial</td>
</tr>
</tbody>
</table>

The thesis suggests that most respondents, who were satisfied with the communication mechanisms, would be satisfied in their job and would have better workplace relationships. Employees who are satisfied with the quantity of information that they received from their supervisor and co-workers, would be more satisfied with their relationships with supervisor and peers. Employees who felt they got adequate information about work, pay and benefits, promotion, and organisational outcomes from senior management and the organisation, were more likely to be satisfied with their work, pay and benefits, promotions and organisational performance and would improve the quality of relationship between employees, senior management and the organisation. Therefore, the results offered strong support for the proposition that job satisfaction
partially mediates the relationship between communication satisfaction and quality of organisational communication relationships.

The thesis suggests that most respondents, who felt their working atmosphere was pleasant and acceptable, would be satisfied in their jobs and would have better workplace relationships. Employees who enjoyed the mutual trust of their supervisor and co-workers, and who were open to communicate with them, would be more satisfied with the relationships with their supervisor and peers. Therefore, the general conclusion that can be made is that job satisfaction partially mediates the relationship between communication climate and quality of organisational communication relationships.

Figure 7-1 illustrates the map for the impact of mediation of communication satisfaction and job satisfaction on organisational communication dimensions’ relationships.
Figure 7-1 Illustration of the Impact of Mediation of Communication Satisfaction and Job Satisfaction on Organisational Communication Dimensions' Relationships

- **Communication Climate**
  - Trust
  - Openness
  - Supportiveness
  - Participative Decision Making
  - High Performance Goals

- **Communication Satisfaction**
  - Satisfaction on quantity of Information received
  - Information Loads
  - Information needs
  - Source of information received
  - Source of information needs

- **Organisational communication relationships**
  - Superior-subordinate relationship
  - Co-workers relationship
  - Senior management – employee relationship
  - Organisational – employee relationship

- **Organisational Satisfaction**
  - Work
  - Supervision
  - Pay and Benefits
  - Promotion
  - Co-workers
  - Organisational outcomes
7.2.1.3 Discussion of Factor Analysis Findings

One of the purposes of this study was to determine how important communication aspects are in creating a possibly inharmonious industrial relations climate in the workplace. Consistent with existing research, the thesis identified inadequate communications as the one of main causes of industrial relations problems in the workplace (Caulkin, 1998; Service, 2000). The low level of employees’ communication satisfaction and job satisfaction as well as the low level of communication climate and superior-subordinate communication relationship can be indicated by inadequate communication in the workplace (Thomas, Zolin, & Hartman, 2009; Trombetta & Rogers, 1988; Wulandari, 2000).

This thesis adds to growing body of evidence which suggests that employee satisfaction with the quantity of information received, the level of communication openness and the quality of communication relationships between employee and senior management in the workplace are the main communication aspects of effective communication in the workplace which are important in building industrial harmonious relations. Three significant communication dimensions could be used as proper indicators whether the communication is adequate or inadequate in the workplace.

The thesis also provides valuable information as to three essential variables that are significant factors in contributing communication problems and industrial disputes in the workplace. Satisfaction with the quantity of organisational information received, openness, and employee-senior management communication relationships were considered very high in every factor in the result of Varimax rotation of factor analysis. Hence, this thesis suggests that employees’ satisfaction with the quantity of organisational information received, openness in the workplace, and employee-senior management communication relationships could be summarised as the communication factors causing industrial disharmony in the workplace.

7.2.2 Discussion of the Qualitative Findings

The thesis mapped and analysed the communication processes in the case study organisation. Results of the qualitative data found that the company has a tall, wide and complicated organisational structure. Consistent with study conducted by Neher (1997)
and (Weick, 1979), the thesis found that this tall, wide and complicated organisational structure has detrimentally affected the communication processes in the case study organisation. Even though communication mechanisms within the company were conducted in both formal and informal channels in which various means of communication were applied, the flow of information within the company was slow and the communication process from the base level to management faced some obstacles. Consistent with studies conducted by Neher (1997), Goldhaber & Rogers (1979) and Weick (1979), the thesis suggests that this tall, wide and complicated organisational structure has detrimentally affected the communication processes in the case study organisation. Therefore, the thesis suggests that there is a greater possibility of communication distortion as a result of additional decision-making steps through each unit in the company. The thesis also argues that due to a large bureaucracy and an elongated hierarchy in the company, the flows of information within the company were becoming slow and time consuming in terms of getting information to their intended recipients.

The thesis examined the industrial relations practices within the company. The findings showed that the company has 19 trade unions and one federation union presence that has union membership at more than 90% of union density. The concept of unionism in the case study organisation was considered as “mitra” (partner) of the management in taking care of labour and industrial relations problems. The findings also showed that the unions had involved some managers on its board of committees to intensify its power in the negotiation and bargaining process with the management as well as to facilitate them to get involved in the political interests of the company. With regard to the CLA, the findings found that the CLA was well-established in that all terms and conditions of employment in the company were controlled by the CLA. Surprisingly, both permanent and contract employees were covered by the CLA but they were signed by the company and the federation union. However, the findings indicated that the implementation of sanctions and penalties by the CLA did not run well because of the complex bureaucracy in enforcement system within the company. In addition, the findings showed that the CLA had regulated the industrial dispute settlements. The CLA stressed ‘musyawarah untuk mufakat’ as a fundamental philosophy in the resolution process. A computer system had been developed to assist the management in
managing and controlling the process of settlement which could be accessed by authorised staff to create and maintain the security of its system. These findings are consistent with research conducted by Rahayu and Sumarto (2003), Rupidara and McGraw (2010) which suggest that the shifts of Indonesian industrial relations system has affected to the unionism, employees’ welfare and industrial dispute settlements process within Indonesian workplaces.

As explained in section 7.2.1.3, the results of Factor Analysis showed that satisfaction with quantity of organisational information received, openness within the company and employees’ relationship between senior management and employees were significantly identified as factors causing communication problems in the organisation. The thesis analysed the qualitative data to validate these findings. Results of qualitative data analysis found that every respondent had had different experiences in receiving particular information from the company. Most respondents, who were dissatisfied with the quantity of information received from the management, felt that they were entitled to know about undesirable conditions faced by the company. This unpleasant information was considered by organisation members as a medium for employees to enhance their sense of belonging with the company, to encourage employees’ morale and to forestall possibly adverse conditions. The findings showed that the mechanism of information dissemination is ruled by the handbook of communication and information policy and guidelines which was designed to establish a favourable atmosphere and to protect employer interests as well as limit access for security reasons.

Furthermore, the findings indicated that most respondents confirmed that the level of openness in the company was low and influenced by the previous company’s existing culture and style of leadership. Nevertheless some respondents claimed that the level of openness in the company was good and met the standards of the company’s Codes of Conduct. The findings of in-depth interviews showed that the communication mechanisms between senior management and employees lacked balance in that they were affected by: the old culture still present in the company; the style of the CEO and the lack of definite guidelines and policies in regulating the communication mechanisms between senior management and employees. Some respondents revealed that they didn’t trust the senior management. Some respondents also indicated that
employees had been discriminated against for communicating with the senior management.

Overall, these findings are consistent with research conducted by Mizuno (2005) which suggest that the lack of communication within the company, labour unions, and the members of the workers’ organisation is also a key source of disputes in Indonesian workplace. The findings also support previous studies conducted by Short (1974), Turnbull, et al. (1976) and Wichman (1970) which suggested that besides communication misunderstanding, types of communication channels, the amount of information provided, the communication blocks between disputants and the quality of relationships between employer, employee and the unions were other potential causes of communication failure in the workplace. Therefore, the thesis confirms that factors causing communication problems in the case study organisation were the satisfaction on quantity of organisational information received, the openness within the company and the quality of communication relationships between top management and employees.

Results of data on the recent shift of the Indonesian industrial relations system showed that this recent shift had affected the organisational communication systems and processes within the case study organisation. Before the shift, some respondents felt that the communication processes within the company were formal and stiff and the communication systems were closed and strictly controlled by the management. But after the reforms, the communication processes within the company were less formal and more cordial; the communication system was more open and cooperative. These findings are consistent with some studies that have examined the influence of industrial relations with the communication processes and systems in the workplace (deSilva, 1998; Morishima, 1991; Munro, 2002; Soykut-Sarica & Şen-Taşbaş, 2011; Yarrington, Townsend, & Brown, 2007). Therefore, it can be concluded that the recent shifts of the Indonesian industrial relations system have some effects to the organisational communication systems and processes within the workplace.

7.3 Implications

This section presents theoretical and practical implications arising from findings of the thesis. The section is divided into two sections as follows:
7.3.1 Theoretical Implications

Results from the present study have some theoretical implications. The organisational communication systems were identified as ineffective in term of employees’ satisfaction on promotion and communication, communication openness in workplace atmosphere and quality of relationship between senior management and employees. Ineffective communication in the organisation was indicated by employees’ dissatisfaction with communication processes, an unpleasant communication climate and poor relationships between employees and senior management. Previous studies identified job satisfaction, communication climate, communication satisfaction and quality of organisational communication relationships as important aspects of effective organisational communication system within the organisation (Goldhaber, 1993; Pace & Faules, 1994; Tompkins, 1967), therefore, the thesis suggests that job satisfaction, communication climate, communication satisfaction and quality of organisational communication relationships are significant for effective organisational communication in the workplace.

This research indicates that communication climate, communication satisfaction and quality of organisational communication relationships were positively associated with employee job satisfaction. Research into organisational communication studies has identified links between communication climate, communication satisfaction, quality of organisational communication relationships and job satisfaction (Pettit Jr, Goris, & Vaught, 1997; Tourish & Owen, 2009; Trombetta & Rogers, 1988). Thus, the thesis suggests that there is a positive relationship between communication climate, communication satisfaction, quality of organisational communication relationships and job satisfaction.

The thesis indicates that communication satisfaction was significant in mediating the relationship between communication climate and quality of organisational communication relationships and job satisfaction. These findings have supported the theory that communication satisfaction is identified as a significant mediator in the relationship between organisational communication dimensions and job satisfaction (Carrière & Bourque, 2009; Goris, 2007). Job satisfaction is also identified as a significant mediator in the relationship between communication satisfaction,
communication climate and job satisfaction. The findings are consistent with research
evidence that job satisfaction significantly mediated the relationship in organisational
communication dimensions and organisational outcomes (Pincus, 1986; Trombetta &
Rogers, 1988). Therefore, the thesis suggests that communication satisfaction and job
satisfaction can be used as a mediator in organisational communication studies.

The thesis indicates that communication processes within the organisation were slow
and facing some communication distortions which were possibly due to the size of the
organisation and the complexity of its organisational structure. These findings are in
accordance with the findings on the organisational communication systems within the
organisation. Therefore, the thesis has supported the theory that organisational structure
provides a set of possible directions in which communication can flow and the style of
communication can be established within organisation (Goldhaber, 1993; Greenbaum,
Ellsworth J.Jr., & Spataro, 1983; McPhee, 1985).

The thesis indicates that factors causing communication problems within the
organisation were the employees’ satisfaction with quantity of organisational
information, the openness within the company and the quality of communication
relationships between senior management and employees. These findings are supported
the theory that inadequate communications, poor quality of communication
relationships and employees’ dissatisfactions were potential causes of communication
failure in the workplace (Short, 1974; Turnbull, et al., 1976; Wichman, 1970).
Therefore, the thesis suggests that workplace communication problems can lead to or
exacerbate industrial conflicts in the workplace.

The thesis indicates that the industrial relations system and practice has an effect on the
organisational communication systems and mechanisms within the workplace. The
findings consistent with some studies which showed the influence of industrial relations
with the communication processes and systems in the workplace (deSilva, 1998;
Morishima, 1991; Munro, 2002; Soykut-Sarica & Şen-Taşbaş, 2011; Yarrington, et al.,
2007). These findings are also consistent with system theory (Goldhaber, 1993; Lewis,
1987; Miller, 2009) which suggests that an organisation is an open system where all
units of an organisation are mutually dependent or interconnecting. Therefore, the thesis
suggests that the industrial relations system and practice, which are also as a sub-system
in the organisation system, affect the organisational communication systems and processes within the workplace.

The thesis has some methodological contributions to the knowledge especially to the field of organisational communication. The OCI survey questionnaire was successfully developed from combining and modifying previous survey questionnaire in communication audit research. The questionnaire was good as a measurement tool indicated by high reliability coefficient. The OCI was valid indicated by acceptable validity scale. The questionnaire was developed in English then translated to Bahasa Indonesia, thus, the application of the OCI survey questionnaire in different country is very acceptable.

7.3.2 Practical Implications

This research has several practical implications for researchers, management practitioners and companies. The findings from this research will provide evidence from a large state-owned company based in Indonesia. The company has a record of industrial disputes with its trade union. The thesis evaluated the organisational communication system and processes in a large Indonesian state-owned company and how communication can cause industrial conflict between management and employees, therefore the practical implications for the company are discussed below.

The thesis provides evidence that the communication systems within the organisation were not running effectively, causing employees’ dissatisfaction with communication processes, an unpleasant communication climate and a poor relationship between employees and senior management. The findings indicated that effective communication creates organisational effectiveness such as employees’ satisfaction with job and communication, an enjoyable communication climate and good relationship among employees in the workplace. Research reported that a vital role of effective communication was generating more understanding, cooperative and productive management-employee relationships and developing employees’ satisfaction and quality of life at the workplace (Smith, 1991). Therefore, the thesis suggests that both HR and Internal Communication departments consider develop communication systems, strategies and human resource practices to enhance employee satisfaction, to improve communication process and to develop harmonious workplace relationships.
In addition, the thesis suggests that HR and Internal Communication departments consider practise a communication system that develops managers’ and executives’ ability to openly communicate job-related information and general organisational conditions to employees so they are more knowledgeable about their working environment. Increasing an employee’s awareness of job and organisational information could be effective in the organisation’s function and performance.

Results show that communication satisfaction, communication climate and quality of organisational communication relationships were related to employees’ job satisfaction. The findings indicated that communication is crucial in an organisation and to employees’ job satisfaction. Some studies support consistently the relationship between communication and job satisfaction (Downs & Adrian, 2004; Pincus, 1986; Ticehurst & Ross-Smith, 1992). Jablin (1980) argued that a subordinate’s relationship with his supervisor was linked to the subordinate’s job satisfaction. Therefore, this research suggests that the organisation should develop communication strategies designed to improve employees’ job satisfaction. As Hart, et al. (1986) suggested, “superiors need to be mindful that they should: share high quality information; provide accurate information gathering, feedback and explanation of results; apply clear and consistent standards, for employees being evaluated”.

The research shows that the employees’ satisfaction on quantity of organisational information, the openness within the company and the relationships between senior management and employees were indicated as causal factors in industrial relations conflicts within the workplace. Putnam and Poole (1987) argue that communication, either its absence or ineffectiveness, is one of the basic elements behind conflict in organisations in that ‘the activity of having and managing a conflict in the workplace occurs through communication’ (p.549). Communication could diminish but also intensify conflict. The thesis suggests that the organisation ideally needs to create an open and informative communicative work environment where employees are confident communicating with their superiors and senior management, are fully informed about circumstances surrounding their work environment and are able to express their feelings to the management. The organisation consider establish an “open door policy” in which the superiors’ and senior management’s doors are always open to employees for suggestions, instant feedback, problems, and face-to-face discussions especially when
misunderstandings soured relations between employees, superiors and senior management.

7.4 Recommendations for the Company

The findings of the thesis reported that communication problems within the workplace were the factors causing industrial conflict there. Based on this finding, some recommendations are offered for the company to improve communication systems and mechanisms in order to reduce internal industrial conflicts as follows:

1. The company’s management consider enhance the communication climate to be more open, democratic, supportive and still pay attention to high performance goals by:
   
a. Developing an open communication policy on organisational and job-related information to create an open and supportive working environment.
b. Implementing the open communication policy genuinely from the topmost to the lowest level.
c. Providing more means of communication for employees to express their feelings, opinions and voices to middle management and senior management.
d. Being active in responding messages sent by employees and the unions.
e. Always giving clear explanations and providing accurate information gathering when employees and the unions ask some questions or request explanations.

2. Results on employees’ job satisfaction show employees’ dissatisfaction with systems of promotion, rewards and punishments. Therefore, this thesis recommends that the company consider developing clear and fair promotion systems. The HR department consider openly, accurately and consistently communicate its procedures and results to employees. The HR department also consider streamline the bureaucratic processes that can slow down the implementation of punishment in a department, unit or branch office.

3. The company consider restructure its organisational structure and bureaucracy. The organisational structure must be developed to serve the organisation’s needs and not to accommodate the political interests of some executives and the ruling party. The neat organisational structure will create fewer communication distortions and transform bureaucracy in the company so that the information will
flow smoothly and immediately within the company from the top to the bottom level of the organisation.

4. The company consider provide information that is most needed by employees. The results of survey on communication satisfaction can be used as a guideline for the company in providing what kind of information the employees needed, considering the source of information and communication channels most used by employees. It should be aware that unnecessary information and lack of communication will contribute to employees’ dissatisfaction and confusion.

5. The company consider establish communication strategies and programs such as regular dialogue events between senior management (especially the CEO) and employees, meetings with employees in the regional areas and teleconferencing with employees in the remote areas to build trust and to enhance a better quality relationship between employees and senior management.

6. The company consider improve managers’ communication and liaison skills in order to facilitate communication between employees and senior management, especially in terms of listening skills, public speaking, group discussions and problem solving by conducting serial communication skills and techniques for managers.

7. The trade unions of the company consider provide communication training to improve its members’ communication skills, especially in communicating and negotiating with senior management so that quality of communication relationships between trade unions and senior management can be enhanced.

8. When the company is facing industrial disputes with its trade unions and employees, the company consider not close the door to communication with them but rather provide the necessary information and clear explanations that they require through appropriate communication conduits such as meeting; respond immediately to every message sent by the unions and employees; and share information honestly about the true conditions, facts and especially problems facing the organisation.
7.5 Limitations and Suggestions for Future Research

As explained in Chapter 4, this research centred on a case study organisation. Research during different periods could have revealed similar findings for organisations quite different from this one. There are also difficulties with generalising into the broader population. However, Yin (2009) suggests that case studies offer considerable assistance in understanding the wider phenomenon being investigated. Hence, whilst the thesis has sought to extend the understanding of organisational communication systems and processes which are operating in a large Indonesian company based on the communication audit research, considerable scope exists for different types and size of organisations in Indonesia as case studies to enhance this understanding. This would gather further data which would assist in mapping, analysing and evaluating how organisational communication systems and processes in organisations are managed and operated, how industrial systems influence the organisational communication systems and processes in organisations and how variances across organisations may be explained and make a contribution to this generally under researched area.

The communication audit research, as adapted, certainly measures intra-organisational communication, but undertakes analysis of information on issues in isolation in that it focuses on a defined dimension of particular interest area, especially with the link between organisational communication dimensions and the different components of other organisational dimensions not being highlighted. Also, this research only focuses in examining communication as factors in industrial disputes within the workplace, but does not consider other dimensions that could be factors causing industrial conflict. Therefore, the thesis suggests that further research can be conducted to examine the relationship between organisational communication dimensions and the different components of other organisational dimensions and to examine other dimensions as factors causing industrial disputes.

Other limitations in this research were that the OCI survey questionnaire had to be translated into Bahasa Indonesia, and there is possibility that the essence of the questions may not have been accurately transmitted. To reduce this possibility, double translations were used to check the translated version. However, the survey questionnaire performed well and can be used for future research. Sample size was
small compared with the population size of the company so it is difficult for this research to generalise its findings to a wider population. More extensive survey research may be warranted to determine if the broader population of organisations in Indonesia has similar concerns and is facing difficulties similar to the participants in this research. The greatest challenge relating to securing the company’s participation in employee surveys involved is the claim by the management that they had difficulties in encouraging employees to participate in the company’s survey. Nevertheless, the researcher was successful in convincing the company and its employees that the survey was fully secure from management intervention and would be beneficial for the company, its trade unions, employees and the researcher.

7.6 Conclusion

This research addressed the issues raised in literature around organisational communication mechanisms, and has suggested possible pathways for future research. The thesis has mapped the current organisational communication process and system in a large Indonesian state-owned company that were ineffective. The thesis has examined this ineffective communication process and system which were significant as factors causing industrial conflict in the Indonesian company. The thesis has also analysed the recent changes in the Indonesian industrial relations system that have affected the current communication process and system in the Indonesian company.

The present study has theoretically and empirically established the relationship of organisational communication dimensions and the mediation relationships. The research findings have supported the view that when the communication process and mechanism within the organisation is ineffective, it can create communication failures in the workplace which can possibly lead to or exacerbate industrial disputes in the workplace.
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Appendix A: HREC Letter Approval

HUMAN RESEARCH ETHICS COMMITTEE

Notification of Expedited Approval

To Chief Investigator or Project Supervisor:  Professor Kenneth Burgess
Cc Co-investigators / Research Students:  Ms Maulina Wulandari

Re Protocol:  Mapping, understanding and analysing the organizational communications process and system in a large private Indonesian organization for the purposes of improving workplace industrial relations

Date:  17-Sep-2009
Reference No:  H-2009-0235
Date of Initial Approval:  17-Sep-2009

Thank you for your Response to Conditional Approval submission to the Human Research Ethics Committee (HREC) seeking approval in relation to the above protocol.

Your submission was considered under Expedited review by the Chair/Deputy Chair.

I am pleased to advise that the decision on your submission is Approved effective 17-Sep-2009.

In approving this protocol, the Human Research Ethics Committee (HREC) is of the opinion that the project complies with the provisions contained in the National Statement on Ethical Conduct in Human Research, 2007, and the requirements within this University relating to human research.

Approval will remain valid subject to the submission, and satisfactory assessment, of annual progress reports. If the approval of an External HREC has been "noted" the approval period is as determined by that HREC.

The full Committee will be asked to ratify this decision at its next scheduled meeting. A formal Certificate of Approval will be available upon request. Your approval number is H-2009-0235.

If the research requires the use of an Information Statement, ensure this number is inserted at the relevant point in the Complaints paragraph prior to distribution to potential participants You may then proceed with the research.

**IMPORTANT** - PLEASE NOTE AND ACTION THE FOLLOWING:

1. Organization Information Statement – minor typographical errors:
   a. There is a word missing in the second para at ‘…in the Indonesian which has linked…’ Please review and amend.
   b. Page 2, amend 3rd para to "…results of the research available in March 2012."

2. Organization Consent Form
Include specific consent regarding the Human Resource Department distributing the Information Statement for Survey Participants, and the Information Statement and Consent Forms for Interview Participants.

3. Information Statement for Survey Participants
As this Information Statement is for the survey participants, their consent is simply implied by the return of the anonymous survey (i.e. there is no separate Consent Form for this group). Delete the words in the fifth paragraph "...and then sign a Consent Form".

### Conditions of Approval

This approval has been granted subject to you complying with the requirements for Monitoring of Progress, Reporting of Adverse Events, and Variations to the Approved Protocol as detailed below.

PLEASE NOTE:
In the case where the HREC has "noted" the approval of an External HREC, progress reports and reports of adverse events are to be submitted to the External HREC only. In the case of Variations to the approved protocol, or a Renewal of approval, you will apply to the External HREC for approval in the first instance and then Register that approval with the University's HREC.

- **Monitoring of Progress**

Other than above, the University is obliged to monitor the progress of research projects involving human participants to ensure that they are conducted according to the protocol as approved by the HREC. A progress report is required on an annual basis. Continuation of your HREC approval for this project is conditional upon receipt, and satisfactory assessment, of annual progress reports. You will be advised when a report is due.

- **Reporting of Adverse Events**

1. It is the responsibility of the person first named on this Approval Advice to report adverse events.
2. Adverse events, however minor, must be recorded by the investigator as observed by the investigator or as volunteered by a participant in the research. Full details are to be documented, whether or not the investigator, or his/her deputies, consider the event to be related to the research substance or procedure.
3. Serious or unforeseen adverse events that occur during the research or within six (6) months of completion of the research must be reported by the person first named on the Approval Advice to the (HREC) by way of the Adverse Event Report form within 72 hours of the occurrence of the event or the investigator receiving advice of the event.
4. Serious adverse events are defined as:
   - Causing death, life threatening or serious disability.
   - Causing or prolonging hospitalisation.
   - Overdoses, cancers, congenital abnormalities, tissue damage, whether or not they are judged to be caused by the investigational agent or procedure.
   - Causing psycho-social and/or financial harm. This covers everything from perceived invasion of privacy, breach of confidentiality, or the diminution of social reputation, to the creation of psychological fears and trauma.
   - Any other event which might affect the continued ethical acceptability of the project.
5. Reports of adverse events must include:
   - Participant's study identification number;
   - date of birth;
   - date of entry into the study;
- treatment arm (if applicable);
- date of event;
- details of event;
- the investigator's opinion as to whether the event is related to the research procedures; and
- action taken in response to the event.

6. Adverse events which do not fall within the definition of serious or unexpected, including those reported from other sites involved in the research, are to be reported in detail at the time of the annual progress report to the HREC.

- **Variations to approved protocol**

If you wish to change, or deviate from, the approved protocol, you will need to submit an Application for Variation to Approved Human Research. Variations may include, but are not limited to, changes or additions to investigators, study design, study population, number of participants, methods of recruitment, or participant information/consent documentation. **Variations must be approved by the (HREC) before they are implemented** except when Registering an approval of a variation from an external HREC which has been designated the lead HREC, in which case you may proceed as soon as you receive an acknowledgement of your Registration.

**Linkage of ethics approval to a new Grant**

HREC approvals cannot be assigned to a new grant or award (i.e. those that were not identified on the application for ethics approval) without confirmation of the approval from the Human Research Ethics Officer on behalf of the HREC.

Best wishes for a successful project.

Associate Professor Alison Ferguson
Chair, Human Research Ethics Committee

*For communications and enquiries:*
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Appendix B: Organisation Consent Form

Organization Consent Form for the Research Project:
Mapping, Understanding, and Analysing
The Organizational Communications Process and System
In a Large Private Indonesian Organization
For the Purposes of Improving Workplace Industrial Relations

This organization agrees to participate in the above research project.
We understand that the project will be conducted as described in the Information Statement, a copy of which we have retained.
We understand that we can withdraw from the project at any time and do not have to give any reason for withdrawing.
We have had the opportunity to have questions answered about the research to our satisfaction.

Print Name: _______________________________________________________________

For and on behalf of: ________________________________________________________

Contact Details: ___________________________________________________________

Signature: ___________________________ Date: ______________________

Should you have concerns about your rights as a participant in this research, or you have a complaint about the manner in which the research is conducted, it may be given to the researcher, or, if an independent person is preferred, to the Human Research Ethics Officer, Research Office, The Chancellery, The University of Newcastle, University Drive, Callaghan NSW 2308, Australia, telephone (02) 49216333, email Human-Ethics@newcastle.edu.au, or Rector, University of Brawijaya, Gedung Pusat Lantai 7, Jalan Veteran 1-4, Malang East Java, Indonesia 65142
Appendix C: The Organisational Communication Inventory (OCI) Questionnaire Survey

Doctoral Research Project

INSTRUMENT OF THE ORGANISATIONAL COMMUNICATION INVENTORY

Conducted By:

Professor John Burgess
Dr John Lewer
Maulina Pia Wulandari, S.Sos, M.CommSc

Newcastle Business School
Faculty of Business and Law
University of Newcastle
Australia
2009

For more information on this questionnaire please contact the author, maulina.wulandari@uon.edu.au
Appendix D: The Bahasa Indonesia’s version of The OCI Survey Questionnaire Survey

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Kuesioner untuk proyek penelitian:

Mapping, Understanding, and Analysing  
The Organizational Communications Process and System  
In a Large Private Indonesian Organization  
For the Purposes of Improving Workplace Industrial Relations

INSTRUMENT ORGANISATIONAL COMMUNICATION INVENTORY

For more information on this questionnaire please contact the author, maulina.wulandari@uon.edu.au
Information Statement for the Research Project:
Mapping, Understanding, and Analysing
The Organizational Communications Process and System
In a Large Private Indonesian Organization
For the Purposes of Improving Workplace Industrial Relations

Document Version 3; 05/09/2009

For Survey Participants

Maulina Pia Wulandari is conducting research examining the organizational communication processes in a large private Indonesian organization, as part of her doctoral thesis, in the Newcastle Business School at University of Newcastle, Australia. This research is being conducted under the supervision of Professor John Burgess, and has received the approval of the University of Newcastle Human Research Ethics Committee.

Why is the research being done?
This research will examine employee relations as the communication process between and within organization among managers, employees, and labour unions. Research has found that effective management of communication processes contributes towards improving organizational life through: increased productivity, decreased absenteeism, advanced quality (of service and products), increased levels of innovation, reduced industrial action and reduced costs.

Research has found a low degrees of employee satisfaction with the communication processes and job satisfaction was possible causes of conflict between employee and management in Indonesian companies. To date there has been no comprehensive research in the Indonesian context that has linked the organisational communication system with the industrial relations environment.

Who can participate in the research?
We are seeking participation from employees who are managers in the head office, full time employees and trade union committee members. Your name was selected at random from the Employment databank held by Human Resource Department. Employees who are less than 18 years old and who have been working less than 2 years are not eligible to participate in this research.
**What choice do you have?**
Participating in this study is completely voluntary and you are not under any obligation to participate. In order to participate, you must first read the Information Statement and then sign a Consent Form. Completion of the survey and its postal submission to the researcher will be taken as your voluntary consent to participate.

**What would you be asked to do?**
You will be asked to complete the attached survey. When you have completed the survey, please seal it in the pre-paid envelope and post it to the researcher.

**How much time will it take?**
The survey will take approximately 30 minutes to complete.

**What are the risks and benefits of participating?**
There are no risks associated with participating in this research project. The surveys do not identify individual respondents. The replies are sealed and will return by post to the researcher. Only the researcher will have access to survey returns. The potential benefits from the project are associated with improved communication processes within the organization.

**How will your privacy be protected?**
The surveys do not ask for any personal identification. Completed surveys will only be accessed by the researcher. The data will be stored in an appropriate secure facility on campus at University of Newcastle, and will be kept for a period of 5 years following the completion of the research project.

You are welcome to view the results of the research, which will be available in March 2012 (please contact the researchers directly for a summary of results).

**How will the information collected be used?**
Research data will be collated and analysed in a student thesis, and research findings may be disseminated in a doctoral thesis, edited publications, through conference presentations or media release, and utilised in the development of educational or prevention-based programs. Only group data will be used for research purposes and in any future research publication. Individual responses will not be reported at any point. Individual participants will not be identified in any reports arising from the project.

**What do you need to do to participate?**
Please read this Information Statement and be sure you understand its contents before you agree to participate. If there is anything you do not understand, or you have questions, contact the researcher.

If you would like to participate, please complete and return the attached anonymous questionnaire in the reply paid envelope provided. This will be taken as your informed consent to participate.
Further information
If you would like further information, please do not hesitate to contact Ms. Maulina Pia Wulandari at her e-mail address maulina.wulandari@studentmail.newcastle.edu.au. If you would like to provide feedback about the survey, you can do so by emailing the researchers directly.

Thank you for considering this invitation.

Maulina Pia Wulandari  Professor John Burgess
Researcher          Supervisor

Complaints about this research

This project has been approved by the University’s Human Research Ethics Committee, Approval No. H-2009-0235
Should you have concerns about your rights as a participant in this research, or you have a complaint about the manner in which the research is conducted, it may be given to the researcher, or, if an independent person is preferred, to the Human Research Ethics Officer, Research Office, The Chancellery, The University of Newcastle, University Drive, Callaghan NSW 2308, Australia, telephone (02) 49216333, email Human-Ethics@newcastle.edu.au, or Rector, University of Brawijaya, Gedung Pusat Lantai 7, Jalan Veteran 1-4, Malang East Java, Indonesia 65142.
Appendix F: Interview Information Statement

Information Statement for the Research Project:
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Research has found a low degrees of employee satisfaction with the communication processes and job satisfaction was possible causes of conflict between employee and management in Indonesian companies. To date there has been no comprehensive research in the Indonesian context that has linked the organisational communication system with the industrial relations environment.

Who can participate in the research?

We are seeking employees who hold the position of a Middle level Manager, a Top-level manager, Branch Manager, Head of a Sub Department, and members of the labour union committee in all departments to participate in this research. Your name was selected from the Employment databank held by Human Resource Department. Employees who are less than 18 years old and who have been working less than 2 years are not eligible to participate in this research.
What choice do you have?
Participating in this study is completely voluntary and you are not under any obligation to participate. In order to participate in the interview you must first read the Information Statement and then sign a Consent Form. You can withdraw any time prior to coming in the interview. You have the right to withdraw from the interview at any time. You also have the right to examine the recorded transcript of the interview.

What would you be asked to do?
If you agree to participate, you will be asked to answer questions directly to the researcher. Each interview will be conducted face-to-face in a convenient location of the participant’s choosing. The researcher also can offer you a location that will assure your privacy.

Each interview will start with the tape recorder turned off. You will be reminded of the purpose of the interview and its duration and structure. You will be given the opportunity to ask questions before the interview commences and were reminded that they were free to cease the interview and/or withdraw their consent at any time.

How much time will it take?
The interviews will range in duration from forty to ninety minutes. The average interview time was one hour. Each interview is continued as long as the participant chose to be interviewed.

What are the risks and benefits of participating?
This research has direct implications for policy relating to internal company communication system and industrial relations. There are no direct risks or disadvantages involved in your participation in the present study. It has also no neglected implication in your employment. If you have any questions or concerns about the research, you should contact Maulina Pia Wulandari.

How will your privacy be protected?
If you agree to take part in this research, every effort will be taken to ensure you remain anonymous. The results from this research will be presented in a way that prevents you from being identified. The data will be stored in an appropriate secure facility on campus at University of Newcastle, and will be kept for a period of 5 years following the completion of the research project. Any information that you provide can be disclosed to third parties only if (1) it is used to protect you or others from harm (2) a court order is produced, or (3) you provide the researchers with written permission.

All aspects of the study, including results, will be strictly confidential and only the researchers will have access to information on participants. A report of the study may be submitted for publication, but individual participants will not be identifiable in such a report. Only the primary and supervising investigators will have access to this grouped data. You are welcome to view the results of the research, which will be available in March 2012 (please contact the researchers directly for a summary of results). Because of the nature of the data collection, we are not able to obtain written informed consent from you.

How will the information collected be used?
Research data will be collated and analysed in a student thesis, and research findings may be disseminated in doctoral thesis, edited publications, through conference presentations or media release, and utilised in the development of educational or prevention-based programs. Only group data will be used for research purposes and in any future research publication. Individual responses will not be reported at any point. Individual participants will not be identified in any reports arising from the project.

What do you need to do to participate?
Please read this Information Statement and be sure you understand its contents before you consent to participate. If there is anything you do not understand, or you have questions, contact the researcher. Should you wish to participate, please send the completed Consent Form to the researcher in the replied paid envelop provided.

Further information
If you would like further information, please do not hesitate to contact Ms. Maulina Pia Wulandari at her e-mail address maulina.wulandari@studentmail.newcastle.edu.au. If you would like to provide feedback about the survey, you can do so by emailing the researchers directly.

Thank you for considering this invitation.

<table>
<thead>
<tr>
<th>Maulina Pia Wulandari</th>
<th>Professor John Burgess</th>
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<tr>
<td>Researcher</td>
<td>Supervisor</td>
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</table>

**Complaints about this research**

This project has been approved by the University’s Human Research Ethics Committee, Approval No. H-2009-0235. Should you have concerns about your rights as a participant in this research, or you have a complaint about the manner in which the research is conducted, it may be given to the researcher, or, if an independent person is preferred, to the Human Research Ethics Officer, Research Office, The Chancellery, The University of Newcastle, University Drive, Callaghan NSW 2308, Australia, telephone (02) 49216333, email Human-Ethics@newcastle.edu.au, or Rector, University of Brawijaya, Gedung Pusat Lantai 7, Jalan Veteran 1-4, Malang East Java, Indonesia 65142.
Appendix G: Consent Forms

Consent Form for the Research Project:
Mapping, Understanding, and Analysing
The Organizational Communications Process and System
In a Large Private Indonesian Organization
For the Purposes of Improving Workplace Industrial Relations

Maulina Pia Wulandari

Document Version 1: 4/9/09
For Interview Participants

I agree to participate in the above research project and give my consent freely.

I understand that the project will be conducted as described in the Information Statement, a copy of which I have retained.

I understand I can withdraw from the project at any time and do not have to give any reason for withdrawing.

I consent to participating in an interview and having it recorded.

I understand that I can request that the interview be stopped at any time I request; that the tape be stopped when I request and I have a right to examine the transcript of my interview.

I understand that my personal information and identity will remain confidential and will not be revealed by the researchers.

I have had the opportunity to have questions answered about the research to my satisfaction.
Print Name: _______________________________________________________________

Contact Details: _________________________________________________________

Signature: ____________________________________  Date: ______________________

Should you have concerns about your rights as a participant in this research, or you have a
complaint about the manner in which the research is conducted, it may be given to the
researcher, or, if an independent person is preferred, to the Human Research Ethics Officer,
Research Office, The Chancellery, The University of Newcastle, University Drive, Callaghan
NSW 2308, Australia, telephone (02) 49216333, email Human-Ethics@newcastle.edu.au, or
Rector, University of Brawijaya, Gedung Pusat Lantai 7, Jalan Veteran 1-4, Malang East Java,
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Consent Form for the Research Project:

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Maulina Pia Wulandari

Document Version 1: 4/9/09

For Survey Participants

I agree to participate in the above research project and give my consent freely.

I understand that the project will be conducted as described in the Information Statement, a copy of which I have retained.

I understand I can withdraw from the project at any time and do not have to give any reason for withdrawing.

I consent to participating in a survey and complete a questionnaire.

I understand that my personal information and identity will remain confidential and will not be revealed by the researchers.

I have had the opportunity to have questions answered about the research to my satisfaction.

Signature: ______________________________ Date: ______________________

Should you have concerns about your rights as a participant in this research, or you have a complaint about the manner in which the research is conducted, it may be given to the researcher, or, if an independent person is preferred, to the Human Research Ethics Officer, Research Office, The Chancellery, The University of Newcastle, University Drive, Callaghan NSW 2308, Australia, telephone (02) 49216333, email Human-Ethics@newcastle.edu.au, or Rector, University of Brawijaya, Gedung Pusat Lantai 7, Jalan Veteran 1-4, Malang East Java, Indonesia 65142
Appendix H: List of Interview’s Questions

EXPLORATORY INTERVIEW GUIDE

1. Auditor: Introduce yourself and explain the purpose of the interview

2. Identify name and position of the interviewee

3. Describe your position in the organisation
   a) What are your main responsibilities and duties?
   b) With whom or to what position do you regularly communicate?
   c) What factors tend to facilitate your effectiveness on the job? Please give me an example
   d) What, if anything, inhibits your effectiveness?

4. Describe your organisation’s:
   a) Culture
   b) Philosophy
   c) Objectives
   d) Goals

5. Describe the way decisions are made in your organisation
   a) What decision do you normally make?
   b) What information do you need to make these decisions?
   c) With whom do you usually discuss when you want to make a decision?
   d) How the process of decision-making do you usually do? Is it involving a discussion with your subordinate?

6. Who usually give you information that you need? What kind of information do you need? How do you receive information? How often?

7. How you communicate with your subordinates: formally and informally? How your subordinates communicate with you: formally and informally? How often is there communication?

8. What kinds of communication channel that do you usually use when you communicate with your subordinate? What kinds of communication channel that do your subordinate usually use when they communicate with you?
9. How you communicate with co-workers: formally and informally? How your co-workers communicate with you: formally and informally? How often are these communications?

10. Describe for formal channels through which you typically receive the information from your superior/subordinate/co-workers?

11. What kinds of information do you tend to receive from your superior or subordinate? How often? What kinds of information do you tend to send to your subordinate or superior? How often?

12. How often do you receive information of little value? Give an example. How often are you overloaded with information? Give an example. How often do you feel you get too little information? Give an example.

13. Describe the informal channels through which you typically receive information

   a) What kind of information do you hear?

   b) How active and important are the informal channels?

14. What are the major communication strengths of the organisation? Be Specific

15. What are the major communication weaknesses of the organisation? Be Specific

16. What do you see as the greatest unresolved communication problem of this organisation?

17. When industrial dispute take places,

   a. What kinds of information do you tend to receive from your subordinate or superior?

   b. With whom do you usually discuss or communicate?

   c. What kind of formal and informal communication do you use when you are communicating with your subordinate or superior?

   d. What kinds of information do you want to give to your subordinates?

   e. What kind of formal and informal communication channel that do you usually use to explain the problem to your subordinates?

   f. How is your communication process with your subordinates in your department, your co-workers, and your superior?

   g. Do you communicate outside of the workplace? To whom do you communicate: other workplaces of the organisation; other employers; government; the media? How do you communicate?
18. When internal conflict occurs,
   a. What normally causes conflict here? Give examples
   b. What are major communication problems that can exacerbate the conflict?
   c. What kinds of information do employees tend to receive? How do employees get information?
   d. What kinds of information does top management give to employees?
   e. What kind of formal and informal communication channel do top management use to explain the problem to employees and trade union?
   f. What kind of formal and informal communication do management, employees, and trade union usually use to communicate with each other?
   g. How is it resolved?

19. Describe the communication relationship you have with:
   a) Your immediate supervisor, if applicable
   b) Top management
   c) Co workers
   d) Subordinate
   e) Trade unions
   f) Outside organisations such as government and the media

20. How would you evaluate the communication from top management to employees?

21. How would you describe the general communication climate here?

22. Describe the chain of command in this organisation and your department. How does it operate? To whom does the information flows?

23. What criteria for effective communication are used in this organisation? How do these compare with the way people talk about communication? How does the effective communication can be improved?

24. Is there anything that I have left out that I should have included?
Appendix I: Publication

The following publications contain material arising from the thesis:


