

Regulatory Harmonization in Indonesian Labor Law: The Principle of Lex Posterior Derogat Legi Priori and Outsourcing Regulations After Minister of Manpower Regulation No. 7 of 2026

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Abstract: The issuance of Minister of Manpower Regulation Number 7 of 2026 has introduced significant changes to Indonesia's outsourcing regime and has raised concerns regarding its consistency with existing labor regulations. These developments have intensified debates on legal certainty and the appropriate methods for resolving conflicts among labor law provisions. This study examines the relevance of the principle of *lex posterior derogat legi priori* in addressing inconsistencies within the legal framework governing outsourcing practices in Indonesia. Using a normative legal research method, the study applies statutory, conceptual, and case-based approaches to analyze several key legal instruments, including the Manpower Law, the Job Creation Law, Constitutional Court Decision Number 168/PUU-XXI/2023, and Minister of Manpower Regulation Number 7 of 2026. The analysis demonstrates that the principle of *lex posterior derogat legi priori* cannot independently resolve regulatory conflicts. Its implementation must be complemented by the principle of *lex superior derogat legi inferiori* and supported through broader legislative harmonization efforts. The study also identifies persistent uncertainties concerning employment relationships, worker protection, and the allocation of legal responsibilities between outsourcing providers and user companies. Therefore, stronger regulatory harmonization, effective enforcement, and clear transitional arrangements are necessary to ensure legal certainty and a more balanced outsourcing system.

Keywords: Disharmony Norms, Employment Law, Legal Certainty, Lex Posterior, Outsourcing Regulation

A. Introduction

The regulation of outsourcing in Indonesia has undergone significant development in line with changes in national labor law policies. Initially, the delegation of certain work activities to third-party companies was governed by Law No. 13 of 2003 on Manpower, which restricted outsourcing practices to supporting or non-core activities subject to specific requirements (Farelita & Warka, 2025). This regulatory framework

was designed as a compromise between the business sector's need for flexibility in workforce management and the state's obligation to safeguard workers' rights.

In practice, however, the outsourcing system has continued to generate various legal and industrial relations issues, including uncertainty regarding employment status, inadequate social protection guarantees, ambiguity concerning the allocation of responsibilities between user companies and service providers, and increased worker vulnerability to termination of employment. These conditions indicate that the legal protection objectives underlying the regulation have not been fully achieved (Manurung et al., 2022; Cahayo & Dharmawan, 2025). Furthermore, outsourcing regulations have created uncertainty regarding the distribution of legal liability between outsourcing service providers and user companies, thereby limiting the effectiveness of legal protection afforded to workers (Cahayo & Dharmawan, 2025).

A fundamental change in the regulation of outsourcing occurred following the enactment of Law No. 11 of 2020 on Job Creation, which was subsequently reinforced by Law No. 6 of 2023 concerning the Stipulation of Government Regulation in Lieu of Law No. 2 of 2022 on Job Creation as Law. These legislative reforms transformed the regulatory framework governing outsourcing by removing restrictions on the types of work that may be outsourced, which had previously been imposed under Law No. 13 of 2003 on Manpower (Pranoto et al., 2025). The government was subsequently granted the authority to regulate the implementation of outsourcing through subordinate legislation and implementing regulations.

This policy shift was intended to enhance labor market flexibility, strengthen national competitiveness, and promote increased investment (Pranoto et al., 2025). Nevertheless, the reforms have generated considerable debate, as they are perceived to have the potential to weaken worker protection if not accompanied by regulations that ensure legal certainty and guarantee the fulfilment of workers' statutory rights and entitlements (SM, 2026).

The further development of Indonesian labor law was marked by the issuance of Constitutional Court Decision No. 168/PUU-XXI/2023, which provided a constitutional interpretation of several provisions contained in Law No. 6 of 2023, including those governing outsourcing arrangements. In its legal considerations, the Constitutional Court affirmed that outsourcing practices remain constitutionally permissible, provided that the state is able to guarantee adequate legal protection, certainty of employment relationships, the fulfilment of workers' statutory rights, and the continued responsibility of employers toward outsourced workers.

The Court further emphasized that labor flexibility should not be implemented at the expense of workers' constitutional rights and legal protection. Consequently, the decision serves as an important constitutional foundation for legislators and regulatory authorities in formulating implementing regulations that are consistent

with the principles of the rule of law, the protection of human rights, and social justice as mandated by the 1945 Constitution of the Republic of Indonesia (Pranoto et al., 2025).

As a follow-up to Constitutional Court Decision No. 168/PUU-XXI/2023, the Government enacted Minister of Manpower Regulation No. 7 of 2026 concerning Outsourced Work as the latest implementing regulation governing outsourcing practices in Indonesia. The promulgation of this regulation marks the beginning of a new regulatory framework for outsourcing by establishing limitations on the types of work that may be outsourced, setting requirements for outsourcing companies, regulating employment relationship mechanisms, defining the allocation of responsibilities between client companies and outsourcing providers, and strengthening the protection of outsourced workers' rights (Yansen et al., 2026).

The regulation is fundamentally intended to provide legal certainty, strengthen worker protection, and align the outsourcing framework with the mandate of Constitutional Court Decision No. 168/PUU-XXI/2023, which is final and legally binding, as emphasized by Jimly Asshiddiqie, (2012). Furthermore, this regulatory reform is consistent with Satjipto Rahardjo's legal philosophy, which emphasizes that the law should serve as an instrument for protecting human beings as the primary subjects of legal protection (Riana & Setyawati, 2025).

Nevertheless, as argued by Maria Farida Indrati, the enactment of legislation must preserve harmony within the hierarchical legal system to prevent regulatory inconsistency and conflict among legal norms (Yansen et al., 2026). From this perspective, Hans Kelsen's *Stufenbau des Recht* (hierarchical theory of law), as cited by Prianto, posits that a legal system is structured in a hierarchical order in which each norm derives its validity from a higher norm, ultimately culminating in the *Grundnorm* as the highest source of legal legitimacy within the legal system (Prianto, 2024). Accordingly, in the absence of explicit provisions governing the repeal or continued applicability of prior regulations, there is a significant risk of regulatory overlap, normative conflict, and legal uncertainty in their implementation by government authorities, business actors, and workers. This situation underscores the importance of legislative harmonization through the application of the principle of *lex posterior derogat legi priori*, which serves to provide clarity regarding which norms remain in force, which are deemed repealed, and how transitional mechanisms should operate in the implementation of newly enacted regulations (BDO, 2026).

According to Nurfaqih Irfani, the principle of *lex posterior derogat legi priori* is a doctrine for resolving conflicts of legal norms, which provides that a later legislative enactment prevails over an earlier one, provided that both regulate the same subject matter and occupy an equivalent position within the hierarchy of laws and regulations (Irfani, 2020). This principle constitutes one of the fundamental mechanisms within a legal system for maintaining normative consistency, preventing regulatory dualism, and

ensuring legal certainty, which is a primary objective of legislative drafting and lawmaking. In the context of outsourcing regulation, the application of this principle is particularly significant in determining the continued validity and enforceability of legal provisions enacted prior to the promulgation of Minister of Manpower Regulation No. 7 of 2026. Such an approach is essential to prevent divergent interpretations and inconsistencies in the implementation of industrial relations law and practice (Pranoto et al., 2025).

Several previous studies examining outsourcing policies following the enactment of the Job Creation Law have predominantly focused on issues of workers' legal protection, employment relationships, and the normative implications of labor market flexibility (Bila, 2025; Siagian et al., 2025; Nurhasanah & Hikmawati, 2025). Meanwhile, broader analyses addressing macro-level issues, such as the long-term economic implications of outsourcing policies and the design of labor market regulations, remain relatively limited (Giyono, 2025; Nurhasanah & Hikmawati, 2025). More importantly, scholarly discussions specifically examining the application of the principle of *lex posterior derogat legi priori* to the validity and operation of outsourcing regulations following the enactment of Minister of Manpower Regulation No. 7 of 2026 remain scarce. This condition reveals a significant research gap that warrants further investigation, particularly concerning how the principle of *lex posterior derogat legi priori* is applied within the Indonesian legal system, whether Minister of Manpower Regulation No. 7 of 2026 can juridically supersede previous outsourcing regulations, and what implications such application may have for legal certainty for both workers and business actors. Addressing these issues is essential to understanding the extent to which the new regulatory framework contributes to legal coherence and certainty within Indonesia's labor law system. Based on the foregoing discussion, this study aimed at below.

1. To analyse the application of the principle of *lex posterior derogat legi priori* within the Indonesian legislative system as a basis for resolving normative conflicts among regulations governing labor law matters;
2. To examine the juridical status of Minister of Manpower Regulation No. 7 of 2026 in relation to previous outsourcing regulations and to assess whether the regulation supersedes earlier legal norms pursuant to the principle of *lex posterior derogat legi priori*;
3. To identify and analyze the juridical implications of applying the principle of *lex posterior derogat legi priori* for legal certainty, the protection of outsourced workers' rights, and business certainty for employers within industrial relations practices;
4. To formulate conceptual recommendations for the harmonization of outsourcing regulations in accordance with the principles of legal certainty, justice, and legal utility in light of developments in labor law following the enactment of Minister of Manpower Regulation No. 7 of 2026.

This study is expected to make a theoretical contribution to the development of legal scholarship, particularly within the fields of labor law and legislative theory, by enriching the discourse on the resolution of normative conflicts in labor regulations. In addition, it aims to offer practical recommendations for policymakers, regulatory authorities, employers, and workers in establishing a coherent outsourcing framework that promotes legal certainty, regulatory consistency, and effective protection of workers' rights within industrial relations.

B. Methods

This study employs a normative legal research method aimed at examining legal norms, principles, doctrines, and statutory regulations governing employment relationships, particularly with regard to the legal protection afforded to workers following the enactment of Law No. 6 of 2023 concerning the Stipulation of Government Regulation in Lieu of Law No. 2 of 2022 on Job Creation as Law. Normative legal research focuses on the analysis of positive legal norms, legal principles, the harmonization and synchronization of legislation, as well as judicial decisions, which constitute the primary sources of legal analysis (Audina Sukmawan et al., 2025).

This study employs several research approaches. First, a statutory approach is utilized by examining various legal instruments related to labor law, including the 1945 Constitution of the Republic of Indonesia, Law No. 13 of 2003 on Manpower, Law No. 6 of 2023 on Job Creation, Constitutional Court Decision No. 168/PUU-XXI/2023, and Minister of Manpower Regulation No. 7 of 2026. This approach is applied to identify the consistency and coherence of the prevailing legal norms in ensuring the protection of workers' rights (Huda & Mulyanto, 2025). Second, the conceptual approach is employed to examine fundamental concepts in labor law, including the principles of legal protection, justice, legal certainty, the balance of industrial relations, and the concept of the rule of law (*rechtsstaat*). This approach is essential for constructing legal arguments grounded in the doctrines and theories that have developed within legal scholarship (Triasmono et al., 2025). Third, a case approach was employed through an analysis of Constitutional Court Decision No. 168/PUU-XXI/2023, which provides a constitutional interpretation of several provisions of Law No. 6 of 2023. The decision was examined to understand the constitutional justices' legal reasoning (*ratio decidendi*) and its implications for the protection of workers' rights in Indonesia (Darmadi et al., 2026). Fourth, the historical approach is employed to trace the evolution of labor law policies, beginning with the enactment of Law No. 13 of 2003 on Manpower, followed by the reforms introduced through the Job Creation Law, and subsequently the developments arising from Constitutional Court Decision No. 168/PUU-XXI/2023 (Ince, 2025). This approach aims to examine the historical context underlying these regulatory changes and to identify the direction of Indonesia's labor law policy and legislative agenda.

In addition, this study employs a limited comparative approach to examine the regulation of worker protection in Indonesia in relation to international labor standards, particularly those developed by the International Labour Organization (ILO). This approach is intended to assess the extent to which the national regulatory framework complies with the principles of decent work, the protection of workers' rights, and the maintenance of balanced industrial relations (Khadafi & Irfanto, 2025).

The legal materials employed in this study consist of both primary and secondary legal sources. The primary legal materials include the 1945 Constitution of the Republic of Indonesia, Law No. 13 of 2003 on Manpower, Law No. 6 of 2023 on Job Creation, Constitutional Court Decision No. 168/PUU-XXI/2023, and Minister of Manpower Regulation No. 7 of 2026. Meanwhile, the secondary legal materials comprise scholarly books on legal theories and principles, scientific articles published in SINTA-accredited national journals and reputable international journals, previous research findings, as well as legal doctrines advanced by scholars that are relevant to the subject matter of this study (Yulio Kristiadi et al., 2022).

Legal materials were collected through library research by examining various primary and secondary legal sources, including legislation, court decisions, scholarly books, electronic journal articles, and academic databases such as Google Scholar, Garuda, HeinOnline, and ScienceDirect. All legal materials were subsequently classified and systematically organized according to their relevance to the research focus (Nugraha & Jannah, 2023).

The legal materials were analyzed using a prescriptive analytical method combined with a qualitative approach. Prescriptive analysis aims to provide normative arguments concerning the ideal application of legal norms based on legal principles, theories, and prevailing laws and regulations. Meanwhile, the qualitative analysis was conducted through a systematic interpretation of statutory provisions, legal doctrines, and judicial decisions in order to generate conclusions that are logical, comprehensive, and academically justifiable (Nurhayati et al., 2021).

C. Results and Discussion

An Analysis of the Application of the Principle of *Lex Posterior Derogat Legi Priori* in the Indonesian Legislative System

This discussion examines the application of the principle of *lex posterior derogat legi priori* as one of the fundamental mechanisms for resolving normative conflicts within Indonesia's legislative framework. Doctrinally, this principle is understood as a rule of legal interpretation whereby a later regulation prevails over an earlier regulation when both govern the same subject matter and occupy an equivalent position within the hierarchy of laws and regulations. This understanding is consistent with Hans Kelsen's theory of the hierarchy of norms (*Stufenbau des Recht*), which emphasizes that

the validity of a legal norm is derived from and determined by a higher norm within the legal system (Prianto, 2024). Furthermore, Nurfaqih Irfani argues that the principle of *lex posterior derogat legi priori* functions as a legal reasoning instrument for resolving conflicts between regulations of equal hierarchical status (Irfani, 2020). Within the Indonesian legislative framework, this principle is closely associated with the provisions of Law No. 12 of 2011 on the Formulation of Laws and Regulations, as amended by Law No. 13 of 2022, particularly in relation to the harmonization of legal norms. As emphasized by Maria Farida Indrati, the legislative drafting process must ensure consistency with the established hierarchy of laws and the coherence of the legal system as a whole in order to prevent regulatory disharmony and normative conflicts. Furthermore, Jimly Asshiddiqie argues that the Indonesian legislative system constitutes a unified, hierarchical, and systematic legal order. Consequently, any conflict of legal norms must be resolved through the application of established legal principles, including *lex superior derogat legi inferiori*, *lex specialis derogat legi generali*, and *lex posterior derogat legi priori* (Jimly Asshiddiqie, 2012).

The application of the principle of *lex posterior derogat legi priori* requires that the conflicting regulations possess the same hierarchical status, govern the same subject matter, and contain normative inconsistencies between the earlier and the subsequently enacted provisions. Within the context of labor law, this principle is frequently employed to determine the applicability of legal norms in situations involving regulatory reform, particularly where amendments to labor policies are introduced through legislative changes. The application of this principle is intended to preserve the coherence and consistency of the legal system, prevent regulatory overlap and normative dualism, and provide legal certainty for legal subjects. Nevertheless, as argued by Satjipto Rahardjo, law should not be viewed solely as a formal-normative system but must also serve as an instrument for providing substantive protection to individuals as subjects of law. Accordingly, the application of the principle of *lex posterior derogat legi priori* should not be undertaken in a purely formalistic manner; rather, it must also take into account the broader considerations of justice, legal utility, and the protection of fundamental rights.

Analysis of the Juridical Position of Minister of Manpower Regulation No. 7 of 2026 in Relation to Previous Outsourcing Regulations Based on the Principle of *Lex Posterior Derogat Legi Priori*

This discussion examines the legal position of Minister of Manpower Regulation No. 7 of 2026 within Indonesia's legislative hierarchy and its relationship with the previously existing regulatory framework governing outsourcing arrangements. The analysis is conducted by examining the normative relationship among Law No. 13 of 2003 on Manpower, Law No. 6 of 2023 concerning Job Creation, Constitutional Court Decision No. 168/PUU-XXI/2023, which possesses final and binding legal force as emphasized by Jimly Asshiddiqie, (2012) and Minister of Manpower Regulation No. 7 of 2026. Through this examination, the study seeks to assess the coherence,

consistency, and hierarchical conformity of outsourcing regulations within the Indonesian legal system.

Furthermore, this study draws upon the legal thought of Maria Farida Indrati, who asserts that a statutory regulatory system must adhere to the principle of the hierarchy of norms (*Stufenbau Theory*), whereby every lower-level regulation must be consistent with and may not contradict higher-level legal norms. From this perspective, the principle of *lex posterior derogat legi priori*, as explained by Nurfaqih Irfani, cannot be applied in an absolute manner. Rather, it must be construed in conjunction with the principle of *lex superior derogat legi inferiori*, as articulated by Hans Kelsen through his theory of the hierarchical structure of legal norms. Accordingly, the validity and applicability of a more recent regulation depend not only on its temporal precedence but also on its conformity with higher-ranking legal provisions within the normative hierarchy.

The analysis also draws upon the legal philosophy of Satjipto Rahardjo, who emphasized that law should be oriented toward the protection of human beings and function as a tool of social engineering. From this perspective, any reform of labor legislation must be directed toward ensuring substantive and effective protection for workers, particularly outsourced workers, whose employment relationships are often characterized by greater vulnerability and legal uncertainty. Accordingly, regulatory reforms should not merely pursue economic efficiency and labor market flexibility but must also guarantee the fulfillment of workers' rights, legal certainty, and social justice within industrial relations (Riana & Setyawati, 2025).

Furthermore, the analysis extends beyond the temporal dimension of legislative enactment and encompasses the compatibility of regulatory hierarchy, substantive content, scope of regulation, and the relationship between implementing regulations and their superior legal instruments. Through this comprehensive examination, it becomes possible to identify which legal norms remain valid and enforceable, which have been modified as a consequence of adjustments introduced by newer regulations, and which can no longer be applied due to their inconsistency with higher-ranking laws and regulations.

Finally, this study examines whether the enactment of Minister of Manpower Regulation No. 7 of 2026 is consistent with the mandates set forth in Law No. 6 of 2023 and Constitutional Court Decision No. 168/PUU-XXI/2023, particularly with regard to the provision of legal protection for outsourced workers. This assessment is conducted in light of the principle of substantive justice, which is also emphasized by Ronald Dworkin through his concept of *law as integrity*. From this perspective, legal norms should not merely comply with formal legal requirements but must also reflect coherence, fairness, and equal concern for the rights and interests of all parties affected by the law (Muthalib, 2025).

The Juridical Implications of Applying the Principle of *Lex Posterior Derogat Legi Priori* in Ensuring Legal Certainty within Outsourcing Practices

From a theoretical perspective, the principle of *lex posterior derogat legi priori*, as explained by Hans Kelsen through his *Stufenbau des Rechts* (hierarchical structure of law) theory, can only operate effectively within an orderly and hierarchical legal system in which every lower-level norm remains subordinate to higher-level norms. In this framework, the validity and application of a newly enacted regulation cannot be assessed solely on the basis of its temporal precedence but must also be evaluated in relation to its conformity with superior legal norms. Similarly, Maria Farida Indrati argues that any amendment to legislation must preserve harmony within the hierarchical structure of legal norms in order to prevent regulatory disharmony that may give rise to legal uncertainty. Consequently, the enactment of new legislation should not merely replace previous regulations but must also ensure consistency, coherence, and synchronization throughout the legal system as a whole.

From the workers' perspective, the enactment of new regulatory norms significantly affects legal certainty concerning employment status, the protection of statutory labor rights, social security guarantees, mechanisms for resolving industrial relations disputes, and the allocation of responsibilities among parties involved in outsourcing arrangements. From the standpoint of employers and business actors, certainty regarding the applicable legal framework serves as an essential guideline for the implementation of employment relations. Nevertheless, in practice, differing interpretations may still arise where inconsistencies exist between higher-ranking legislation and implementing regulations. As argued by Jimly Asshiddiqie, the Indonesian legal system constitutes an integrated legal order that must remain coherent and free from contradictions across different normative levels.

Against this background, it is necessary to examine the extent to which Minister of Manpower Regulation No. 7 of 2026 has succeeded in establishing regulatory harmonization in the field of outsourcing or whether it continues to generate potential normative conflicts with previously enacted regulations. In this context, the application of the principle of *lex posterior derogat legi priori* cannot be separated from the principle of *lex superior derogat legi inferiori*. As emphasized by Nurfaqih Irfani, normative conflicts cannot be resolved solely through a temporal approach; rather, they must also take into account the hierarchical position of laws and regulations within the legal system.

Furthermore, through the theory of progressive law, Satjipto Rahardjo asserts that the law must be oriented toward the protection of human beings as its primary subjects. Accordingly, changes in labor regulations should not be assessed merely from a formal legal perspective but must also be evaluated in terms of their ability to achieve substantive justice for workers.

Based on this analysis, it can be argued that the application of the principle of *lex posterior derogat legi priori* does not automatically guarantee legal certainty, particularly where amendments to legal norms are not accompanied by clear harmonization among relevant regulations. Such circumstances may create legal uncertainty in outsourcing practices, especially with regard to employment status and the protection of outsourced workers. Therefore, a more systematic approach to the harmonization of outsourcing regulations is required. This includes providing clearer normative provisions regarding the status of outsourced employment relationships, establishing a more explicit allocation of responsibilities among the parties involved, and ensuring consistency between implementing regulations, statutory provisions, and Constitutional Court decisions. These measures are expected to promote legal certainty, justice, and legal utility within industrial relations while simultaneously preserving a stable and predictable business environment for employers and investors.

Conceptual Recommendations for the Harmonization of Outsourcing Regulations Following the Enactment of Minister of Manpower Regulation No. 7 of 2026

The amendments to outsourcing regulations introduced through Minister of Manpower Regulation No. 7 of 2026 constitute part of a broader reform of Indonesia's labor law framework aimed at aligning industrial relations with developments in the business sector and the evolving demands of the labor market. Nevertheless, these regulatory changes continue to present potential inconsistencies with previously existing legal provisions, both at the level of implementing regulations and in the practical application of employment relationships. Such inconsistencies may give rise to legal uncertainty and challenges in the effective implementation of outsourcing arrangements. Accordingly, regulatory harmonization is essential to establish a coherent and consistent outsourcing framework that ensures legal certainty, safeguards workers' rights, and simultaneously supports a favorable investment climate. Achieving such harmonization is particularly important in maintaining a balanced legal framework that accommodates both the interests of employers in operational flexibility and the rights of workers to adequate legal protection.

Conceptually, the harmonization of outsourcing regulations is grounded in the three fundamental values of law as articulated by Gustav Radbruch, namely legal certainty (*Rechtssicherheit*), justice (*Gerechtigkeit*), and expediency or utility (*Zweckmäßigkeit*). These values must be applied in a balanced and proportionate manner in both the formulation and implementation of legislation. Legal certainty ensures predictability and consistency in the application of legal norms, justice guarantees the protection of rights and equitable treatment of legal subjects, while utility emphasizes the practical effectiveness of law in addressing societal needs (Firdaus, 2025).

In this regard, Lon L. Fuller emphasized the importance of the *internal morality of law*, arguing that a legal system must exhibit consistency, clarity, and coherence and must

avoid contradictions in order to function effectively within society. Accordingly, regulatory harmonization is not merely a technical legislative exercise but also a normative requirement to ensure that the legal system operates in accordance with the principles of the rule of law and provides adequate legal protection for all parties affected by its provisions (Bello, 2023).

From the perspective of legal certainty, regulatory harmonization must be achieved through both vertical and horizontal synchronization of all provisions governing outsourcing arrangements. Such synchronization is consistent with Hans Kelsen's theory of the hierarchy of norms, which posits that the validity of a legal norm derives from its conformity with higher-ranking norms within the *Stufenbau des Rechts* structure. Vertical synchronization is necessary to ensure that Minister of Manpower Regulation No. 7 of 2026 remains consistent with Law No. 6 of 2023, Constitutional Court Decision No. 168/PUU-XXI/2023 which is final and binding and the constitutional principles governing labor relations. Horizontal synchronization, meanwhile, is required to prevent conflicts with other sectoral regulations, including those relating to social security and the settlement of industrial relations disputes.

From the standpoint of justice, outsourcing regulations should recognize workers as legal subjects entitled to equal protection under the law. This perspective is in line with Satjipto Rahardjo's concept of progressive law, which emphasizes that the law must serve human interests and promote substantive justice. Furthermore, Ronald Dworkin argues that law should be understood as a coherent system of principles (*law as integrity*), requiring that every labor policy be consistent with the principles of human rights protection and justice for workers. This includes ensuring certainty of employment status, the provision of fair wages, access to social security, occupational health and safety protection, and effective mechanisms for the resolution of industrial relations disputes (Sebastian, 2023).

From the perspective of legal utility, outsourcing remains an important instrument for enhancing labor market flexibility and improving business efficiency. In this regard, Jeremy Bentham's theory of utilitarianism emphasizes that the law should promote the greatest benefit for the greatest number of people, as reflected in the *greatest happiness principle*. Nevertheless, within the context of labor relations, the pursuit of economic efficiency must be balanced by adequate minimum labor protections to prevent the exploitation of workers and to ensure that the benefits of outsourcing are distributed fairly among all stakeholders (Rahman & Rifqi, 2023).

Based on the foregoing analysis, this study proposes several conceptual recommendations. First, harmonization of implementing regulations that continue to substantively govern outsourcing arrangements is necessary to prevent normative overlap and regulatory inconsistency following the enactment of Minister of Manpower Regulation No. 7 of 2026. Second, any amendment to labor policies should be accompanied by clear and comprehensive transitional provisions to ensure legal

certainty regarding the applicability and continuity of previously existing norms. Third, labor inspection mechanisms should be strengthened through enhanced institutional capacity, improved competency of labor inspectors, and the digitalization of supervisory systems. Fourth, the government should develop detailed technical guidelines or implementing directives to ensure a uniform interpretation and consistent application of outsourcing regulations across sectors and regions.

Accordingly, the harmonization of outsourcing regulations should not be understood merely as a means of resolving normative conflicts through the application of the principle of *lex posterior derogat legi priori*. Rather, it should be viewed as a systematic effort to establish a labor law framework that is adaptive, coherent, and responsive to contemporary industrial relations while simultaneously ensuring the protection of workers' rights and providing legal certainty for business actors.

D. Conclusions

Based on the findings and discussion, several conclusions may be drawn. First, the principle of *lex posterior derogat legi priori* remains a fundamental mechanism for resolving normative conflicts within the Indonesian legislative system, particularly where regulations of equal hierarchical status govern the same subject matter. However, this study demonstrates that the principle cannot be applied in isolation. Its operation must be interpreted in conjunction with *lex superior derogat legi inferiori* and broader legislative harmonization doctrines. This finding contributes to the development of labor law scholarship by clarifying that temporal precedence alone is insufficient to determine the validity of legal norms within a hierarchical legal system. Second, Minister of Manpower Regulation No. 7 of 2026 occupies an important juridical position as the latest regulatory framework governing outsourcing arrangements following Law No. 6 of 2023 and Constitutional Court Decision No. 168/PUU-XXI/2023. The study finds that the regulation supersedes earlier provisions only where substantive inconsistencies exist. Consequently, the applicability of previous outsourcing norms must be assessed not only on the basis of chronology but also in light of legislative hierarchy and substantive compatibility. Third, the application of *lex posterior derogat legi priori* has significant implications for legal certainty in outsourcing practices. While the principle may enhance clarity regarding employment relationships, workers' rights, and the distribution of responsibilities between outsourcing providers and user companies, persistent regulatory ambiguities continue to generate interpretative challenges. Therefore, legal certainty depends not merely on the enactment of new regulations but also on their consistent interpretation, implementation, and enforcement. Fourth, achieving a coherent outsourcing framework requires a more comprehensive approach to regulatory harmonization. The findings suggest that reliance on *lex posterior derogat legi priori* alone is insufficient to address existing normative inconsistencies. Instead, effective reform should incorporate vertical and horizontal legislative synchronization, clearer transitional provisions, and stronger enforcement mechanisms. Such measures are

essential to balancing legal certainty, worker protection, and business flexibility within Indonesia's evolving industrial relations system.

Based on the foregoing conclusions, this study offers the following recommendations: 1) For the Government, a comprehensive harmonization and evaluation of all implementing regulations governing outsourcing should be undertaken to prevent normative inconsistencies and regulatory overlap following the enactment of Minister of Manpower Regulation No. 7 of 2026. Furthermore, the formulation of new regulations should be accompanied by clear revocation provisions or transitional arrangements to ensure legal certainty and regulatory coherence; 2) For the Ministry of Manpower, it is necessary to develop technical guidelines and implementation directives that provide a uniform interpretation of Minister of Manpower Regulation No. 7 of 2026. In addition, the labor inspection and enforcement system should be strengthened to ensure that outsourcing practices are implemented in accordance with applicable laws and regulations; 3) For Business Actors and Outsourcing Service Providers, all internal policies and employment practices should be aligned with the latest regulatory framework. This includes ensuring the fulfilment of workers' statutory rights, drafting employment agreements that comply with prevailing legal requirements, and exercising legal responsibilities proportionately in order to minimize the potential for industrial relations disputes; and 4) For Academics and Future Researchers, this study is limited to a normative legal analysis. Therefore, future research is encouraged to adopt empirical or socio-legal approaches to assess the effectiveness of the implementation of Minister of Manpower Regulation No. 7 of 2026 in practice, including its impact on the protection of outsourced workers, business certainty, and the resolution of industrial relations disputes.

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