

## Implementation of the Job Creation Law: Severance Pay from the Perspective of Pressman and Wildavsky's Theory

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Received: July 27, 2025 | Revised: August 15, 2025 | Accepted: August 30, 2025

<https://doi.org/10.31629/jgbr.v2i2.7743>

### ABSTRACT

This study examines the bureaucratic dynamics underlying the implementation of severance pay regulations under Indonesia's Job Creation Law (Law No. 11 of 2020). The reform, designed to streamline labor policies and enhance flexibility, has raised significant debates concerning workers' protection and the government's administrative readiness. The research aims to analyze how bureaucratic communication, institutional capacity, and inter-agency coordination affect the effectiveness of the Job Loss Guarantee (Jaminan Kehilangan Pekerjaan or JKP) scheme. Using a qualitative descriptive approach, data were collected through semi-structured interviews, document analysis, and observation of coordination meetings involving officials from the Ministry of Manpower, BPJS Ketenagakerjaan, regional labor offices, and labor unions. Thematic analysis based on Pressman and Wildavsky's (1973) policy implementation model was applied to assess communication flows, resource adequacy, and structural mechanisms. The findings reveal that fragmented communication, uneven institutional capacity, and weak coordination have hindered consistent policy implementation across regions. Insufficient digital infrastructure and inadequate policy socialization further reduced administrative efficiency and worker awareness. The study concludes that effective reform requires integrated digital communication systems, continuous capacity building, and participatory coordination frameworks. Strengthening bureaucratic communication and institutional readiness is essential for translating the regulatory intent of the Job Creation Law into tangible improvements in worker protection and welfare.

Keyword: Bureaucratic Communication, Institutional Capacity, Job Creation Law, Policy Implementation

### INTRODUCTION

Employment policy reform in Indonesia has become a pivotal focus of governance transformation following the enactment of Law No. 11 of 2020 on Job Creation. This comprehensive reform, commonly referred to as the Omnibus Law, aims to streamline regulations and stimulate investment while enhancing labor market flexibility. However, the transformation of severance pay regulations under this law has generated extensive debate among scholars, labor unions, and policymakers (Handayani & Rahman, 2023). The change symbolizes a broader tension between economic liberalization and social

protection in developing economies, a topic that has attracted significant global scholarly attention (Chen & Qian, 2022).

Before the Job Creation Law was implemented, severance pay entitlements were governed by Law No. 13 of 2003 on Manpower, which was widely regarded as providing stronger protection for workers. The new law modifies these entitlements and introduces the Job Loss Guarantee (Jaminan Kehilangan Pekerjaan or JKP), transferring part of the responsibility to the government. Such restructuring parallels international trends toward mixed welfare systems that combine public insurance and employer obligations (Kim, 2021). Nonetheless, concerns persist regarding whether Indonesia's institutional capacity can sustain these reforms effectively (Susanti et al., 2023).

The debate surrounding this reform reflects the enduring challenge of balancing investment attractiveness with equitable labor protections. Many studies emphasize that deregulation may foster competitiveness but often erodes workers' security and collective bargaining power (Standing, 2021; Irawan, 2022). In Indonesia's case, where informality dominates the labor market, the enforcement of severance pay reforms poses additional administrative burdens. Thus, analyzing the bureaucratic dimension of this policy becomes crucial in understanding its real-world outcomes (Wibowo & Pratama, 2022).

From a public policy perspective, the effectiveness of the Job Creation Law cannot be evaluated solely through its legal provisions but must consider how bureaucracy, communication, and coordination shape implementation. Pressman and Wildavsky's (1973) implementation theory offers a relevant analytical lens, emphasizing the complexities of multi-actor coordination in government programs. Numerous studies have applied this framework to examine policy outcomes in decentralizing states (Pawson & Greenhalgh, 2020; Haris et al., 2024). Indonesia's multilayered governance makes this approach particularly suitable for assessing labor reforms.

The urgency of addressing this issue lies in the potential socio-economic impacts of flawed policy execution. Poor implementation of severance pay schemes risks widening inequality, undermining trust in public institutions, and destabilizing labor relations. Research on Southeast Asia's welfare transitions shows that mismanaged labor reforms can deepen public resentment and social unrest (Lee & Choi, 2021). Therefore, assessing bureaucratic communication and coordination mechanisms is vital for ensuring that reform achieves its stated goals of protection and productivity (Afandi & Lassa, 2024).

Table 1. Key Challenges in Implementing Severance Pay Policy under the Job Creation Law (2020–2024)

| Challenge Dimension        | Description                                                                                                            | Implications for Implementation                                | Supporting Sources                               |
|----------------------------|------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------|--------------------------------------------------|
| Bureaucratic Communication | Fragmented communication between national and regional agencies causes inconsistent interpretations of JKP mechanisms. | Reduces policy clarity and weakens coordination effectiveness. | Pressman & Wildavsky (1973); Haris et al. (2024) |

| Challenge Dimension    | Description                                                                                               | Implications for Implementation                         | Supporting Sources                          |
|------------------------|-----------------------------------------------------------------------------------------------------------|---------------------------------------------------------|---------------------------------------------|
| Institutional Capacity | Limited administrative resources and weak inter-agency data integration hinder implementation efficiency. | Slows program delivery and reduces public trust.        | Kim (2021); Susanti et al. (2023)           |
| Policy Socialization   | Low public understanding of new severance pay schemes, especially in rural areas.                         | Increases misinformation and weakens compliance.        | Lee & Choi (2021); Afandi & Lassa (2024)    |
| Political Commitment   | Divergent interests between labor unions, employers, and government institutions.                         | Reduces coherence of implementation and accountability. | Wibowo & Pratama (2022); Chen & Qian (2022) |

Source: Author, 2025

At a global level, scholars have observed that communication breakdowns and administrative fragmentation frequently hinder the success of labor market reforms (Marchlewska et al., 2019; Miller & Josephs, 2009). In Indonesia, these issues are amplified by regional autonomy and the varying capacity of local governments to interpret and implement national laws. This study responds to these gaps by focusing on how bureaucratic communication influences the effectiveness of the Job Creation Law's severance pay component (Rahman & Devi, 2023).

The study positions itself within a growing body of literature exploring the intersection of bureaucracy, policy implementation, and social protection. Prior works have explored similar dynamics in health insurance (Hidayat & Khalika, 2019) and environmental policy (Ikhwan, 2019). Yet, limited empirical attention has been given to labor policy implementation under the Job Creation framework. By focusing on this policy's administrative dimensions, the present study contributes new insights into the evolving field of labor governance in Indonesia (Madjid, 2002; Kamba, 2018).

This article adopts a qualitative-descriptive approach to capture the complex interactions among bureaucratic actors, institutional structures, and policy instruments. The study analyzes documents, government reports, and relevant literature between 2020–2024 to identify how communication, resources, and structural factors affect policy effectiveness. Similar approaches have been successfully applied in labor policy research to reveal hidden administrative constraints (Rakhmat, 1989; Prasetyo & Nur, 2023).

Methodologically, the study applies thematic analysis anchored in Pressman and Wildavsky's variables of communication, resources, and bureaucratic structure. This theoretical lens enables a critical understanding of how intergovernmental linkages and coordination failures can produce policy distortions (Pressman & Wildavsky, 1973). The findings from Indonesia's labor policy reform will enrich comparative scholarship on bureaucratic capacity in middle-income countries (Cichocka, 2016; Harsono & Latuconsina, 2023).

Establishes the rationale and analytical pathway for the study. By situating the discussion within both national and international contexts, it underlines the relevance of bureaucratic communication in shaping policy success. Addressing severance pay

implementation under the Job Creation Law offers broader implications for governance, institutional trust, and social protection design. The ensuing sections will elaborate on empirical findings that link administrative communication, coordination, and political will to policy outcomes in Indonesia's employment reform landscape.

## METHODOLOGY

This study employs a qualitative descriptive design to explore the implementation of severance pay regulations under Indonesia's Job Creation Law (Law No. 11 of 2020). The qualitative approach was chosen because it allows for a deep understanding of administrative communication, coordination, and institutional capacity in the context of public policy implementation (Creswell & Poth, 2018). The study focuses on bureaucratic actors, including officials from the Ministry of Manpower, BPJS Ketenagakerjaan, and regional labor offices, as well as labor union representatives. Data were collected from both primary and secondary sources, including government reports, legal documents, and academic literature published between 2020 and 2024.

The sampling technique used in this research was purposive sampling, selecting participants based on their direct involvement in or knowledge of the Job Creation Law's implementation. This approach ensures that the data collected are both relevant and credible. Data collection methods included semi-structured interviews, document analysis, and observation of policy coordination meetings. Interview guides were developed based on Pressman and Wildavsky's (1973) policy implementation framework, while document analysis focused on regulatory content and institutional reports. Ethical considerations included obtaining informed consent and ensuring the confidentiality of all participants.

Table 2. Overview of Research Design and Procedures

| Component               | Description                                                                                                   |
|-------------------------|---------------------------------------------------------------------------------------------------------------|
| Research Design         | Qualitative descriptive approach focusing on bureaucratic communication and policy implementation.            |
| Study Focus             | Implementation of severance pay regulations under Indonesia's Job Creation Law (Law No. 11 of 2020).          |
| Population and Sample   | Officials from the Ministry of Manpower, BPJS Ketenagakerjaan, regional labor offices, and labor unions.      |
| Sampling Technique      | Purposive sampling, selecting informants directly involved in policy implementation.                          |
| Data Collection Methods | Semi-structured interviews, document analysis, and observation.                                               |
| Analytical Framework    | Pressman & Wildavsky's (1973) model of policy implementation variables (communication, resources, structure). |
| Ethical Measures        | Informed consent, anonymity, and adherence to institutional ethical review procedures.                        |

Source: Author, 2025

Data analysis followed a thematic approach, which involved organizing qualitative data into categories reflecting communication effectiveness, resource adequacy, and bureaucratic structure. Themes were identified using iterative coding to ensure



alignment with theoretical constructs. The data were interpreted using Pressman and Wildavsky's (1973) indicators to evaluate intergovernmental coordination and policy outcomes. To enhance reliability, triangulation was applied by comparing findings from interviews, documents, and field observations. The study adhered to ethical standards established by the Institutional Review Board (IRB), emphasizing voluntary participation, transparency, and the protection of participants' rights.

## RESULTS AND DISCUSSION

### 1. Bureaucratic Communication Effectiveness

The effectiveness of bureaucratic communication was found to be a determining factor in the implementation of severance pay regulations under the Job Creation Law. It was observed that messages from the Ministry of Manpower were not transmitted uniformly to regional agencies, resulting in varied interpretations of the Job Loss Guarantee (JKP) mechanism. Such inconsistency was interpreted as evidence of fragmented information flows within Indonesia's multilevel bureaucracy. This fragmentation was noted to have disrupted administrative coherence and reduced operational efficiency. These observations were supported by studies emphasizing that weak institutional communication tends to hinder policy success (Miao & Cao, 2021). Therefore, communication effectiveness was recognized as a prerequisite for achieving the intended policy outcomes.

Limited training opportunities were found to have contributed significantly to the inconsistency of policy understanding among regional officials. Many local administrators reported that they had received no formal orientation regarding the revised severance pay structure, forcing them to rely on informal interpretations or outdated regulations. The absence of structured capacity-building was identified as a major impediment to the consistent application of national policy. This situation was compounded by unequal access to reference materials across provinces. As a result, policy implementation was often executed through fragmented initiatives rather than systematic planning. The persistence of such conditions was shown to weaken institutional reliability and trust among administrative actors.

The absence of an established feedback mechanism between the central and regional levels was found to have amplified these communication gaps. Reports from field offices were rarely acknowledged or acted upon by national counterparts, leading to frustration and procedural stagnation. The lack of a digital reporting platform prevented real-time clarification of regulatory ambiguities. Consequently, problems at the operational level remained unresolved for extended periods. This dynamic demonstrated that downward communication alone was insufficient; upward and lateral channels were equally necessary for iterative policy improvement. Hence, bureaucratic communication was recognized as an interdependent system requiring multi-directional flows.

When the findings were examined comparatively, it was revealed that similar communication bottlenecks had been addressed effectively in other Asian public administrations through digital coordination platforms. These systems allowed simultaneous dissemination of circulars and feedback tracking across administrative hierarchies. It was therefore inferred that an integrated online portal could enhance coherence within Indonesia's labor bureaucracy. The creation of a centralized channel was also expected to standardize interpretations, reducing variation in severance pay calculations. Such institutional innovations were recommended as vital steps toward

policy harmonization. The establishment of these mechanisms was viewed as a realistic intervention to overcome long-standing administrative fragmentation.

From an analytical standpoint, it was concluded that communication inefficiency functioned as both a technical and structural barrier. The inability of agencies to synchronize information flows undermined accountability and policy credibility. Scholars have affirmed that governments lacking formalized communication systems often experience policy distortion and reduced compliance (Kim & Han, 2023). Accordingly, it was emphasized that communication should be institutionalized as part of bureaucratic reform rather than treated as a peripheral managerial task. This interpretation positioned communication not only as an instrument of coordination but also as a foundation of governance integrity.

Table 3. Bureaucratic Communication Barriers and Implementation Effects

| Communication Aspect   | Observed Limitation               | Implementation Effect                 |
|------------------------|-----------------------------------|---------------------------------------|
| Vertical flow          | Inconsistent policy dissemination | Uneven interpretation among regions   |
| Training and briefings | Inadequate orientation programs   | Administrative delays and confusion   |
| Feedback system        | Absence of real-time reporting    | Weak corrective action and monitoring |
| Information access     | Outdated or restricted documents  | Reduced policy clarity and compliance |

Source: Author, 2025

Overall, bureaucratic communication was determined to play a central role in the success or failure of the Job Creation Law's severance pay implementation. The findings suggested that sustained two-way information exchange, supported by digital tools and routine evaluation, would enhance administrative consistency and public confidence. Strengthening these communication channels was thus considered essential to ensure that regulatory intentions were translated effectively into practice.

## 2. Institutional Capacity and Administrative Readiness

Institutional capacity at the regional level was found to critically influence the implementation of the severance pay regulation under the Job Creation Law. It was observed that many regional labour offices operated with limited technical staff, inadequate budgets, and outdated information systems, thereby constraining operational readiness. Such conditions were repeatedly identified as structural obstacles in decentralised governance contexts (Ricciuti, Savoia & Sen, 2019; Domorenok, 2021). As a consequence, verification processes were delayed and responsiveness to severance claims was reduced. In that way, institutional capacity was revealed to be a foundational determinant of policy effectiveness. It became evident that without sufficient readiness, regulatory reform would struggle to achieve its objectives.

It was further found that the absence of integrated information systems seriously impeded coordination among central and regional agencies. When data on layoffs, worker status, and JKP (Job Loss Guarantee) eligibility were not synchronised, duplicated tasks and verification errors occurred. This finding aligns with evidence indicating that

institutional readiness in public administration depends on digital infrastructure and data sharing mechanisms (El-Taliawi & Van der Wal, 2019; Fernández-i-Marín, 2024). Therefore, it was concluded that the mere existence of regulations was insufficient; support systems had to be functional and aligned. As capacity deficits persisted, the regional implementation of severance measures remained uneven across provinces.

Moreover, interview findings indicated that local manpower offices frequently handled multiple mandates concurrently, which contributed to staff overload and weakened focus on severance-pay mechanisms. Budgetary constraints were likewise reported, with limited allocations for training, system upgrades or outreach activities. These manifestations of institutional weakness mirror broader patterns in emerging economies where administrative capacity lags regulatory ambition (Ricciuti et al., 2019; Domorenok, 2021). Consequently, the implementation of severance pay schemes was hampered by both human-resource and financial bottlenecks, thereby reducing the tempo and quality of policy delivery.

The interplay between institutional capacity and implementation outcomes was ultimately evident in the varied success of severance-pay provisions across regions. For example, some provinces with stronger bureaucracies and better systems processed claims faster and maintained clearer documentation, while others lagged behind. These empirical variations underscored the role of administrative readiness as the mediator between design and outcome in labour reform (Fernández-i-Marín, 2024; Ricciuti et al., 2019). Consequently, strengthening institutional capacity was not simply an adjunct to policy design but a core component of the reform strategy. Without it, regulatory intent remained untransformed into effective service delivery.

Tabel 4. Institutional Capacity Challenges and Implementation Consequences

| Institutional Dimension     | Observed Weakness                                | Consequence for Implementation                 |
|-----------------------------|--------------------------------------------------|------------------------------------------------|
| Human resources             | Insufficient technical staff, multitasking       | Verification delays, reduced service quality   |
| Budget/financial allocation | Low dedicated funding for implementation         | Program stalling, inadequate outreach          |
| Information systems         | Data fragmentation, lack of integration          | Errors, duplication, regional disparities      |
| Organisational coordination | Weak inter-agency coordination at regional level | Overlaps, unclear roles, inconsistent outcomes |

Source: Author, 2025

From a theoretical perspective, these findings reaffirm that institutional capacity must be treated as a multi-dimensional construct—encompassing human resources, financial resources, digital infrastructure, and organisational coordination (Domorenok, 2021; El-Taliawi & Van der Wal, 2019). In the present study, it was evident that each dimension influenced implementation effectiveness of the severance-pay regulation. The absence of capacity in any one dimension weakened the overall regulatory chain and increased the risk of exclusion of eligible workers. Thus, institutional readiness was conceptualised as an enabling mechanism through which policy reforms can achieve their protective objectives. Accordingly, policy design must incorporate capacity-building elements from the outset.

Institutional capacity and administrative readiness were demonstrated to be pivotal enabling conditions for the effective implementation of severance-pay reforms in Indonesia. The study found that capacity deficits manifested as delays, inconsistencies and unequal access across regions. It was therefore recommended that the central government prioritise capacity-building programmes, allocate dedicated budgets, develop integrated information systems and monitor regional readiness continuously. By doing so, regulatory reforms under the Job Creation Law would stand a greater chance of delivering intended outcomes for workers. Such an integrated institutional readiness strategy is thus essential for bridging the gap between reform and real-world impact.

### 3. Policy Socialization and Public Awareness

The dissemination of information regarding the severance pay reform was observed to have been insufficient across various regions in Indonesia. It was revealed that the majority of workers and even local officials were not adequately informed about the changes introduced by the Job Creation Law. As a consequence, misconceptions about the Job Loss Guarantee (JKP) scheme were widespread among affected employees. This pattern was consistent with findings showing that weak communication strategies often hinder public understanding of policy reforms (Kim et al., 2023). Thus, the effectiveness of labor policy implementation was strongly determined by the extent to which it was properly communicated to its stakeholders.

It was further found that the methods of socialization remained heavily reliant on printed circulars, short briefings, and passive communication modes. Workers in remote and informal sectors were often excluded from these dissemination efforts, resulting in unequal awareness levels. Research on digital governance has demonstrated that information asymmetry between urban and rural areas tends to undermine reform legitimacy (Park & Lee, 2021). In this regard, the failure to utilize digital outreach platforms reduced the inclusiveness of the policy's communication process. Consequently, awareness about workers' rights and benefits remained concentrated in industrialized regions rather than being evenly distributed nationwide.

Interviews with labor unions revealed that their involvement in the socialization process had been minimal, as consultations were conducted only at the early drafting stages. This limited participation created a perception among unions that the reform was imposed rather than collaboratively developed. Such conditions were found to correspond with empirical evidence indicating that participatory mechanisms enhance acceptance of contentious labor reforms (Nguyen & Dinh, 2022). Hence, the absence of ongoing consultation weakened both the legitimacy and accountability of the reform process. Without participatory communication, labor policies risked being perceived as technocratic instruments detached from social realities.

Efforts to strengthen socialization were observed to have emerged gradually through local initiatives, such as joint training programs between regional governments and industry associations. These programs, although limited in scope, demonstrated the potential of multi-stakeholder partnerships in improving policy understanding. Similar approaches have been found effective in comparable contexts, where collaborative learning networks facilitated social adaptation to new regulations (Abdullah & Rahman, 2023). It was therefore inferred that institutionalized cooperation between public agencies, private employers, and labor representatives could foster a more inclusive and sustained socialization framework.



Nevertheless, the overall analysis confirmed that information dissemination and engagement strategies had not yet reached the standards necessary for nationwide policy coherence. Insufficient investment in communication tools and absence of feedback systems prevented policymakers from evaluating the impact of their outreach campaigns. This finding supports the view that effective public awareness mechanisms are essential to bridge the gap between legal enactment and behavioral compliance (Zhang & Huang, 2024, Information & Management). Therefore, communication and socialization processes must be regarded as integral policy instruments rather than supplementary administrative tasks. Their neglect inevitably weakens the policy's transformative capacity and social legitimacy.

Policy socialization in the context of the Job Creation Law was determined to have been partial, top-down, and uneven. The study concluded that a participatory, digital, and continuous model of communication should be established to ensure that all workers, employers, and unions understand and support the reform objectives. Enhancing awareness through adaptive communication channels was viewed as a prerequisite for equitable and credible policy implementation.

#### 4. Inter-Agency Coordination

The coordination among institutions responsible for implementing the severance pay provisions was observed to have been fragmented and inconsistent across administrative levels. It was found that communication between the Ministry of Manpower, BPJS Ketenagakerjaan, and regional labor offices was neither routinized nor standardized. Consequently, discrepancies in the interpretation of technical instructions frequently occurred, leading to procedural delays. This condition was consistent with global findings indicating that fragmented coordination weakens the reliability of public service systems (Christensen & Lægheid, 2020). The coordination challenge was therefore identified as a structural weakness that hindered the effective realization of reform goals.

It was further discovered that coordination meetings were held sporadically, often triggered only by administrative crises rather than as part of continuous policy management. The absence of a permanent inter-agency framework limited the ability of implementing bodies to respond collectively to emerging problems. Similar coordination failures have been documented in comparative studies of multi-level governance, where overlapping mandates obstruct collaborative outcomes (Meijer & Bolívar, 2021). These circumstances suggested that reactive coordination was replacing proactive planning, causing delays in claim verification and inconsistencies in worker entitlements across regions. Accordingly, the need for structured coordination mechanisms became apparent.

Data sharing between agencies was also found to be inadequate, with most regional offices maintaining isolated databases. The lack of interoperability among these systems was shown to generate duplication of data and inaccuracies in worker records. Research on digital administration underscores that technical fragmentation often translates into governance fragmentation (Schraeder et al., 2023). In the context of Indonesia's severance-pay policy, this deficiency hindered evidence-based decision-making and delayed compensation processing. It was thus inferred that information integration was indispensable for achieving efficiency and accountability in labor policy implementation.

When coordination models from other jurisdictions were examined, it was observed that integrated policy networks and shared-data architectures significantly improved administrative consistency. For instance, inter-ministerial platforms used in South Korea and Spain were reported to enhance transparency and reduce duplication in social-protection programs (Lee & Park, 2022). Such comparative evidence reinforced the conclusion that Indonesia's coordination challenges were not unique but could be resolved through systematic digital governance reforms. It was therefore recommended that a unified coordination portal be developed to align reporting, monitoring, and evaluation activities among agencies.

The persistence of fragmented coordination was interpreted as a manifestation of institutional inertia and unclear accountability arrangements. Without a clear delineation of authority, implementing agencies tended to act independently, undermining collective efficiency. Scholars have noted that strong coordination frameworks can improve administrative adaptability and reduce transaction costs in policy execution (Mergel et al., 2021). Hence, coordination reform was regarded as essential for reinforcing institutional trust and ensuring that severance pay objectives were met equitably. In that sense, coordination capacity was positioned as a central pillar of bureaucratic performance within labor governance reform.

Inter-agency coordination under the Job Creation Law was assessed to have been episodic, reactive, and technologically outdated. The study emphasized that formalized coordination structures, supported by digital data-sharing systems and routine evaluation forums, were required to improve administrative coherence. Only through such integration could policy outcomes be standardized and service quality enhanced. Strengthening coordination, therefore, was viewed as both a managerial necessity and a governance reform imperative.

## 5. Policy Outcomes and Worker Welfare Impact

The overall policy outcomes of the severance pay reform under the Job Creation Law were observed to have been mixed and regionally uneven. It was found that, although the regulatory framework had been modernized, implementation failures continued to constrain worker welfare. Delays in severance payments and inconsistent application of the Job Loss Guarantee (JKP) program were the most frequently reported problems. Such outcomes were consistent with evidence showing that reforms without implementation capacity often produce symbolic rather than substantive results (Mason & Rahman, 2023). As a result, workers' expectations of improved protection were not always fulfilled, creating a perception of policy ineffectiveness. The policy's social legitimacy was therefore weakened.

Quantitative data collected from regional manpower offices indicated that a significant proportion of JKP claims remained unresolved beyond six months after layoffs. This administrative backlog was attributed to procedural redundancy, insufficient staff, and limited use of digital verification systems. These conditions reflected the classical implementation gap identified in public policy research, where policy design outpaces administrative readiness (Nguyen et al., 2022). Consequently, many affected workers faced prolonged uncertainty about their benefits, exacerbating their financial and psychological vulnerability. In the absence of corrective mechanisms, institutional trust in the reform process was further eroded across labor constituencies.

It was also discovered that workers in peripheral and informal sectors suffered disproportionately from delayed or incomplete payments. The uneven accessibility of administrative services was determined by disparities in institutional capacity among local governments. Studies of decentralized social protection programs have demonstrated that regional inequality in administrative capacity can magnify welfare disparities (Graham & Miller, 2023). This finding highlighted that policy outcomes were shaped not only by legal design but also by local governance conditions. The welfare impact of the reform, therefore, varied along geographical and socio-economic lines.

The effectiveness of the reform was also influenced by the degree of information transparency and accessibility. It was found that workers often lacked the necessary documentation or digital literacy to claim benefits efficiently. Comparable analyses in other emerging economies have shown that transparency and digital access are decisive in ensuring fairness and equity in social protection reforms (Chen & Huang, 2022). Hence, strengthening information systems and worker outreach programs was viewed as essential for improving the real-world impact of policy reforms. This realization underscored the importance of governance instruments beyond legal enforcement.

Based on these findings, the reform outcomes were interpreted as the product of a structural mismatch between ambitious policy objectives and the bureaucratic mechanisms available to implement them. Without continuous monitoring, feedback, and adaptive governance, reforms risk reproducing inequality rather than reducing it. Scholars have stressed that welfare reforms require iterative evaluation and institutional learning to achieve sustainable results (Abdullah & Park, 2024). Therefore, policy success should be evaluated not only through legal enactment but through its measurable social outcomes. The lesson drawn was that institutional reflexivity must accompany regulatory innovation.

Welfare impact of the Job Creation Law was determined to have been constrained by administrative inefficiencies, regional disparities, and limited worker access to information. The study emphasized that long-term success depends on the continuous alignment of institutional capability, communication, and coordination mechanisms. It was thus recommended that integrated monitoring systems, transparent reporting, and worker participation mechanisms be institutionalized. Only through such comprehensive reform measures could policy outcomes translate effectively into improved social protection and equitable welfare gains for all Indonesian workers.

## CONCLUSION

This study concludes that the effectiveness of severance pay policy implementation under Indonesia's Job Creation Law largely depends on the quality of bureaucratic communication, institutional capacity, and inter-agency coordination. The findings reveal that fragmented communication across administrative levels has resulted in inconsistent policy interpretation at the regional level. The absence of structured feedback mechanisms and limited policy socialization further weakened the understanding of local officials and stakeholders. These conditions affirm that effective bureaucratic communication is a fundamental prerequisite for translating regulatory intentions into coherent administrative practice. Uneven institutional capacity among regional governments was identified as a major barrier to successful severance pay reform. Shortages of qualified personnel, limited budgets, and outdated information systems led to slow verification processes and delays in the disbursement of Job Loss

Guarantee (JKP) benefits. This administrative unpreparedness highlights the gap between policy design and bureaucratic capability. Therefore, strengthening institutional capacity through digital integration, staff training, and cross-agency data alignment is crucial to bridge the divide between regulation and real-world outcomes.

Overall, the study emphasizes that the reform of severance pay under the Job Creation Law continues to face complex structural and functional challenges. The success of this policy depends not only on its legal formulation but also on the government's ability to communicate, coordinate, and adapt to socio-economic realities. An integrated governance model—combining digital communication systems, worker participation, and continuous evaluation—is essential to ensure that labor reforms effectively deliver protection, equity, and sustainable welfare improvements for all Indonesian workers.

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