

# Collective Bargaining After Labour Law Reform in Indonesia: An Analysis on the WageIndicator Collective Bargaining Agreement Database

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## **Abstract**

**Introduction and research question** - Indonesia passed the Omnibus Law - Job Creation Law No.11 of 2020 at the end of 2020 and its derivative laws in 2021 to attract foreign investment and create a more flexible labour market. To overcome its drawbacks trade unions focus on developing stronger Collective Bargaining Agreements (CBAs), as CBAs are a key trade union tool for negotiating better working conditions. This paper examines how the Omnibus Law has influenced the contents of CBAs in the Indonesian textile, garment, and footwear industries by conducting a comparative analysis of CBA clauses and provisions of a particular company, both pre- and post-Omnibus Law.

**Methodology and Data** – This study uses coded collective agreements from the WageIndicator CBA Database to get an overview of company-level CBAs in the national context and analyze whether labour regulations have worsened CBA clauses and provisions. This paper analyzes 18 CBAs from nine companies that were signed before and after the Omnibus Law, taken from a dataset of 164 Indonesian textile, garment, and footwear company CBAs.

**Contribution to literature and findings** – The data highlights that obtaining CBAs after the Omnibus Law is challenging. These challenges originate from a shortage of established CBAs, which is due to the prolonged duration of the negotiation process. The findings indicate that post-Omnibus Law, collective bargaining agreements have mostly remained the same or improved. However, focusing only on Omnibus Law article amendments, it is evident that several companies have reduced their CBA provisions. It was found that five out of nine companies lowered their CBA provisions as regards to overtime hours and severance pay, and 4 out of 9 companies agreed to decrease the employment contract period clauses. On the other hand, the analysis found that other clauses were not affected by the Omnibus Law, such as training and gender equality, that were increased by 11,1% and 9,6%, respectively. This suggests that trade unions are improving other clauses to make up for the reduction in their CBA provisions

**Keywords:** Indonesia CBA, Omnibus Law, Job Creation Law, Collective Bargaining Agreement

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## **I. Background**

### **a. Collective Bargaining in Indonesia's Textile Garment and Footwear Industries**

Despite the challenges posed by the COVID-19 pandemic, the textile, garment, and footwear industries have continued to make significant contributions to the Indonesian economy. The sector has had a substantial impact on the country's exports and provided employment opportunities for over 1.08 million workers in 2022. However, the sector has a history of neglecting labour regulations, which results in low wages, long working hours, unfavourable working conditions, and a lack of collective bargaining power for workers. Workers in the sector have organized into trade unions to represent their collective interests and to demand better working conditions. Collective bargaining agreements are one of the key negotiating tools that trade unions use to protect and demand worker rights.

A Collective Bargaining Agreement (CBAs) must be made between an employer or several employers and a trade union or several trade unions that have already been registered in the Ministry of Manpower. With these rules in place, a collective bargaining agreement can only be made with a company that has a recognized trade union (Izzati, 2022)

Indonesia's Labour Law (Law No. 13 of 2003) primarily governs the legal framework for collective bargaining in the country. The law further stipulates that businesses must engage in good faith negotiations with trade unions, provides the legal basis for the establishment of CBAs, and outlines the rights and obligations of both employers and workers in the CBA that extend beyond the scope of statutory or normative regulations.

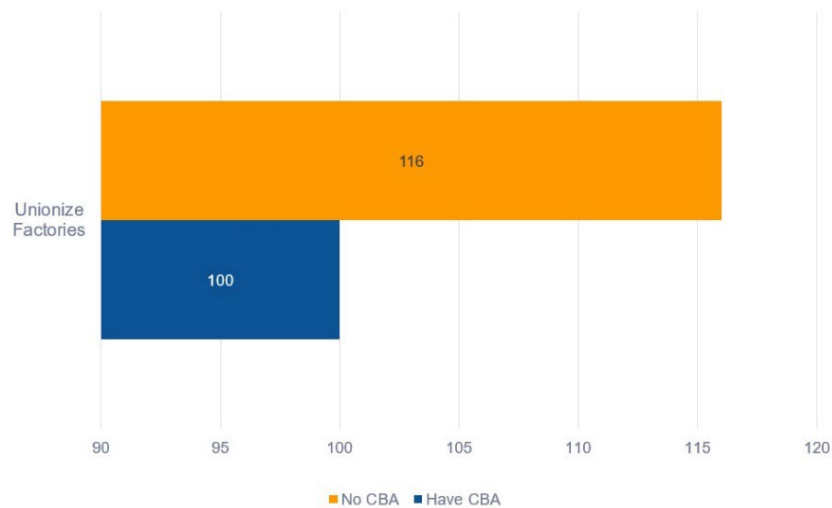
Despite the law guarantees freedom of association (FoA), the implementation of this FoA rights within companies faced various challenges. These challenges include apprehension among workers over union membership and resulting difficulties in organizing a trade union. As a result, there has been an ongoing decrease in the membership of trade unions year after year (AF.Sigit Rochadi, 2020). The trade union density has decreased over the past five years, based on the national data on trade union density that we were able to obtain. According to Indonesia's Central Bureau of Statistics (BPS), the country's union density rate was 11,76% in 2022 (Rizaty, 2023), this number shows a decline from the reported trade union density rate of 14.54% in 2017 (Jayani, 2019).

The development of Collective Bargaining Agreements (CBAs) may be impacted by the relatively low trade union density, as the ability of a trade union to engage in CBA negotiations is dependent upon its representation of more than 50% of the company's workers (Izzati, 2022). Based on data published by the Ministry of Manpower, the number of registered CBAs in March 2023 was 15,637 CBAs (Perjanjian Kerja Bersama (PKB) yang Didaftarkan, Maret 2023, 2023). This figure contrasts with the number of in total 1,247,660 companies that were listed in the Mandatory Labour Report application as of 31 December 2022 (Data Perusahaan yang terdaftar di WLKP Online Jan-Des Tahun 2022, 2023). While the implementation of a collective bargaining agreement is not legally mandated in all companies registered, the number serves as an indication for assessing the fulfilment of the right to organize and trade union engagement in collective bargaining in Indonesia. The data shows that a large proportion of workers do not have access to the benefits and protections provided by CBAs.

Another source of data used in this contribution stems from the WageIndicator Indonesia - Data Academy project with the five biggest garment trade union partners. This project aims to collect Decent Work Check (DWC) surveys, which serve to assess whether working conditions are compliant with the national Labour Law. In the period of 2017 - 2022, 229 factories with 13,216 respondents

participated in the DWC Survey in 216 factories were members of trade unions, and 104 companies had established company CBAs (Compliance with Law: Decent Work Check in Indonesia, 2022)

**Graph 1. Decent Work Check Surveys targeted unionized factory in textile, garment, and footwear, categorize by collective bargaining agreement**



The mere presence of a trade union within a company does not necessarily guarantee a decent process of implementing and enforcing CBAs. The current situation is that there are still many companies that do not have a CBA due to a lack of attention from employers who do not understand the intent and purpose of establishing CBA, which is sometimes considered to only benefit the workers, therefore employers are hesitant to participate in collective bargaining (Sugeng Prayitno, 2023). According to the regional trade union representative in West Java, even after CBAs are negotiated and approved, it is often difficult to ensure that employers comply with the requirements. Workers, particularly the leaders of trade unions at factory level, who attempt to enforce the terms of the CBA risk facing discrimination or reprisal (Sudiana, 2022).

The Job Creation Law, officially known as the Omnibus Law, passed in Indonesia in 2020, has raised concerns about the future of CBAs in the textile, garment, and footwear industries. The law aims to streamline regulations and promote economic growth. However, trade unions and labour activist both in Indonesia and international express strong resistance and critical analysis. They argue that the implementation of the Omnibus Law in Indonesia is anticipated to have major effects on worker protection (Mahy, 2022). The trade unions and labour activists are concerned about how the majority of Omnibus Law's clauses are unfavourable to workers. And the law's impact is on the decrease of workers' and trade union bargaining position, decreasing workers' and unions' power to negotiate CBAs (Serikat Buruh Bakal Gugat Perppu Cipta Kerja ke MK Karena Mayoritas Pasal 'Merugikan Pekerja', 2023).

The objective of this paper is to analyze the extent to which the Omnibus Law has thus far, that is, until June 2023, influenced the contents of CBAs in the Indonesian textile, garment and leather industry. This will be achieved by conducting a comparative analysis of the CBAs' content prior to and post-implementation of the Omnibus Law.

## **b. Changes in Indonesian Labour Law**

On November 2, 2020, the Indonesian Parliament passed the Omnibus Law (Law No. 11/2020 on Job Creation). Court reviews and widespread protests resulted in numerous rejections of the Omnibus Law. In an effort to evade this, on December 30, 2022, the government published a Government Regulation that contained the same contents as the Omnibus Law. This regulation was promulgated as an Act by the House of Representatives on March 21, 2023, under the same title; Law No. 6/2023 on Job Creation.

The law revised several articles from the main existing Labour law, Law No. 13/2003 on Manpower. Although there have been some improvements in a number of labour protection topics, there have been more regressions as regards labour protection. The scheme below presents an overview of the main improvements and regressions.

<b>Improvements</b>	<b>Law No. 13/2003 on Manpower</b>	<b>Law No. 6/2023 on Job Creation (Omnibus Law)</b>
Compensation for contract workers upon termination	Non-existent	Compensation is payable at the rate of 1 month's wage for every 12 months of service.
The legal consequences of a contract violation terms	Fixed-term contract workers becomes permanent workers by law	Fixed-term contract workers become permanent workers by law and worker's years of service are computed from the date of fixed-term employment contract begin
Prohibition of probation period for contract workers	The probation period mandated by the employer is deemed invalid and void by law, and the worker is granted permanent status	In addition to the probation period considered invalid and void by law, the probation period is counted as working period
Employment termination notice	The employer is not required to provide written notice of termination to the workers, only to the industrial relations settlement	Employers are required to provide workers with written notice of termination of employment, stating grounds/reasons no later than 14 working days before the termination date
Unemployment benefit	Non-existent	Unemployment benefit schemes are given to workers who experience layoffs
<b>Regression</b>	<b>Law No. 13/2003 on Manpower</b>	<b>Law No. 6/2023 on Job Creation (Omnibus Law)</b>
Fixed-term employment contracts period	Could only last up to 2 years and be extended once for up to 1 year	Maximum length of fixed-term contracts, including extensions, is 5 years
The limitations of outsourcing certain types of work	Prohibited the use of outsourced workers in core job or any activities related directly to company's	There is no restriction on the type of work that can be outsourced

	production process (non-core business)	
The legal consequences of outsourcing implementation violations	In the event of a violation of the outsourcing implementation, the employment relation between the worker and the outsourcing company will be changed by law to the employment relation between the worker and the company providing the job	Removed from article
Overtime	Maximum of 3 hours per day and 14 hours per week	Maximum of 4 hours per day and 18 hours per week
Sabbatical leave	At least 2 months after workers have worked continuously for 6 years at the same company, and apply every multiple of 6 years of service.	Removed from article
Termination compensation for permanent worker	<p>Termination payments under Indonesian Labour law generally comprise three components: severance pay, long-service pay, and rights disbursement.</p> <p>The payment calculation is depended on the reason of termination</p> <p>1. Severance pay due to:</p> <ul style="list-style-type: none"> <li>● Merger: 2x severance pay</li> <li>● Consolidation and release of companies: 1x severance pay</li> <li>● Companies closing due to continuous losses: 1x severance pay</li> <li>● Companies closing due to force majeure: 1x severance pay</li> <li>● The grounds of worker's misconduct: 1x severance pay</li> <li>● Pension (in case employers not register workers in the pension program): 2x severance pay</li> </ul> <p>2. Long-service pay in the event of employment termination due to prolonged illness or a disability arising from a work injury: 2x long-service pay</p> <p>3. Housing or medical and healthcare allowances disbursement calculated as an additional 15% of total severance</p>	<p>1. Reduction of severance pay in the event of termination due to:</p> <ul style="list-style-type: none"> <li>● Merger: 1x severance pay</li> <li>● Consolidation and release of companies: ½x severance pay</li> <li>● Companies closing due to continuous losses: ½x severance pay</li> <li>● Companies closing due to force majeure: ½x severance pay</li> <li>● The grounds of worker's misconduct: ½x severance pay</li> <li>● Pension (in case employers not register workers in the pension program): 1 ¾ x severance pay</li> </ul> <p>2. Reduction of long-service pay in the event of employment termination due to prolonged illness or a disability arising from a work injury: 1x long-service pay</p> <p>3. Housing or medical and healthcare allowances removed from article</p>

	and service payment on the termination of employment	
Minimum Wage Formula (using cost of living survey)	The Wage Council used to conduct a market survey to determine the cost of living and recommend the results to the Governor as a reference for determining the minimum wage	The new formula has abolished the cost of living survey
Exemption for Micro and Small Businesses (MSMEs)	Non-existent	Exempts MSMEs from having to pay the minimum wage, severance pay, long-service pay, and compensation rights, except when agreed between workers and employer.

Source: (Ahmad, 2021)

Following the enactment of the Omnibus Law, many labour relations matters need to be resolved through individual work agreements, company regulations, and collective bargaining agreements. However, in many CBA negotiating processes in Indonesia, the normative legal basis is employed as an upper limit that must be maintained rather than a minimum provision. As a result, CBA advocacy and CBA negotiations have become increasingly difficult following the Omnibus Law - in addition to existing problems as sketched above.

The Omnibus Law has also led to a significant increase in the duration of negotiation processes for CBAs. Employers are eager to integrate the latest CBA into the framework of the Omnibus Law. Meanwhile, the trade union aims to preserve the current CBA while complying with the Labour Law.

## II. Methodology

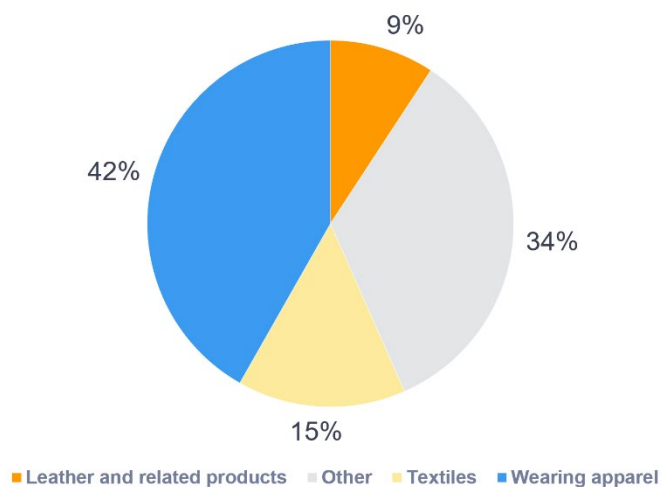
### a. Indonesian WageIndicator CBA Database

The non-profit WageIndicator Foundation runs national WageIndicator websites in more than 196 countries with the objective of providing the public with comprehensive insights on wages, national Labour laws, and other employment-related information.

In terms of the CBA Database, WageIndicator has created a central web-based platform to upload, annotate, and code CBA texts using a predefined coding scheme. This allows for the comparison of agreement provisions for the coded topics at both the national and international levels, as well as access to the source texts of Collective Agreements.

For analysing the CBA content, WageIndicator has developed a coding scheme covering the topics assumed to be most common in collective agreements around the world. A detailed questionnaire with twelve main topics has been used to annotate Indonesian collective agreements. Ten of the topics examine the actual content of the CBA document, while the other two topics consist of general information about the agreement and its scope. Each and every main topic is looked into by a series of inquiries that thoroughly examine each individual subject (Medas & Ceccon, 2021). The database enables research on Indonesian CBAs content, including comparisons of CBA clauses/provisions within the same company across time.

**Graph 2. Indonesian collective bargaining agreements by textile, garment, and footwear sectors**



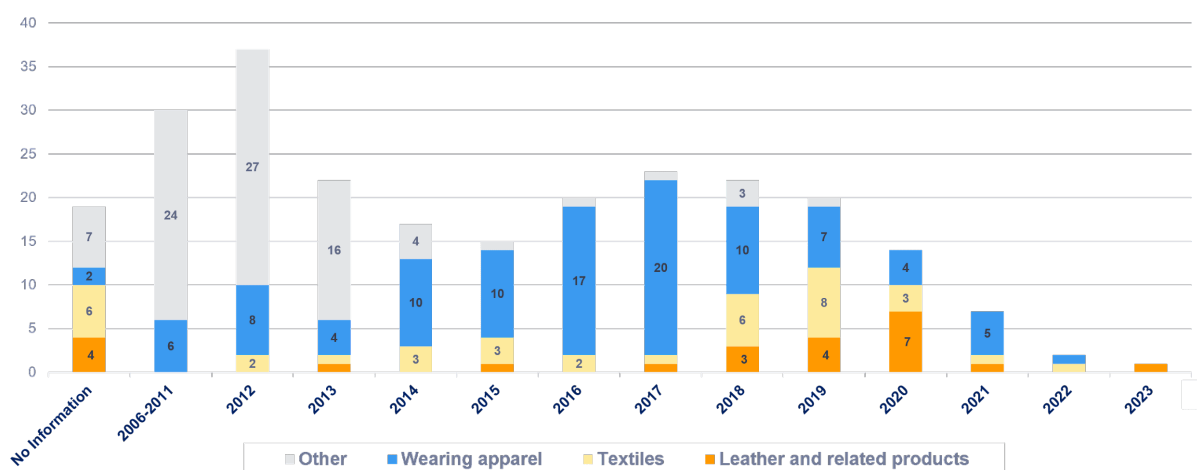
WageIndicator has collected and annotated a total of 249 Collective Bargaining Agreements (CBAs) from Indonesia, these include 247 CBAs negotiated between a single employer and its workers from 221 companies as well as two multi-employer CBAs covering ten companies and nine plantations. Multi-employer CBAs are different from single employer CBAs in that they involve cooperative negotiations between employers and trade unions of several different companies. These CBAs are frequently

preferred by companies that have things in common, such as similar locations, industries, and employment conditions.

The CBAs originate from diverse sectors such as manufacturing, agriculture/forestry, mining, transportation, food & beverage, tourism, and medical, among others.

A comprehensive dataset of 164 company CBAs from the textile, garment, and footwear industries has been compiled and annotated. This dataset consists of 104 CBAs from the garment sector, 37 CBAs from the textile sector, and 23 CBAs from the footwear sector.

**Graph 3. Indonesian collective bargaining agreements in textile, garment (apparel), and footwear signed by year**



The signature year of the 249 CBAs in the WageIndicator CBA database ranges from 2006 to June 2023, as shown in Graph 3. In Indonesia, WageIndicator began actively collecting CBAs in 2013, although WageIndicator already collected CBAs with signature years prior to 2013. A large proportion of the CBAs collected in Indonesia stem from the garment, textile, and footwear industries, as explained below due to the cooperation between the garment trade unions and WageIndicator.



The low numbers presented above for 2021, 2022 and 2023 highlight the challenges encountered in establishing and obtaining collective bargaining agreements after the implementation of the Omnibus Law. According to factory management and trade union representatives in West Java, factories opted to postpone CBA negotiations during the period. If the CBA is negotiated, the duration will take longer. It may take up to 15 meetings to reach an agreement between employers and trade union to discuss severance pay, one of the topics that were changed by Omnibus Law (Sugiyana, 2022). Due to the issues mentioned above, WageIndicator had difficulty getting new CBAs because there are lack of CBA negotiation and CBAs were agreed upon between 2021 and 2023.

## b. Data Collection Method

In Indonesia, WageIndicator focuses on gathering CBAs through trade union partners and/or by requesting registered CBAs at the local manpower department. Although WageIndicator is partnering with the five biggest garment trade union partners, requests for CBAs remain challenging due to the lack of a legal basis to upload full-text agreements on a website. However, with the WageIndicator CBA database, which is increasingly used by trade unions, gathering CBAs has become more convenient.

The collected CBAs can be in any format, including Word, PDF, JPEG, and even as a printed booklet. Trade unions at the factory level usually send their printed booklets to be processed and annotated by the WageIndicator team. To submit these files to a database, the files must be converted to text format. Amaya software is used by WageIndicator to assign headers after a CBA has been prepared into text in HTML format to be uploaded in the WageIndicator CBA Database system - COBRA. Texts can be annotated after the documents have been submitted to the platform by choosing the section of the text or the sentence that contains the response to the query according to the specified coding system (Tijdens, 2021).

## c. Coverage

The present study undertakes a comparative analysis of the CBA clauses and provisions for a set of particular companies, both pre- and post-enactment of the Omnibus Law. Out of the textile, garment, and footwear CBAs that WageIndicator has gathered, 18 CBAs from nine companies have been signed both prior to and post to the enactment of the Omnibus Law. These nine companies consist of three in the footwear industry, five in the garment sector, and one in the textile sector. Table 2 shows the profiles of these nine firms.

**Table 2. Profiles of companies with CBAs signed prior to and after the Omnibus Law**

No.	Company Name	CBA period	Start date	End date	Region	Sector / Line of Business	Number of Workers*	Brand supplied**
1	A	2019 - 2021	01/01/2019	01/01/2021	Purwakarta, West Java	Garment	2470	-
		2021 - 2023	19/05/2021	19/05/2025				
2	B	2017 - 2019	01/09/2017	31/08/2019	Tangerang, Banten	Footwear	21956	Nike
		2020 - 2022	23/12/2020	22/12/2022				
3	C	2017 - 2019	23/08/2017	23/08/2019	Semarang, Central Java	Garment	3527	Adidas, Fanatics,
		2021 - 2023	17/05/2021	17/05/2023				

								H&M, Nike, PVH
4	D	2019 - 2021	01/01/2019	01/01/2021	Bekasi, West Java	Garment	178	-
		2021 - 2023	31/01/2021	31/01/2023				
5	E	2018 - 2020	07/01/2018	06/01/2020	Purwakarta, West Java	Footwear	1454	Nike
		2022 - 2024	07/01/2022	06/01/2024				
6	F	2018 - 2020	01/08/2018	31/07/2020	Bogor, West Java	Garment	322	-
		2021 - 2023	02/08/2021	02/08/2023				
7	G	2015 - 2017	05/06/2015	05/06/2017	Bogor, West Java	Garment	1215	-
		2021 - 2023	01/04/2021	31/03/2023				
8	H	2020 - 2022	01/04/2020	31/03/2022	Tangerang, Banten	Footwear	9300	Nike
		2023 - 2025	01/03/2023	28/02/2025				
9	I	2019 - 2021	26/08/2019	25/08/2021	Purwakarta, West Java	Textile	1000	-
		2022 - 2024	26/08/2022	25/08/2024				

\* The information regarding number of workers has been obtained from trade unions at the plant level through surveys conducted in December 2022

\*\* The information regarding brands supplied has been obtained from both the public brand facility list compiled by Open Supply Hub and by the trade unions at the plant level.

The WageIndicator has encountered challenges in obtaining company CBAs following the implementation of the Omnibus Law, mostly attributable to the limited number of CBAs that have been successfully negotiated and signed during this period. As a result, there lack of CBA samples to compare in this study.

### III. Research Findings

#### Comparing CBA content post and prior to the Omnibus Law based on WageIndicator CBA Database coded topics in nine renewed company CBA

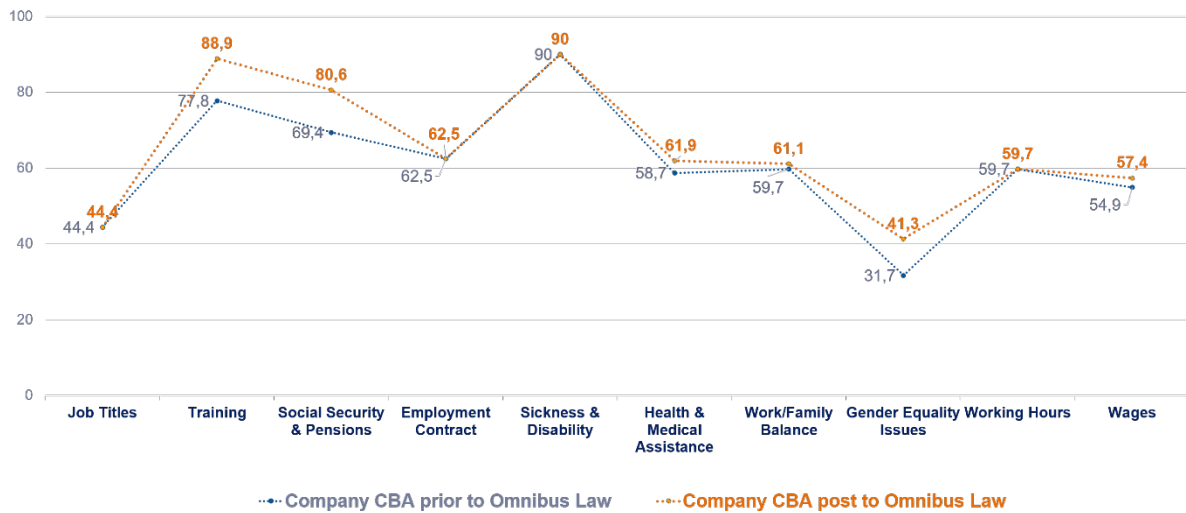
The analysis uses coded collective agreements to determine whether the clauses and provisions in the CBA have improved or deteriorated as a result of worsening labour regulations. As described in the CBA database Manual, there are 10 main topics covered in detail by the CBA contents: (1) Job titles, (2) Training, (3) Social Security and Pensions, (4) Employment Contracts, (5) Sickness and Disability, (6) Health and Medical Assistance, (7) Work-Family Balance Arrangements, (8) Gender Equality Issues, (9) Working Hours, (10) Wages. The list of variables is included in the codebook of the dataset (Ceccon & Medas, 2022).

Each main topic is investigated by sub-questions so that it can be thoroughly analyzed. This paper undertakes an analysis of 110 sub-topics that are associated with the 10 main topics above. The graph 4 is then measured as a percentage of the number of coded sub-topics covered in the CBA content compared to the total number of 110 sub-topics investigated by sets of sub-questions from WageIndicator. It should be noted that the assessment of an improvement is determined by two key factors. Firstly, the inclusion of new clauses within the CBA in cases where there was previously no

regulation. Secondly, the extent to which provisions are enhanced, such as an increase in the number of annual leave days from 12 to 16.

Graph 4 presents a comparison of data obtained from CBAs before and after the implementation of the Omnibus Law, categorized by coded main topic. The percentage calculates the number of sub-questions included in each sampling company's CBAs before and after the Omnibus Law.

**Graph 4. Comparison on average percentage of each WageIndicator-coded main topics in nine renewed company CBAs**

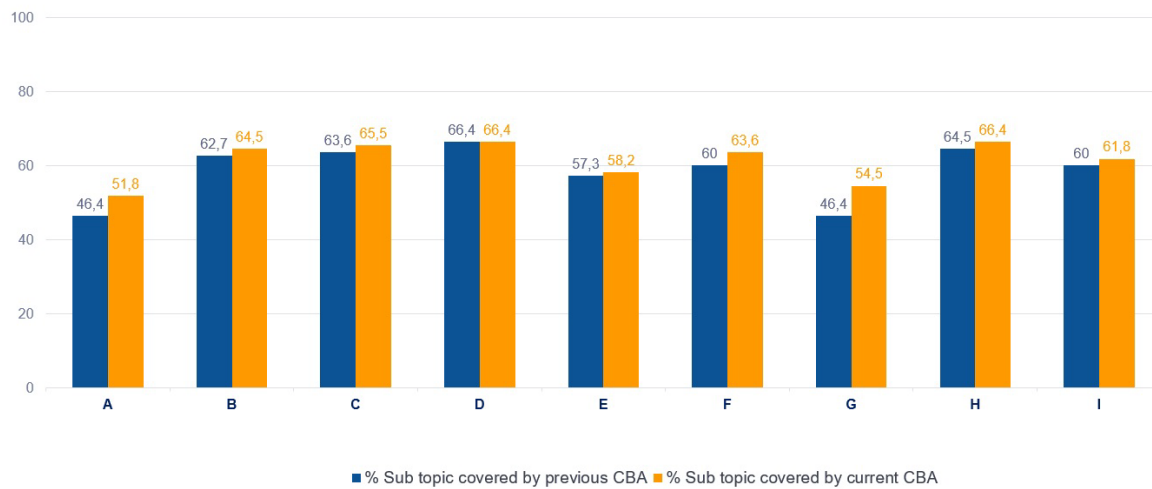


Improvement is seen in six of the main topics measured: training, social security and pensions, health and medical assistance, work and family balance, gender equality, and wages. The remaining main topics (job titles, employment contracts, sickness and disability, and working hours) remained unchanged. The highest improvement rate is in social security and pensions (11.2%), followed by training (11.1%) and gender equality (9.6%).

The main topics that are experiencing notable improvement are those that are not affected by the Omnibus Law, either due to the absence of regulatory amendments or the Omnibus Law's enabling of improvements in those areas. An example of changes cause by Omnibus Law includes a novelty regulation in terms of the unemployment benefit scheme, known as *Jaminan Kehilangan Pekerjaan*, in the domain of social security and pensions.

Graph 5 displays the average percentages of all sub-topics of the nine renewed company CBAs post and prior Omnibus Law, categorized by company. Prior to the Omnibus Law, the CBA content in all nine companies covered on average 58% of the 110 sub-topics measured by WageIndicator sub-questions. Company D has the highest proportion of WageIndicator sub-topics incorporated in its CBA, accounting for 66.4% (73 out of 110 topics), whereas companies A and G have the lowest proportion, at 46.4%. Following the implementation of the Omnibus Law, the figures improved on average from 58% to 61%. Notably, of the companies with high starting positions in their CBA, company D did not experience any change, while company H saw an increase to 66.4%.

**Graph 5. Comparison on average % of all WageIndicator coded sub-topics of the nine renewed company CBAs post and prior Omnibus Law, categorized by company**

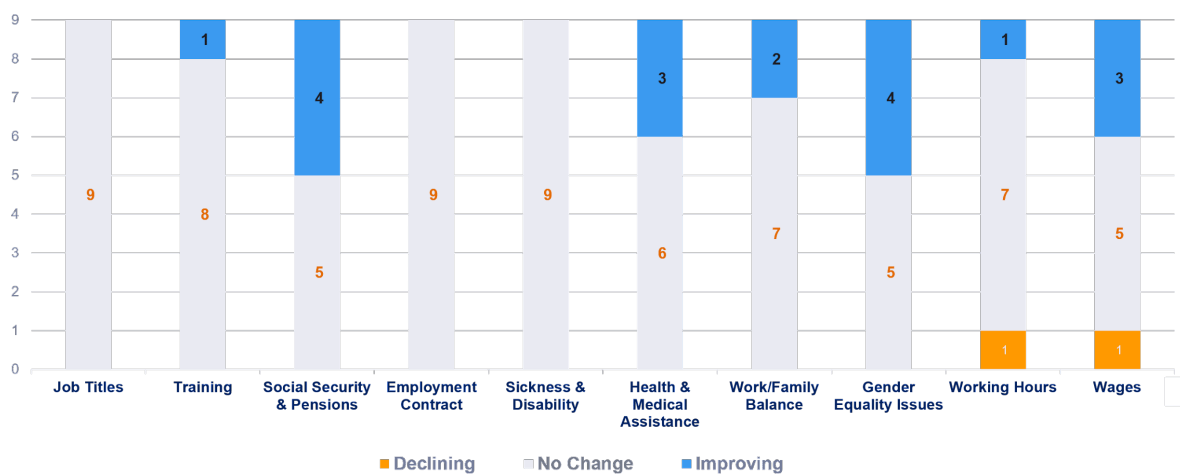


The majority of the company CBAs, specifically eight out of nine, have upgraded their CBA clauses and provisions. One CBA, however, has remained unchanged. Company G demonstrated the most significant enhancement in their CBA, achieving an 8.1% increase. Company A also exhibited notable progress, with a 5.4% improvement in their CBA.

The data suggests that companies that have lower starting positions in their CBAs possess greater potential to increase the number of clauses and improve the provisions of their CBA compared to those that currently hold top positions.

Graph 6 shows 10 main topics identified in the CBA prior and post Omnibus Law, which have been classified based on the number of companies that have included CBA clauses and/or provisions regarding these topics.

**Graph 6. Number of companies that change the clauses and/or provision in their Collective Bargaining Agreement, categorized by coded main topics**



Within the section concerning working hours and wages, it is noticed that one company has experienced a decrease in their CBA clauses and/or provisions. However, it is noteworthy that there

are several companies that have demonstrated improvement, with one company exhibiting improvement in working hours and three companies showing progression in wages. Four companies have successfully improved their CBA clauses and provisions in relation to gender equality, social security and pensions.

Based on the available data, all nine companies have maintained their collective bargaining agreements (CBAs) related to job titles, employment contracts, sickness and disability. It is evident that trade unions have demonstrated their commitment to preserving the provisions outlined in their previous CBA from being reduced, despite the overlapping implementation of the Omnibus Law and the COVID-19 pandemic, which posed another major challenge.

Following the implementation of the Omnibus Law, trade unions have engaged in negotiations that prioritize gender equality clauses in their CBA. These clauses address issues such as discrimination, sexual harassment, and workplace violence. The sub-topic of sexual harassment has resulted in improvements to the CBAs of three companies. Additionally, two companies have included provisions aimed at mitigating workplace discrimination and promoting gender equality, while one company added measures to address workplace violence to their CBA. It is also interesting to note that within the nine renewed company CBAs, there was no exclusion of women workers belonging to certain groups (such as contract and outsourced workers) from the clauses and provisions of gender equality in their respective CBAs. This may be due to a growing awareness of gender mainstreaming in nine factories observed in this study. Trade unions are negotiating for improvements to clauses that are not affected by the Omnibus Law, eg: gender equality clauses in order to compensate for the loss of other clauses as a result of declining regulations in the Omnibus Law.

In response to a request from their members, most of the trade unions have focused on enhancing wages in the CBA negotiation processes. Notably, new pay scale clauses have been introduced in one company, and two companies increased their CBA provisions for transport and meal allowances.

Improvements in health and medical assistance are seen in one company that incorporated relevant clauses related to COVID-19, while two others have enhanced their provisions for protective clothing/gears and health insurance.

Another notable improvement is within the work and family arrangements, where one company is including clauses on breastfeeding breaks and discrimination related to maternity, while another company is enhancing their provisions for the health and safety of pregnant workers.

Company I is one of the companies that is making advances in improving their CBA in terms of work and family arrangements. They managed to negotiate effectively for the addition of two new clauses on health and safety for pregnant workers, such as the elimination of any risks associated with working while pregnant and the provision of specialized uniforms for pregnant workers. Another additional development is related to ensuring the provision of breastfeeding breaks and time off for nursing mother within their CBA. One of the strategies employed by the trade union in this company is to include traditions/norms that are in force and implemented, but not explicitly laid out in the CBA. Trade unions may face uncertainty regarding changes in the company's policies if they are not stated in a written agreement, which could result in the sudden revocation of established traditions and norms.

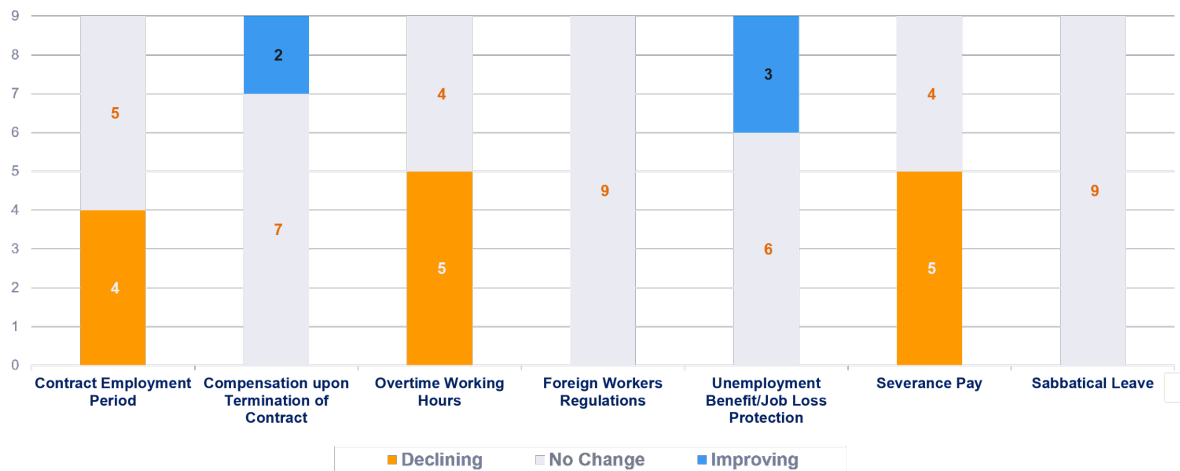
### **The impact of the amendment's articles in the Omnibus Law on the content of CBA**

The preceding section of this contribution outlines the changes that were made to labour regulations resulting from the amendments introduced in the Omnibus Law. As the sub-topics analyzed within the WageIndicator CBA Database did not cover all the changes affected by the Omnibus Law, a

comparative analysis was conducted by examining the complete text of collective agreements for the specific clauses and/or provisions associated with the amended articles of the Omnibus Law.

The previous section’s data indicates that, in general, collective bargaining agreements negotiated after the enactment of the Omnibus Law have either remained the same or exhibited a slight improvement. However, upon closer examination and focusing only on the changes made to the articles within the Omnibus Law, a decrease in CBA provisions is evident (see Graph 7).

**Graph 7. Categorization of companies that underwent changes to the sub-topics in their CBA due to amendments article in Omnibus Law**



**a. The impact of the declining articles within the Omnibus Law on the clauses and/or provisions of Company CBAs**

There are four companies adjusting their CBA regarding the duration of contract employment periods with the Omnibus Law, where the maximum length of fixed-term contracts including extensions, is prolonged to five years instead of three. Another five companies implemented the old CBA clauses where fixed-term contracts are limited to a maximum duration of two years, with the possibility of extension for a period of up to one year. After the end of this period, it has been stipulated that contract workers will be granted permanent worker status.

It was found that five companies have adjusted their CBA provisions related to overtime hours, to allow the maximum amount of overtime to be set at 4 hours per day and 18 hours per week. Yet, four companies did not modify their CBA provisions regarding overtime, remaining 3 hours per day and 14 hours per week.

In terms of severance pay, five companies have reduced their severance pay provisions from their previous CBA, adjusting to what is regulated in the Omnibus Law. This provision reduces severance pay for termination due to merger, consolidation, release, closure due to continuous losses or force majeure, misconduct, or pension. Additionally, long-service pay may be reduced in the event of employment termination due to prolonged illness or a disability arising from a work injury that prevents the employee from working for more than 12 months, and housing or medical and healthcare allowances may be removed. The remaining four companies have stuck to the terms outlined in their preceding CBA.

## **b. The impact of the improving articles within the Omnibus Law on the clauses and/or provisions of Company CBAs**

In response to the lowering of CBA provisions related to contract employment duration, overtime hours, and severance benefits, various trade unions have tried to include the beneficial aspects of the Omnibus Law, including post-termination compensation, and unemployment benefit/job loss protection.

Only two companies included additional provisions in their CBAs regarding the compensation of contract workers upon their termination. The remaining seven companies did not incorporate this aspect into their CBA. As a result of the Omnibus Law's introduction of a new regulation for unemployment benefits, three companies have included new clauses on unemployment benefits/job loss protection in their CBAs.

The Omnibus Law has introduced certain amendments that may potentially reduce the provisions previously agreed upon in the Collective Bargaining Agreement (CBA). In response, trade unions have obviously put efforts to safeguard these provisions. Many trade unions are currently advocating for a "CBA without Omnibus Law". As a consequence, trade unions are withholding their agreement towards the beneficial improvement introduced by the Omnibus Law, which resulted in no improvement in compensation for contract workers and job loss protection. Trade unions tend to favour employment contract clauses that automatically grant the permanent worker status to workers after a maximum of three years of employment, as opposed to the five-year period stipulated by the Omnibus Law, since workers can be contracted for a longer period.

## **IV. Conclusion**

The trade union movement has faced challenges in recent times due to a decrease in trade union density, a decrease of 2.78% are recorded from 2017 up to 2022, which impact the ability of workers and trade union to participate in CBA negotiations. The implementation of the Omnibus Law, coinciding with the COVID-19 pandemic, has further complicated matters for trade unions as they strive to prevent employers from using the Omnibus Law to restructure their workforce. The Omnibus Law's amendments to its employment status-related clauses have increased the flexibility of the labour market: they allowed employers the freedom to use contracted or outsourced workers who can be contracted for a longer period and with no restrictions on the type of work that can be outsourced.

Establishing CBAs has become one of the most important strategies trade unions use in negotiating better working conditions. The comparative analysis in this paper reveals that several trade unions have been forced to accept a reduction in CBA provisions as a result of the Omnibus Law. Five out of nine companies lowered their CBA provisions as regards to overtime hours and severance pay, and four out of nine companies agreed to decrease the provision of employment contracts, which result in a worker's employment status.

However, in general, trade unions are making their utmost to safeguard the provisions agreed upon in their prior CBA from being decreased due to amendments introduced by the Omnibus Law. Each of nine companies has upheld the clauses and provisions related to job titles, employment contracts, sickness, and disability within their respective collective bargaining agreements. In normative clauses such as wages, new pay scale clauses have been introduced in one of nine companies, and two companies increased their CBA provisions for transport and meal allowances. Similarly, concerning health and safety one company added new clauses on COVID-19 and two others have improved the provisions of protective clothes and insurance.

The proof of trade union leverage is shown by their ability to negotiate improvements in non-normative clauses, specifically those regarding gender equality, by including clauses on discrimination, sexual harassment, and workplace violence into their collective bargaining agreements. In work and family arrangements, clauses on breastfeeding and discrimination related to maternity have been added in one company, while another company enhances its provision for the health and safety of pregnant workers.

It may be observed that there has been a shift in the interpretation of the essence of the collective bargaining agreement, under which the employer and trade union mutually agree to establish their own regulations, regardless of any changes in national laws. It is worth noting that the national Labour law serves as the normative legal basis, and it is used as an upper limit that must be maintained rather than a minimum provision. As a result, CBA advocacy/negotiation became increasingly difficult following the Omnibus Law due to trade unions' reliance on national Labour law. Therefore, in the event of a regression in legal standards, CBAs tend to follow, particularly in a company where the trade union lacks the power and ability to engage in collective bargaining.



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