

THE ROLE OF INTEREST GROUPS IN IMPROVING THE QUALITY OF PUBLIC POLICY (CASE STUDY OF MINIMUM WAGE POLICY IN SOUTH SULAWESI PROVINCE)

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ABSTRACT

The issue of the provincial minimum wage has always been confronted with the interests of who is excluded from a number of directly related interest groups. Trade union groups highlighted issues related to the minimum wage, namely around the issue of increasing nominal wages in relation to decent living conditions every year experiencing an increase in the inflation index. On the other hand, employer groups encourage the creation of business sustainability with minimal labor salary costs. These two issues always have conflicts in the process of determining the minimum wage policy of South Sulawesi Province regarding how interest groups contribute to the minimum wage policy. To answer these problems, argumentative qualitative research methods are used, focusing on the role of interest groups (Trade Union Groups and Employer Groups) in encouraging the formation of quality minimum wage policies, acceptable to all parties. The case of the process of determining the minimum wage policy for South Sulawesi Province in 2022 carried out in the Wage Council forum is the focus and locus of this research. The interactive single case analysis method was used to analyze the data of interest group debates in the Wage Board forum. The results showed that the ability between interest groups in the process of formulating provincial minimum wage policies, tends to differ in exerting pressure and influence on the minimum wage policy posture. Employers tend to use the power of lobbying and negotiation processes in wage board forums, while union groups tend to use the media of demonstrations and intimidation of worker group members. The ability to negotiate in the Wage Council forum has a real impact on the acceptance of policy proposals by the South Sulawesi provincial government authorities. The cohesiveness of interest groups is observed to have a positive effect on the sustainability of the struggle for policy ideas in policy forums, where trade union groups are still fragmented compared to employer groups. In the end, the decision on the provincial minimum wage policy was decided by considering the majority of views of the employer group with an increase of about 6.9% from the previous year's minimum wage.

Keywords: public policy, minimum wage, groups

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INTRODUCTION

The existence of groups in the public policy process is very important and even becomes an integral part in every stage and process of public policy (Ma'Mun et al., 2021). Groups in public policy actually become subsystems that are related to each other by other groups (Weible et al., 2010). They interact and exert pressure and influence among themselves and on policy-making institutions in the government sector. One group that is relatively always present in every discussion of public policy, is the interest group (*interest group*) which from time to time always gives pressure and attention to the content and substance of certain public policies.

Analysis of *interest groups* in public policy has proven that the role of interest groups has a very significant impact on public policy, especially on distributive and redistributive policies, and even on strategic policies (DeLeon, 1998; Ripley, 1985). For Dye (2008) that group perspectives in public policy are always colored by conflicts of interest which are generally analyzed in group approaches in the politics of public policy formulation. In the case of

minimum wage policy, there are a number of interest group actors who are directly related to the minimum wage issue, namely employer groups and labor groups through trade unions and government groups as public policymakers.

The facts show that the conflictive conditions between interest group actors towards the minimum wage policy of South Sulawesi Province are quite significant. In other words, the minimum wage policy set every year by the government is always colored by the debate of policy actors. In general, this debate occurs in the realm of disagreements related to the decent living conditions of the people of South Sulawesi Province, which is used as a benchmark in determining the minimum wage. Disagreements among interest groups are directly related to the amount of a decent minimum wage for workers. In 2022, the minimum wage for South Sulawesi is Rp. 3,385,145, which in the previous year was Rp. 3,165,876 as stated in the decree of the Governor of South Sulawesi number 2416/SI/2022. This means that from the previous year there was an increase in the minimum wage by 6.9%. While UMK Makassar City is Rp. 3,513,982., conditions like this are interesting to analyze that the minimum wage of South Sulawesi Province is lower than MSE Makassar City, which also means there is a significant difference in the purchasing power of workers who are not met, especially those who live around Makassar City. The process of determining the minimum wage policy is the focus of analysis of the role of labor interest group actors through trade unions and employers' association groups through Apindo in the wage council of South Sulawesi Province.

These differences actually occur which are colored by conflict tensions during the formulation process and even its implementation has occurred at almost every stage of the process. This of course needs to be analyzed further, especially with regard to the role of interest groups, who is the underdog and how that role can contribute effectively to effective public policies that can overcome social problems. The results of a study by Ayu & Hidayat (2017) found that the employer group as the minimum wage policy actor in Semarang City tends to be more dominant than other actor groups. In general, the interests of the employer group are more effective in exerting a major influence in the scenario of formulating minimum wage policies in Semarang City. This means that interest groups in public policy, in the case of minimum wage policy, have interests that are always fought for. On the other hand, Rusdi (2006) also prove that the case for minimum wage policy in South Sulawesi Province is always colored by the deployment of advocacy coalition strategies between Apindo interest groups and trade unions, so as to create conflicts of interest in wage policy forums.

Yan et al (2019) found that interest groups have a role in Kupang City's budgeting policy in the form of media lobbying, advocacy and collaboration with policymakers. Similarly, Winengan (2016) research shows that the power of interest groups or business actors in the case of land acquisition policies in the Mandalika Resort area in Lombok has given birth to policies that lack legitimacy. The results of this study have proven that interest groups on public policy always play a role, even though the final quality of policy produced through its function and role in the public policy process has not been seen.

The various research results illustrate that interest groups with various varieties and forms, are exerting influence and pressure on public policy. However, a study of whether the role of interest groups in public policy directly contributes effectively and favorably to quality policy. The position of the role of interest groups on public policy, with emphasis on strategic roles and their relationship to the quality of public policy, has not been studied in depth by various

experts. Therefore, this study focuses on analysis that can provide an overview of the role of interest groups in creating a minimum wage policy for South Sulawesi Province that benefits various related parties. A favorable perspective for public policy is defined as the formation of public policy in which policy actors obtain agreement without significant pressure (*win-win solution*).

METHOD

This research uses a qualitative approach based on case studies. The placement of the case for making the South Sulawesi Province Minimum Wage policy in 2022 is used to explain the aspects of group interests related to the policy and how interest groups organize themselves to improve the quality of the policies they produce. Interest groups identified in the process of formulating the Minimum Wage Policy of South Sulawesi Province are labor groups in the Trade Union forum and employer groups in the Employers Association (Apindo) forum. By using the informant method, policy actors in interest groups and target policy targets, UMP will be able to provide an explicit picture of the existence of interest groups and how they relate to the policies formulated. In this regard, the technique of single case analysis, and interactive models such as Miles & Huberman (1984) was applied to the UMP policy forum site in South Sulawesi Province.

RESULTS AND DISCUSSION

The role of interest groups in provincial minimum wage-setting policies is in principle very significant. The involvement of the Employers' Association (Apindo) and Trade Union Group groups in the Wage Council (DP) forum directly proves that interest group debates always color the policy process, because the interests of groups differ among them. The analysis is more focused on the existence of these interest groups in encouraging the creation of an effective minimum wage policy, acceptable to all groups without intimidation and a tough process. In the perspective of the role of interest groups, there are 3 factors found to provide an overview of interest group debates and their relation to the minimum wage policy posture born through the authority of the South Sulawesi Provincial Government.

First, as part of a shift in decentralization patterns and changes in governance systems and mechanisms have changed the context of UMP policy formulation more broadly from the perspective of *the iron triangle as discussed through the Eastonian approach* (Gerston, 1983) Similarly, the context of the involvement of trade union groups in the UMP policy process is not in line with state-centered thinking and analytical approaches where changes in public policy arise from the preferences of bureaucratic elites. Grindle & Thomas (1991) Turner and Hulme (Keban, 2004), especially when associated with the phenomenon of involvement of public policy subsystems or interest groups outside the elite of the public policy bureaucracy.

Indications of capability as another aspect of the institutional wage institution show that there are still relative limitations of Trade Union Groups in various matters in the Provincial Wage Council forum. Data shows that negotiation and lobbying skills that are very important to influence the UMP policy subsystem have not been significantly owned by labor groups, compared to the Apindo group at the South Sulawesi Provincial Wage Council forum. Trade union groups in fact emphasize the demonstrative ability of the labor movement. Meanwhile, the ability possessed by the Apindo Group which is sharper in presenting UMP numbers is

basically also stimulated by the experience it has previously had, related to the production process and also the measurement of wage scales that have been applied in the company.

Thus, negotiations and lobbying, which of course are based on argumentation mechanisms in the process of discussing the minimum wage at the minimum wage policy forum, are still more effective than labor group demonstrations to influence policy forums. This fact is in line with Torgeson's concept (Jenny & Stewart, 2005) that the context of language (*language*) as well as argumentation and *power* (*power*) influence the policy-making process.

Based on this picture, the following proposition can be formulated:

The institutional ability of Interest Groups in negotiation and lobbying as well as arguments against the amount of UMP value are more dominant in determining the UMP determination process than demonstrations.

Although the workers' demonstrations were so strong and repressive, in various forms changes in UMP policy in accordance with the demands of the labor group have not been achieved adequately. This is due in addition to the negotiation ability of the business group, it is also caused by the relatively strong pattern of relations between local governments and local companies, especially in the framework of maintaining the company's existence as an economic locomotive of the South Sulawesi Region.

Second, if it is associated with the concept of *collective action*, then often the failure of actors to urge and influence policy forums is caused by the emergence of *free-rider problems*. This is relevant to the existence of labor groups that have varying perspectives between efforts to improve welfare and the interest to survive as workers or workers in the company. The study of Grindle & Thomas (1991) which proves that in developing countries, group interests may not be able to organize themselves properly to suppress policy elites and have no guaranteed access to policy elites is still relevant to the results of this study. Therefore, interest groups, especially from the side of trade union groups, have not been able to achieve the policy objectives offered due to the limitations of organizing their institutions and the weakness of structuring their existence as institutions that are parallel to other groups of actors in the DPP forum.

In the perspective of minimum wage policy, the policy change occurred as a result of the context of the existence of the Apindo group and the Trade Union in the process of discussing the Minimum Wage of South Sulawesi Province perceived as two groups that have very opposite views. So they put a strategy as an effort to achieve the policy goals they want. On the other hand, the quantity aspect of membership of Trade Union and Apindo groups also determines the discussion process which tends to give birth to unbalanced differences in strategy and strength in the DPP forum. The strength of the number of group members in the policy forum actually colors the context of wage policy.

Based on the description above, the following proposition can be formulated:

Although the pluralist context colors the wage policy process, groups whose existence and number of coalition members are sufficient still dominate the policy process in policy forums.

This shows that the concept of dominance in the policy analysis process, even in a pluralist-based context, tends to still occur if there are differences in the number of members of the coalition of interest groups and their existence in policy forums. This directly has implications for a pluralist-based approach to policy analysis, as revealed by Truman Grindle & Thomas

(1991) where the operationalization of the concept is determined by the context of membership and the existence of groups of policy actors.

Third, the internal perspectives of interest groups in both the Trade Union and Apindo groups are still very colored by various interests as a result of the fragmentation of opinions that developed during the discussion of provincial minimum wage policy ideas. The case at the South Sulawesi Provincial minimum wage policy forum shows data that variations in the level of understanding and cooperation built between members of the Trade Union group have not been strong enough to exert pressure and influence on the policy forum of the Provincial Wage Council. The fact was found that at the fifth session (November 24, 2022), the process of determining the minimum wage for South Sulawesi Province 2022 where members of the Trade Union Group were divided between those who left the session and others still remained in the DPP forum. The fragmentation of the interests of an interest group always reflects the degree of variation of interests that exist within the coalition. This aspect of fragmentation is seen as part of the management of wage institutions that at least between members have non-uniform interests in one particular issue. In the context of the Apindo group, the interests of the majority of business representatives of entrepreneurs tend to be more uniform, namely maintaining business existence through economically affordable wage costs.

Several forms of consolidation and solidity carried out by labor groups, namely through lobbying and *sharing* opinions between trade unions in wage institutions. This model is a direct influence of the strategies used by each trade union that focuses on improving their lives as part of the policy community and is not rooted in *collective action*. This approach is more relevant to the concept of *interest representation*, as expressed by Olson and Wilson (Sabatier & Pelkey, 1987), which relies heavily on the principle of calculating the interests of individual actors.

The above fact is relevant to Hall et al (., 2009) conclusion that very low labor group unity causes the desired policy goals not to be achieved. The lack of unity associated with the solidity and solidarity of labor groups in the context of UMP policies has added to the weak dimension of consolidation of trade union interest groups in an effort to increase their resources and repressive instruments against the Provincial Wage Council forum.

Related to empirical studies conducted by Migdal (1988) that in some developing countries, public pressure is often poorly organized and ineffective in presenting public agendas. Such a perspective has resulted in policymakers being limited in the policy choices that will be formulated over them. This is seen as an integral part of the finding that interest groups in the case of provincial minimum wage policies have an impact on the policy posture desired by each group involved, despite debates in the minimum wage policy cycle. However, the strength of the majority interest group of the Apindo group seems to be significant enough to make a convincing contribution to the province's minimum wage policy.

Another fact shows that the Entrepreneur group (Apindo), which has a relatively strong solidity dimension with regard to the issue of the Provincial Minimum Wage, is very concerned about various things that can threaten its existence and institutions as a result of high production costs, including labor costs. This policy belief makes the Apindo group very consolidative in various efforts to change the idea of minimum wage policy discussed in the South Sulawesi Provincial Wage Council forum. The belief systems and interests of the actors who will determine policy choices will always look for strategies for adoption and influence, where the

ability of the coalition group to achieve that goal is influenced by various internal factors. The mechanism agrees with Sabatier's view (Hill, 1993; Howlett & Ramesh, 1998) that policy subsystems are internally influenced by existing group resources, such as money owned, expertise, number of supporters, and legal authority they have.

The study of Grindle & Thomas (1991) which proves that in developing countries, group interests may not be able to organize themselves properly to suppress policy elites and have no guaranteed access to policy elites is still relevant to the results of this study. Therefore, interest groups, especially in terms of trade union groups, have not been able to achieve the policy objectives offered due to the limitations of organizing their institutions and the weakness of structuring their existence as institutions that are parallel to other groups of actors in the Wage Council forum.

CONCLUSION

The process of formulating the minimum wage policy for South Sulawesi Province in 2022 takes place procedurally following the rules for setting wage policies at the provincial level. In the formulation stage, especially in the minimum wage policy forum carried out by interest groups both from employer groups and trade union groups as well as local government elements and accommodated through the Provincial Wage Council. The debate on the components of the minimum wage to the amount determined through the process of policy forum travel where interest groups provide strategies to be able to push their policy ideas accepted in the policy forum into minimum wage policies.

Based on the character of interest groups, trade union groups tend to use argumentative media in various demonstrations and rallies to provide views on minimum wage policy. Meanwhile, the business group uses media arguments based on economic data and internal company policies. The two strategies displayed by the interest group on the minimum wage policy posture have an effect on policies based on the interests of both the company's economic interests, and the interests of welfare in general. The policy choice of the local government of South Sulawesi Province ultimately chose the minimum wage policy with an increase of 6.9%. This percentage increase has basically not changed significantly, because in 2022 in South Sulawesi Province, the average inflation rate is around 6%. This means that interest group debates over provincial minimum wages have principally resulted in minimum wage policies that are based on the choice of employer groups rather than those of trade union groups,

The strength of trade union groups in terms of the number of members in the Provincial Wage Council forum compared to employers' groups is quite different and has an impact on the strength of groups to speak their arguments. In terms of lobbying and scientific argumentation skills, it is also very different between trade union groups and employer groups, which causes policy choices to be more rationally considered by actors from employers' arguments than by trade union groups. This means that scientific objective arguments still color the process of setting the minimum wage in South Sulawesi province compared to persuasion arguments. The differences in the institutional typologies of the two interest groups are also enough to give color to actors' policy choices towards provincial minimum wage policies. In fact, the differences between the two groups have an impact on the minimum wage policy posture which is more concerned with scientific objective choices than on consideration of policy debates. The policy choices of actors in the Provincial Wage Council forum seem to use

a rational approach rather than a group pressure approach, although the arguments of pressure groups have actually been able to put pressure on the choice of policy forums.

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