

Does Quality of Work Life Influence Competitiveness? A Comparison between Indonesia and Vietnam¹

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ABSTRACT

Purpose: The aim of this study is to critically analyse what labour factors within Vietnam's country competitiveness that contributed to higher performance growth in its textile industry compare to Indonesian performance. This study also discusses labours' working condition in Indonesia and in Vietnam and how we could improve Indonesian textile industry.

Design/methodology/approach: This research used a quantitative approach by using data of Vietnam and Indonesia organized by Better Work, ILO in which both authors responsible in the data collection in Indonesia.

Findings: The result indicated that there are several labour factors in Indonesia that need to be improved, such as working conditions related to Occupational Safety and Health (OSH), required training, working time, timely payment, harassment and abuse and life satisfaction. Nevertheless, this study also reveal that there are several factors in Indonesia that have better condition compare to Vietnam, i.e. less discrimination, better disclosure to their supervisors or union representatives and less confusion on target quota. Knowing our position compare to competitors would hopefully help companies to reach better productivity, hence improving its competitiveness.

Originality/value: Most studies look at some partial issue of working condition. This research tries to capture the overall issues of work life quality and use the same questioner to portray Indonesian and Vietnam working condition.

Keywords: Quality, Work life, OSH, Labour factors, Indonesia, Vietnam

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INTRODUCTION

One of the key businesses and major contributed industry in Indonesia is textile and products of textile (TPT) industry (BPS, 2012) because it acts as (1) the high contributor to GDP and (2) the massive employer in Indonesia's industrial and manufacturing sector. TPT industry employed 1.47 million workers in 2011, which equated to just over 10% of the total Indonesian manufacturing workforce (the Indonesian Ministry of Industry, 2012).

Among the non-oil & gas industries, the TPT industry is one of the key contributors to Indonesia GDP and ranked as no 4 after Food, Transportation and Fertilizer industry (Ministry Industry of Indonesia, 2011). Average contribution of textile, leathers, and footwear industry from 2006-2010 is 2.24% of total Indonesia GDP. However, the share of textile, leathers, and footwear industry was decreasing from 2006 to 2010, which according to Kuncoro (2011; 2007) it indicates that a deindustrialization exists in the Indonesian textile industry and its products (TPT), including apparel industry.

Based on Figure 1, we can see that there is a sluggish trend of the growth rate on the Indonesian TPT export performance compared to other countries. Meanwhile, Vietnam's performance growth rate in TPT industry has been increasing since 1997, unfortunately Indonesian performance was in the bottom since 2002. It was estimated that Vietnam growth rate performance in 2010 would increase almost 25 times, while Indonesia only increased 5 times since 1990. One of the most plausible explanation was because Vietnam has been using newer and cutting to the edge of technology (Perangin-angin, 2009).

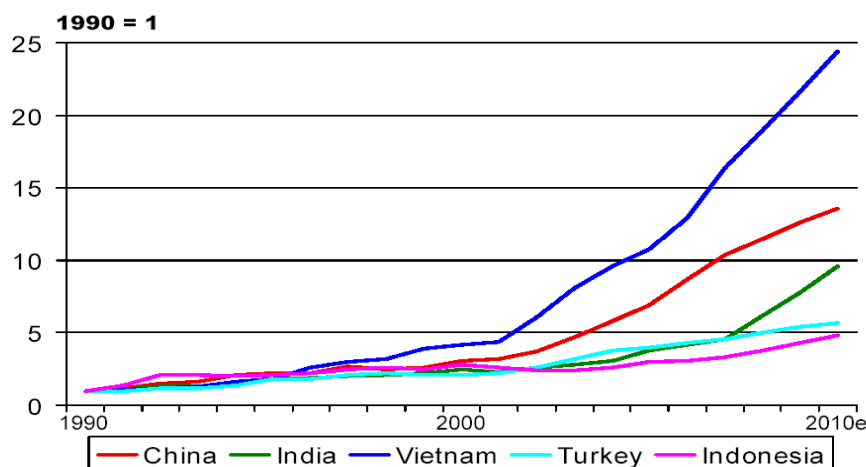


Figure 1: Performance Growth of Leading TPT Exporter Countries

Source: Oerlikontex and Sekretariat Bersama Pemintalan-Sekbertal (2007)

Indonesia's TPT export plays important role in Indonesia's national exports. According to BPS, during the period of January to December 2011, the Indonesian TPT exports amounted to 6.6 percent of total Indonesian national exports. If we compare the TPT export values of Indonesia and Vietnam's (Figure 2), actually Indonesia was ahead of Vietnam but in 2010 Vietnam started to be in the same position as Indonesia. In 2011, Vietnam was excelling Indonesia with 16% gap of export value.

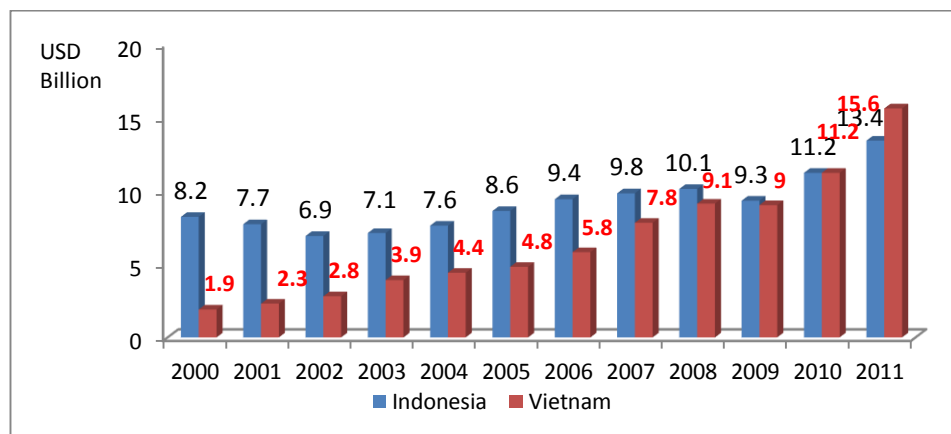


Figure 2: Indonesia's and Vietnam's Textile and Products of Textile (TPT) Export Value
2000 – 2011

Source:

1. Indonesian Statistic Board and processed by Indonesian Textile Association (API)
2. General Department of Vietnam Customs
3. Vietnam Ministry of Industry and Trade

Instead of industrial and technological problem, there are several labor issues that we have to pay attention, such a minimum wage, working hours, working conditions, and so on which ultimately could influence industry competitiveness. A study conducted by Wahyuni & Fachri (2011) shows that the compliance rate² of Indonesian garment in Jabodetabek (Jakarta, Bogor, Tangerang, Depok) area is 76. The compliance rate portrays how the company treats its workers and the actual working condition in the company that the workers must deal with (the score range from 1-100). It means there are some working conditions need to be improved. Nevertheless, if we compare to 1997 Indonesian compliance rate in garment industry, there have been some improvements on the area of

² The compliance rate in the research of Wahyuni & Fachri (2011) was evaluated by Better Work survey method, by measuring the company's compliance with the labor standards and regulations from international (ILO) and domestic.

minimum wage, access to toilet, the availability of health clinics, less accidents and the increase of collective bargaining.

The working condition problems could lead to work dissatisfaction and unhappiness. If the worker are not satisfied with their working condition, it could result in a high level of employee turnover and absenteeism (Hardy, Woods & Wall in Greenberg & Baron, 2008), the resignation of employees (Boswell, Boudreau & Tichy, 2008), a decrease in mental health (Blegen, in Kreitner & Kinichi, 2007), and the low level of cooperation, attitude, easily bored and reduced productivity (Ansari in Zhang, DeMichele & Connaughton, 2004). Whereas job satisfaction will result in positive behavior, increase motivation, create a more productive worker and offer greater benefits from the company (Judge & Illies, in Greenberg & Baron, 2008). As a result, the impacts of work dissatisfaction could hurt the company's productivity. According to Porter (1990), the country competitiveness depends on the productivity and the growth rate of productivity; which are on specific industries and industry segments. One of the factors that influence productivity is the human resources.

Therefore, studying the labor factors within country competitiveness in Indonesia's and Vietnam's TPT industries is becoming important as one of the ways to find out what make Vietnam has higher competitiveness in TPT industry. It is interesting to see what the working condition differences between Vietnam and Indonesia.

THEORETICAL FOUNDATION & RESEARCH MODEL

The central tenet of this study are labour factors and working condition which is apart of human resource management. According to Noe, et.al. (2009), Human Resource Management (HRM) refers to the policies, practices, and systems that influence employees' behaviour, attitudes, and performance. A strategic approach to human resource management seeks to proactively provide a competitive advantage through company most important asset: its human resources. One of the important aspects for managing human resource is the Quality Work of Life (QWL). In his book, Cascio (2006) refers Quality Work of Life in two ways:

- 1) QWL is a set of objective organizational conditions and practices (e.g., promotion-from-within policies, democratic supervision, employee involvement, safe working condition), as shown in Figure 3.



Figure 3: Quality Work of Life

Source: Cascio (2006)

- 2) QWL is employees' perceptions that they are safe, relatively well satisfied, they have reasonable work-life balance, and they are able to grow and develop as human beings. This ways QWL relates to the basic human needs.

Based on our literature review, we develop a research model as shown in Figure 4. Due to data limitation, the child labour and forced labour factors are excluded in this study.

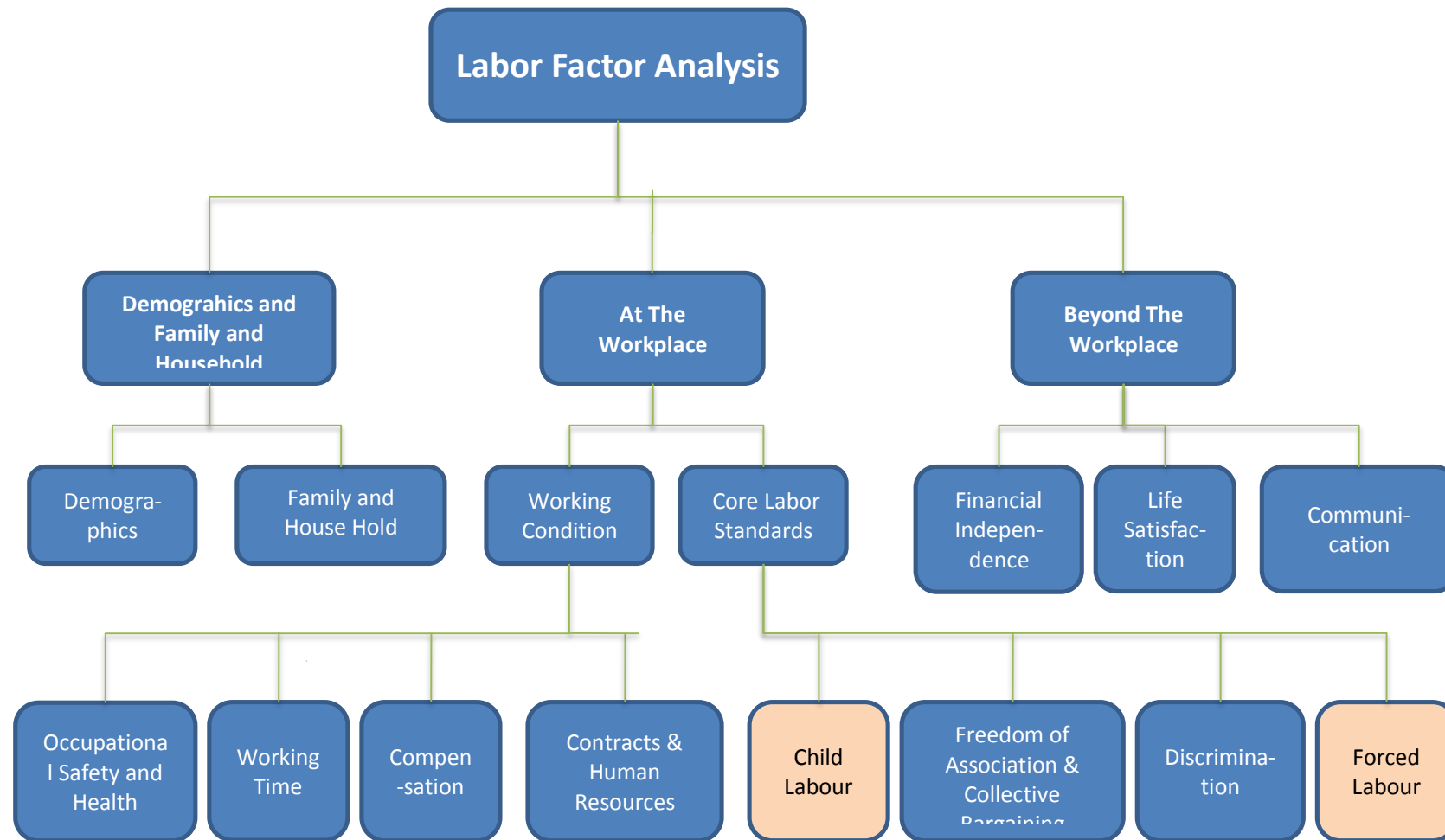


Figure 4: Research Model for Indonesia and Vietnam TPT Industry

Source: Author's adaptation

RESEARCH METHODOLOGY

This study is based on the research conducted by Better Work Indonesia and Vietnam in cooperation with University of Indonesia and Tufts University, USA. The objectives of Better work program are to improve compliance with labor standards and promote competitiveness in the country's apparel industry by assessing current workplace conditions against the labor law and regulation internationally and domestically. Better work program in Indonesia just started in 2011, while Vietnam had started in 2009.

The unit analysis of this study are workers in Indonesia's and Vietnam's TPT industry. By adopting a quota sampling, each factory is represented by 30 workers. When selecting workers, Better Work starts with the factory roster and then randomly selects 30 participants and 30 backups. It is expected that the survey will not interrupt the factory's production process.

The Indonesia surveys were conducted in 42 factories between September 2011 and February 2012, with total of 918 workers participated in the surveys. While for Vietnam surveys, as of July 2011, there were 80 factories with 1759 workers participated in the surveys. By applying multiple cross sectional design, both surveys use the Audio Computer Assisted Self Interview (ACASI) to ensure privacy and accuracy of the data. The authors also conducted in-depth interview to gain further insights of both countries' TPT industry.

This study analyzes labours' demographic factors and the compliance rate factors that are gathered from Better Work survey. Table 1 indicated that there are 6 compliance rate variables are analysed in this study .

Table 1: Compliance Rate Variables

Compliance Rate Variables	Indicators	Variable Definition
Occupational Safety and Health	Health Clinic	if the factories provide the health clinics that accessible for the workers to have health care
	Health facilities	health facilities that are available to support workers
	Nursing	if any accidents or injuries occurred in the factory can be treated directly in the factory's health clinic
	Severe Fatigue	if the workers feel severe fatigue during working in factories
	Abdominal Pain	if the worker senses abdominal pain
	Injury	if the workers had suffered an injury and how often it

		happens
	Back Pain	whether the worker had experienced back pain while working
Working Time	Regular working hours	the normal working hours a week as regulated by the Government
	Break time	how long is the break time as regulated by the Government
Compensation and Benefits	Payroll System	the intensity of the payroll conducted by the company
	Salary earned	how much the salary earned by the workers and whether it is complied with the minimum wage as per regulation
	Bonuses and benefits provided	the incentive provided by the company to the workers
	Canteen Facility	whether the factory has the canteen facility for workers
	Drinking Water Facility	whether the company has a drinking water facility to support workers
Contracts and Human Resources	Signature of Contract	workers shall sign or agree with written working agreement (contract) before starting to work
	Understanding the Contents of Contract	the workers' understanding of the contents of the worker's contract
	Copy of Contract	whether the workers have kept the copy of the contracts they signed
	The duration of the contract	the workers shall know how long they are employed
	Training and Development	how the company provides the tools for workers to improve their skills for work
Freedom of Association and Collective Bargaining	Union	whether there is a labor union in the company and the workers are not constrained to join the union
	Collective Labor Agreement	a company must have a labor agreement that includes the agreement between company's management and the labor union that consists of the rules governing the role of both parties
Discrimination	Discrimination Factors	Factors that will be reviewed are factors that inhibit the promotion and are not related to skill/education/performance such as religion, race or ethnic

Source: Better Work 2011

RESULTS

The results of this study shows that Indonesia and Vietnam have the same characteristic of workers in textile industry, such as majority workers are female, with low level education (junior high school). Nevertheless, when we look further on the working conditions, there are some interesting differences between Indonesian and Vietnamese workers.

In general, the working condition in Vietnam was better than in Indonesia, especially on Occupational Safety and Health issue, Working Time – Correct error concern, initial Training, Job security and Life Satisfaction. However, Indonesian situation was better in the area of openness (workers are not afraid to consult with supervisor/trade union), less

discrimination, less work hour concern on overtime/Sunday's work and less confusion on piece rate. The detail differences between both countries can be explain as below.

Basic Demographics and Family Household Composition

Both countries are dominated by female workers in TPT industry, however in Vietnam the percentage of male workers slightly bigger than in Indonesia.

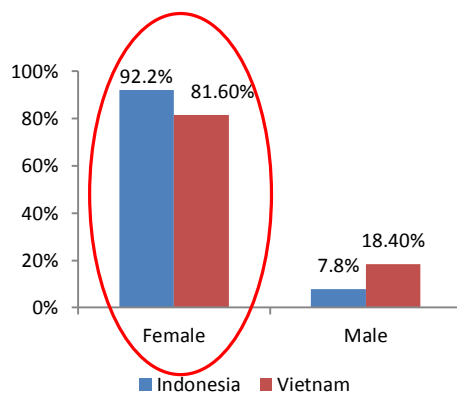


Figure 5: Gender

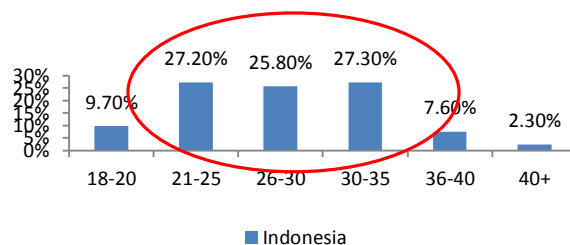


Figure 6: Age Group

Source: Better Work Indonesia and Vietnam 2011 - 2012

For the age group, mostly Indonesian workers aged below 35 years old which counts for 90% of the workers. For education, both Vietnamese (58.39%) and Indonesian (43.8%) workers mostly completed Junior high school.

Table 2: Educational Attainment

Education		No formal Education	Elementary	Junior High	High School	University
Indonesia	Percent	0.3	18	43.8	37.3	0.7
Vietnam	Percent	0.63	10.57	58.39	29.1	1.31

Source: Better Work Indonesia and Vietnam 2011 - 2012

In the working experience, almost half of TPT workers in Indonesia (47.5%) already had work experience in other garment factory either in Indonesia or abroad as shown by Figure 7.

Mostly workers' role in both countries is the sewer (Indonesia – 51.4% and Vietnam – 48.89%). However there are some differences in both countries; number of workers as checkers in Vietnam is 8.02%; 4 times than those in Indonesia (2.1%). While number of quality control workers in Indonesia (9.7%) is almost 10 times than number of quality control in Vietnam (1.02%). The salary for quality control is higher than the salary for checkers. For cost efficiency and maintain the quality, in facts its better to have less number of quality control workers but more checkers as the condition in Vietnam.

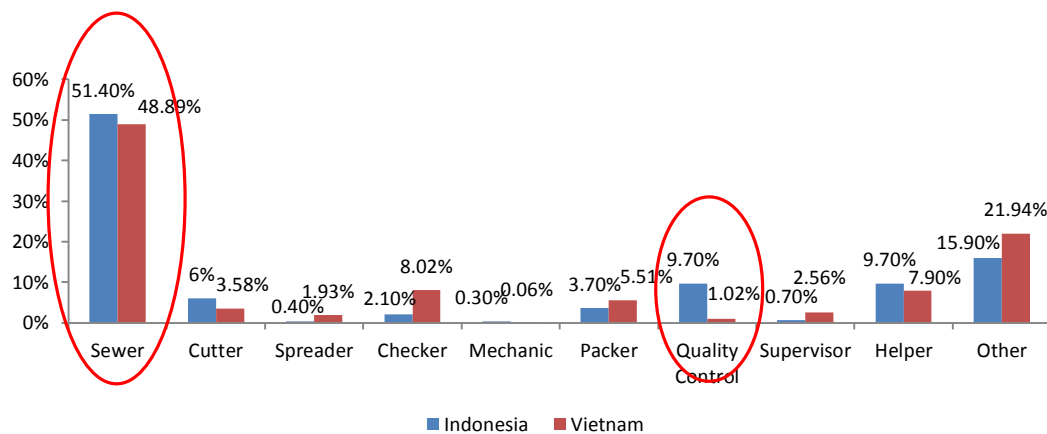


Figure 7: Worker Role Identification

Source: Better Work Indonesia and Vietnam 2011 – 2012

Workers in both countries are parents, with more of parents in Indonesia (76.9%) than in Vietnam (51.2%).

Table 3: Children

Children		Daughters	Sons
Indonesia	Percent	38.6	38.3
Vietnam	Percent	25.6	25.6

Source: Better Work Indonesia and Vietnam 2011 – 2012

Workers in Indonesia have more issues at the workplace compared to their colleagues in Vietnam. It is an alarming to see the high concern on health symptoms as well as the safety equipment. More than 70% of Indonesian workers have concern on health symptoms and

more than half have concern on dangerous equipment and 26% already had accidents/injuries. In contrast, Vietnamese workers have less concern on health and safety, which is good for the workers. One of the most plausible reasons for the better safety in Vietnam TPT industry is because the technology used is newer and more suitable (Perangin-angin, 2009). More thorough analysis about safety and health condition can be explained as below.

Occupational Safety and Health

There is a big discrepancy of workers' symptoms in Indonesia and Vietnam. Based on the data, most Indonesian workers have higher percentage of symptoms than Vietnamese workers. It means that there are still some companies do not comply with the Indonesia law Act. No. 13 Article 86 and 97 and in Vietnam, Labor Code (1994), Art. 98(1) and Art. 98 (2) and Circular No. 4/TT-BLDTBXH on the Inspection and Registration for safety equipments, machines (2008), Art I (1a), Art II. (2.1)(a)-(c).

This compliance gap is alarming and a very serious matter, because the symptoms could make the workers sick, which are not good for both workers and the companies. In case workers are sick, they will get wage deductions if they cannot submit the doctor's reference. Whereas for companies, the workers' absence could reduce productivity and create problems in reaching their target.

There are several health symptoms that have been asked in this study: severe fatigue, stomach pain, dizziness, severe thirst, severe headache, backache and neck ache. Vietnamese workers' responses to health symptoms indicate that they were in better condition than their Indonesian colleagues.

For severe fatigue symptoms, majority of Vietnamese workers said never (67.94%) compared to Indonesian workers (20.9%). It is possibly because in Indonesia, the machineries used are old technology, with lower speed, that needs more workers' energy to run those machines. Indonesian TPT industry was built before Vietnamese TPT industry and with low investment rate therefore causing the machineries became obsolete.

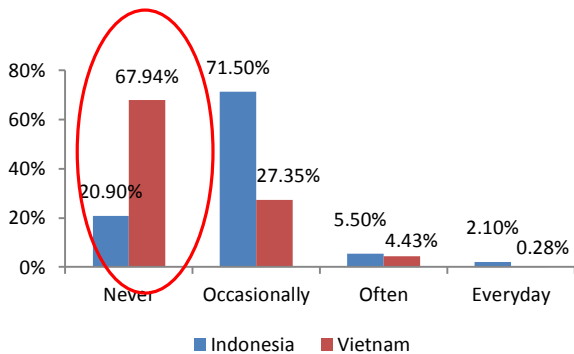


Figure 8: Severe Fatigue Symptoms

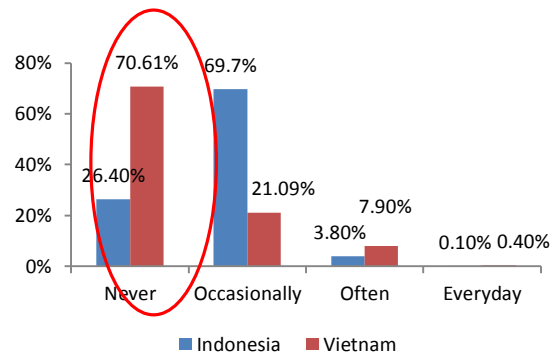


Figure 9: Stomach Pain Symptoms

Source: Better Work Indonesia and Vietnam 2011 – 2012

Indonesian TPT workers are more prone to stomach pain than Vietnamese TPT workers. The majority of Vietnamese workers said never (70.61%) experience stomach pain, while only minority of Indonesian workers said never (26.4%). Stomach pain is possibly because the workers do not have enough food to eat, which might be due to the lack of time to eat (for example: has to work in early morning, correcting rejects during lunch break, etc.)

As for the dizziness symptoms, less Vietnamese workers experienced it. There are 58.9% said never got dizzy compared to Indonesian workers who said never only 14.6%. The reason is possibly because of the high workload but lack of the machineries and skills, which have impacted them physically and also mentally (feeling stressful). The type of work that is monotonous but need full attention in long hours could also make the workers feel dizzy.

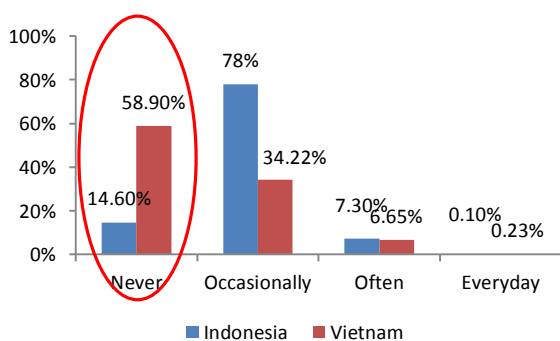


Figure 10: Dizziness Symptoms

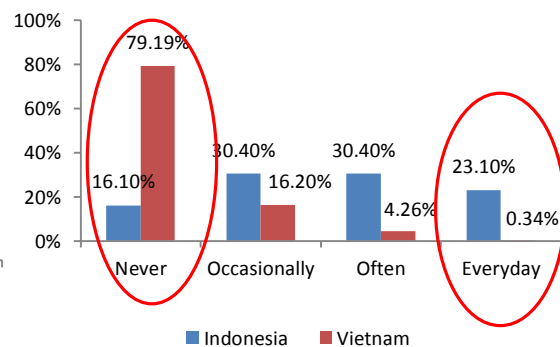


Figure 11: Severe Thirst among Workers

Source: Better Work Indonesia and Vietnam 2011 – 2012

In Figure 11, it is very alarming to see the fact that only 16.1% of Indonesian workers said “Never” of severe thirst, while 23.1% said “Everyday” have severe thirst. In contrast with Vietnamese workers, 79.19% said “Never” to have severe thirst symptoms. This is possibly because the heat and also that the workers not allowed to drink in the workplace. They had to leave the workplace and drink in the designated place. Perhaps they could not always do that because of the workload.

The severe thirst could lead to severe headache, while severe backache and neckache probably because of the long hours doing the repetition jobs. Only small fraction of Indonesian workers (14.5%) said “Never” to have symptoms of severe headache, backache and neckache as shown in Figure 12.

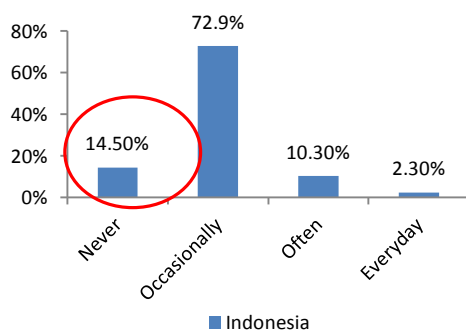


Figure 12: Severe Headache, Back, Neck Ache

Source: Better Work Indonesia 2011 – 2012

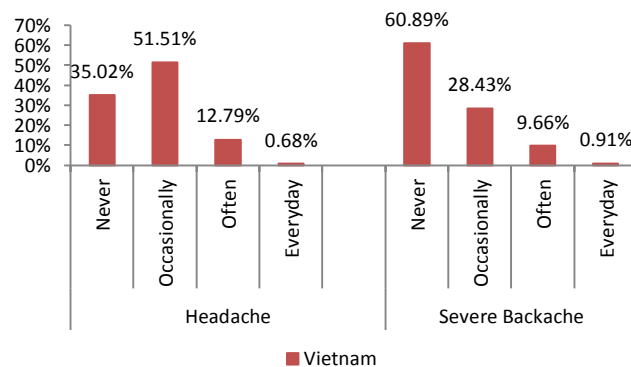


Figure 13: Severe Headache and Backache

Source: Better Work Vietnam 2011 – 2012

While for Vietnamese workers, there are more people said “Never” to have severe headache (35%) and severe backache (60.89%). Less severe headache is possibly because of less severe thirst.

Almost half on Indonesian workers (47.6%) have concern with heat, while in Vietnam this heat concern is only 15.07% of total population. Since Indonesian workers have high concern with heat in the factory and have limited access to drink the water, therefore majority of Indonesian workers have high symptoms on severe thirst, severe fatigue, stomach pain, dizziness, headache, backache and neckache.

More than half of Indonesian workers (59.2%) have high concern on dangerous equipment, and they had discussed it with their supervisors. Compared to Vietnamese workers, only

9.89% have high concern on dangerous equipment. As discussed earlier, the condition of Indonesian machineries that already old are causing them to be dangerous for workers.

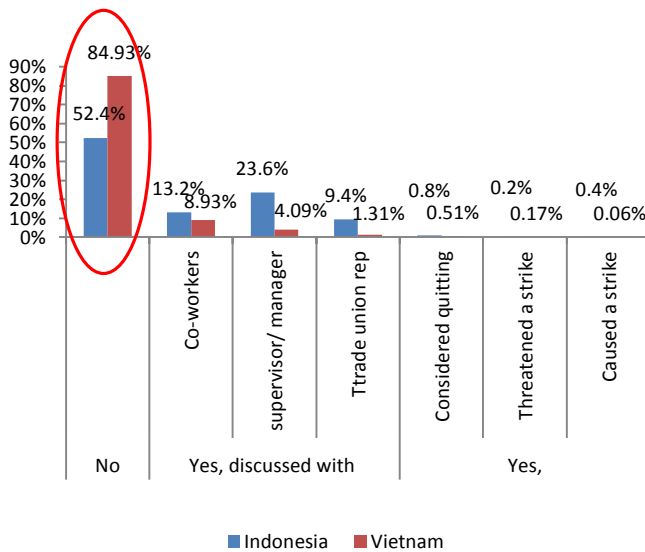


Figure 14: Concern with Heat

Source: Better Work Indonesia and Vietnam 2011 – 2012

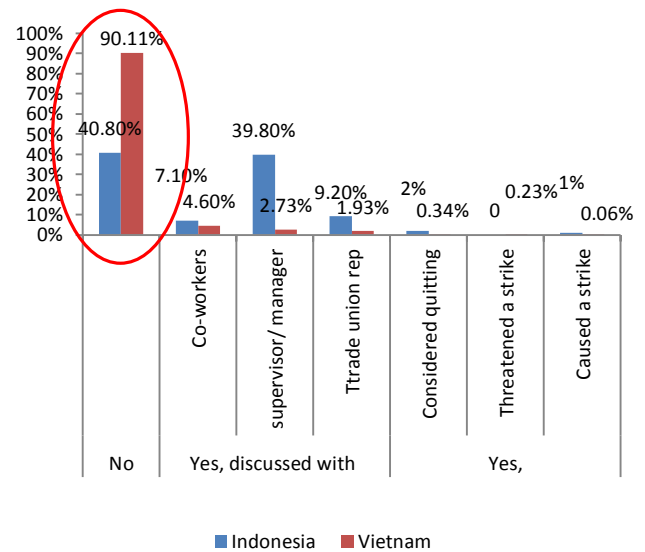
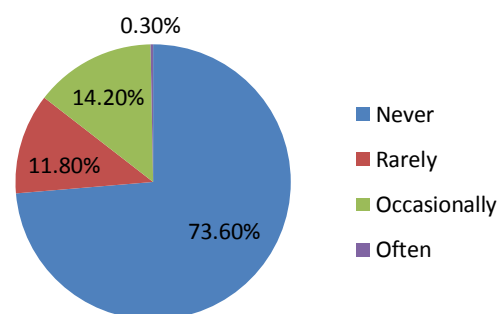


Figure 15: Dangerous Equipment

If we look further on Indonesian workers' concern for dangerous equipment as it shown in Figure 15, it turns out only one third of Indonesian workers said not have concern on accidents/injuries, which means the remaining two third do have concerns. From figure 16, we can see that 26.3% of them already had accidents/injuries during work. For accidents/injuries concern, they actually already discussed it with supervisor/manager (42.4%) and with trade union rep (17.2%). However, since it relates to the replacement of old machineries, there is not much improvement have been done because it is beyond their capacity and responsibility.

Workers' Injuries - Indonesia



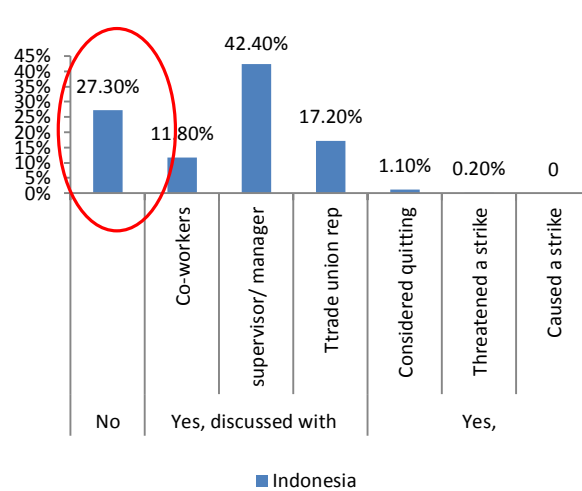


Figure 16: Accidents and Injuries

Workers' Injuries - Indonesia

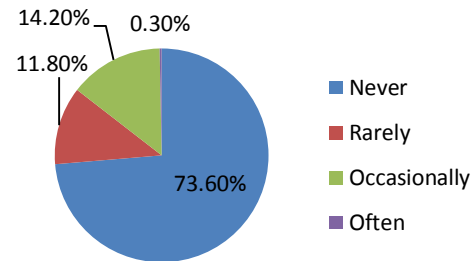


Figure 17: Workers' Injuries

Source: Better Work Indonesia 2011 – 2012

When workers were asked on what health services are available in the factory clinic, there are different responses from Indonesian and Vietnamese workers. For Indonesian workers, the highest proportion is treatment for workplace injuries (20.23%), while for Vietnamese workers are general illness (81.8%). This is possibly because of more injuries occurred in the Indonesian factories. The lack of information of what health services are available in the factories could cause Indonesian workers use less of the factory clinics to consult for general illness, headache, fatigues, pregnancy and post natal.

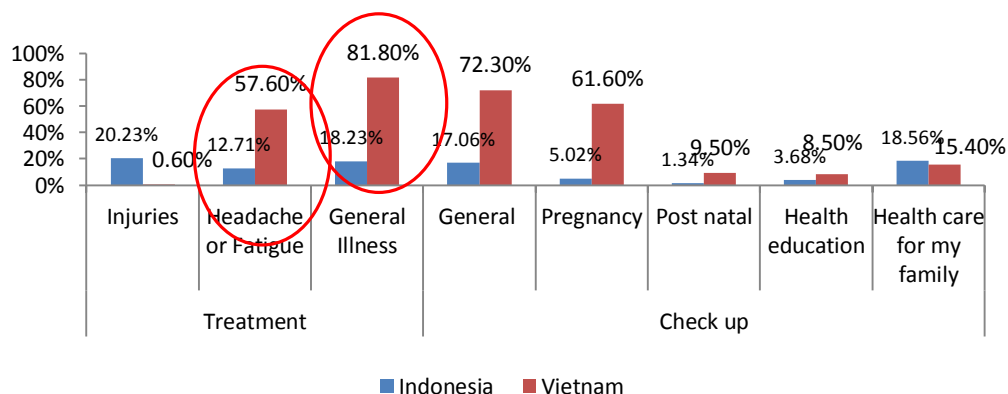


Figure 18: Health Services Available in the Factory

Source: Better Work Indonesia and Vietnam 2011 – 2012

Working Time

Based on the labor law in Vietnam, the working hours for workers are 48 hours weekly (Vietnam Labor Code (1994), Art. 68(1)), longer than Indonesian workers that have to work 40 hours weekly (Act No. 13 of 2003).

There was more concern on overtime for Vietnamese workers (90.45%) than Indonesian workers (21.4%). More Vietnamese workers considered quitting and threatened a strike than Indonesian workers as shown in Figure 19. The possible reason because Indonesian workers are paid for overtime and they need more money they can make. From the figure below, Indonesian workers are more open to discuss the problems with their supervisor/manager or union representative compared to Vietnamese workers. The reason is possibly because Vietnamese workers are afraid to disclose it since the political condition in socialist/communist country is usually less open, more conservative than democratic country.

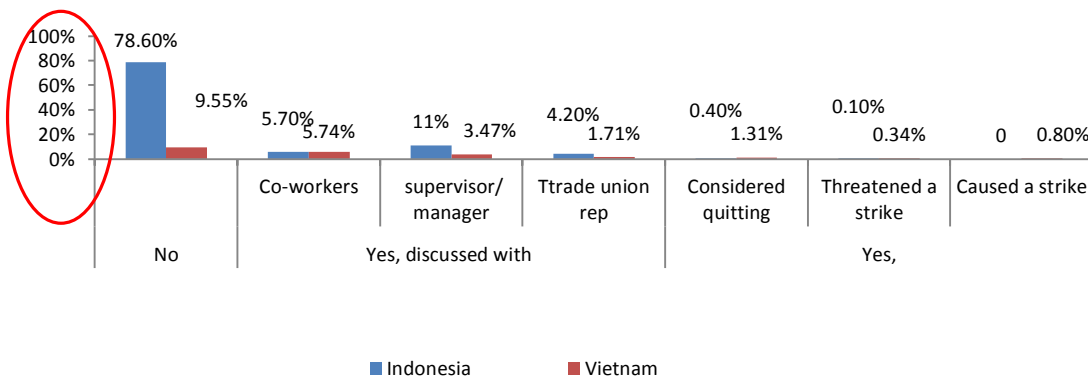


Figure 19: Work Hour Concerns

Source: Better Work Indonesia and Vietnam 2011 – 2012

There is a higher percentage of correcting works during break for workers in Indonesia (32.2%) than in Vietnam (7.79%). Though not as high as correcting errors during break, but the pattern continues, more workers in Indonesia (7.4%) correcting works during overtime shift than workers in Vietnam (3.58%), the reason is possibly because of old machines and unskilled workers.

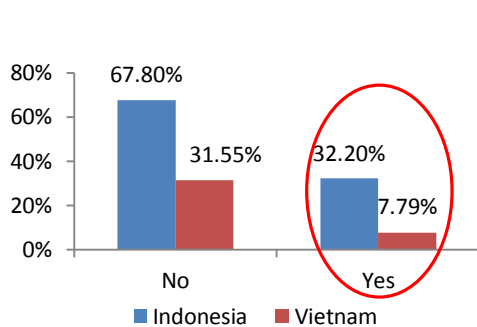


Figure 20: Correct Errors During Break

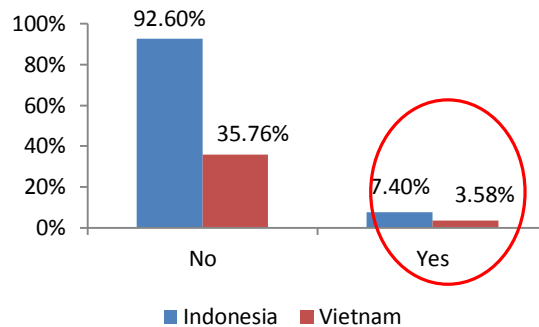


Figure 21: Correct Errors During Overtime Shift

Source: Better Work Indonesia and Vietnam 2011 – 2012

Compensation

The Indonesian government protect the workers for the wages they should earn via Act no. 13 Year 2003 Section 2 (Article 88 and Article 90). While in Vietnam, it was regulated via Labor Code (1994), Art. 7(1). Salaries for workers in both countries are determined mostly by hourly pay rather than by piece rate pay (Indonesia – 79.1%; Vietnam 70.55%).

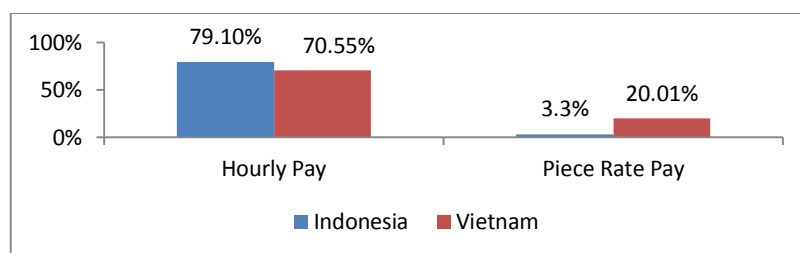


Figure 22: How is Your Pay Determined

Source: Better Work Indonesia and Vietnam 2011 – 2012

It is important for workers to fully aware the target they have to achieve. For setting the daily production quota, Indonesia apparently have higher knowledge of quota production than Vietnam Workers (Indonesia 84.9% and Vietnam 36.84

Table 5: Production Quota/Target

Does your supervisor set a production tariff target or quota for you or your line?		Yes, we have a daily production quota	Yes, we have a weekly production target	No
Indonesia	Percent	83.8	1.1	15.1
Vietnam	Percent	32.4	3.07	63.16

Source: Better Work Indonesia and Vietnam 2011 – 2012

Wages in Indonesia are very low (between \$100 to \$200 a month), compared to China (\$300 a month) followed by Malaysia (\$298), India (\$269) and Thailand (\$263) (Better Work Indonesia, 2011). However, the wages in Vietnam (\$67 to \$96) as stated in Decree 70/2011/ND-CP, Aug 22, 2011, are even lower than wages in Indonesia (between \$100 to \$200 a month). It is considered that low wages is important to attract foreign investment, which for Vietnam, is aligned with its policy “Doi Moi” (Vietnam’s renovation policy on foreign direct investment). The low wage of Vietnam could relate to the lower standard living in Vietnam than in Indonesia (Worldbank, 2011).

As for the low wages concern, both Indonesian and Vietnamese workers have the same concern (around 83%). There is a similarity on worker characteristic in both countries, most workers are woman with low level of education (junior high school), and the woman status in the society based on the east culture which in general situations make them to be the low wages earners than man. Therefore, it is no wonder that both countries share the same high concern on low wages. Indonesian workers are more open to trade union than Vietnamese workers, and the union in Indonesia is more vocal than in Vietnam, so the big union strikes are quite common happened in Indonesia than in Vietnam. Most of the time, the union strikes demanded to increase the minimum wage, which is quite understandably because of the high inflation every year Indonesians had to endure (Worldbank, 2011).

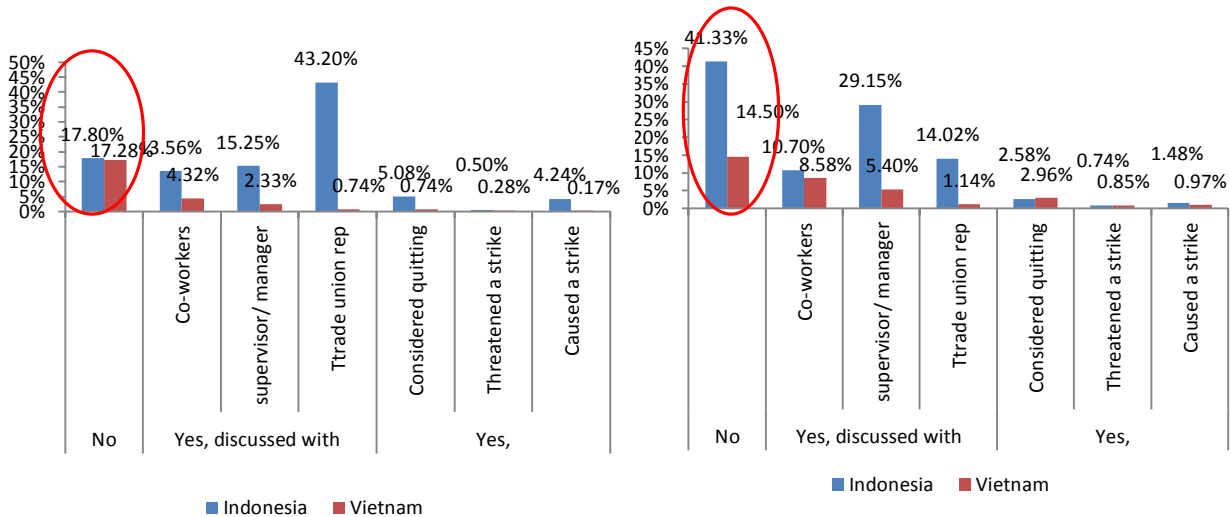


Figure 23: Pay Concerns – Low wages

Figure 24: Pay Concerns - Confusion on Piece Rate

Source: Better Work Indonesia and Vietnam 2011 – 2012

However, last year, Vietnam union also did strikes to demand higher wage because of the high inflation (the peak was 23%, *Businesstimes Vietnam*, 2012), and Vietnamese government responded by increasing the minimum wage to 30% (*American Chamber of Commerce in Vietnam*, 2012). Even after the minimum wage was increased, it was still the lowest wage in the region.

We can see from Figure 24 that there is confusion about piece rate, where in Vietnam the confusion is higher (85.5%) than in Indonesia (58.7%). This is related to the setting daily production target, where in Indonesia, more companies set daily target than companies in Vietnam.

Workers in both countries receive pay slips with information (Indonesia; 95.5% and Vietnam 97.04%).

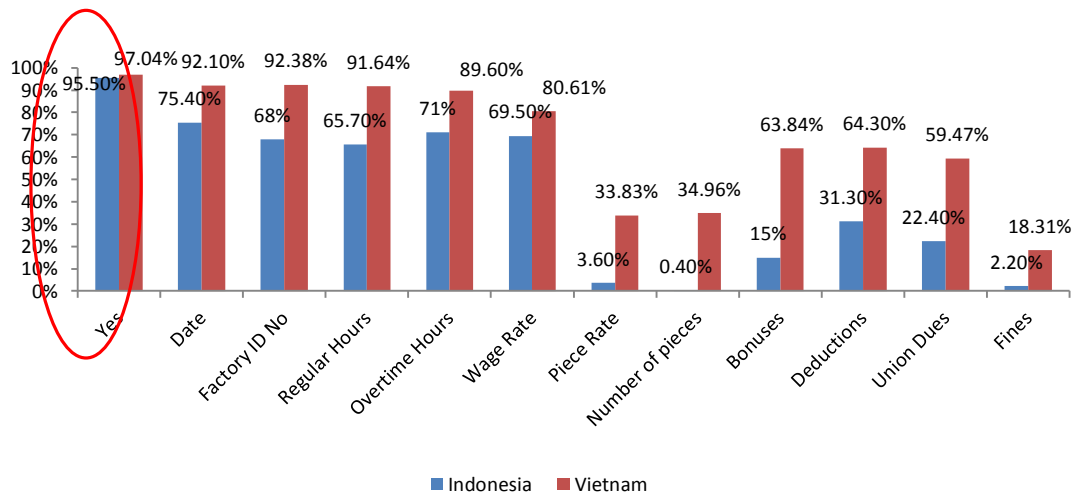


Figure 25: Information on Pay Slips

Source: Better Work Indonesia and Vietnam 2011 – 2012

Contracts and Human Resources

The data in these baseline study show that factory structure in the garment industry in both countries appear rigid, with 91.5% Indonesian workers reported they never have been promoted, likewise of Vietnamese workers (82.26%) as shown in Figure 26.

The reasons why not getting promotion according to Indonesian workers mostly are “skills” (19.7%), followed by “no opportunities” (10.1%) and “education” (7.1%). However, for Indonesian workers, 38% of them thinking that there is no obstacles of promotion. According to the ILO-Akatiga (2011) survey, only 68% of workers claim that their skills match the company’s needs. One of the reasons is possibly the lack of training that the workers need.

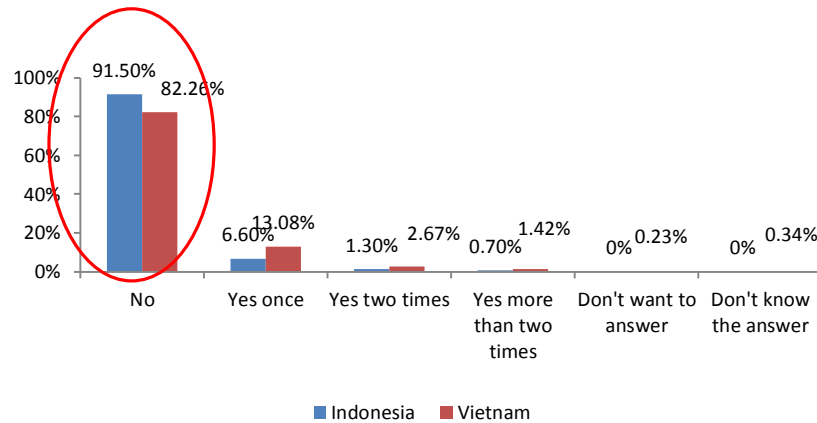


Figure 26: Promotions

Source: Better Work Indonesia and Vietnam 2011 – 2012

On the other hand Vietnamese workers think the reason for not getting promoted because of “supervisor relation” (41.9%), “lack of seniority” (12.96%), “nationality”(11.94%) and “woman” (11.09%).

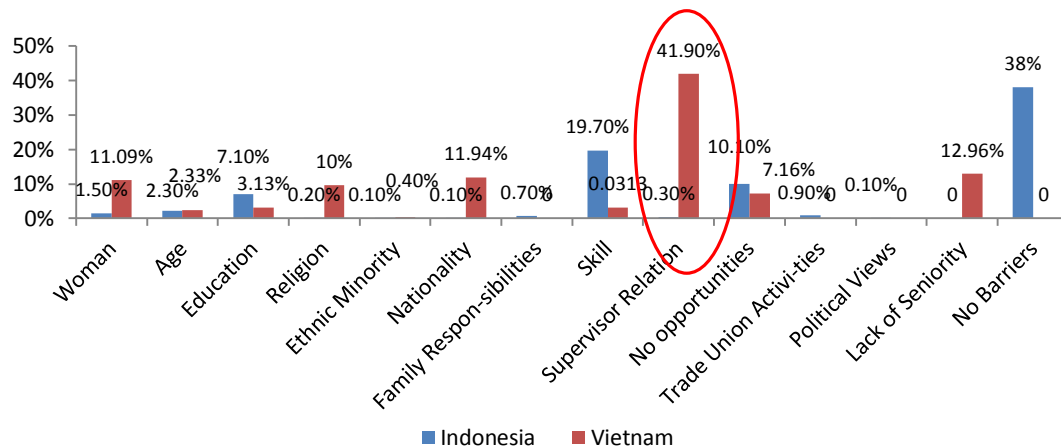


Figure 27: Barriers to promotion

Source: Better Work Indonesia and Vietnam 2011 – 2012

The Indonesian labor law Act no.13 of 2003 Article 52 regulates that workers should have a contract. While Vietnam government enacted Decree No. 114/ND-CP on Wages (2002), Art. 6 regulating contract.

The Indonesian workers majority had “fixed time contracts” (41.5%) which followed by “unlimited time contracts” (27.8%). While for Vietnamese workers, the “fixed time contracts” (47.24%) ; followed by “unlimited time contracts” (38.83%). This means that

either in Vietnam or in Indonesia, most workers are temporary workers with contracts. The percentage of full time worker is less than half for both countries' workers, which is considerably low and not so good situation for the workers. In contrast, less full time workers and more temporary workers are more beneficial for the companies, because the cost for temporary worker is cheaper than full time worker.

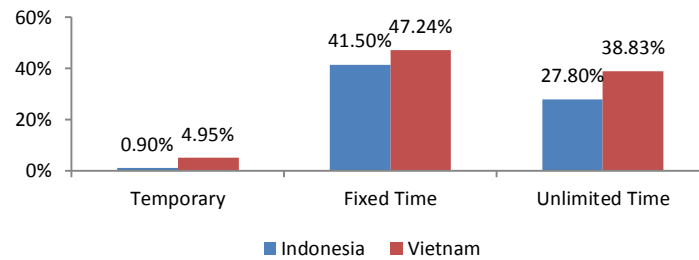


Figure 28: Worker Contracts

Source: Better Work Indonesia and Vietnam 2011 – 2012

According to ILO table below, the productivity of Indonesian workers are lower than the productivity of Vietnam workers. One of the cause for low productivity is less skilful that could be improved with training.

Tabel 6: Labor Productivity, Average Annual Growth Rate.

		GDP per person engaged					GDP per hour worked				
		1992-2000	2000-08	2008	2009	2010	1992-2000	2000-08	2008	2009	2010
Asia and the Pacific											
East Asia	China	6.0	10.9	8.9	8.5	9.1					
	Hong Kong, China	1.4	3.3	1.2	-1.7	5.1	1.4	3.3	1.2	-1.7	5.1
	Korea, Republic of	4.8	3.0	1.7	0.5	4.9	5.5	4.4	4.4	1.1	4.9
	Taiwan, China	4.6	2.6	-0.3	-0.7	8.6	5.0	3.3	0.1	1.0	8.6
South East Asia	Cambodia	2.8	3.5	5.3	-4.5	2.1					
	Indonesia	1.6	3.4	0.9	2.6	3.9					
	Malaysia	3.1	3.3	3.5	-3.9	4.6					
	Myanmar	4.9	8.4	7.4	8.5	3.4					
	Philippines	1.8	2.0	2.1	-1.7	4.6					
	Singapore	4.7	0.4	-6.3	-2.9	13.6	4.7	0.4	-6.2	-3.0	13.6
	Thailand	3.3	2.6	0.5	-4.0	5.7					
	Viet Nam	5.0	4.8	3.4	2.5	4.3					

Source: ILO 2011

Training is closely related to skill, therefore it is important for workers to have proper training that will benefit not only the workers but also the company's productivity.

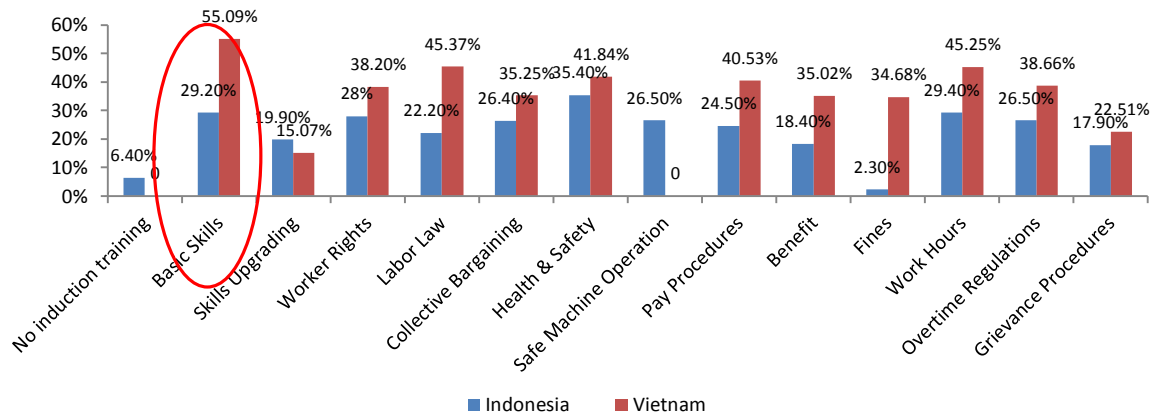


Figure 29: Workers Training for the First Six Months

Source: Better Work Indonesia and Vietnam 2011 - 2012

From Figure 29, we can see that Vietnamese workers had more training than Indonesian workers. All Vietnamese workers received induction whereas in Indonesia there are 6.40% respondents do not receive induction training. Indonesian workers did the basic skills training, health and safety training and other trainings. This is complied with Decree No. 06/ND-CP on Occupational Safety and Health (1995), Art. 7(2), that rules the employers to provide training on OSH and if the workers do not have been specially trained and not granted with a certificate on safety and health is strictly prohibited to work.

The continuity of trainings is important to ensure workers are updated with required skills. When the workers asked what trainings they have received in the past six months, more responses from Indonesian workers than Vietnamese workers; for instance “health and safety training” (Indonesia – 20.9%; Vietnam – 6.59%), followed by “new skills training” (Indonesia – 13.6%; Vietnam – 6.88%). This is a good situation for Indonesian workers, because training continuity is important to improve the working skills.

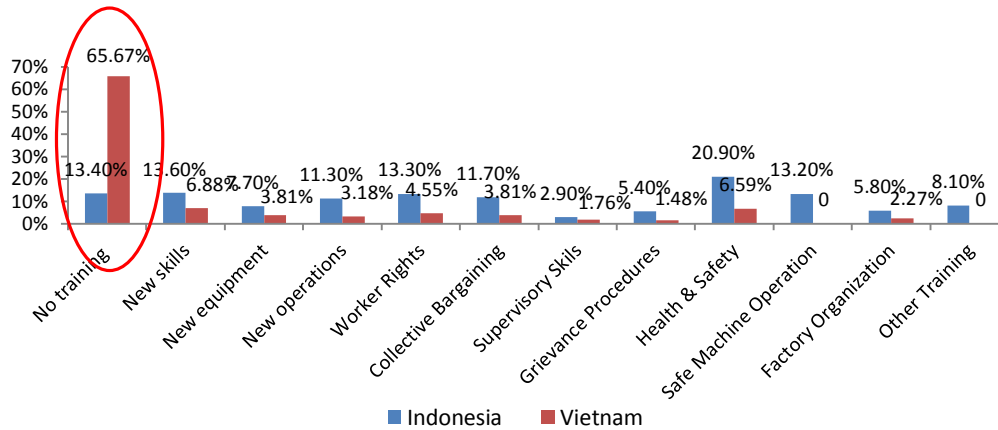


Figure 30: Workers Training for the Past Six Months

Source: Better Work Indonesia and Vietnam 2011 - 2012

Respect and Welfare

It is important for workers to have respect while doing their job so that they could work well, hence optimize their productivity. Unfortunately, in Indonesia, there was a high concern among workers whom majority are women on sexual harassment (85.2%), verbal abuse (79.3%) and physical abuse (87.4%). In contrast with Vietnamese workers, they had less concern on sexual harassment (4.45%), verbal abuse (11.83%) and physical abuse (4.45%).

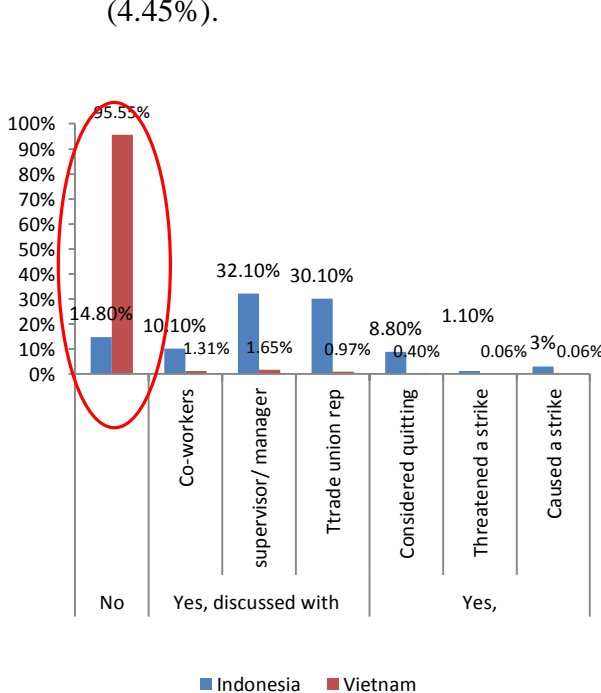


Figure 31: Workers Concern – Sexual Harassment

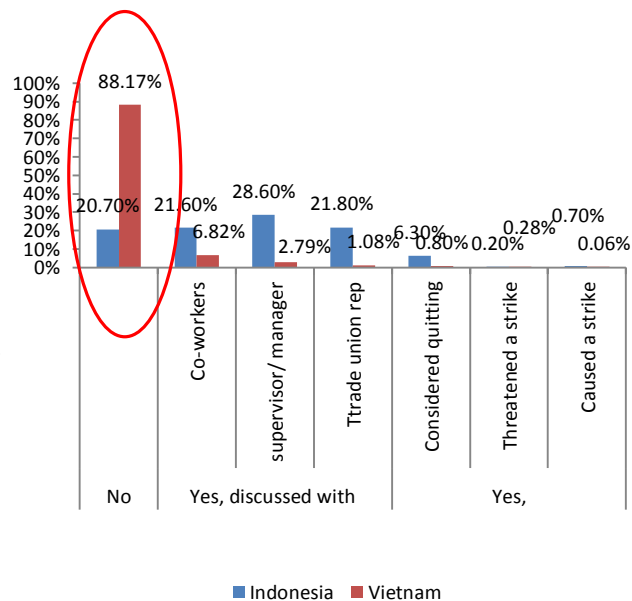


Figure 32: Workers Concern – Verbal Abuse

Source: Better Work Indonesia and Vietnam 2011 – 2012

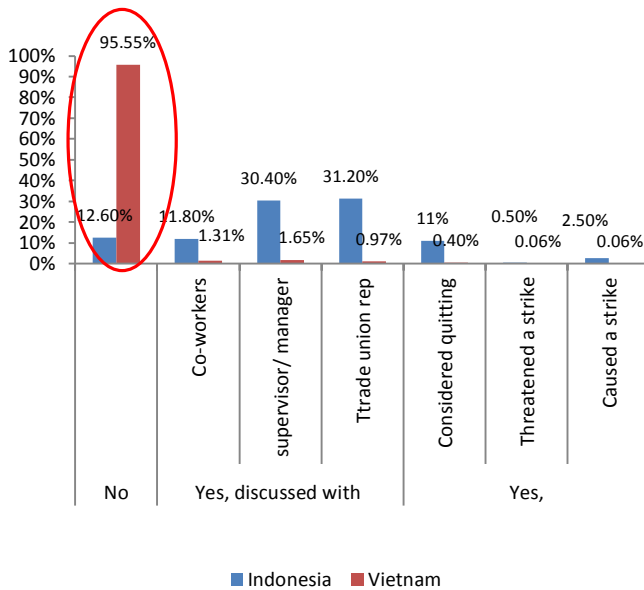


Figure 33: Workers Concern – Physical Abuse

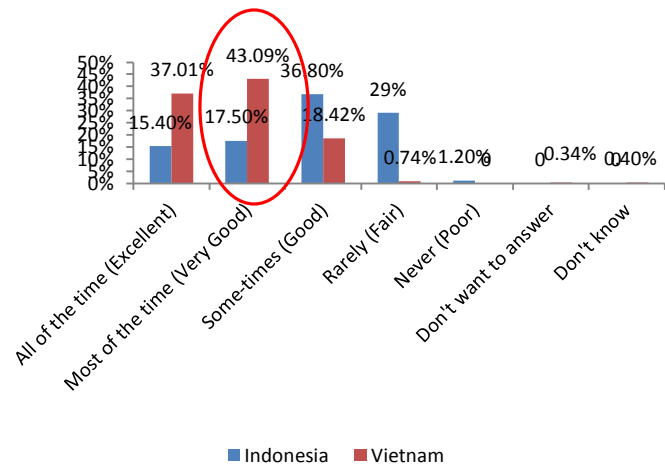


Figure 34: Does Your Supervisor Follow the Factory's rules?

Source: Better Work Indonesia and Vietnam 2011 – 2012

The pattern continuous, there is more positive response from Vietnamese workers than Indonesian workers when being asked if their supervisors follow the factory rules. Vietnamese workers answered “most of the time” (43.09%), “all of the time” (37.01%) and “sometimes” (18.42%). While Indonesian workers answered “sometimes” (36.8%), “most of the time” (17.5%) and “all of the time” (15.4%).

When being asked if the supervisors correct workers who have made mistakes with fairness and respects, Vietnam workers responded “all of the time” (52.42%) while Indonesian workers “all of the time” (28.2%).

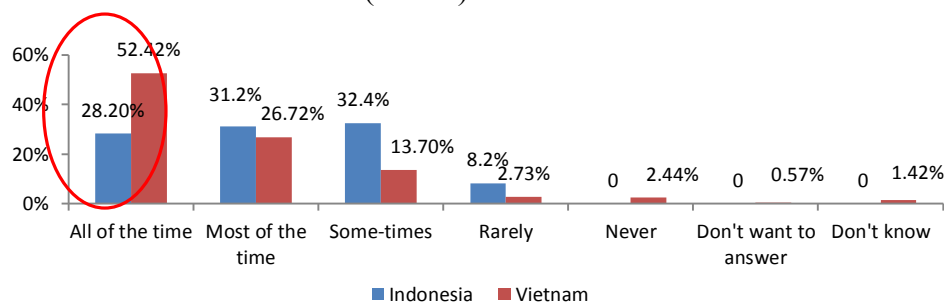


Figure 35: Does Your Supervisor Correct A Worker Who Has Made a Mistake with Fairness and Respect?

Source: Better Work Indonesia and Vietnam 2011 - 2012

Freedom of Association and Collective Bargaining

The ILO Convention No. 87 concerning freedom of association and protection of the right to organize has been ratified by both countries, the Indonesia Act no.13 2003 Article 104 and Vietnam Labor Code (1994) Amendment (2002), Art. 153(1).

Workers in both countries said that they are represented by a collective bargaining agreement, though it was higher in Vietnam (89.26%) than in Indonesia (51%). However, only 65.2% Indonesian workers reported being union members, perhaps because they are afraid that the company dislike them to become union members.

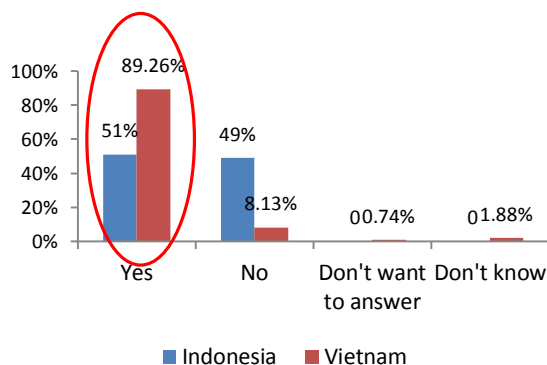


Figure 36: Are You Represented by A Collective Bargaining Agreement that You Know of?
Source: Better Work Indonesia and Vietnam 2011 – 2012

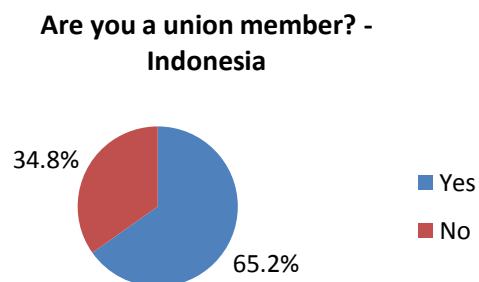


Figure 37: Union Member

Discrimination

Indonesian workers had less discrimination compared to Vietnam workers in matters of gender, religion, ethnic minority, nationality and supervisor relation. Regarding discrimination for political views, Indonesian workers had very low discrimination (0.1%) considering in Indonesia has multi party system. There was no political view discrimination in Vietnam, since in Vietnam only one party rules, Vietnam Communist party. This is a good work situation for Indonesian workers because fairer opportunity to get promoted.

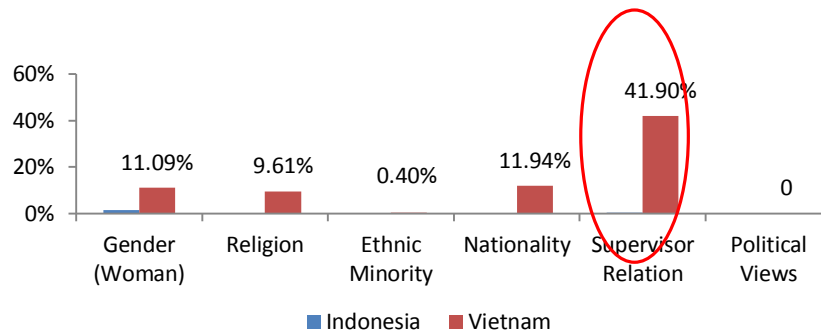


Figure 38: Discrimination

Source: Better Work Indonesia and Vietnam 2011 – 2012

Beyond The Workplace

The workers' live beyond the workplace is also important to understand. The Better work survey highlights the issue of children, financial independence, life satisfaction, mental health and communication.

Children

The percentage of workers' school aged children at school is higher in Vietnam (Sons: 87.1%, Daughters: 85%) than in Indonesia (Sons: 76.7%, Daughters: 75.1%).

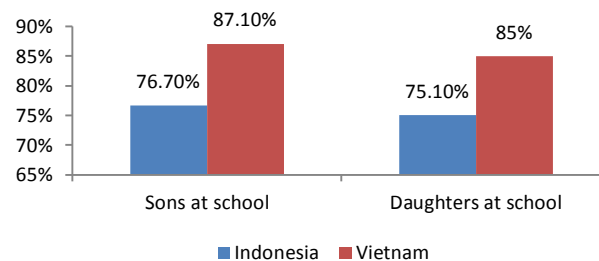


Figure 39: Schools Age Children at School

Source: Better Work Indonesia and Vietnam 2011 - 2012

Financial Independence

Workers in both countries report to send money to their family members, where it is more common in Indonesia (92.7%) than in Vietnam (69.93%) as shown in Figure 40. They send the money “regularly” (Indonesia – 47.2%, Vietnam – 22.85%) and “occasionally” (Indonesia – 35.3%, Vietnam – 46.9%).

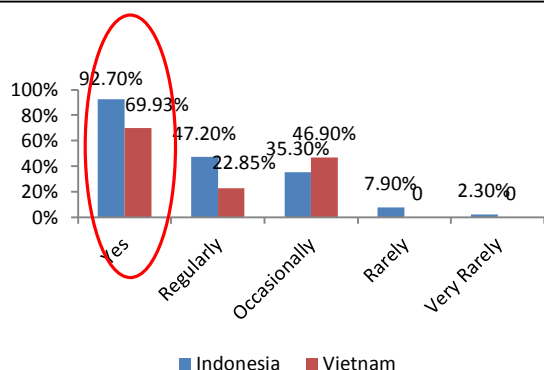


Figure 40: Worker remittances

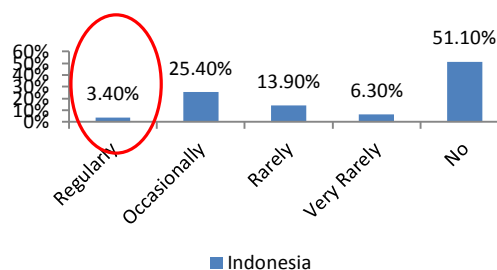


Figure 41: Workers receiving help from families

Source: Better Work Indonesia and Vietnam 2011 – 2012

From figure 41, almost half of workers in Indonesia report to receive help from their families, and 3.4% of them said to receive family's help regularly.

Life Satisfaction

Mental health is important to avoid depression that could harm workers health. In this study, mental health is categorized by not feeling sad, crying easily, feeling hopeless, feeling restless and feeling fearful. In general, more than half workers in both countries have positive answer towards mental health. However, Vietnamese workers' responses on mental health are better than Indonesian workers' responses.

When workers asked if they have been feeling sad, the workers said "not at all" (Indonesian workers - 66.1%, while Vietnamese workers 72.6%).

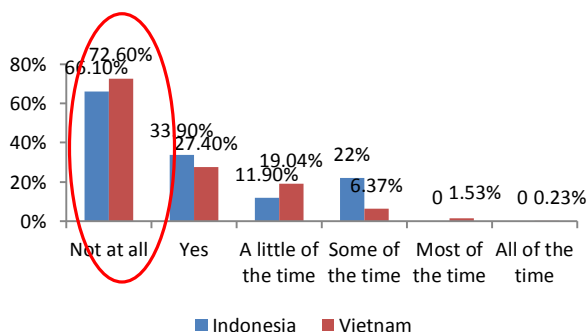


Figure 42: Feeling Sad

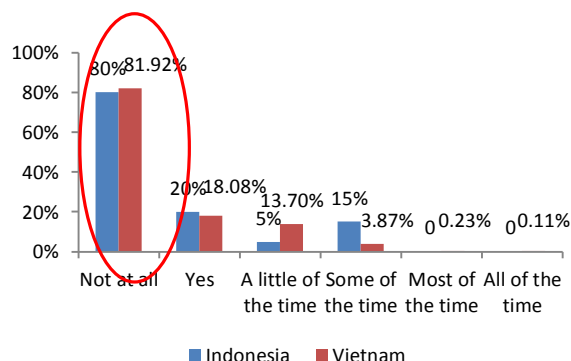


Figure 43: Crying Easily

Source: Better Work Indonesia and Vietnam 2011 - 2012

This means there is 33.9% of workers in Indonesia that have been feeling sad, while only 27.4% Vietnamese workers that have been feeling sad. There is almost the same proportion of crying easily for workers in both countries; Indonesia – 20%, Vietnam – 18.08%

About feeling hopeless in the future, Indonesian workers report “not at all” (72.2%) and Vietnamese workers report “not at all” (85.11%)

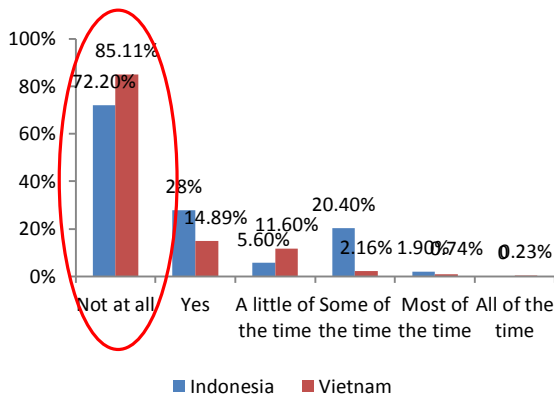


Figure 44: Feeling Hopeless About the Future

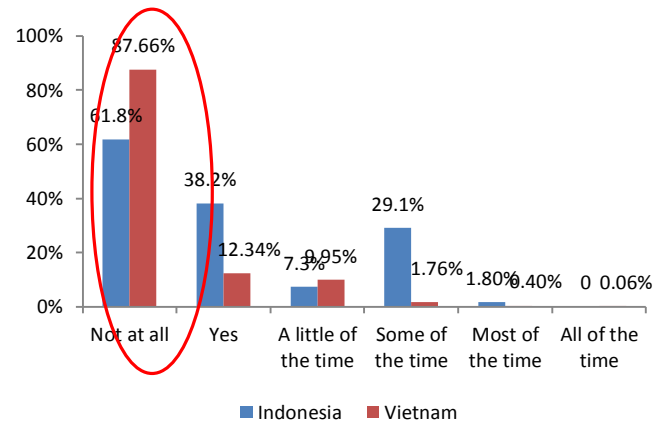


Figure 45: Feeling Restless

Source: Better Work Indonesia and Vietnam 2011 – 2012

Vietnamese workers opted to have less feeling restless (12.34%), while there is 38.2% Indonesian workers said to have feeling restless.

As for feeling fearful, 71.9% Indonesian workers claimed “not at all”, while Vietnamese workers 86.8%.

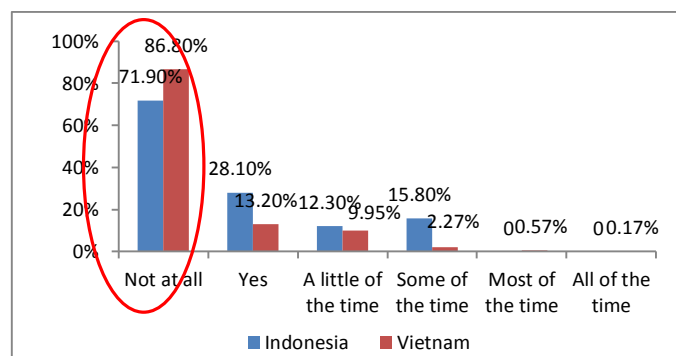


Figure 46: Feeling Fearful

Source: Better Work Indonesia and Vietnam 2011 – 2012

The low score of mental health is possibly because of the contract status, as shown in the chart below, more than half of Indonesian workers are non-permanent workers. The uncertainty of their future earning influenced them to feel sad, fearful, hopeless and restless.

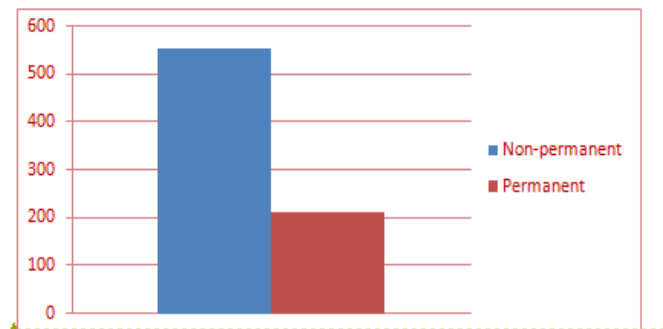


Figure 47: Non-Permanent Workers vs Permanent Workers in Indonesia

Source: Better Work Indonesia (2012)

CONCLUSION AND RECOMMENDATION

This study highlight the fact that both countries apparently still have some issues on quality work of life. Based on the compliance rate comparison of Vietnam and Indonesia, labor factors variable that help Vietnam in enhancing country competitiveness would have been the following:

- Significantly better working condition such as Occupational Safety and Health (OSH) related to health symptoms, working environment (especially on heat), dangerous equipments and injuries;
- Contract and Human resources: better worker's initial training that help workers to be skilful and slightly better on permanent workers status;
- Working time; less correcting errors in break and overtime shift
- Respect and welfare; less harassment and abuse (physically and verbally)
- Life Satisfaction; slightly better mental health in life satisfaction.

While the strength of labor factors in Indonesia are:

- Indonesian workers significantly have less discrimination compared to Vietnamese workers. Apparently country democratic situation helps to reduce discrimination.
- Significantly better disclosure on working issues to their supervisors or union representatives.
- Working time; less work hour concern on overtime/Sunday's work
- Less confusion on target/piece rate

The low levels of safe environment in Indonesia are apparently closely related with the outdated technology of machineries. Although Indonesian workers expressed their concern about dangerous equipment to their superiors/managers and union representatives, not much action the superiors/managers or union reps could do, because to replace machines are highly costly. The other reason could be because the workers' lack of skill to run the machines, then this could be corrected by conducting proper training. Vietnamese workers have less concern on dangerous equipment due to the newer technology.

This study also reveals that the use of factory clinic for the workers' wellness was still not optimal. Most Indonesian workers use it for injuries treatment, while Vietnamese workers use it for general illness, headache, pregnancy. The lack of information or clinic's facility could be the reason of the limited Indonesian workers usage to health clinic facility.

To improve the working condition and quality work of life that comply to labor law and regulation, the authors recommend the following actions:

- It is imperative for Indonesian workers to improve their skills through proper training, hence it will open their opportunity to get promoted (competency development) and has job satisfaction which eventually could increase their productivity. Also, the more skillful the worker is, the less injuries will be.
- The technology used in Indonesia TPT industry must be updated, because it causes the safety issue as well as the productivity issue.
- Related to the OSH, the working environment such as heat condition and lack of drinking water must be improved for the workers health. This could be done by put more ventilation or fans and more drinking water facilities. If the workers healthy, then they could be more productive.

- Company should optimize the use of factory's health clinic for general illness, so that it will help to reduce the workers' health cost.

In overall it is important for the government to have a strong partnership with the union to ensure that companies comply with the regulation for the workers' best interest. The ultimate goal is to increase workers' job satisfactions which lead to higher productivity for the benefit of the company as well as the country.

Since this study shows that there are many health problems suffered by workers, further research need to be done to find the source of problem and how we can we improve the Occupational Safety and Health condition.

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