



Monday, 27<sup>th</sup> March 2023

INFORMATION

Updates on Working Hours and Minimum Percentage of Payment of Salary Based on the Ministry of Labor Regulation No. 5 Year 2023

The Ministry of Labour issued Regulation No. 5 Year 2023, which permits labor-intensive companies **to reduce working hours and pay at least 75% of employees' salaries** for a maximum of 6 (six) months. This regulation aims to provide flexibility to ensure the stability of companies amidst the declining rate of market demand due to the dynamics in the global economy, and effective from **March 2023**.

The Regulation No. 5 Year 2023 **was issued as a result of weakening global demand for Indonesian products** and as a preventive measure to protect Indonesian workers in labor-intensive industries from layoffs by companies trying to cope with the financial impact of declining global demands.

The Ministry of Labor assures and explains that Regulation No. 5 Year 2023 aims to protect the rights of workers and ensure the sustainability of companies. No company can implement pay cuts if their workers disagree with them, and the ministry is open to all reports and committed to monitoring companies' implementation of the regulation.

Reference:

- The Ministry of Labor Regulation No. 5 Year 2023

If you require the copy of this regulation, please do not hesitate to contact [research@ibai.or.id](mailto:research@ibai.or.id)

Thank you for your attention and we hope this information would be valuable to you.

Kind regards,  
IBAI Secretariat

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