

## Chapter 5

# Ignoring Commitment of Labor's Welfare: Evidence in State-Owned Enterprise Cement Holding of PT Semen Indonesia (Persero) Tbk

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### ABSTRACT

*Despite many challenges ahead, the state-owned enterprises' roadmap to establish several new forms of holdings are still progressing in Indonesia. Indonesia's government believes that holdings are the best answer to manage all of 143 remaining state-owned enterprises for ease of control, efficiency, effectiveness in operations, and as a driver to boost bigger profit as well. Based on evidence in the state-owned enterprise PT Semen Indonesia's holding, the holding is tending to ignore labor's welfare. Welfare attention has diverted, and unfortunately, only a few are discussing about labor and its rights, especially in justifying distributing annually bonuses. This chapter investigates that holdings' implementation in Indonesia is significantly contrary in terms of labor's views compared with the original theory to build strong corporations for developing better welfare for all parties.*

DOI: 10.4018/978-1-7998-3515-8.ch005

## **INTRODUCTION**

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

Within period 2014-2019, the Indonesia SOEs' Ministry plans to establish at least six holdings, which only two of them have been indicating on stream as planned. The new two holdings recently established are Mining's holding led by the Indonesia Aluminum (PT Inalum), and Oil and Gas Holding led by PT Pertamina. The other four holdings respectively holding for banks, constructions, highways, and housings; all were failed to be established in due time. However, the Ministry again has stated to establish new other kinds of holding of pharmacy and holding of aviation.

The most issues then occurred within intern organization especially coming from labor. Due confidential information and strictly access, they collect information by their own and some of them gather information by learn and share through its union, union federation, and union confederation as well. The effective way to assembly information and knowledge according their considerations is visiting or making comparison study, benchmarking each other, seminar, or establish certain focus group discussion (FGD) to the other Union's colleagues who earlier had made their corporations as holding company.

## **LITERATURE REVIEW**

### **Understanding Holding**

In term of definition, a holding company is a company that does not have any operations, activities, or other active business itself. Instead, the holding company owns assets (Kennon, 2018). These assets can be shared as capital, inventories, or stock in other corporations, limited liability companies, limited partnerships, private equity funds, hedge funds, publicly traded stocks, bonds, real estate, song rights, brand names, patents, trademarks, copyrights, or virtually anything else that has value.

Holdings are shall controlling several groups of its businesses without directly operate of them day-to-day. The different things, holdings elect a board of directors to protect and assure their interests. That board, among its other responsibilities such as determining the dividend, managing effective operational, centralizing corporate

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