HEGEMONIC SOCIAL RELATION

A Study of Sociology on Outsourcing Practice.

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**Abstract:** This research aims to analyze and explain hegemonic social relation in outsourcing practice in Makassar city concerning; (1) the causes of hegemonic social relation among actorss of user, provider and laborer, (2) the patterns and types of hegemonic social relation, and (3) the social and economic impacts of hegemonic social relation. This research employs the kind of descriptive research with qualitative approach. The result of this study gives more clear and deeper describe concerning many kinds of meaning which are behind the fact so that this research uses phenomenological method with perspective interpretative. While the phenomenon is outsourcing practice in Makassar city. The result of this research shows that the social relation among actors user, provider and laborer in outsourcing practice in Makassar city is not just an ordinary economic relation but it is a veiled power relation which constructs a hegemonic social relation. The hegemonic social relation is caused by some factors, namely; (a) unlimited authority owned by user, (b) closed management applicated by provider, (c) laborer’s less bargaining position, and (d) lost government intervention. The four causes create the patterns and types of hegemonic social relation in outsourcing practice, namely; (1) absolute hegemony by user toward provider and laborer like, job outsourcing (job transfer), job responsibility transfer, and the use of manpower and more work time, (2) semi-hegemony by provider toward laborer by action of transferring laborer from one user to others, and (3) absolute hegemonized toward laborer by both user and provider through the use of laborer’s work power by user, outsourcing of laborer from one user to others done by provider. the fact, outsourcing practice benefits the captilists (user and provider), on the contrary, it harms the laborer.

***Key words: social relation, hegemony, outsourcing***

1. **Introduction**

Social relation constitutes a manifestation of social interaction among individuals or groups in a society which can hold anytime and anywhere. It means that the social relation exists everywhere including in outsourcing arena. This relation is not separated from political interest, economic interest, social interest and cultural interest. These all constitute the motives which encourage each actor to interact one and each other. The social relation has potency of power so that it creates power relation which according to Foucault (1987) [1] that the power relation consists of three types, namely; (1) power relation as a trategic play among the free parties, (2) power relation as a domination, and (3) power relation as government. The power relation in the strategic plays describes the relation of inter-partnert where the power of actor has freedom for selecting and influencing. On the contrary, the type of domination relation points toward asymmetric power relation where there are subordinated actors and only have a little space for acting freely. While on the type of governmental power relation exists between the strategic plays and domination. The accentuation of government concept is instructions and control of action combination. Furhter Foucault (in Afandi, 2011) [2] stated that, where there is a social relation there is a power and on the contrary, where there is a power there is a social relation.

Hegemony is a manifestation of power in social relation among actors involved. According to Gramsci (1978) [3] that, hegemony covers the cultural and ideological in which the authority groups perform or perpetuate their power on society through consencus of the dominated parties. To Gramsci, such a domination of power is struggled to get the public acceptance. The hegemony is used not only for elaborating the relation of inter-class as Marx stated, but also the larger social relations including the actors’ social relation in outsourcing arena.

Outsourcing practice has become a reseach object which has been done by many researchers. According to Geishecker (2004) [4] that, there are different wage which is received by laborer working under the implementation of international outsourcing system in the companies which his research focuses on in German. The proves of his research are the the laborers low*-*skilledworkers get lower wage as the effect of outsourcing while the laborer with high*-*skilledworkersget high wage.

Jangyang Goo, and et al (2006) [5] have investigated the factors which influence the relationship duration of information technology outsourcing. According to their research that, Social theories have been employed in IT outsourcing research to address the issue of managing inter-organizational ties in the outsourcing relationship. Most of this research deals with inter-organizational dyads that help firms cope with resource scarcity while achieving goals for reducing vulnerability and uncertainty and for maximizing their own autonomy and independence. Studies using the social perspective have drawn upon social exchange theory to understand the outsourcing relationship as a dynamic process that evolves through specific sequential interactions in which two participants carry out activities for one another and exchange valuable resources. An important finding from the social exchange perspective is that vendor–client relationship are terminated or continue based on the satisfaction of relationships. They create some perspective based on the statement above namely; (1) social theories have been employed for the research of outsourcing in the field of information technology and shows that, in outsourcing, there is a relation inter-organization. Mostly researches are concerning inter-organizations which help the company to overcome the lack of resources when reaching the aim of susceptibility and uncertainty for maximizing the authonomy and the freedom, (2) the study using the social perpective has employed the social exchange theory to understand the outsourcing relationship as a dynamic process which develop through a chronological specific interaction in which two parties hold activities of valuable resources exchange one and each other, (3) an important discover of social exchange perspective is that the relationship between vendor – client is ended or continued by the satisfaction of relationship.

Greaver II (in Yasar, 2012) [6] stated that, “Outsourcing is the act of transferring some of a company’s recurring internal activities and decision rights to outside provider, as set forth in a contract. Because the activities are recurring and a contract is used, outsourcing goes beyond the use of consultants. As a matter of practice, not only are the activities transferred, but the factor of production and decision rights often are, too. Factors of production are the resources that make the activities occur and include people, facilities, equipment, technology and the other asset. Decision rights are the responsibility for making decision over certain elements of the activities transferred.”

While according to Beaumont and Sohal (2004) [7] that, “the use of outsourcing is becoming more sophisticated; more organizations are outsourcing responsibility for business processes. Further, they emphasize that, Outsourcing is defined as having work that was formerly done inside the organization performed by an external organization. The vendor (hereafter the outsourcer and outsource are, respectively, referred to as vendor and client) may be an independent entity or a wholly owned subsidiary.

At the othe hand, Martinsons (1993) [8] stated that, “Information systems outsourcing is the act of subcontracting all or parts of the Information system function to an external vendor as an alternative to relying solely on in-house resources and capabilities. An outsourcing vendor, with highly specialized and technical employees, assumes a contractual obligation for the organization’s information systems and their operation. This activity was traditionally limited to the subcontracting of data processing activities, frequently called facilities management. The relationship between the vendor and the organization had an arms-length status.

In the meantime, the result of research from Tjandraningsih et al (2010) [9] find that the relation practice of work contract and outsourcing indicate the essence of policy and practice of LMF which is more profitable for the company and it is a loss for the laborer. the result of their research indicates the proves that positive assumptions of flexible work market are not proved and even the condition is vice versa. The practice of flexible work market through the relation of work contract and outsourcing has created exploitative, discriminative, degradative, and fragmented work conditions, and it also effectively weakens the power of laborer organizations.

While, according to the research result from Child and Mollering (in Juan Li, 2011) [10] stated that, “Outsourcing is defined as contracting tasks to an external entity. Transferring business activities to external actors poses two significant challenges for MNCs: business partners' opportunism and local market uncertainty. Literature on control has clearly established that control facilitates coordination of inter-organizational exchanges in uncertain business environments.” The meaning of the elaboration above that, outsourcing practice indicates the aspect of work contract to external hand and outsourcing action or transferring of business activities to external actors. On the other words, the action envolves the third hand which can be understood as the the provider company of manpower. This condition constitutes two significant levels of national multi corporation covering; opporunism of uncertainty of local market.

Outsourcing constitutes an arena which combines social relation with hegemony so that creates a veiled power relation among actors that involve in it. Outsourcing practice emphasizes costofproduction, free market competition which aim to create the economizing of cost in financing human resources that are used in a certain company. Outsourcing practice is the form of transfer action in which its application involves the actors namely, user, provider and laborer. Silaban (2009) [11] stated that the outsourcingis the real form of flexibility principle of work market which can be found in almost the whole part in production process. Thus, there is a competition among laborers to get the work chance. For the capitalists, this condition also gives them opportunity to execute exploitation action to the laborers as the form of capitalism system which according to Marx (in Suseno, 1999) [12] stated that, people do not work freely and universally but they are forced to work as the requirement for living. So the work does not develop but isolate the human beings both from themselves and others.

In an ideal context, outsourcing practice is supposed to use the human resources so that the unemployment can get job as their living resource. In other words, the laborers can be absorbed to have living resource by the gift of wage. Thus, they become productive human being. This means that outsourcing becomes a practical tool which can assist the government for fighting the joblesses. Therefore, it is important to build a type of harmonious relationship among the company (businessmen), government and laborers

The harmonious relation meant is the creation mutual profitable work relation through the medium of outsourcing. The businessmen employ the laborers to be productive human being for both themselves and their family including for the provider company and the user company. Besides, The government should undertake its function for controlling the outsourcing practice and making regulation as the basis of outsourcing application system. This thing is important in order that the work relation between the company (user and provider) and laborer does not create the type of exploitation relation.

Without laborers, the company will not be productive and developing, on the contrary, the laborers will not be able to sustain themselves and their family without being employed by the company. So they have mutual relationship. The laborers can be creative in developing their potency through the job. Through the job, the human being proves himself as a social creature. It is imposible for everyone produces anything they need by themselves. To meet our need, we depend on the result of the other one’s job. So does the other need our job result.

But in reality, outsourcing practice shows some problems. The cause is the work relation among the actors of user*,* provider with laborer do not apply symmetrical relation (business partnert). The laborers work and get wage less than they should receive, they work without enough financial support and without better career in the future, and also longer work time. The lost government intervention also causes the capitalists’ actions (user and provider) to be free for dominating the laborers through the use of regulations which they made and must be agreed together. The problems then appear which are caused by the actions of user and provider that aim to gain cost efficiency and bigger profitaccumulation. At the other hand, the laborers are exploited because they spend a lot power and time to get wage less than they should receive

In practice of social relation among actors of user and provider*,* thelaborersjust become the instrument or tool of transaction. The laborers are not involved in making decisions concerning the action of laborer transfer including the work responsibility transfer between user and laborer. In outsourcingpractice, the actor of user becomes the absolute hegemonizer toward both provider and laborers. The user company becomes the determiner that determine the execution of work relation with the provider company. In other words, to execute the work relation or not, it is the right of the user. Besides, the user has the right to use the power and time of the laborers fully. At the other hand, the actor of provider also dominates the laborers because the provider determines whether the laborers can work or can not work in user company. Through the provider’s service, the laborers can be employed in the user company as the place of work activities for the laborers and consequently, the laborers’ wage is managed by the provider. The laborers must give some of their wage to the provider as repayment of service.

The hegemonic social relation in outsourcing practice in Makassar city gives a clear picture that the laborer becomes the absolute hegemonized party by both user and provider. The phenomena also describes the types and forms of hegemonic social relation which construct the social economic impacts toward both the hegemonizer parties and the hegemonized one.

1. **Materials and Methods**

The kind of research which is used in this research is descriptive research with qualitative approach. The result of analysis of this reseach gives a deep and clear picture on some kinds of meanings behind the facts so that it is used phenomenological method with interpretation perspective, while the phenomena is outsourcing practice in Makassar city. The design of this research is based on the paradigm which is described on the character of problem and suitability of assumption. The use of research paradigm constitutes a strategy which is doned before the researcher holds the field research. Before designing the research, the researcher tries to know about the paradigm of research which will be used. The urgency is the main function of research paradigm is to form research method. While the factor of main consideration in choosing paradigm is the character of problem and suitability of assumption which are built by the researcher. Therefore, the paradigm which is used in this research is constructivism paradigm with phenomenological method. The basis is the social relation in outsourcing practice is constructed by the actors through social practice and it is not formed by itself (natural). This thing is emphasized by Guba and Lincoln (1994) [13] that, constructivism Paradigma is based on the assumption that, basically social reality is not formed by itself (natural) but it is constructed by actors through the process of social practice. The construksionists do not agree with the opinion that all kinds of essencial things are preceeded the process of social determination. Guba and Lincoln further said that, positivism and postpositivism have been failure to express the reality. It is the time for the postivism and postpositivism to be reconstructed constructively. The main focuses of this research is repeated social practices which are meant that they have constructed the power relation through hegemonic social relation in outsourcing practice among actors of user, provider and laborer. Therefore, this reseach is designed toward the studies of social sciences, particularly economic sociology.

The attention and main interpretation in this research are on the meaning and daily subjective experiences in social relation among the actors of user, provider, and laborer that have constructed power realtion through hegemonic social relation in outsourcing practice in Makassar city.

This thing also becomes the basis of interpretation and explanation concerning hegemonic social relation in outsourcing practice covering its causes namely; unlimited authority by user, closed managemen application by provider, less bargaining position of laborer, and loss government intervention. The interpretation and explanation about patterns and forms of hegemonic social relation are also described through absolute hegemony by user, semi-hegemony by provider and absolute hegemonized toward laborer. The social economic impacts of hegemonic social relation are described as well, covering the social economic impacts toward both the hegemonizer parties and the hegemonized ones.

1. **Results and Discussion**

Hegemonic social relation in outsourcing practice is caused by some causes namely; (1) unlimited authority by the actor of user, (2) closed management by the provider, (3) less bargaining position toward laborer, and (4) loss of government intervention. The four causes effect patterns and forms of hegemonic social relation which covering; (a) abosolute hegemony by user toward both provider and laborer. The indications are the user has the right or authority to outsoutse (transfer) some kinds of job and the responsibility of job to external hand (provider). the user that determines a decision whether the transaction of transfer will be or will not be. Besides, the user also determines to continue or to stop the job relation with the provider. When the user still need the the business relation, the user will keep on the relation, but when the user do not need it, the user will stop it. User also hegemonizes laborer through the indication that user can intervene in laborer job activities. The user has right to manage and to command the laborer to do the user’s commands. Even the user can threaten the laborers when they make mistakes in working. The threat is a written report which is made by the user for being given to the provider as the company of laborers that employs them and this report can cause a laborer to be stopped working. (b) semi-hegemony which is applicated by the provider. This means that, the provider has right to outsoure the laborer to any user company for being employed in order that the provider get profit. This profit is produced by taking a part of wage of laborer as the compensation and recompense. The profit also constitutes the result of work agreement between user company and the provider. Through this aggrement, user and provider agree with the cost or price of laborers. (c) absolute hegemonized toward laborer. This means that laborer is dominated or hegemonized by both user and provider. The user can use the laborer’s work power and can freely direct the laborer in their work in the user’s place without paying anymore. At the other hand, the provider has the right to outsource the laborer and offer the laborer to user company to be employed.

1. **Conclusion**

Hegemonic social relation in outsourcing practice in Makassar city constitutes a veiled power relation among actors of user, provider, and laborer. It is caused by some factors namely; the user has unlimited authority, the provider applicates closed management, less bargaining position toward laborer, and loss of government intervention in outsourcing practice in Makassar city. The power relation also forms patterns and types of relation which consist of absolute hegemony by user, semi-hegemony by provider, and absolute hegemonized toward laborer.

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