

**REDESIGN COMPANY REGULATIONS ALIGNED WITH LABOR LAW TO
ENHANCE EMPLOYEE PERFORMANCE : A CASE STUDY OF PT.XYZ**

**RANCANGAN ULANG PERATURAN PERUSAHAAN YANG SELARAS
DENGAN HUKUM KETENAGAKERJAAN UNTUK MENINGKATKAN
KINERJA KARYAWAN: STUDI KASUS PT XYZ**

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ABSTRACT

This study analyzes the alignment of PT XYZ's Company Regulations with Indonesian labor law and examines their implications for employee performance, using a qualitative socio legal design. Data were collected through semi structured interviews, document analysis, field observations, and legal inventory mapping of the company's regulatory provisions against Law Number 6 of 2023, Government Regulation Number 35 of 2021, Government Regulation Number 36 of 2021, and relevant ministerial regulations. The findings show that PT XYZ's existing Company Regulations partially comply with national labor standards but contain significant gaps, including outdated clauses on employment relations, overtime calculation, wage structure, grievance handling, and workplace protection. These inconsistencies have contributed to weak managerial accountability, limited employee participation, low motivation, and performance outcomes that fall below organizational targets. The study develops a revised Company Regulations design that integrates legal compliance with performance oriented governance through clearer procedures, transparent communication mechanisms, and structured performance indicators. The results demonstrate that legally aligned and managerially adaptive Company Regulations function not only as compliance instruments but also as strategic tools for strengthening employee performance, reducing turnover, and improving organizational sustainability.

Keywords: company regulation, legal compliance, employee performance, human resource governance, labor law, organizational sustainability.

ABSTRAK

Studi ini menganalisis kesesuaian Peraturan Perusahaan PT XYZ dengan undang-undang ketenagakerjaan Indonesia dan mengkaji dampaknya terhadap kinerja karyawan, menggunakan desain penelitian kualitatif socio-legal. Data dikumpulkan melalui wawancara semi terstruktur, analisis dokumen, observasi lapangan, dan pemetaan inventarisasi hukum terhadap ketentuan peraturan perusahaan dibandingkan dengan Undang-Undang Nomor 6 Tahun 2023, Peraturan Pemerintah Nomor 35 Tahun 2021, Peraturan Pemerintah Nomor 36 Tahun 2021, dan peraturan menteri yang relevan. Hasil penelitian menunjukkan bahwa Peraturan Perusahaan PT XYZ yang ada sebagian mematuhi standar ketenagakerjaan nasional, namun mengandung celah signifikan, termasuk klausul yang usang mengenai hubungan kerja, perhitungan lembur, struktur upah, penanganan keluhan, dan perlindungan tempat kerja. Ketidaksesuaian ini telah berkontribusi pada akuntabilitas manajemen yang lemah, partisipasi karyawan yang terbatas, motivasi yang rendah, dan hasil kinerja yang berada di bawah standar organisasi. Tujuan Studi ini mengembangkan desain Peraturan Perusahaan yang direvisi, yang mengintegrasikan kepatuhan hukum dengan tata kelola yang berorientasi pada kinerja melalui prosedur yang lebih jelas, mekanisme komunikasi yang transparan, dan indikator kinerja yang terstruktur. Hasil penelitian menunjukkan bahwa Peraturan Perusahaan yang selaras secara hukum dan adaptif secara manajerial tidak hanya berfungsi sebagai alat kepatuhan, tetapi juga sebagai alat strategis untuk memperkuat kinerja karyawan, mengurangi tingkat turnover, dan meningkatkan keberlanjutan organisasi.

Kata Kunci: Peraturan Perusahaan, Kepatuhan Hukum, Kinerja Karyawan, Tata Kelola Sumber Daya Manusia, Hukum Ketenagakerjaan, Keberlanjutan Organisasi

INTRODUCTION

The manufacturing industry is one of the primary contributors to Indonesia's economic growth,

accounting for around 20% of the national GDP in 2023. Within this sector, the basic metals industry (KBLI, 24) holds a strategic position due to its large

output value and continuous expansion. As competition intensifies, manufacturing companies are increasingly required to strengthen internal governance, particularly in managing human resources and ensuring compliance with employment regulations.

In a highly regulated industry such as oil and gas support services, organizational performance is influenced not only by technological capability but also by the alignment between human resource management (HRM) practices and labor law. The legal framework for employment plays a fundamental role as a guideline and operational boundary for companies. Employment law serves not only to protect workers but also to provide certainty and stability for the business world. For large companies, particularly in strategic industries, the existence of complex regulations demands a thorough understanding of the legal, procedural, and administrative aspects of employment relations. Therefore, modern human resource management policies are inextricably linked to compliance with legal norms, both national and international, which serve as the basis for the legitimacy of every managerial decision.

However, in practice maintaining a balance between legal compliance and management effectiveness is not easy. Companies often face a dilemma between business flexibility and the rigidity of regulation governing employment relations (Hia, 2024). On the one hand, companies are required to remain competitive and efficient. On the other hand, they are required to comply with strict regulations regarding working hours, wages, safety, and social protection. This situation creates the need for adaptive internal policy design, namely policies that can adapt to legal changes without compromising

organizational productivity and performance. This is in line with the fact that the implementation of clear and appropriate company regulations can reduce the potential for disputes, increase productivity, and strengthen employee loyalty (Shelina et al., 2023). Conversely, the absence of company regulations results in a lack of guidelines for handling internal disputes between the company and employees (Afdal & Tan, 2019).

PT XYZ, a foreign investment company operating in the OCTG threading and supply sector, faces this challenge. Although operating with high operational standards, the company still uses Company Regulations based on Law No.13/2003, which no longer aligns with the current labor framework established under Law No.6/2023 and its derivatives (PP 35/2021, PP 36/2021, Permenaker 5/2023, Permenaker 88/2023). Several clauses are outdated, lack legal accuracy, and do not address modern HR governance issues such as personal data protection, grievance handling, or gender-based workplace protection. Furthermore, the regulations have not been formally ratified by the local Manpower Office, weakening their legal force.

This misalignment contributes to several internal issues, including high turnover rates, low training participation, and suboptimal employee performance. These symptoms indicate a structural gap between company policies, legal compliance, and strategic HRM practices. Similar findings in the literature highlight that companies with outdated HR policies experience higher instability, reduced employee motivation, and increased legal risks (Lescrauwaet et al., 2022; Pajero et al., 2025).

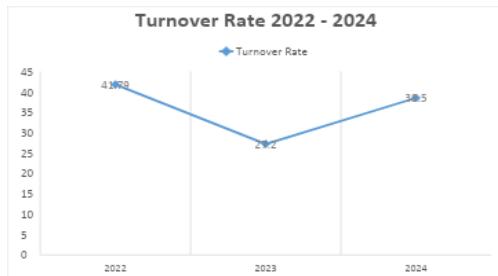


Figure 1. Turnover Rate PT XYZ

Based on these conditions, a redesign of PT XYZ's Company Regulations is urgently required. An adaptive and evidence-based legal design is essential to ensure compliance, strengthen performance management, and improve workforce stability. This study analyzes the gaps within the company's existing regulations, compares them with the latest legal requirements, and proposes an updated regulatory framework aligned with strategic human resource management principles.

RESEARCH METHODS

This study employs a qualitative descriptive research design using a socio-legal approach. The analysis integrates normative legal review with empirical data to evaluate the compliance and effectiveness of PT XYZ's Company Regulations. The research uses two types of data: secondary data in the form of legal documents (Law No. 6/2023, PP 35/2021, PP 36/2021, Permenaker 5/2023, and the Company Regulations of PT XYZ), and primary data obtained through semi-structured interviews with HRGA personnel as well as direct field observations of regulatory implementation within the company.

The analytical framework consists of three main stages: legal inventory, regulatory mapping, and regulatory gap analysis. Legal inventory identifies all relevant labor law provisions, while regulatory mapping aligns each article of

the Company Regulations with national legal standards. Gap analysis is then used to detect inconsistencies, outdated clauses, unregulated areas, and potential compliance risks.

Primary data were analyzed using thematic analysis following Braun & Clarke (2013). This analysis includes familiarization with interview transcripts, coding, grouping codes into themes, reviewing consistency across data, and interpreting results. Themes focus on awareness of regulations, evaluation of existing rules, implementation and enforcement, areas for improvement, and performance linkage.

The overall research procedure follows a sequential flow that begins with identifying the research problems, followed by collecting legal documents and company policies, conducting interviews and observations, performing legal mapping and gap analysis, analyzing empirical data thematically, integrating all findings, and ultimately formulating the redesign recommendations for the Company Regulations.

This research flow reflects the complete methodological algorithm used to assess legal compliance, understand organizational practices, and develop adaptive and effective Company Regulations.

RESULTS AND DISCUSSIONS

Alignment of Company Regulation with National Labor Law

The study reveals that PT XYZ's 2024–2026 Company Regulations have not yet received formal ratification from the Manpower Office, which renders the document non-binding and legally unenforceable. This regulatory vacuum produces misalignment between formal labor norms and on-ground employment

practices. HR explicitly confirmed this issue during interviews:

"To date, the Company Regulation has not been officially ratified... We use parts of it as internal guidelines, but legally it cannot yet serve as the basis for enforcing the rules."
(WT – HR Manager)

Document analysis shows that although some provisions such as working hours, rest periods, and annual leave conform to national regulations, significant compliance gaps remain. The Company Regulations have not incorporated essential updates required by Law No. 6/2023 and PP 35/2021, including wage structures and scales (Permenaker 5/2023), detailed overtime rules, comprehensive BPJS Employment schemes (PP 37/2021), K3 governance (Permenaker 1/2022), and sexual-violence prevention mechanisms (Permenaker 88/2023).

These deficiencies have led to regulatory gap, a mismatch between internal provisions and existing government regulations. This inevitably leads to procedural uncertainty and potential inconsistencies in implementation. This regularity gap also limits the Company Regulation as a managerial tool, as companies lack a clear operational framework for enforcing the rules. In practice, some supervisors and managers make decisions based on personal interpretations or the customs of their respective work units, rather than on legally binding written articles.

Another critical weakness is the absence of provisions on K3 (Occupational Safety and Health), P2K3, and protections against workplace sexual violence as mandated by Permenaker No. 1/2022 and Permenaker No. 88/2023. Occupational safety and security are directly associated with

productivity, absenteeism, operational continuity, and corporate reputation. The lack of strong internal regulations in these areas exposes the company to substantial operational and reputational risks, particularly in high-risk industrial environments.

Industrial relations aspects likewise show structural shortcomings. The Company Regulations of PT XYZ do not mention the establishment of an LKS Bipartit, even though its formation is a legal obligation under national labor law. During interviews, HR acknowledged this issue:

"The Company Regulation is still being drafted unilaterally without involving employees... ideally, there should be input from worker representatives."
(WT – HR Manager)

The absence of a formal communication platform signifies weak employee participation in the policy-making process. Limited participation reduces the legitimacy of internal regulations, undermines the effectiveness of implementation, and increases the likelihood of conflict. These findings reinforce the regulation mapping results, which place PT XYZ's Company Regulations in a condition of substantive compliance but weak formal and structural compliance.

While some provisions provide minimal operational guidance, major gaps, particularly in wage structures, overtime, social security, K3, and industrial relations indicate that the Company Regulations do not meet modern labor governance standards emphasizing transparency, worker protection, and sustainable employment relationships. These deficiencies also restrict the company's ability to develop a comprehensive and integrated performance management system.

Improving PT XYZ's Company Regulations is therefore essential not only to fulfil legal requirements but also to fortify the company's human resource governance strategy. A well-designed regulation framework provides role clarity, equitable compensation mechanisms, a safe working environment, and participatory industrial relations, all of which contribute directly to organizational performance. Accordingly, ratifying the Company Regulations, strengthening its substantive provisions, instituting a regular evaluation mechanism, and integrating the document into the performance management system are strategic steps that PT XYZ must implement urgently to enhance competitiveness and long-term sustainability.

Evaluation and Implementation of Company Regulation on Employee Performance

The updated draft of PT XYZ's Company Regulations plays a pivotal role in strengthening employee performance by addressing structural weaknesses that have long undermined work consistency, motivation, and productivity. Performance results over the past three years, which range only between 3.31 and 3.50, indicate persistent stagnation despite increasing operational demands. This plateau reflects the absence of a strong regulatory foundation, as the previous Company Regulations were never ratified and lacked essential human resource governance instruments. The resulting institutional vacuum has created ambiguity in roles, instability in policy enforcement, and inconsistencies in managerial decisions across units.

Because many provisions were not formally codified, various employment processes have operated informally,

guided by supervisor discretion, unit-level habits, and different interpretations across departments. HR confirmed this condition by stating:

"Supervisory coordination is typically done through weekly meetings and daily briefings without standard written guidelines." (WT – HR Manager)

Such ambiguity aligns with organizational justice theory, which emphasizes that unclear and inconsistently applied rules lead to perceptions of procedural unfairness. These perceptions reduce employee motivation, diminish commitment, and weaken engagement. Therefore, a core contribution of the updated Company Regulations lies in providing measurable performance indicators, behavioural standards, disciplinary procedures, and evaluation mechanisms—elements that together restore clarity and strengthen organizational accountability.

Weaknesses in the reward system further illustrate the consequences of inadequate regulation. PT XYZ has long issued compensation adjustments reactively and individually, with HR noting:

"Salary adjustments are usually given on an ad-hoc basis to retain high-potential employees and prevent them from leaving." (WT – HR Manager)

This practice weakens the psychological link between effort, performance, and reward, contradicting Vroom's expectancy theory, which asserts that motivation improves when employees can clearly see the relationship between contribution and outcome. By introducing a transparent wage structure, explicit pay scales, and performance-based incentive rules, the revised Company Regulations reinforce perceptions of fairness and strengthen

both intrinsic and extrinsic motivation, two factors that directly shape employee productivity.

Capability development has also been constrained by the previous absence of regulatory guidance. Training programs at PT XYZ historically depended on unit customs rather than structured competency mapping, creating uneven skill levels and adaptability across the workforce. This is consistent with the findings of Farida & Setiawan (2022), who demonstrate that competency development mediates the relationship between organizational strategy and performance improvement. The updated Company Regulations enable PT XYZ to institutionalize training, competency development, and skill upgrading as deliberate, continuous, and equitable processes.

Employee protection and psychological safety represent additional areas where improved regulation is critical. Research by Kravchenko et al. (2021) identifies that unregulated monitoring practices and weak privacy safeguards diminish employees' psychological well-being. In PT XYZ, the lack of defined boundaries for supervision and the absence of a clear complaint mechanism have made workers vulnerable to excessive intervention. By specifying the limits of monitoring, notification procedures, and privacy safeguards, the revised Company Regulations help create an environment of psychological safety, an essential precursor to optimal performance.

Industrial relations governance also stands to benefit significantly from regulatory reform. The drafting of the Company Regulations has been unilateral, with HR acknowledging:

"Company Regulations are still being drafted unilaterally

without involving employees."
(WT – HR Manager)

The absence of LKS Bipartite and formal consultation mechanisms reduces policy legitimacy and increases the risk of resistance during implementation. Governance literature consistently shows that employee participation enhances ownership, compliance, and the effectiveness of internal regulations. Embedding participatory provisions in the new Company Regulations through bipartite forums, formal communication channels, and structured consultation will foster stronger employee engagement and strengthen organizational cohesion.

The overall impact of the revised Company Regulations can be understood through an integrated performance driver framework synthesizing key concepts from role clarity (Locke & Latham, 1990), expectancy-based reward systems (Vroom, 1964), human capital development (Becker, 1993), employee engagement (Nduati & Wanyoike, 2022), and job design (Hackman & Oldham, 1976). The draft regulation enhances clarity through formalized procedures, improves fairness through structured rewards, institutionalizes capability development, strengthens engagement through participatory mechanisms, and harmonizes work design through clearer rules on overtime, flexibility, and output expectations. These components collectively transform the Company Regulations from a legal document into a strategic performance governance tool.

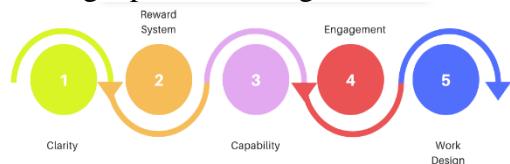


Figure 2. Five Components of Company Regulation Performance Driver

When implemented as an integrated system, the revised Company Regulations function not only as a compliance mechanism but as a catalyst that unifies work behaviour, enhances motivation, reinforces accountability, and increases productivity. This reform is therefore essential for PT XYZ to close its persistent performance gaps and establish a more adaptive, equitable, and sustainable human resource system capable of meeting future operational challenges.

Reformulation of Company Regulations for Performance Improvement

The Company Regulations of PT XYZ need to be formulated comprehensively so that the document not only fulfils statutory labor requirements but also functions as a strategic instrument for strengthening human resource governance. The preceding analysis indicates that the existing Company Regulations remain largely declarative, are not periodically updated, and have not yet been ratified by the Ministry of Manpower (Disnaker). This situation creates misalignment between formal policies and actual operational practices, weakening legal certainty, undermining the consistency of rule implementation, and reducing managerial coherence across units. Based on these conditions, the recommended improvements to the Company Regulations focus on updating legal status, strengthening substantive provisions, involving employees in the formulation process, and establishing continuous evaluation mechanisms to support adaptive and accountable HR governance.

The urgency to redesign the Company Regulations has increased following regulatory changes introduced through the Job Creation Law, which

significantly restructured provisions on wages, work flexibility, social security, industrial relations, and labor protection. PT XYZ has not yet incorporated many of these new requirements, creating substantive gaps that have resulted in unclear procedures and implementation errors. As noted by HR during the interview:

“Several important provisions, such as overtime and wage structures, have not been detailed due to the pending revision of the Company Regulations.” (WT – HR Manager)

This acknowledgement reflects the absence of articles essential for supporting day-to-day operations. Consequently, refinement of the Company Regulations must begin with comprehensive alignment to the latest regulatory framework, including detailed provisions on overtime, wage structures and scales, worker social security, occupational safety and health standards, and mechanisms for preventing workplace sexual violence. Ensuring this substantive alignment is crucial not only for maintaining legal compliance but also for establishing a consistent, rule-based system that guides work behaviour across all units.

Beyond updating regulatory content, the Company Regulations must be designed in accordance with modern principles of HR governance. These principles include procedural fairness, regulatory certainty, transparency, managerial accountability, and adaptability to evolving technological and organizational contexts. To date, many operational rules at PT XYZ have been executed informally and shaped by individual supervisor discretion, resulting in uneven practices between units. The recommendations in this study emphasize the need for clearly

operationalized provisions supported by detailed procedures, structured oversight mechanisms, and explicit limits on discretionary authority. This approach enables PT XYZ to transition from a supervisor-based management model to a rule-based governance framework, thereby reducing inconsistencies and minimizing risks of procedural injustice.

A further recommendation concerns the necessity of worker involvement in both the formulation and evaluation of the Company Regulations as part of strengthening industrial relations. The research findings show that the current document was drafted without input from worker representatives, producing low levels of legitimacy and compliance. Establishing an LKS Bipartite is therefore a strategic measure to integrate worker perspectives into the drafting, dissemination, and evaluation of the regulations. The HR department acknowledged this shortcoming:

"Ideally, there would be input from worker representatives, but so far, the Company Regulations have never been discussed in a bipartite forum because the organization has not yet been established." (WT – HR Manager)

Employee participation is essential not only for increasing acceptance and reducing resistance during implementation but also for strengthening two-way communication and supporting the principles of industrial democracy, which constitute the foundation of healthy and productive HR governance.

Effective regulatory implementation also requires a clear monitoring and evaluation system. The study finds that PT XYZ does not currently have a formal mechanism for assessing the effectiveness of its Company Regulations, leaving the organization without a structured basis for determining whether the regulations match operational needs. This research therefore recommends the establishment of a periodic evaluation mechanism that includes compliance audits, social audits, and policy effectiveness reviews. HR, worker representatives, and line managers should be involved in these evaluations to ensure that diverse operational perspectives are incorporated into regulatory improvements. Documentation of evaluation outcomes must serve as the foundation for future revisions of the Company Regulations so that policies remain responsive to changes in both internal and external environments.

Table 1. New Design of Company Regulation

Chapter & Article	Issues	Recommendation
Chapter I – General Requirements (Art. 1–4)	Definitions incomplete; misleading statement on parties; unclear scope; obligations not aligned with legal standards.	Align definitions with labor laws; clarify employer authority; define normative scope; add nondiscrimination and dissemination duties.

Chapter II – Work Relationship (Art. 5–10)	Hiring criteria discriminatory; foreign worker rules lack RPTKA; probation misapplied; performance assessment unclear; travel/transfer rules lack safeguards.	Use merit-based hiring; require RPTKA; limit probation to PKWTT; adopt KPI-based assessment; add safety & transparent transfer rules.
Chapter III – Education & Training (Art. 11–12)	Training rights unclear; onboarding not structured.	Set annual training requirement; formalize onboarding covering values, ethics, and K3.
Chapter IV – Working Hours (Art. 13–16)	No legal basis for hours; break rules missing; overtime formula incorrect; attendance rules outdated.	Refer to PP 35/2021; add 30-minute break rule; apply legal overtime formula; implement digital attendance.
Chapter V – Holidays & Leave (Art. 17–22)	Holiday reference missing; annual leave not aligned; maternity leave insufficient; paid leave reasons unclear.	Apply national holiday decree; affirm 12 days leave; apply 1.5+1.5 months maternity leave; specify statutory leave reasons.
Chapter VI – Wages (Art. 23–28)	No wage structure/scale; incorrect overtime rules; unclear illness pay; THR lacks legal reference.	Implement structure/scale; use PP 35/2021 formula; refer to BPJS rules; cite THR regulation.
Chapter VII – Social Security (Art. 29–32)	Missing JKP; unclear maternity cost caps; no documentation process.	Require full BPJS programs; add claim caps; require supporting documents.
Chapter VIII – K3 & Environment (Art. 33–35)	No P2K3; PPE responsibility unclear; inspection procedure missing.	Establish P2K3; company provided PPE; yearly inspection and incident reporting.
Chapter IX – Code of Conduct (Art. 36–42)	No harassment policy; no whistleblowing; no anti-retaliation clause.	Add anti-harassment rules; create reporting channel; apply non-retaliation.

Chapter X – Sanctions (Art. 43–46)	No right to defense; violation classification unclear; urgent termination not following bipartite steps.	Add hearing process; classify violations; require bipartite and reporting.
Chapter XI – Termination (Art. 47–49)	No legal basis for PHK reasons; no procedure; no severance formula.	Apply PP 35/2021 PHK reasons, notice, bipartite, and severance formula.
Chapter XII – Complaint Procedures (Art. 50)	No mechanism or SLA; no escalation path.	Add LKS Bipartite mechanism; 7-day resolution; digital reporting.
Chapter XIII – Closing (Art. 51– 52)	No validity period; no revision rule; no transitional provision.	Set 2-year validity; revision process; transitional clause and Disnaker ratification.

The regulatory mapping conducted in this study reveals that PT XYZ's existing Company Regulations require substantial refinement to ensure compliance with current labor legislation and to function as an effective governance instrument. Many provisions remain overly general, declarative, and outdated, with several clauses lacking alignment with Law 13/2003, Law 6/2023, PP 35/2021, PP 36/2021, and the newest ministerial regulations. The document also has not been ratified by the Ministry of Manpower, resulting in a discrepancy between formal rules and actual operational practices. This gap weakens legal certainty, limits managerial consistency, and reduces the enforceability of internal policies.

A significant portion of the regulatory gaps arise from the absence of clear definitions and standardized terminology. Foundational terms such as employment relationships, performance, and occupational safety (K3) are not defined in accordance with positive legal norms. This ambiguity contributes to

inconsistent interpretation across units and undermines the capacity of the Company Regulations to serve as a uniform governance document.

Regulations related to employment relationships and HR management contain several critical weaknesses. Recruitment provisions still contain discriminatory elements and lack merit-based standards. The rules governing probation, performance evaluation, transfers, and promotions are not supported by objective criteria, Key Performance Indicators (KPIs), or transparent procedures. As confirmed by HR, essential provisions such as overtime mechanisms and wage structures have not been sufficiently detailed because revisions to the Company Regulations are still pending. This absence of structured HR instruments reduces fairness, increases discretionary decision-making, and weakens performance accountability.

Working hour provisions also require major adjustments. Several clauses do not refer to the national

standard of 40 hours per week as required by PP 35/2021, nor do they regulate minimum rest periods, written overtime orders, or the legally mandated overtime pay formula. Attendance discipline remains manual and lacks transparent mechanisms and protections for employees. These gaps create inconsistencies in scheduling, attendance monitoring, and overtime practices.

Regulations concerning leave and holidays also require refinement, particularly regarding annual leave entitlements, postponement procedures, maternity and menstrual leave, and paid leave for personal events. Many provisions do not yet reflect the latest legal requirements, including protections for breastfeeding mothers, prohibitions against postpartum discrimination, and limits on advance leave usage.

The section on wages contains some of the most substantial regulatory deficiencies. The Company Regulations do not include the wage structure and scale mandated by Permenaker No. 5 of 2023, nor do they specify the evaluation mechanisms required for maintaining internal equity and external competitiveness. Several wage-related provisions such as payments during illness, layoffs, suspensions, or public holidays do not yet reference the appropriate legal basis under PP 36/2021 or Permenaker No. 6 of 2016. These omissions risk procedural errors and non-compliance.

Social security and worker welfare provisions are also incomplete. PT XYZ has not yet integrated the requirement to register all workers in the JKP program and does not conduct regular audits of BPJS compliance. Mechanisms for maternity assistance, bereavement contributions, and health coverage lack clear procedures, proof requirements, and internal equity safeguards.

One of the most critical areas identified concerns occupational safety, health, and environmental protection. The current regulations remain administrative in nature and do not include mandatory elements such as the establishment of a P2K3 committee, regular K3 training, PPE standards, routine equipment inspections, or incident reporting obligations. Given the company's operational risks, the absence of these provisions presents both safety and compliance vulnerabilities.

Industrial relations and workplace conduct also require substantial strengthening. Provisions governing harassment, workplace violence, and subordinate-superior relations do not reflect the standards set out in Permenaker No. 88 of 2023 on the prevention of sexual violence. The Company Regulations also lack mechanisms for confidential reporting, whistleblowing, and the protection of complainants. Furthermore, PT XYZ has not yet established an LKS Bipartit, resulting in a unilateral drafting process and limited worker participation. HR acknowledged that the Company Regulations have never been discussed through bipartite dialogue, which reduces their legitimacy and increases the probability of implementation resistance.

Sanctions, disciplinary procedures, and termination mechanisms are also incomplete. The current regulations do not classify violations, do not provide workers the right to self-defense, and do not include standardized documentation requirements. Termination procedures do not yet reflect bipartite requirements, notification periods, or severance pay formulas mandated by PP 35/2021. These omissions increase legal risk and reduce procedural fairness.

Finally, the Company Regulations do not include monitoring and evaluation

mechanisms, validity periods, or structured revision procedures. Without these components, PT XYZ lacks a systematic method for assessing compliance, identifying operational issues, or updating the regulations in response to internal or external changes.

Overall, the redesign of PT XYZ's Company Regulations is formulated by integrating principles of legal compliance with modern human resource governance. This formulation not only closes the regulatory gaps that have long weakened procedural certainty but also builds a more objective, transparent, and accountable managerial framework. The redesigned provisions are structured with explicit legal grounding and operational relevance, ensuring that each clause contributes to consistent work behaviour, procedural fairness, and coordination between units. Through this approach, the Company Regulations are repositioned not merely as administrative documents but as strategic governance instruments that align legal protection, organizational effectiveness, and corporate adaptability to regulatory change and business dynamics.

The new design provides PT XYZ with a more solid foundation for establishing harmonious, orderly, and productive employment relationships. Integration of employee involvement through bipartite forums, regular evaluation mechanisms, and alignment with Law 6/2023 and its derivative regulations ensures that the Company Regulations can function as both a legitimate and operationally effective framework. This reformulation is consistent with the principles of Pancasila industrial relations and contemporary governance practices that emphasize fairness, balanced rights and obligations, social dialogue, and sustainable employment relationships.

Consequently, the revised Company Regulations are expected to strengthen the company's competitiveness through more effective, adaptive, and long-term oriented human resource governance.

In practice, however, Company Regulations cannot be implemented immediately upon drafting; the implementation must follow the hierarchical regulatory flow that governs employment law in Indonesia. The foundation begins with Article 27 paragraph 2 of the 1945 Constitution, which mandates the protection of workers' rights. This is then operationalized through the Manpower Law (Law 13/2003 in conjunction with Law 6/2023), which requires every company to establish Company Regulations as an instrument for managing employment relations. These principles are further elaborated through Government Regulations, particularly PP 35/2021 and PP 36/2021 which regulate fixed-term employment contracts, working hours, wages, layoffs, social security, and worker protection. Company Regulations must also adhere to derivative regulations such as Ministerial Decrees and other technical guidelines. Therefore, before the Company Regulations can be enforced, they must undergo drafting, consultation with employees, and formal registration and approval by the local Manpower Office (Disnaker) to obtain binding legal force.

To ensure effective implementation after approval, PT XYZ must develop operational implementation guidelines (juklak/juknis). These guidelines translate the substance of the Company Regulations into practical mechanisms, specifying the required actions, inter-unit coordination processes, and role distribution among HR, management, employee representatives, and

operational units. The implementation guidelines should also outline procedural timelines, mechanisms for contract adjustment (PKWT/PKWTT), updates to Standard Operating Procedures (SOPs), and monitoring procedures. In addition, they must define the necessary documentation standards, communication channels, and evaluation criteria. With such guidelines, the company gains structured and transparent operational procedures that guarantee the Company Regulations are implemented in accordance with legal requirements and organizational needs.

Table 2. Implementation Guidelines

Components	Explanation
Objective	Ensure the implementation of Company Regulations in accordance with regulations, operational needs, and employee input.
Scope	All employment provisions : working hours, fixed-term employment contracts (PKWT / PKWTT), THR, leave, career paths, discipline, sanctions, K3, etc.
Implementation Principles	Transparent, consultative, complying with PP 35/2021
Parties Involved	HRD, Management, Employee Representatives, Unit Supervision, and Disnaker
Implementation Methods	Socialization, internal training, issuance of SOPs, employee contract adjustment, monitoring, and evaluation

The implementation process must also follow a clear and systematic timeline that captures each stage, the responsible parties, and the expected outputs. The sequence typically begins with a regulatory review aligned with Law 6/2023, PP 35/2021, PP 36/2021, and relevant ministerial regulations. This is followed by gathering employee input through consultations, FGDs, and surveys. After this stage, HR and management integrate regulatory requirements and employee feedback into a revised draft. Internal consultations with executives then refine the document before submission to Disnaker. Upon verification, Disnaker may request adjustments, after which the Company Regulations can be ratified

and formally approved. Once the approval decree is received, the company proceeds with internal socialization, training, the issuance of updated SOPs, contract adjustments, and the operational rollout of the new regulatory provisions. The process concludes with structured monitoring and evaluation, including compliance audits during the early months of implementation.

Taken together, the development of implementation guidelines and a sequential implementation timeline establishes a comprehensive foundation for the effective enactment of the Company Regulations. Each stage from drafting to ratification, socialization, and monitoring forms an integrated and inseparable process designed to ensure that the regulations are legally sound, operationally feasible, and responsive to the dynamics of the workforce. By adopting a systematic and legally grounded approach, PT XYZ can realize more orderly, transparent, and accountable employment governance, ultimately fostering a work environment that is conducive to productivity, fairness, and organizational sustainability.

CONCLUSION AND SUGGESTION

The study concludes that the previous Company Regulations of PT XYZ are no longer aligned with the current national labor framework, particularly Law Number 6 of 2023 and its implementing regulations. This misalignment creates normative inconsistencies in essential areas such as employment relationships, wage structures, contract arrangements, dispute resolution mechanisms, working hours, overtime provisions, and occupational safety and health. These regulatory gaps weaken legal certainty and increase the risk of industrial relations disputes.

The analysis further shows that the earlier version of the Company Regulations did not adequately support employee performance because managerial instruments such as performance indicators, competency development mechanisms, disciplinary procedures, and reward and sanction systems were still general and lacked measurable standards. The revised Company Regulations developed in this study integrate legal compliance with a performance oriented approach to human resource governance through the inclusion of clear performance indicators, behavioral expectations, competency standards, and stronger provisions on occupational safety and industrial relations. This integration allows the Company Regulations to function as an objective, transparent, and accountable managerial guideline that can enhance productivity, work discipline, and organizational consistency.

Based on these findings, PT XYZ is encouraged to conduct regular evaluations of the Company Regulations, establish a dedicated human resource compliance unit to monitor regulatory developments, and implement comprehensive socialization so that employees clearly understand the updated provisions. Workers and their representatives are advised to participate more actively in bipartite forums to promote constructive dialogue and strengthen the quality of industrial relations.

Regulators and academics may also consider developing a standardized performance based model for Company Regulations that can be applied across different sectors, and future research may examine the empirical effects of revised Company Regulations on productivity, satisfaction, and retention through longitudinal and comparative

studies. Overall, the revised Company Regulations are expected to function not only as a legally compliant document but also as a strategic instrument that strengthens governance, improves employee performance, and supports the creation of a fair, adaptive, and sustainable employment environment.

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