

Reconstruction of Employment Regulations that are Integral in Realizing Industrial Relations Based on Pancasila Justice

Subiyanto¹, Sri Endah Wahyuningsih², Jawade Hafidz³, Anis Mashdurohatun⁴

Universitas Islam Sultan Agung, Indonesia

*Email: subiyantopudin@yahoo.co.id

ARTICLE INFO	ABSTRACT
<p>Keywords: Reconstruction; Employment Regulations; Industrial Relations; Pancasila Justice; Solution Theory.</p>	<p><i>This research aims to analyze and discover the extent of the application of the value of Pancasila justice in labor regulations, both the legal structure, the substance of the legal material and the legal culture. To analyze and find the weaknesses of the application of the value of Pancasila justice in labor regulations to reconstruct Indonesian labor regulations, in realizing harmonious, dynamic and fair industrial relations based on the value of Pancasila justice. The sociological juridical research method is an approach to seeing a legal reality in society, this approach uses secondary data as the initial data which is then followed by primary data or field data, with the nature of analytical descriptive research. The theoretical foundation in this dissertation uses the theory of Pancasila justice, the theory of the legal system, the integrative theory and the theory of legal development, as well as the theory of legal protection and the theory of legal certainty. That the substance of the law is the part that determines the direction of law implementation and forms legal culture. The results of research on the construction of existing labor regulations have not been able to realize just industrial relations, because the legal substance (substance of the law) does not yet contain Pancasila justice values in labor regulations on an ideal and operational basis, so that a legal culture of dialogue has not yet been realized.</i></p>

INTRODUCTION

The complexity of industrial relations issues in Indonesia is closely related to labor law, both heteronomous labor law and autonomous labor law. The current unfavorable conditions have resulted in low national competitiveness and have contributed to deindustrialization. (Pasaribu et al., 2024)

In 2011, a three-month strike at PT. Freeport Indonesia occurred due to the failure of Collective Labor Agreement (PKB) negotiations. This incident reflected two main issues: 1) the low level of compliance with heteronomous labor law, which affects the quality of autonomous labor law resulting from social dialogue in bipartite negotiations for Collective Labor Agreements (PKB), and 2) the failure of bipartite social dialogue negotiations. (AKMAL, n.d.)

Ideally, regulations that have been enacted and implemented should be able to provide benefits, justice, and legal certainty. Conceptually, industrial relations in Indonesia should be carried out with values that promote harmonious, dynamic, and fair industrial relations. However, in reality, the values upheld in the implementation of industrial relations have not been fully realized. In fact, there are still many violations of labor protection norms.

The failure of labor social dialogue and the weak enforcement of law are the main factors causing the unhealthy ecosystem of industrial relations in Indonesia. This unhealthy ecosystem can be seen in the frequent demonstrations during the minimum wage determination process by wage boards appointed by the governors of each province, or strikes in companies, whether they already have a Collective Labor Agreement (PKB) or not. This situation occurs because labor social dialogue has not been conducted with good intentions or constructively. In practice, there are areas of work that are not regulated by material labor law, such as online transportation sector jobs, which apply a partnership cooperation system. Agreements are made via apps without a negotiation process, disregarding the four valid agreement requirements as stipulated in Article 1320 of the Civil Code. Additionally, there is the practice of home-based work for women workers in households, which is carried out by companies to avoid obligations related to wages and other employment conditions. They apply a partnership system using a piecework approach.

As we know, in 2022, the government issued Law No. 2 of 2022 on Job Creation, which, following a decision from the Constitutional Court, was revised into Law No. 6 of 2023 on the Ratification of the Government Regulation in Lieu of Law No. 2 of 2022 on Job Creation, which is also known as the omnibus law on the labor cluster.

In Law No. 6 of 2023 on Job Creation, which is the omnibus law that amends, repeals, and establishes new regulations on several provisions previously regulated in four (4) laws, as shown in Table 1, as follows:

Table 1: The Four (4) Laws Included in the Omnibus Law on the Labor Cluster

No	Law	Points of Change in Law No. 6 of 2023 on Job Creation (Cipta Kerja)
1	Law No. 13 of 2003 On Manpower/Employment	1) Foreign Workers 2) Fixed-Term Employment Agreement (PKWT) 3) Outsourcing 4) Working Hours & Rest Periods 5) Wages 6) Termination of Employment (PHK) 7) Severance Pay 8) Job Loss Guarantee (JKP) 9) Imposition of Sanctions 10) Employment Sector Licensing
2	Law No. 40 of 2004 on the National Social Security System	Adding a social security program, namely the Job Loss Guarantee (JKP) program, without increasing contributions.
3	Law No. 24 of 2011 on BPJS (Social Security Organizing Agency)	The contributions will be sourced from the reallocation of contributions from the National Health Insurance (JKN) program and the Employment Social Security (Jamsosnaker) program.
4	Law No. 18 of 2017 on the Protection of Indonesian Migrant Workers	Adding and improving provisions on the protection of migrant workers, social security protection, and companies involved in the recruitment of migrant workers.

The government's efforts to update substantive labor law have not been matched by efforts to update formal labor law, namely Law No. 3 of 1951 on Labor Supervision. This affects the enforcement of substantive labor law because Law No. 3 of 1951 is not participatory, is restrictive, and in its operation, there is a "missing link" in the national legal system. This is due to the fact that labor supervision falls under Annex G of Law No. 23 of 2014 on Regional Government.

From the events and facts mentioned above, it is closely related to data on compliance ratios with regulations. It shows that labor issues are a result of the low level of compliance with labor law. This labor issue is believed to arise from weak enforcement of labor law in its implementation, carried out by the Civil Servant Investigators (PPNS) at the Provincial Manpower Office, while other labor-related tasks and functions are carried out by the Manpower Offices at the Regency or City level, in accordance with Law No. 23 of 2014 on Regional Government, which is based on decentralization delegating government affairs from the central government to autonomous regions. Structurally, the provincial government, in its duties and functions as an implementer of tasks delegated by the central government, coordinates and communicates with the regency/city governments, which have autonomous rights, powers, and responsibilities to regulate and manage their own governmental affairs and local community interests.

In addition, based on data from the industrial relations data book of the Ministry of Manpower sourced from mandatory labor reporting (WLKP) in October 2023, which is detailed in the conceptual framework section on the conditions of industrial relations implementation by stakeholders as the main actors in industrial relations, a table of compliance ratios with regulations can be created by the researcher.

The data from the 2016 Economic Census shows a total of 26,422,256 companies, compared to the industrial relations facilities as the obligation of employers. According to the industrial relations data book of the Ministry of Manpower sourced from mandatory labor reporting (WLKP) in October 2023, as shown in **Table 2** about the compliance ratio with the mandates of the Employment Law, (Alandi & Mayasari, 2023) as follows:

No	Employer Obligation Item	Total	Compliance Ratio %
1	Companies Registered in WLKP	60.432	0,23%
2	Establishing Bipartite LKS	23.155	0,09 %
3	Creating Company Regulations (PP)	38.654	0,15%
4	Creating Collective Labor Agreements (CLA or PKB)	15.930	0,06%
5	Creating Wage Structure (SuSU)	63.551	0,24%

There have been labor law issues in Indonesia, as seen in the following incidents: the 2011 strike at PT. Freeport Indonesia, the national strike in 2013, the 2017 factory fire at PT. Panca Buana Cahaya, Kosambi, Tangerang Regency, which killed 53 workers, and the 2019 fire at PT. Kiat Unggul's matchstick factory in Binjai, North Sumatra, which resulted in the deaths of 30 workers. In all of these incidents, the majority of the deceased workers were not covered by the social security programs for labor (JKK, JKM, JHT, and JP). These legal events reveal the lack of legal certainty regarding labor law protection, as stipulated in the following material labor laws:

1. Law No. 1 of 1970 on Occupational Safety and Health (K3)
2. Law No. 13 of 2003 on Manpower and Law No. 6 of 2023 on Job Creation
3. Law No. 24 of 2011 on the Social Security Organizing Agency (BPJS)

From the phenomenon of the issues that have occurred, caused by the two factors previously explained, we can say that the existing regulations as positive law (*ius constitutum*), namely the Occupational Safety and Health Law (K3), the Manpower Law, and primarily the BPJS Law, are not in line with the law envisioned (*ius constituendum*), as mandated by the fifth principle of Pancasila and the constitutional provisions in Article 27 paragraph (2), Article 28D paragraph (1) and (2) of the 1945 Constitution of the Republic of Indonesia. (Febrianty & Wijaya, 2023)

The challenges within Indonesia's industrial relations framework are further compounded by global economic pressures and evolving labor market dynamics. As industries increasingly adapt to the demands of globalization and the Fourth Industrial Revolution (Industry 4.0), the rigidity of existing labor laws has become a critical barrier to achieving harmonious and fair industrial relations (Wisnaeni, 2022). The dissonance between traditional labor law enforcement mechanisms and the contemporary needs of the labor market results in inefficiencies that hinder labor productivity and national competitiveness. Moreover, Indonesia's industrial relations still struggle to implement social dialogues constructively, often leading to adversarial negotiations rather than collaborative solutions (Fauziyah et al., 2021). The lack of participatory mechanisms in labor law formulation and enforcement exacerbates this issue, limiting workers' voices in policy decisions that directly affect their livelihoods.

In addition, the decentralized structure of labor law enforcement, as dictated by regional autonomy, has created inconsistencies across provinces, leading to varying interpretations and applications of labor regulations (Indrajaya et al., 2022). This fragmented approach undermines national labor policies and further complicates efforts to harmonize industrial relations across different regions. The situation is worsened by the absence of robust regulatory frameworks addressing emerging employment forms, such as gig economy workers and remote laborers, leaving significant portions of the workforce without adequate legal protection (Fitriana et al., 2024). Consequently, there is an urgent need to reconstruct Indonesia's labor regulations to incorporate Pancasila's justice values fully and to establish a more adaptable and inclusive legal framework that can address the evolving nature of industrial relations while fostering fairness, cooperation, and legal certainty.

Pancasila, as the source of all sources of law, serves as the philosophical foundation, the ideal foundation, and the operational foundation for establishing legislation in the Unitary State of the Republic of Indonesia. By adhering to these three foundations, it is expected that legislation will be created that provides benefits, justice, and legal certainty, and can be effectively applied in society.

Numerous studies have been conducted on the application of labor regulations and their relationship with industrial relations, particularly in the context of Pancasila justice. Research by (Adhastian, 2023) explored the effectiveness of labor law enforcement in Indonesia, highlighting the gaps in compliance and the challenges of enforcement due to outdated regulations. Additionally, research by (Permana & Rahardjo, 2013) emphasized the importance of integrating Pancasila values into Indonesia's labor laws to foster harmonious industrial relations. Similarly, (Subiyanto et al., 2022) pointed out the discrepancies between the ideal and operational implementation of labor laws, proposing a need for a reconstruction that aligns with Pancasila's principles of justice. However, despite these studies, there remains a lack of comprehensive research on how existing labor regulations can be fully reconstructed to reflect Pancasila justice, particularly in ensuring fair and dynamic industrial relations.

While previous studies have explored the need for labor law reform and the integration of Pancasila values, there is limited research focused on the specific reconstruction of Indonesia's labor regulations that aligns fully with Pancasila justice. Many studies have identified weaknesses in labor law enforcement and the failure to realize the values of Pancasila in industrial relations, but they often lack a detailed exploration of how to incorporate these values into both the legal substance and culture. This gap in the literature is particularly noticeable when considering the implementation of labor law in the context of a rapidly evolving labor market, which requires a more dynamic and fair regulatory framework that reflects the ideals of Pancasila justice.

This study introduces a novel approach by proposing a comprehensive reconstruction of Indonesia's labor regulations based on Pancasila justice, focusing on integrating the principles of good faith and mutual cooperation into both material and formal labor laws. Unlike previous research that primarily focused on the shortcomings of existing laws, this study emphasizes the application of Pancasila values as a core component of legal reform. The novelty lies in its approach to not only examine the legal structure but also to evaluate how legal culture, shaped by Pancasila's justice, can influence the effectiveness of labor regulations in fostering a harmonious, dynamic, and fair industrial relations environment.

The primary objective of this research is to analyze the extent to which Pancasila justice is applied within Indonesia's labor regulations and to propose a reconstruction that integrates these values into both the legal substance and culture. This study aims to uncover the weaknesses in current labor regulations and provide a framework for reform that aligns with the Pancasila ideals of justice, which would contribute to more effective industrial relations. The findings of this research will benefit policymakers, legal scholars, and labor practitioners by providing a theoretical foundation and practical recommendations for legal reforms. Furthermore, the proposed reconstruction of labor regulations will foster a more just and equitable labor environment, improving social dialogue and the overall legal climate in Indonesia.

METHOD

This dissertation research uses the constructivist paradigm as a counter to the positivist paradigm. Law that emerges from the positivist paradigm is seen as rigid, not human-centered, inflexible, and its enforcement is considered overly monotonous. Therefore, the constructivist paradigm arises with a new offer regarding the concept of law and critiques the legal concepts that have long been embraced by proponents of the positivist paradigm. If further elaborated, the constructivist paradigm is closely related to humanist philosophy. The main connection is the positioning of humans as the source of all sources and the central element of life in the world, including in the field of law. The constructivist paradigm places law as an inseparable part of empirical reality and the social dynamics of human life. One of the prominent characteristics of modern law is its rational and formal nature. Rationality can even develop to such an extent that it reaches the level of “rationality above all else.” In such an environment, it is not surprising if those responsible for the legal system, such as legislators, law enforcers, and others, adopt such a “rational” attitude as well. For example, instead of striving to create justice, the focus shifts to simply applying and enforcing the law rationally. This means that it is believed the law has been implemented when everyone adheres to that rationality. This rationality, in the end, leads to a legalistic-formalistic nature of the law. The law becomes rigid with its written rules, leaving little room for flexibility or adaptation to the complexities of real-life situations.

RESULTS AND DISCUSSION

The Existing Labor Regulation Construction has not been able to realize a Harmonious, Dynamic, and Just Industrial Relationship.

According to the legal system theory by Lawrence M. Friedman, the substance of the law refers to the output of the legal system, which consists of regulations and decisions used by both the regulating and the regulated parties. (Lesmana & SH, 2021) The substance of the law is the part that determines the direction of legal implementation and shapes legal culture.

The author's research results indicate that the existing heteronomous labor regulations, both material and formal law, consist of 8 (eight) labor laws. The facts are presented in Table 3, which summarizes the 8 (eight) laws as labor regulations that include Pancasila as the ideal foundation and operational foundation, as follows:

No	Description	Quantity		Percentage with Pancasila	Percentage without Pancasila
		V	X		
1	Ideal Foundation	3	5	37,5%	62,5%
2	Operational Foundation	0	8	0%	100%

Note: V: Contains Pancasila, X: Does not contain Pancasila

From the table above, it is clear that the existing labor regulations, consisting of 8 (eight) labor laws, including six material laws and two formal laws as heteronomous labor laws, show that 62.5% of them do not include Pancasila as the ideal foundation in the considerations, and 100% do not include Pancasila as the operational foundation.

Therefore, the researcher concludes that the existing labor regulations in Indonesia have not incorporated and mandated the essence of Pancasila's values, particularly Pancasila justice. As a result, these labor regulations in Indonesia are detached from the philosophy of Pancasila and do not align with the mandate of Article 2 of Law No. 12 of 2011 on the Formation of Legislation, in conjunction with Law No. 13 of 2022 on the Second Amendment to Law No. 12 of 2011 on the Formation of Legislation.

Thus, it can be said that the implementation of industrial relations in Indonesia is disconnected from the values of Pancasila's justice, namely the values of good faith and mutual cooperation, which have not yet been incorporated into the substance of the law in labor regulations. Thus, the complexity of labor issues in Indonesia is closely correlated with the fact that Indonesia's labor regulations are not yet based on Pancasila justice.

The reconstruction of the existing labor regulations is necessary so that the 8 (eight) integral labor regulations are based on Pancasila justice (good faith and mutual cooperation) by incorporating Pancasila justice values into the content, both in the ideal and operational foundations. This is not only to ensure that Indonesia's labor regulations align with the mandate of Article 2 of Law No. 12 of 2011 on the Formation of Legislation, in conjunction with Law No. 13 of 2022 on the Second Amendment to Law No. 12 of 2011, which states that Pancasila should be the source of all legal sources, but also an absolute necessity for the Indonesian nation. This is essential to ensure that Indonesia's labor regulations are integral in realizing industrial relations development based on Pancasila justice, as the main foundation to make Indonesia a developed industrial country.

Based on the research findings, since this has become a necessity for the Indonesian nation, it is crucial and urgent to reconstruct the integral labor regulations in order to realize industrial relations based on Pancasila justice. These labor regulations, as heteronomous law, should include both material and formal labor laws, establishing Pancasila justice as the ideal and operational foundation. The substance of heteronomous law based on Pancasila justice (good faith and mutual cooperation) will encourage the implementation of Indonesia's labor regulations in accordance with the spirit and philosophy of the Indonesian nation, which is founded on Pancasila.

The implementation of social dialogue in labor relations among the three main actors the Government, Employers, and Workers will incorporate the philosophical values of Pancasila, such as the principle of deliberation for consensus and the principle of Pancasila justice (good faith and mutual cooperation) in formulating policies for industrial relations development and labor policies.

Moreover, the substance of heteronomous law based on Pancasila justice (good faith and mutual cooperation) will serve as a basic reference for the development of autonomous law, in line with the principle of *Facta Sun Servanda* (agreements must be kept), issued through the bipartite social dialogue mechanism, between Employers and Workers/Laborers or Trade Unions.

As for the existing heteronomous law as labor regulation, it requires the creation of autonomous law, which includes employment agreements (PK), company regulations (PP), collective agreements (PB), and collective labor agreements (PKB). Their legal norms must not violate the heteronomous law, meaning the autonomous legal norms must at least be on par with the heteronomous legal norms.

To clarify this, the researcher presents in Table 4 the reconstruction of the 8 (eight) labor regulations, as follows:

RECONSTRUCTION OF EMPLOYMENT REGULATIONS

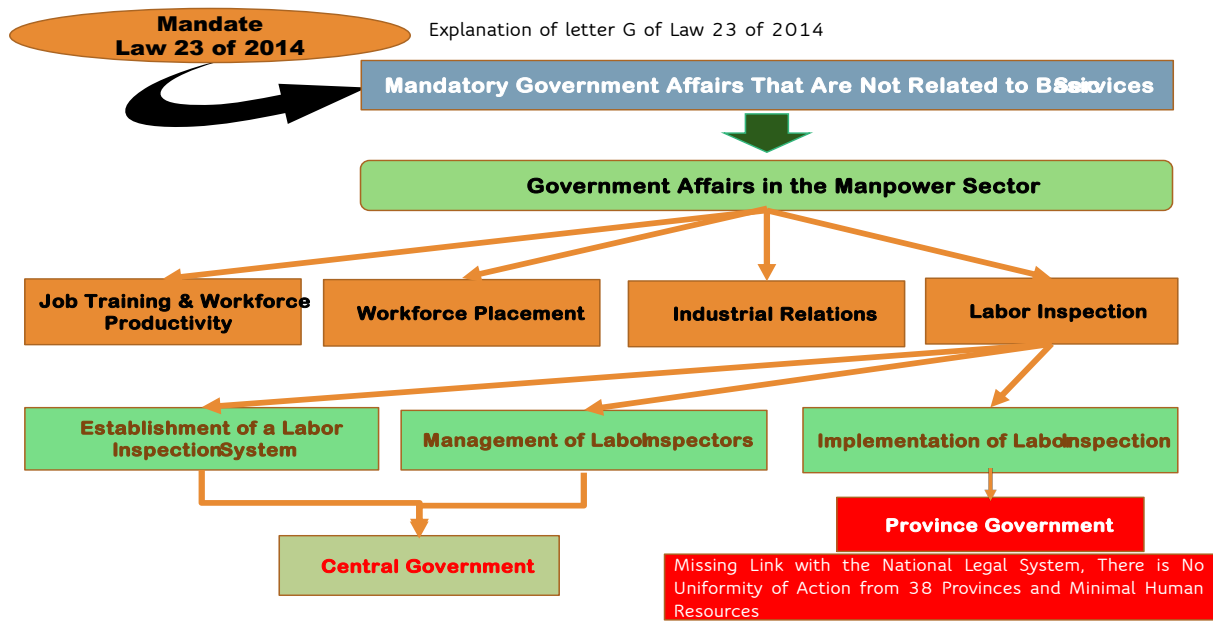
NO	Material Law & Formal Law Before Reconstruction	Weakness	After Reconstruction
1	Law No. 1 of 1970 on Occupational Safety and Health (K3)	Material legal substance in the Law (K3, SP/SB, Employment, Ciptaker, SJSN, BPJS) and formal law in the Law (Labor Inspection & PPHI) do not yet contain Pancasila norms of justice (good faith and mutual cooperation) on a philosophical basis, an ideal basis and operational basis, then the implementation of the law has not been able to build a legal culture with the justice values of Pancasila	The results of the reconstruction of Material law in the Law (K3), Material legal substance in the Law (K3, SP/SB, Employment, Ciptaker, SJSN, BPJS) and Formal law in the Law (Labor Supervision & PPHI) which contain the substance of the legal norms of Pancasila justice (good faith and mutual cooperation). royong) on a philosophical basis, an ideal basis and an operational basis. So the implementation of the Indonesian Employment Regulations will build a legal culture with the Pancasila values of justice
2	Law No.21 of 2000 on Union Labour (SP/SB)		
3	Law No. 13 of 2003 on Manpower		
4	Law No. 6 of 2023 on Job Creation		
5	Law No. 40 of 2004 on the National Social Security System (SJSN)		
6	Law No. 24 of 2011 on the Social Security Organizing Agency (BPJS)		
7	Law No.3 of 1951 on Labour Inspection		
8	Law No.2 of 2004 on Settlement of Industrial Relations Disputes (PPHI)		

In accordance with Lawrence M. Friedman's legal system theory, which involves three elements of the legal system legal structure (structure of law), legal substance (substance of the law), and legal culture (legal culture) with labor regulations based on Pancasila justice, the implementation of industrial relations will foster a labor law culture by applying a new paradigm of social dialogue in labor relations. This serves as the realization of Pancasila's justice values, characterized by mutual giving and receiving, where everyone wins: *"Give and Take All the Winner"*, in order to make Indonesia a developed industrial country.

Implementation of Heteronomous Law (Material Law and Formal Law)

As we understand together, post-reformation, labor law enforcement became part of the regional autonomy package as outlined in Section G of Law No. 23 of 2014 on Regional Government. Consequently, labor law enforcement is implemented through decentralization. The legal consequence of this is the implementation of Law No. 3 of 1951 on Labor Supervision, which outlines the duties, functions, authority, and responsibilities for the enforcement of heteronomous labor law by the Ministry of Manpower. This enforcement is carried out by PPNS (Civil Servant Investigators) as labor inspectors at the provincial labor offices (Disnaker) across Indonesia, and mediation functions are carried out by mediators at the district/city labor offices (Disnaker) throughout Indonesia.

This can be illustrated in **Figure 1**, which shows the flowchart of government affairs in the field of labor, as follows:



This situation is highly relevant to the research findings, which reveal the low level of compliance by employers with labor regulations, as shown in Table 2, which presents the compliance ratio of employers with the mandates of labor regulations outlined above. The data reveals a fact that labor law enforcement, as part of heteronomous law, faces a "missing link" in its connection with the national legal system, leading to inconsistencies in enforcement actions across provinces in the implementation of heteronomous labor law. The explanation in Section G of Law No. 23 of 2014 on Regional Government (PemDa) operationalizes the roles of PPNS (Civil Servant Investigators) at the provincial labor offices (Disnaker) and Mediators at the district/city labor offices (Disnaker). This can lead to, or may have previously resulted in, discrepancies between legal products issued by PPNS and Mediators, causing legal uncertainty regarding the enforcement of heteronomous labor law norms.

Weaknesses of the Existing Labor Regulation Construction That Are Not Based on Pancasila Justice in Realizing Harmonious, Dynamic, and Just Industrial Relations:

1. Weak Enforcement of Applicable Legal Norms, Leading to Legal Uncertainty and the Creation of an Unhealthy Industrial Relations Ecosystem

The Weak Enforcement of Applicable Legal Norms, Leading to Legal Uncertainty and the Creation of an Unhealthy Industrial Relations Ecosystem.

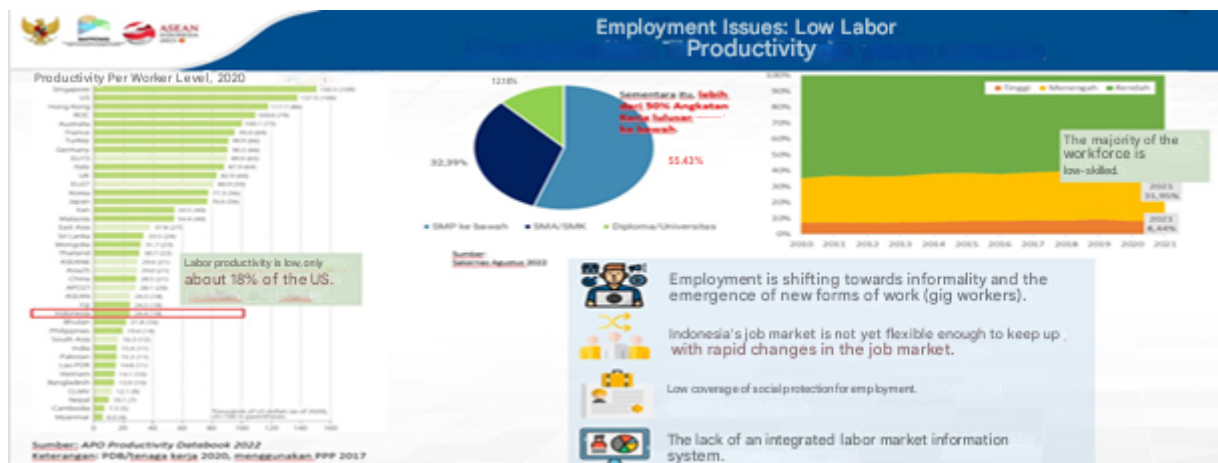
The phenomenon of unhealthy industrial relations in Indonesia has been highlighted by the researcher in the background section. The data clearly shows that this condition is reflected in the very low compliance ratio of industrial relations actors with labor regulations, as presented by the researcher in Table 2, which outlines the compliance ratio with the mandates of the Labor Law.

The weak enforcement of Indonesia's labor regulations leads to legal uncertainty, causing social dialogue in labor relations to fail to be constructive and productive. This results in a situation where social dialogue in labor relations fails, creating a multiplier effect, including, among others:

1. Routine worker/labor protests;
2. Worker/labor strikes;
3. An unhealthy investment climate;
4. Deindustrialization; and
5. Slow expansion of job opportunities, which has not been able to absorb the existing unemployment rate.

In relation to this, the researcher can present data related to labor issues and productivity, as shown in Figure 2, which compares Indonesia's productivity level with that of ASEAN countries and other countries worldwide. The above situation and conditions significantly affect industrial productivity and the competitiveness of Indonesia, because the implementation of industrial relations, carried out by the actors involved through the social dialogue mechanism, is still focused on **curative actions** actions taken to resolve issues arising from legal norm violations. It has yet to implement social dialogue with **corrective actions** measures aimed at eliminating the root causes of problems and **preventive actions** measures to prevent issues from occurring.

From the image below, it can be seen that Indonesia's labor productivity in 2020 was very low compared to ASEAN countries and other Asian nations, such as: 1) Singapore, 2) Malaysia, 3) Thailand, 4) Hong Kong, 5) South Korea, 6) Japan, 7) China, 8) Iran, 9) Sri Lanka, 10) Mongolia, and others. In addition to the issues related to the failure of constructive and productive social dialogue in labor relations, as mentioned above, another contributing factor is the human resources (HR) issue. Indonesia's workforce has a low level of education, with 55.43% of the labor force having completed only junior high school or below.



The impact of weak enforcement of heteronomous labor law affects the climate of labor social dialogue, which remains unhealthy, non-constructive, and non-productive. As a result, the actors in Indonesia's industrial relations lose valuable resources each year due to the social dialogue mechanism focusing on curative actions. The social dialogue becomes rigid, skeptical, lacking mutual trust, driven by power struggles, and not seeking solutions. The parties become trapped in a "Take and Give" mentality, where the dialogue ends with an agreement to disagree.

Ultimately, the actors in industrial relations fail to focus on fulfilling the roles and functions of constructive and productive social dialogue, which should be aimed at generating ideas and solutions for the development of Indonesia into a developed industrial country.

The impact of the frequently failed social dialogue situation in labor relations is that the actors in Indonesia's industrial relations have not focused on finding solutions to the country's low productivity and competitiveness. It is suspected that the weak enforcement of Indonesia's labor regulations is caused by the following factors:

- 1) The labor supervision mechanism is not participatory and does not align with the ILO Convention No. 81 on Labor Inspection in Industry and Commerce, specifically Article 5, letter (b), which states, "cooperation between labor inspectors and employers and workers or the organizations of employers and workers." Labor inspection in Indonesia is closed off, where the complainant, as the harmed party, does not receive information from the PPNS (Civil Servant Investigators) regarding the issues reported. In fact, many complainants face intimidation, discriminatory treatment, and even unilateral termination of employment (PHK). If a union (SP/SB) reports a violation of heteronomous labor law, union leaders are often intimidated, discriminated against, and fired, causing the union to disband.
- 2) The substance of the legal material is outdated, namely Law No. 3 of 1951 on the Declaration of the Enactment of the Labor Supervision Law NR of 1948 from the Republic of Indonesia for the Entire Indonesia, the legal material is no longer in line with the issues and challenges of the Industrial Revolution 4.0 era, making labor/workforce supervision unable to effectively function or be properly managed.
- 3) The limited human resources (HR) for labor inspectors, both at the central level by the Ministry of Manpower and at the regional level by Provincial Manpower Offices across Indonesia, as revealed by the researcher, shows a concerning ratio. Based on data from January 19, 2022, there are 26,422,256 companies in Indonesia (according to the 2016 economic census), but the ratio of labor inspectors is only 0.006% of the total number of companies in Indonesia.
- 4) There is a missing link in the enforcement of labor law within the national legal system.
- 5) The impact of the implementation of the formal law, Law No. 3 of 1951 on Labor Supervision, as outlined in Appendix G of Law No. 23 of 2014 on Regional Government (PemDa), is that there is no uniformity in the actions of the 38 provinces in implementing labor supervision. This lack of consistency leads to legal uncertainty regarding the legal protection provided by the material law.

The five factors contributing to the weak enforcement of Indonesia's labor regulations, as mentioned above, result in the following issues:

1. The increasing frequency of violations of labor law norms, as very few workers are brave enough to report violations of these norms.
2. The failure to achieve legal certainty; and
3. The creation of an unhealthy industrial relations ecosystem.

The Implementation of Autonomous Labor Law

In industrial development, autonomous labor law is recognized, which is created through the process of social dialogue in a Bipartite negotiation forum. This negotiation takes place between two parties: employers and workers/laborers, or employers and labor unions. These negotiations are based on **Article 1338 of the Civil Code**, in accordance with the principle of contract law, "Facta Sun Servanda," meaning that agreements must be

kept or honored.(ISMAIL, n.d.) Autonomous labor law includes agreements such as employment contracts (PK), company regulations (PP), collective agreements (PB), and collective labor agreements (PKB).

The basis for the creation of autonomous labor law is guided by the norms of heteronomous labor law. That is, autonomous labor law norms are prohibited from being below the provisions of heteronomous labor law norms. If an autonomous labor law norm violates a heteronomous labor law norm, it shall be deemed null and void by law, as stipulated in **Article 124, paragraph (3) of Law No. 13 of 2003 on Manpower.** (Indonesia, 2003)

To make it easier to understand the legal aspects, legal subjects, the content of norms, characteristics, and law enforcement between autonomous labor law and heteronomous labor law, the researcher presents **Table 5** outlining the scope of sources of heteronomous and autonomous labor law, as follows:

	Autonomous	Heteronomous
Legal Aspects	(Agreement Resulting from Negotiations According to the Principle of "Facta Sun Servanda" - Article 1338 of the Civil Code)	(Established by the Government)
Legal Subjects	1. Employment Contract (PK) 2. Company Regulations (PP) 3. Collective Agreement (PB) 4. Collective Labor Agreement (PKB)	Laws and Regulations Established by the Government According to Their Hierarchy
Content of the Norm	Binding only to the parties who make it	Binds all parties within the scope of regulations established (Laws, Government Regulations, Presidential Regulations, Ministerial Regulations, Regional Regulations)
Nature	At least the same as heteronomous law	Basic law that is minimal (normative standard)
Enforcement of the Law	Bipartite LKS Mechanism	PPNS apparatus (currently in Provincial Government OPD, which has not yet been integrated with the national legal system)

The substance of the law (substance of the law) regarding the values of Pancasila justice (good faith and mutual cooperation) in labor autonomous law, such as the employment contract (PK), company regulations (PP), collective agreements (PB), and the collective labor agreement (PKB), greatly depends on the quality of the content of Pancasila's justice values in the heteronomous labor law. If the heteronomous labor law has not integrated the values of Pancasila justice, it will impact the content of the autonomous labor law.

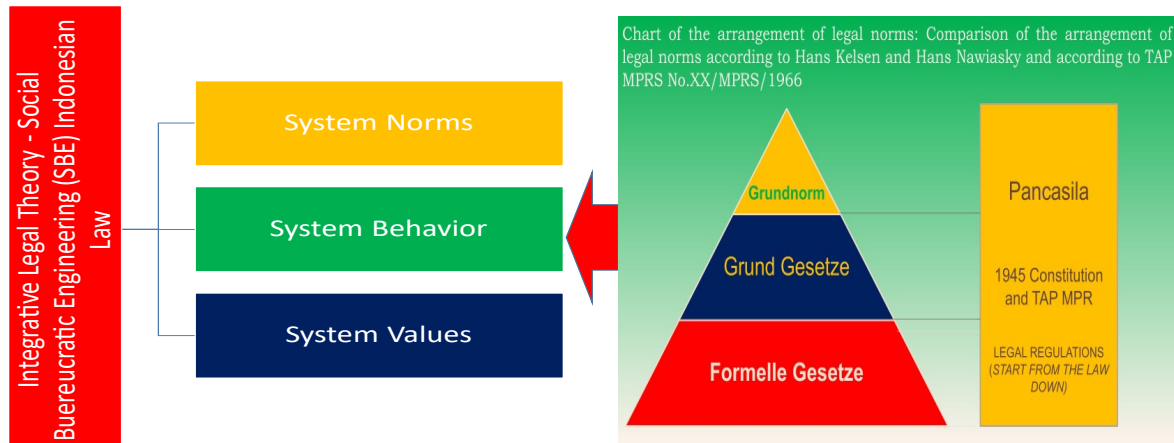
Thus, the autonomous labor law, as part of Indonesia's labor regulation, will also be detached from the philosophy of Pancasila as the state ideology if the heteronomous labor law is disconnected from it. In conclusion, it can be stated that the implementation of industrial relations in Indonesia is not yet based on the values of Pancasila justice, namely the values of good faith and mutual cooperation.

The Problematic of Labor Regulations Not Integral and Not Based on Pancasila Justice.

As previously explained in the section on the implementation of heteronomous law (Material and Formal Law), the existing labor regulations are not yet based on the values of Pancasila in achieving industrial relations. Therefore, the current labor regulations are not aligned with the values of Pancasila, which is the ideology and aspiration of the Indonesian nation. This issue is further compounded by the weakness in law enforcement, as labor law enforcement is included in the package of regional autonomy laws, as previously described in the section on the weak enforcement of applicable legal norms. This lack of enforcement leads to a lack of legal certainty and the creation of an unhealthy industrial relations ecosystem, as seen in the barriers depicted in Figure 1, which outlines the distribution of labor affairs within government agencies.

In such a situation, the phenomenon of industrial relations in Indonesia has unintentionally been swept along by the currents of global ideologies that erode the essence of Pancasila's values. The researcher has already presented this in the section on the theory of integration, in which the tripartite nature of law within a framework referred to by Prof. Dr. Ramli Atmasasmita as the "Tripartite character of Indonesian legal theory of social and bureaucratic engineering (SBE)" is elaborated. This theory of integration is further illustrated in Figure 3, which shows the relationship between integrative theory and Pancasila norms as the source of all Indonesian laws, as follows:

THE RELATIONSHIP OF INTEGRATIVE THEORY WITH PANCASILA NORMS AS THE SOURCE OF ALL INDONESIAN LEGAL SOURCES

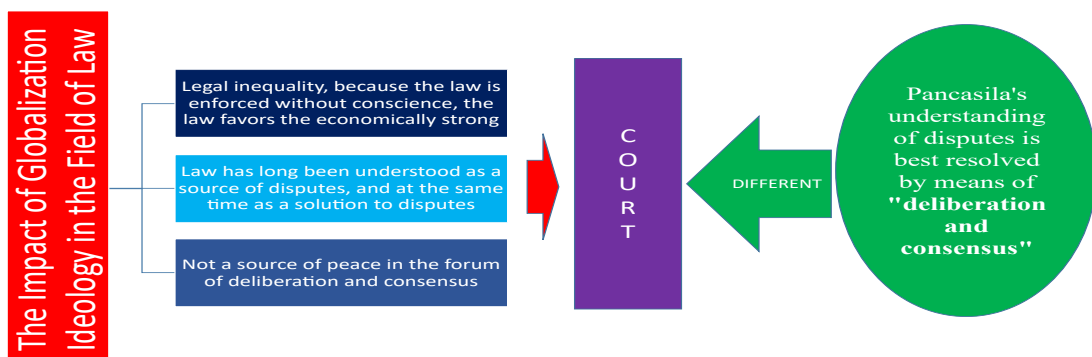


To ensure that the spirit of Indonesia's labor law is in line with Pancasila as the ideology of the Indonesian nation, the development of labor regulations in Indonesia must absolutely be based on the principles of Pancasila justice, as explained in the figure above.

As part of the global community, Indonesia is inevitably influenced by globalization, which is a worldwide system across various sectors. However, this global perspective is not always realistic and can be vulnerable to social and cultural conflicts. It can even impact the creation and enforcement of laws, including labor laws (Atmasasmita, 2012) In addition to this, in the current era of economic globalization, the influence of capitalism, which has led to materialism, has taken over the lives of the Indonesian people. A clear example of the negative side of materialism can be seen in cases of unfair competition and business monopolies, which disregard the fate of local and medium-sized entrepreneurs, both at the domestic level and in international business transactions. The same issue also occurs within the bureaucracy, particularly among state organizers, where corruption, collusion, and nepotism continue to thrive.

The social, cultural, and legal vulnerabilities demand a revitalization of Pancasila as an unavoidable step, positioning it as the highest value system within the pyramid of Indonesia's legal system. This has become urgent and essential, considering that the strengthening of liberalism and capitalism has risked focusing solely on materialism, which will distance the nation from religious values and implicitly from both individual and social morality. (Atmasasmita, 2012) The impact of the globalization ideology in the field of law has long caused legal disparities, as it is enforced without conscience, with the law favoring economically powerful groups over weaker ones. The law has unfortunately been understood as a source of disputes and simultaneously as a solution to conflicts, rather than as a source of peace within the framework of deliberation and consensus. The understanding of Pancasila regarding disputes, which is best addressed through "deliberation and consensus," differs from Western ideologies that view disputes as the basis for finding solutions in court. From this explanation, the researcher can create Figure 4 illustrating the integrative theory perspective on the relationship between global legal ideology and Pancasila ideology, as follows:

INTEGRATIVE THEORY VIEW ON GLOBAL IDEOLOGY IN THE FIELD OF LAW WITH PANCASILA IDEOLOGY



From the above explanations, the urgency of reconstructing labor regulations in an integral manner is highly relevant in realizing industrial relations based on Pancasila justice. This reconstruction aims to ensure that the substance of labor regulations reflects Pancasila's justice principles (good faith and mutual cooperation), which will foster a labor law culture in labor social dialogue, namely *musyawarah dan mufakat* (deliberation and

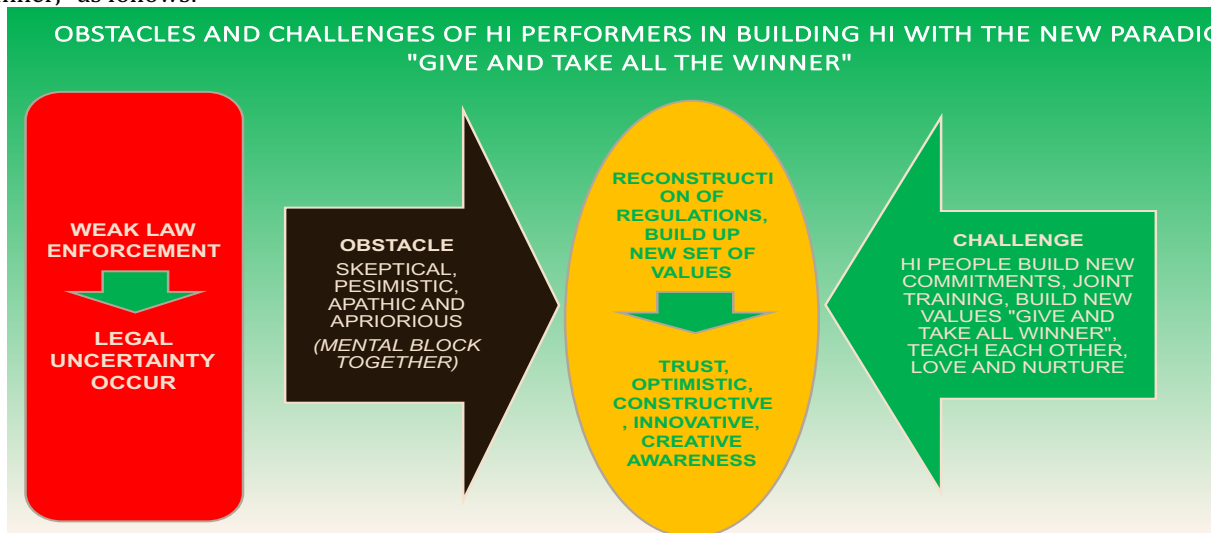
consensus) with the attitude of mutual giving and receiving, where everyone wins "Give and take, all the winner." This approach will give birth to a new paradigm in implementing labor social dialogue based on Pancasila justice. **An Unhealthy Industrial Relations Ecosystem: A Weak Foundation in Building and Developing Constructive and Productive Labor Social Dialogue Based on Pancasila Justice.**

An unhealthy industrial relations ecosystem occurs due to the weak enforcement of the law, resulting in a lack of legal certainty. As a consequence, labor social dialogue predominantly focuses on discussing violations of existing legal norms. This situation creates an environment where the parties involved in industrial relations develop mutual distrust and skepticism towards each other.

This situation and condition have unintentionally created a "mental block," which is a form of uncertainty originating from the subconscious mind that is transferred to the conscious mind of all parties involved in industrial relations. This becomes an obstacle in the labor social dialogue process, manifesting as skeptical and prejudiced attitudes. This presents a significant challenge for the development of industrial relations in Indonesia in the future.

In addition to the urgent need for the reconstruction of integral labor regulations to realize industrial relations based on Pancasila justice, it is equally important to develop a constructive and productive labor social dialogue grounded in Pancasila justice. The reconstruction of labor regulations based on Pancasila justice will create a new paradigm in implementing labor social dialogue based on Pancasila justice, which is the "Give and take all the winner" approach.

Therefore, the researcher presents Figure 5, which outlines the barriers and challenges faced by the actors in industrial relations when building industrial relations with the new paradigm of "Give and Take All the Winner," as follows:



Situations and conditions like this make it difficult to build and develop a constructive and productive labor social dialogue based on Pancasila justice. This is the reality currently occurring in Indonesia, leading to the phenomenon as described in the background section above.

As presented by the researcher in Figure 3, the relationship between integrative theory and Pancasila norms as the source of all sources of Indonesian law highlights the urgent need for action. It is crucial and pressing because it has become a necessity for the Indonesian nation to reconstruct labor regulations in an integral manner to build industrial relations based on Pancasila justice. This includes labor regulations as a heteronomous law of employment, encompassing both substantive and formal labor laws, with the inclusion of Pancasila's values of justice in the ideal and operational foundations.

With labor regulations based on Pancasila justice, the implementation of industrial relations can align with the legal system theory of Lawrence M. Friedman, which addresses three components of the legal system: the structure of law, the substance of law, and the creation of legal culture. This creates a new paradigm in industrial relations, where all stakeholders government, employers, and workers adopt an attitude of mutual giving and receiving, with the principle of "Give and Take All the Winner" to make Indonesia a developed industrial country.

Based on the above explanation, the researcher presents a conceptual framework for the development of industrial relations through the new paradigm built by the three key actors in industrial relations. These actors should adopt attitudes of mutual giving and receiving, where everyone wins "Give and Take All the Winner." This can be illustrated in Figure 6, which depicts the attitudes of the three industrial relations actors government, employers, and workers towards mutual cooperation, as follows:



CONCLUSION

The integral reconstruction of labor regulations based on Pancasila justice aims to establish fair, harmonious, and competitive industrial relations in Indonesia. Aligning with Law No. 12 of 2011 and its amendments, this reconstruction embeds Pancasila values—good faith and mutual cooperation—into labor laws at philosophical, idealistic, and operational levels. According to Friedman's legal system theory, effective labor law development requires alignment with societal values. Ensuring a Pancasila-oriented mindset among industrial actors fosters a culture of mutual giving, mutual receiving, and a win-win approach. However, weak law enforcement and low labor inspector ratios hinder compliance, necessitating reforms such as revising Law No. 23 of 2014 to integrate labor inspection into national legal standards. Constructive labor social dialogue relies on strengthening legal certainty and compliance, supported by revising labor supervision laws to enhance transparency and accountability, aligning with ILO Convention No. 81 of 1947. This reconstruction, fully embedding Pancasila justice, seeks to create a just, prosperous, and dignified industrial relations system, reinforcing mutual trust and national competitiveness through fair labor practices.

REFERENCES

- Adhianto, M. F. (2023). The Unconstitutionality of Termination of Employment on The Grounds of An Urgent Offence. *Pandecta Research Law Journal*, 18(1), 88–99.
- AKMAL, F. (n.d.). *STIGMATISASI PEKERJA LOKAL DALAM PEMBERITAAN KONFLIK PT GNI PADA CNBC INDONESIA*.
- Alandi, H., & Mayasari, D. E. (2023). KEWENANGAN PENGADILAN HUBUNGAN INDUSTRIAL DALAM MENYELESAIKAN PERSELISIHAN PEKERJA. *Jurnal Hukum Ius Publicum*, 4(2), 31–51.
- Atmasasmita, R. (2012). *Teori hukum integratif: rekonstruksi terhadap teori hukum pembangunan dan teori hukum progresif*.
- Fauziah, N., Sukaris, A. R. R., Wardana, D. J., Paulina, E. I., & Fathoni, Z. (2021). *Enhancing Human Resources Productivity Through Engineering, Sosial, Science, and Health During Covid 19 Pandemic*.
- Febrianty, Y., & Wijaya, M. M. (2023). Perkembangan Teori Hukum Dan Keilmuan Hukum Serta Relevansinya Dalam Mewujudkan Nilai Keadilan. *PALAR (Pakuan Law Review)*, 9(2), 38–51.
- Fitriana, I., Niode, N., Darmawan, A., Budiman, A. H., Hadi, A., & Nurrohim, A. (2024). *Rooftop Solar Power System for EV Charging Station of Household Customers in Indonesia: A review and an Opportunity for Developing Countries*.
- Indonesia, P. R. (2003). *Undang-Undang Republik Indonesia Nomor 17 Tahun 2003 tentang Keuangan Negara*.
- Indrajaya, Y., Yuwati, T. W., Lestari, S., Winarno, B., Narendra, B. H., Nugroho, H. Y. S. H., Rachmanadi, D., Pratiwi, Turjaman, M., & Adi, R. N. (2022). Tropical forest landscape restoration in Indonesia: A review. *Land*, 11(3), 328.
- ISMAIL, F. (n.d.). ANALISIS YURIDIS PERJANJIAN JUAL BELI BARANG ELEKTRONIK SECARA ONLINE. *Jurnal Hukum Prodi Ilmu Hukum Fakultas Hukum Untan (Jurnal Mahasiswa S1 Fakultas Hukum) Universitas Tanjungpura*, 5(1).
- Lesmana, T., & SH, M. H. (2021). Pokok-Pokok Pikiran Lawrence Meir Friedman; Sistem Hukum Dalam Perspektif Ilmu Sosial. *Universitas Nusa Putra*.
- Pasaribu, C., Sirojuzilam, S., & Syafii, M. (2024). Analisis Faktor-Faktor yang Mempengaruhi Deindustrialisasi di Indonesia. *Ekonomis: Journal of Economics and Business*, 8(2), 1712–1720.
- Permana, D. Y., & Rahardjo, S. N. (2013). *Pengaruh pertumbuhan ekonomi, pendapatan asli daerah, dana alokasi umum, dan dana alokasi khusus terhadap pengalokasian anggaran belanja modal*. Fakultas Ekonomika dan Bisnis.
- Subiyanto, B., Digidowiseiso, K., & Mandasari, N. (2022). Pengaruh Pengalaman Kerja, Skeptisme Profesional, Dan Tipe Kepribadian Terhadap Kemampuan Auditor Dalam Pengungkapan Kecurangan (Fraud). *Fair Value: Jurnal Ilmiah Akuntansi Dan Keuangan*, 4(6), 2609–2620.
- Wisnaeni, F. (2022). *Modern Store Regulation To Protect Traditional Market In Semarang*.