


Article

Business Environment Turbulence and Industrial Connections Instruments as Determinants of Firm Performance Mediated by an Industrial Connections Climate

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Abstract: The year 2022 was characterized by several major events that occurred after the COVID-19 pandemic, which devastated business sectors in Indonesia and the rest of the world. The current business environment is experiencing accelerated turbulence characterized by an increasing intensity of business competition, rapid changes in the market, and a changing industrial connections climate. The industrial connection climate of an institution can be measured by the pattern of relationships that occur between workers and management. Industrial connections are fundamental to the sustainability of an organization and are understood as an important factor in influencing institutional performance. This research aims to look at the impact of industrial connections instruments and turbulence in a business environment on the industrial connections climate. In addition, whether the industrial connections climate relates to firm performance was also explored. The research design is inferential and quantitative, and sampling and snowball sampling methods, with a total sample of 406, were used. The data collected were analyzed using a Structural Equation Model using LISREL version 8.70. This research used a survey to build an SEM model that tests the effect of organizational turbulence and industrial connections instruments on organizational climate directly and tested mediation of organizational performance. This research shows that an industrial connections climate has a positive effect on business turbulence and industrial connections instruments. However, industrial connections instruments have a greater impact on the industrial connections climate. This is because industrial connections instruments are the media used in the implementation of industrial connections in organizations. This research also confirms that an industrial connections climate is positively related to organizational performance. The result of the indirect influence (IE) means that the industrial connections climate is able to mediate the influence of industrial connections instruments on organizational performance.

Keywords: business turbulence; industrial connections; industrial connections climate; industrial connections instruments; organizational performance



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1. Introduction

The year 2022 was characterized by several major events that occurred after the COVID-19 pandemic, which devastated business sectors in Indonesia and the rest of the world. The current business environment is experiencing an accelerating turbulence characterized by an increasing intensity of business competition, rapid changes in the market, and a changing industrial connections climate. The COVID-19 pandemic in Indonesia has not only had an impact on public health, but has also had an impact on the economy, education, and social life of the community due to the implementation of policies and distance restrictions [1]. The COVID-19 pandemic has contributed to a decline in tourist visits, business turnover, layoffs, and economic-business income [2]. For example, the travel agency business lost money in 2020, and the hotel occupancy rate dropped dramatically to the level of 30–40%. Likewise, Indonesian airlines experienced considerable losses

due to the decline in passenger numbers [3], and this also happened to companies in the Indonesian manufacturing industry.

Employment disputes all over the world have had an unfavorable impact on organizational performance. The negative impacts for companies include a loss of revenue, a loss of assets, and the loss of human life [4]. Disputes will cause an unfavorable workplace climate that leads to a decrease in organizational productivity and negatively impacts the likelihood of organizational survival [5]. Today's business environment is experiencing accelerating turbulence characterized by increasing competitive intensity and rapid changes in the market and customer expectations. Turbulence in the business environment can erode a company's competitive advantage and cause it to become more challenging to maintain. Organizational performance will be maximal if there is a good conjunction between the organization and the organizational environment, and if the strategic gap is zero [6].

The environment of a workplace has an impact on organizational performance [7]. Previous studies have revealed that an organization's industrial connections climate has a positive relationship with employee satisfaction, productivity, efficiency, union loyalty, and organizational dedication [8]. The industrial connections climate has a positive effect on improving individual-level performance [9]. A highly competitive environment requires the need to foster a good industrial connections climate. To build an industrial connections climate, organizations need to build organizational flexibility to ensure employee commitment [5].

A study revealed that a collaborative industrial connections climate has a positive relationship with profitability and revenue [10]. A favorable industrial connections climate results in a good working relationship between management and the employees [11]. This favorable connection will further lead to better outcomes such as job performance, positive behavior, and commitment at all levels. For organizations, having a good industrial connections climate is a priority.

Building better organizational flexibility is necessary to build improved workplace relationships that guarantee commitment among workers [5]. An organization's industrial connections climate is related to general employee satisfaction, efficiency, union loyalty, productivity, and organizational commitment [8]. A favorable workplace environment has also been reported to influence the level of individual job performance [7]. Conflicts generated by an unfavorable workplace climate can decrease organizational productivity and affect the chances of organizational survival [5]. On the other hand, if this can be synergized, it will increase the organization's sustainability [12].

The economic conception of performance is based on three dimensions: productivity, production cost efficiency, and profitability [13]. Work climate is a determinant of economic performance. Industrial connections climate can raise performance at the individual employee level [9]. A collaborative industrial connections climate has a positive impact on profits and sales [10]. A positive industrial connections climate will lead to a more cooperative relationship between management and employees, which further leads to various positive related outcomes such as job performance, constructive behavior, and employee and organizational commitment [11].

The industrial connections climate refers to the quality of the management–labor relationship [8,11]. A positive industrial connections climate is defined as a respectful, trusting, and healthy relationship between management and employees [11]. In an industrial connections climate, the role of dialog has been raised in [14–17].

The academic literature on industrial connections has not caught up with the collection of opinions and facts from case studies and survey data. The possible reasons for this are as follows. First, industrial connections practitioners undervalue theory; namely, they are skeptical about the usefulness of theory in practice. The second is that academics themselves spend more energy in detailing practice than theory. Third, industrial connections issues are relatively low on the political and practitioner agenda. This is reflected in the number of publications. An online search of the Science Direct database for the keyword “industrial connections” over many years shows only 149 hits. Further refining to only “research” and “review” articles, the number drops to 118, among which 50 were published over the past five years.

A positive industrial connections climate will lead to a more cooperative correlation between management and employees, which further leads to a variety of positive outcomes, such as high job performance, constructive behavior, and employee and organizational commitment [11]. To achieve such harmonious industrial connections, it is necessary to have industrial peace as an intermediate goal. Increased productivity and corporate welfare are interrelated. Organizations that ignore the importance of industrial connections face high production costs and will adversely affect efficiency, low production, and negligence in the performance of work. Employee absenteeism and high labor turnover rates are the resultant outcomes of poor industrial connections practices [18]. Business environment turbulence affects organizational performance. Research on business environment turbulence in seven companies in the petrochemical industry in 2010 shows that the problem of industrial connections disputes was a prominent turbulence variable [19]. Positive perceptions of the industrial connections climate and union instrumentality led to higher levels of trust in management and job security among employees, which in turn fostered higher levels of job performance [20].

The research on the industrial connections climate shows the following: (1) The overall conversation about the industrial connections climate in Indonesia is a positive one. (2) The state of the industrial connections climate in Indonesia is largely positive. The majority of participants have stated that the climate is quite positive, and only a small percentage expressed dissatisfaction with the industrial connections climate. (3) The research revealed that, of the current condition in various industries in Indonesia, the level of top management involvement in industrial connections is moderately involved. (4) Suitable leadership styles that may encourage a positive industrial connections climate are democratic, transformational, and servant leadership. (5) Opportunities for two-way communication are also considered to play an important role in developing a positive industrial connections climate [21].

This research aims to respond to the recommendation to confirm the correlation between the industrial connections instruments and the industrial connections climate [21]. It also aims to look at the impact of turbulence in the business environment, the impact of industrial connections instruments on the industrial connections climate, and how the industrial connections climate relates to firm performance.

This remainder of this article consists of a literature review, a description of methods, results, a discussion, and the conclusions and recommendations of the researchers. In the discussion, the implications and explanations of the research limitations are also discussed.

2. Literature Review

2.1. Turbulence of the Business Environment and the Climate of Industrial Connections

The current climate of industrial connections faces many challenges. Changes in industrial connections due to changes in the demographics of the labor force, the COVID-19 pandemic, globalization, reforms that include freedom of association, and changes in regulations for civil service, regional autonomy, infrastructure, and investment climate have also led to changes in the patterns of industrial connections, including changes in social, cultural, economic, and political behavior and attitudes as well as efforts to improve welfare.

The COVID-19 pandemic has had a significant impact on the global economy, including that of Indonesia. This outbreak may have pushed the Indonesian economy into another crisis, perhaps deeper than the Asian financial crisis of 1997–1998, as it affected demand and supply [22]. In general, companies pay less attention to the level of turbulence in the current and future business environments. In Indonesia, the COVID-19 pandemic caused a decrease in public consumption by 2.6% [23]. This is due to the decline in overall community income due to restrictions on business activities with the limited mobilization policy from the government. This restriction has also had an impact on the decline in the company's business performance, on small, medium, and large scales.

The current era of disruption in the world has required organizations to be more responsive, innovative, and adaptive. An era of disruption is a change that occurs along

with innovations in the business world that can destroy the traditional systems of an organization or company. There are many ways to analyze innovation disruption. Disruptive innovation can be analyzed through technology (or innovation), industry, companies, or leadership [24]. Therefore, in relation to the era of disruption, organizations need to apply business resilience in anticipating changes that are very likely to occur in the organization.

The rapidly changing business environment conditions create turbulence for business organizations and behoove businesspeople to improve their ability to remain competitive and survive in an atmosphere of high competition. Each business organization has its own characteristics based on the type of industry in which it is located, so the level of environmental influence on business organizations also varies. The five levels of environmental turbulence are repetitive, evolving, changing, intermittent, and shocking [19].

Favorable workplace environments have also been reported to affect individual job performance levels [25]. Conflict caused by an unfavorable workplace climate can reduce organizational productivity and affect the organization's chances of survival [5]. Each business organization has its own characteristics based on the type of industry in which it is located, so the level of environmental influence on business organizations also varies.

Hypothesis 1 (H1). *Business Environment Turbulence is Negatively Related to the Industrial Connections Climate.*

2.2. Industrial Connections Climate and Industrial Connections Instruments

Realizing the philosophy of industrial connections in everyday life between actors in the production process, it is necessary to create a supportive condition and atmosphere, so that the mental attitude and social attitude of industrial connections can develop and become adopted by all parties in daily interactions. To create a supportive atmosphere, it is necessary to develop key instruments that support the implementation of industry connections. The definition of an industrial connections based on Article 1, Point 16, of Law Number 13 of 2003 concerning manpower ("Labor Law") is a system of relations in the form of inter-actors in the process of producing goods and/or services consisting of the elements of entrepreneurs, workers/laborers, and the government based on the values of Pancasila and the 1945 Constitution of the Republic of Indonesia [25]. The industrial connections climate consists of the perceptions of management, employees, and their representatives about the way in which employee relations should be conducted and their interactions with one another [26].

A relationship of trust and healthy, mutual respect is positively correlated with the industrial connections climate and with both management and employees [11]. The dimensions of an industrial connections climate include mutual respect, cooperation, trust, mutual participation, apathy, and hostility. These six dimensions are expected to describe the views of company members about norms and atmosphere in relation to labor–management relations practices in organizations. As Dunlop points out in his book *Industrial Connection Systems* [27], variables such as technology, labor and product markets, budget, and power distribution affect the climate of industrial connections, and other variables, including goals, values, actor power, and external factors such as ecology, the economy, politics, law, and culture, also affect the climate of industrial connections [28]. The process of human resources is also a factor that influences the climate of industrial connections [29]. Union commitment itself affects the climate of industrial connections [30].

A measure of organizational impact on the climate of industrial connections is shown in [29]. This relates to the frequency of strikes and the level of technology use, as well as the level of dependence of the organization on different environmental resources. The relationship between dependence on the labor market and organizational climate has been explored [31]. The influence of leadership factors was also reviewed by previous authors. In addition to organizational culture, the top management team also influences the climate of industry connections [32]. "Leadership of self-awareness, balanced processing,

relational transparency, and internalized morals have a statistically significant influence on the climate of good industrial connections" [4].

The several outcomes of the industrial connections climate has identified. Blyton divides output into consensual and conflictual outcomes [33]. Consensual outcomes include agreements on employment and trade union organization, agreements on terms of employment, and negotiations that are considered effective. Conflictual outcomes include strikes, shifts, and perceived disharmony. If the employee becomes a trade union, management will try to use its bargaining power to shape the process and outcome of collective bargaining in the context of its bilateral relationship with the union [34].

To achieve healthy and dynamic industrial connections at the company level, it is necessary to have industrial connections instruments and develop effective and intensive communication between company leaders and trade unions/labor unions. Intensive, open, and honest communication aims to build mutual trust and eliminate priorities and suspicions. The success of communication will be largely determined by the employee welfare factor, which is a reflection of the employee's assessment of the instruments and supporting facilities provided by the company [35]. Employee welfare insurance is one of the parts regulated in the Collective Labor Agreement (CLA), which, along with trade unions and bipartite institutions, represents the most important industrial connections instruments at the micro/company level [36]. Organizations that ignore the importance of the industrial connections climate will face high production costs. Poor industrial connections practices lead to inefficiency, poor production results, negligence in carrying out their duties, absenteeism among workers, and high labor turnover [18].

Hypothesis 2 (H2). *Industrial Connections Instruments are Positively Related to the Industrial Connections Climate.*

2.3. Industrial Connections Climate and Organizational Performance

Previous studies on the industrial connections climate were mostly conducted at the individual performance level. Studies on industrial connections climate with organizational performance are still very limited, so it can be said that there is still a gap on the topic of industrial connections climate in relation to organizational performance. Each organization has a different way of managing its industrial connections [37].

Research on the influence of work climate on organizational performance has been carried out. From the limited data, it is known that the industrial connections climate has a positive influence on company performance. However, this has yet to be proven further. There is a need to improve organizational flexibility to foster productive workplace relationships to ensure commitment among workers [5]. An organization's industrial connections climate is related to productivity, efficiency, general employee satisfaction, union loyalty, and organizational commitment [8]. "The climate of industrial connections has a huge impact on productivity and efficiency" [8]. The climate of industrial connections was positively related to organizational dedication and union loyalty [9]. A good industrial connections climate will affect employee performance [38]. This is because less conflict promotes a work environment that leads to higher employee performance. The climate of industrial connections affects organizational performance [26].

The economic conception of performance is based on three dimensions: productivity, production cost efficiency, and profit levels. The work climate is a determinant of economic performance [13]. The industrial connections climate can improve performance at the individual level of employees [9]. The climate of collaborative industrial connections has a positive impact on profits and sales [10]. A positive industrial connections climate will lead to a more cooperative relationship between management and employees, which in turn leads to various positive outcomes, such as a high job performance, constructive behavior, and employee and organizational commitment [11].

Hypothesis 3 (H3). *Industrial Connections Climate is Positively Related to Organizational Performance.*

3. Methods

3.1. Research Design

The research design is inferential and quantitative to test the three hypotheses [23]. The questionnaires were distributed by an online survey conducted from March to June 2022. Brief information about the research and the participants' willingness to join the research needed to be determined before the respondents filled in the questionnaires. Without informed consent from the participants, the questionnaires were deleted from the analysis. A seven-point Likert scale (from 1 strongly disagree to 7 strongly agree) allowed the participants to express their opinions. The questionnaires also asked for additional demographic information, such as age, gender, service years, work location, industry, the position and size of the company, and the number of unions.

3.2. Participants

The participants of this research came from various key stakeholders in industrial connections in Indonesia, namely the owners, directors, commissioners, managers, employees, union leaders, and trade union members from various types of organizations. Samples were calculated based on an unknown population, in which case, the minimum sample required is 384. The sample size can be derived by computing the minimum sample size required for accuracy in estimating proportions by considering the standard normal deviation set at a 95% confidence level (1.96), the probability a choice or response is picked (50% = 0.5), and the confidence interval (0.05 = ± 5). The formula is

$$n = \frac{Z_a^2 * (p * q)}{d^2}$$

where z = standard normal deviation set at a 95% confidence level, p = the probability a choice or response is picked, and d = the confidence interval

Convenience sampling and snowball sampling were used.

3.3. Quantification

All quantification scales used in this research used a framework from previous studies as a reference. Four latent variables were measured. The measurements used are based on previous research (Table 1).

Table 1. Measurement.

Variables	Indicators	Reference
Business Environment Turbulence	Marketing Strategy	[6]
	Buyer Pressure	
	Supplier Pressure	
	Sales	
	Government Regulation	
	Product Rivalry	
	Technology Competition	
	Innovation Strategy	

Table 1. Cont.

Variables	Indicators	Reference
Industrial Connections Instruments	The labor union and company management respect each other's existence.	[31]
	The labor union and company management hold joint discussions in finding solutions to industrial connections problems in the company.	
	Trade unions and company management involve the local manpower office and the industrial connections court if industrial connections issues cannot be resolved by both parties.	
	The Collective Labor Agreement is a guide in the implementation of industrial connections in the company.	
Industrial Connections Climate	Trade unions and company management work together in realizing harmonious industrial connections in the corporation for which one works.	[31]
	Negotiations on industrial connections in the company take place in a positive atmosphere.	
	The Collective Labor Agreement is considered a good thing by employees in the company.	
	Generally, employees in the companies are interested in the quality of the union–management relationship.	
	Employees assume the existence of a union.	
	The Trade Union has strong support from its members.	
	Trade unions and management exchange information openly within the company.	
	Management seeks input from the labor union before initiating policy changes in the company.	
	Management and labor unions did not take long to resolve industrial connections disputes that occur in the company.	
Organizational Performance	The settlement of industrial connection disputes in the company does not end with a strike or demonstration.	[39]
	In general, our company is able to earn profit from sales as expected.	
	In general, the company is able to earn revenue as expected.	
	The company's performance can be even higher.	
	The company's sales can be maintained and even increased.	
	The company is able to produce successful innovative products.	

3.4. Data Analysis

Collected data were analyzed with a Structural Equation Model using LISREL version 8.70. A two-step analysis approach was used; it included

- (a) estimation model analysis to determine the validity, reliability, and fit of a variable;

- (b) structural model analysis to determine the predictive value, the fit of the model, and significant relationships between variables.

Path coefficient analysis was also used to determine the degree of impact of a latent variable on its criterion variable.

4. Results

4.1. Demographic

In total, 406 questionnaires were eligible and returned. All data underwent further analysis. The survey results show that males made up 80%, 325 respondents, of the total 306, while the remaining 20%, 81 respondents, were female. Of the total 224 companies that took part in the survey, 48% of companies had employees above 1000, 31% had below 500 employees, 18% had from 500 to 1000 employees, 3% had less than 500. Of the companies that took part in the survey, 49% of unions in the most dominant companies were owned by only one company, and the second largest union company had 36 unions. Only 16% of companies did not have a union. Based on the current position, of the total respondents, 42% were employees, 33% were managers/senior managers/GMs, 20% were labor union administrators, and the remaining 5% were directors/CEOs/commissioners/company owners.

4.2. Analysis

All related indicators had an outer loading of more than 0.5 and a T-value of more than 1.96. Therefore, the conclusion is that all measurements are valid. The composite reliability (CR) and VE for all indicators were >0.7 and >0.5, respectively. Therefore, it can be concluded that all measurements are reliable (Table 2).

Table 2. Discriminant validity and reliability test.

Variable	Loading Indicators	CR	VE
IC Instruments	0.65–0.92	0.8854	0.6624
BE Turbulence	0.78–0.92	0.9469	0.6944
IC Climates	0.64–0.98	0.9406	0.6176
Organizational Performance	0.79–0.95	0.9325	0.7353

As for the Goodness of Fit of the model: RMSEA was 0.068 below 0.08, GFI was 0.97 (>0.90), CFI was 0.97 (>0.90), and NFI was 0.96 (>0.90). Based on these criteria, the conclusion is that the overall model fits. Figure 1 shows that the impact of BE turbulence and industrial connections instruments on industrial connections climate is positive. The relationship between industrial connections climate and organizational performance is also positive.

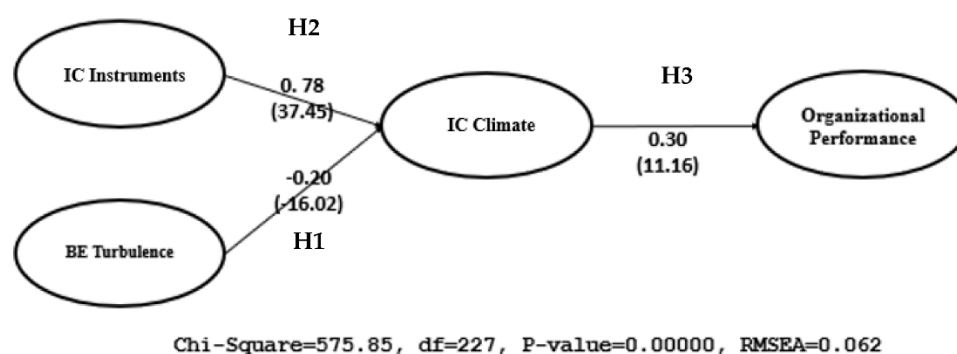


Figure 1. Model results.

4.3. Hypothesis Testing

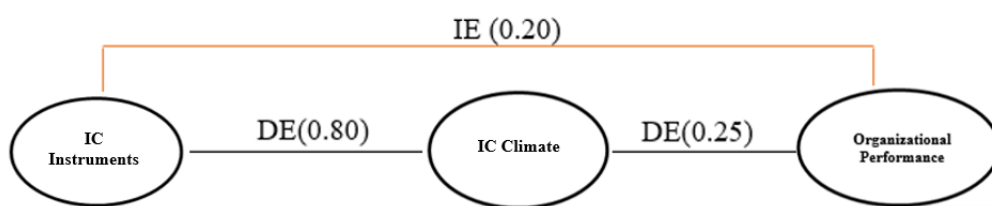
The following table (Table 3) is hypothesis testing.

Table 3. Hypothesis testing.

	Hypothesis	Coeff	T-Value	Direction	Conclusion
H1	BET → ICClimate	−0.20	−16.02	Negative	H1 is accepted
H2	IC Instruments → IC Climate	0.78	37.45	Positive	H2 is accepted
H3	IC Climate → Organizational Performance	0.30	8.58	Positive	H3 is accepted

4.4. Test of the Mediating Effect of the Industrial Connections Climate

The mediating effect of the industrial connections climate variables was tested with the Sobel test. The Sobel test is basically a specialized t-test that provides a method to determine whether the reduction in the effect of the independent variable, after including the mediator in the model, is significant and therefore whether the mediation effect is statistically significant. The result of the indirect influence (IE) of 0.20 with a t-value of 8.47 means that the climate of industrial connections is able to mediate the influence of industrial connections instruments on organizational performance. The hypothesis is that the industrial connections climate is able to mediate the effect of industrial connections instruments on organizational performance. The following are the results of the mediation effect test calculation (Figure 2).

**Figure 2.** Mediation test of the industrial connections climate variable.

5. Discussion and Implication

5.1. Discussion

The purpose of this study is to analyze the influence of industrial connections climate factors, industrial connections instruments, and business environment turbulence on organizational performance and design a harmonious industrial connections model in the manufacturing industry in Indonesia. The results of statistical tests show that the three hypotheses can be accepted.

The results of the first hypothesis test showed that the effect of business environment turbulence on industrial connections climate is negatively significant. The higher the level of business environment turbulence, the lower the industrial connections climate. These results directly confirm that the turbulence of a business environment has a negative effect on the industrial connections climate, so a damper is needed to overcome these negative effects. This research shows that business environment turbulence has a positive and significant effect on industrial connections climate. These results support previous research showing that a favorable workplace environment affects an individual's job performance [25]. Conflict caused by an unfavorable workplace climate can reduce organizational productivity and affect the organization's chances of survival [5].

The results of the second hypothesis test showed that the effect of industrial climate is positively significant. The better the industrial connections instruments, the better the industrial connections climate will be. These results support previous research that the success of communication will be largely determined by the employee welfare factor,

which is a reflection of the employee's assessment of the instruments and supporting facilities provided by the company [35]. Employee welfare insurance is one of the parts regulated in the Collective Labor Agreement (CLA), which, along with trade unions and bipartite institutions, represents the most important industrial relations instruments at the micro/company level [36]. Organizations that ignore the importance of the industrial connections climate will face high production costs. Poor industrial connections practices lead to inefficiency, poor production results, negligence in carrying out their duties, absenteeism among workers, and high labor turnover [18].

The effect of industrial connections climate on organizational performance is positively significant. The better the perception of the industrial connections climate, the better it will be able to improve organizational performance. The findings of this study support previous research proving that the industrial relations climate can improve employee performance. The climate of collaborative industrial relations has an impact on profits and sales [10]. A positive industrial connections climate will lead to a more cooperative relationship between management and employees, which in turn leads to various positive outcomes such as high job performance, constructive behavior, and employee and organizational commitment [9].

The indirect effect (IE) showed that the industrial connections climate is able to mediate the effect of industrial connections instruments on organizational performance. The direct effect of industrial connections instruments on industrial connections climate is stronger than the direct effect of business environment turbulence on organizational performance. This research confirms previous studies that industrial connections climate affects organizational performance. Previous studies have shown that a good industrial connections climate enables harmony in an organization [33]. A good industrial connections climate reduces the number of strikes and conflicts and therefore increases productivity and efficiency [8]. A good industrial connections climate also decreases absenteeism, increases commitment, and reduces turnover [8,9,33], all of which will lead to improved organizational performance.

The results of SEM analysis show a direct correlation between the industrial connections instruments and the industrial connections climate. The coefficient is very strong and is the largest, meaning that the means of industrial connections will determine the climate of industrial connections.

Policies of the government of the Republic of Indonesia in the field of manpower can accommodate the interests of the government, employers, and workers (win-win), so that industrial connections disputes can be minimized. The government should play a greater role in bridging communication between employers and workers and in being a facilitator for increasing industrial connections competencies for stakeholders. These activities can be carried out in the form of workshops, seminars, and training, so that employers and workers can better understand their respective roles in industrial connections and how industrial connections should be handled.

There is a need to increase the frequency of communication between employers, employer associations, workers, and trade unions at the company level as well as at the regional and national levels. There needs to be an equitable distribution of employment information, especially regarding the need for industrial connections instruments in supporting harmonious industrial connections in Indonesia. These include the effectiveness of the bipartite cooperation institution.

A culture of negotiation and deliberation must be part of the corporate culture, so that, if there is a dispute in industrial connections, it can be resolved first by deliberation instead of direct legal action. This meeting in practice in industrial connections is called the bipartite cooperation institute. The existence of industrial connections instruments in the form of collective labor agreements guides the implementation of industrial connections at the company level.

Entrepreneurs also need to pay attention to increasing industrial connections competence for work units that manage HR, so that they have more control over industrial connections competencies.

Trade unions should also encourage their members to prioritize the productivity of the company before claiming their rights so that the company can survive and even develop further.

5.2. Implications

This study shows that a harmonious industrial connections climate in Indonesia is largely determined by the presence of industrial connections instruments at the company level. One of the most important means of industrial connections is a collective labor agreement that serves as a guide in the implementation of industrial connections at the company level. In reality, not all companies have collective labor agreements due to various factors, such as the absence of a union and the lack of workers' bargaining power in industrial connections at the company level. This causes industrial connection disputes to continue.

The bipartite cooperation institution that is formed and running well also greatly supports the creation of harmonious industrial connections in Indonesia. Communication between workers, trade unions, and employers in a bipartite cooperation institution forum is effective in preventing industrial connections disputes at the company level in the form of demonstrations over workers' dissatisfaction with employers' policies.

Government policies on employment in Indonesia are also an important factor in creating harmonious industrial connections in Indonesia. These government policies play a very important role in creating a favorable industrial connections climate. The workers' demonstrations that have taken place in the past year in Indonesia have been triggered by the issuance of labor policies that are considered unprofitable by workers and in favor of employers. On the other hand, the government is also very careful in issuing this employment policy because it involves the investment climate in Indonesia.

The fact is that the competence of the stakeholders involved in industrial connections is not evenly distributed, so it has the potential to cause miscommunication and industrial connections disputes. The government can act as a facilitator to endow industrial connections stakeholders with these competencies, so as to create harmonious industrial connections in Indonesia.

6. Conclusions

6.1. Strength, Limitation, and Future Research Suggestion

This article provides empirical evidence on the importance of an industrial connections climate in achieving organizational performance. The novelty in this research is the establishment of a harmonious industrial connections model with several supporting factors and strategies to achieve harmonious industrial connections in Indonesia. The climate of industrial connections is able to mediate the means of industrial connections on organizational performance. However, some limitations must be considered. The first limitation of this research is that the research respondents are only from the manufacturing industry, even though the respondents have covered all of Indonesia. The limitation of these two studies is that there is only one internal variable and one external variable that is used to measure the industrial connections climate (the means of industrial connections and the turbulence of the business environment). Suggestions for future research are that research respondents should be expanded from other industries (the creative industry, the service industry, retail, construction, oil and mining, transportation, and telecommunications). Another suggestion is that research variables in measuring the industrial connections climate can be expanded with organizational culture variables, leadership, compensation and benefits, communication, job satisfaction, and labor regulations.

6.2. Conclusions and Recommendations

This study shows that the climate of industrial connections has an effect on the turbulence of the business environment and industrial connection instruments. However, industrial connection instruments show a greater impact on the industrial connections climate. This is because the industrial connections instruments are the media used in the implementation of industrial connections in an organization. This study also confirms that the climate of industrial connections is positively related to organizational performance.

The better the means of industrial connections, the better the climate for industrial connections. The better the perception of the industrial connections climate, the better the organization's performance. The higher the level of turbulence in a business environment, the lower the organizational performance can be.

The results of this study can be used as input for industrial connections practitioners and academics. The research results are expected to enrich the development of management science, especially industrial connections management and human resource management.

The main actors in industrial connections should be able to develop a two-way traffic communication model, which prioritizes humanistic communication processes, equality (horizontal), sincerity, and partnership through social dialogue, instead of one-way communication that is forced, inhuman, and vertical and involves viewing each other as opponents, which is considered to be detrimental and even dangerous.

Therefore, tools and/or methods are needed to facilitate and expedite communication, here referred to as industrial connections instruments. These instruments are believed to be useful and useful for the smooth and easy process and purpose of industrial connections.

The government must consider the impact in issuing labor policies so as not to become an industrial connections dispute between industrial connections stakeholders. The government can be a facilitator between employers and workers so that all parties have the same perception of industrial connections. Employers must be more open about workers regarding the conditions of the company. Unions need to educate workers, such that workers are willing to be involved in processes that increase company productivity.

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