

Case: Leading Through the Strike: Jordan River and the Gag Nickel Crisis¹

Introduction

On 9 May 2019, operations at PT Gag Nickel, a subsidiary of PT ANTAM Tbk located in West Papua, came to a halt when workers across operational units initiated a mass strike. The immediate trigger was management's decision to convert temporary worker contracts (*Tenaga Kerja Waktu Tertentu, TKWT*) into third-party employment arrangements as part of a cost-efficiency program. The strike shut down mining and quality control activities, disrupted logistics, and created mounting financial losses estimated at IDR 4.2 billion per day.

At the center of the unfolding events was Jordan River, the Quality Control (QC) Manager. Although labor relations were not formally within his authority, Jordan became involved in efforts to stabilize the situation, facilitate communication, and support the General Manager in restoring operations. The events placed Jordan in a leadership role shaped by crisis conditions, competing stakeholder demands, and tight time pressure.

Company and Industry Background

PT Gag Nickel operated one of Indonesia's significant nickel mining sites under the ownership of PT ANTAM Tbk, a state-owned mining enterprise. The company's operations were located in a remote area of West Papua, where employment relationships were closely intertwined with local community structures and social expectations.

By early 2019, global nickel prices had declined sharply, reducing margins across the industry. ANTAM and its subsidiaries were under pressure to improve efficiency and control labor costs. One response was a restructuring of employment contracts at PT Gag Nickel, involving the transfer of TKWT workers to outsourced arrangements managed by a third-party provider.

While the policy aligned with corporate cost objectives, it disrupted long-standing employment arrangements. Many workers had been employed for several years and viewed continued direct employment as a form of recognition and stability rather than a purely contractual matter.

The Protagonist

Jordan River joined ANTAM in 2011 and, by 2019, served as QC Manager at PT Gag Nickel. His responsibilities are focused on maintaining product quality standards and supervising QC personnel. Over time, Jordan had frequent interactions with both operational workers and site management, placing him in a position that spanned multiple organizational layers.

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When the strike began, Jordan did not hold decision-making authority over employment policy. However, as production stopped and tensions escalated, he was asked to support crisis coordination efforts together with the General Manager. His role evolved from functional oversight into crisis facilitation.

Key Stakeholders

Several stakeholder groups shaped the dynamics of the strike:

- **Workers and Contractors:** Primarily local employees whose contracts were affected by the outsourcing decision.
- **Union Leadership:** Led by Usumpiat, who coordinated the strike and articulated worker demands.
- **Site Management:** Including Lukman Effendi, the General Manager, responsible for operations and liaison with ANTAM's head office.
- **ANTAM Head Office:** Pressured to implement cost-efficiency measures while managing reputational risk.
- **Community Leaders and Security Forces:** Including local elders and *Brimob* (a unit of the National Police), involved in maintaining order and preventing escalation.

Each group had distinct interests, ranging from financial performance and policy compliance to job security and social stability.

The Crisis Unfolds

The announcement of the contract conversion policy triggered immediate resistance. Workers perceived the shift to third-party employment as a loss of status and long-term security. Communication between workers and management deteriorated rapidly, culminating in a coordinated strike that stopped all operational activities.

The strike created multiple layers of risk. Operationally, production losses accumulated daily. Contractual obligations with clients and suppliers were disrupted. Socially, tensions threatened to spread beyond the mining site into surrounding communities. Given the site's remote location, prolonged unrest posed logistical and security challenges.

Leadership Challenges

Jordan faced several constraints. First, he lacked formal authority to reverse or approve employment policies. Second, the financial situation limits management's ability to make broad concessions. Third, local cultural norms emphasized dialogue and involvement of community figures, requiring a careful approach to conflict resolution.

Together with the General Manager, Jordan participated in discussions that explored three broad options:

1. **Immediate Enforcement:** Proceed with outsourcing under strict security, risking escalation.
2. **Full Reversal:** Cancel the policy, reducing conflict but undermining cost targets.
3. **Temporary Compromise:** Delay implementation and reassess worker status based on tenure.

Each option involved trade-offs between financial, operational, and social considerations.

Actions Taken

On 9 May 2019, Jordan joined management-led dialogues with union representatives, workers, and local leaders. Discussions extended from morning to late evening. Management communicated the financial rationale behind the policy while workers expressed concerns about job security and recognition.

Jordan contributed by relaying information between groups, clarifying operational impacts of the shutdown, and coordinating with the General Manager to ensure consistent messaging to the head office. Security forces were present but instructed to avoid confrontation.

The discussions resulted in a temporary agreement. The outsourcing plan would be postponed, and workers with more than five years of service would undergo assessment for potential permanent employment. The arrangement allowed workers to return to their jobs the following day, restoring production while leaving longer-term policy questions unresolved.

Outcome

Operations at PT Gag Nikel resumed after the agreement. Immediate production losses stopped accumulating, and the risk of escalation decreased. However, the solution did not permanently resolve underlying issues related to employment structure, cost efficiency, and labor relations. Management and workers remained aware that future policy decisions could trigger renewed tensions.

Epilogue

In the months following the strike, PT Gag Nikel continued to balance efficiency pressures with labor expectations. For Jordan, the events of May 2019 highlighted the complexities faced by mid-level managers during organizational crises. The situation raised questions about the role of informal leadership, the limits of authority, and the sustainability of negotiated compromises in environments shaped by economic volatility and social sensitivity.

Assignment Questions

1. What leadership role did Jordan River play during the strike, given his formal position and authority?
2. How did the organizational context of PT Gag Nikel shape the range of feasible responses to the crisis?

3. What were the risks and benefits of the temporary compromise reached with the union?
4. How should management balance financial efficiency with social and community considerations in remote operations?
5. If a similar crisis were to occur again, what systems or policies could reduce reliance on ad hoc leadership interventions?