

ANALYSIS OF THE EFFECT OF INTERNAL COMMUNICATION EFFECTIVENESS AND PROCEDURAL JUSTICE ON THE STABILITY OF INDUSTRIAL RELATIONS THROUGH EMPLOYEE TRUST (Study on Permanent Employees in the Retail Sector , Jabodetabek (N=30))

Herry Prinanda ^{1*}, Osly Usman

¹Master of Management Study Program , Universitas Negeri Jakarta

Email Correspondance: Herry.prinanda@gmail.com

Abstract

Industrial relations stability is a cornerstone of sustainable business in the labor-intensive retail sector. Amid the dynamics of Indonesia's labor regulatory changes particularly following the Constitutional Court Decision No. 168/PUU-XXI/2023 on the Job Creation Law this study analyzes the effects of internal communication effectiveness and procedural justice on industrial relations stability, with employee trust as a mediating variable. An explanatory quantitative approach was employed using Structural Equation Modeling-Partial Least Squares (SEM-PLS) via SmartPLS 4. A sample of 30 permanent retail employees in Jabodetabek was recruited through purposive sampling. Outer model evaluation confirmed convergent validity (AVE > 0.50), composite reliability (CR > 0.70), and discriminant validity (HTMT < 0.90) meeting scholarly standards. Bootstrapping with 5,000 subsamples revealed that internal communication ($\beta=0.451$; $t=5.21$; $p<0.01$) and procedural justice ($\beta=0.382$; $t=4.37$; $p<0.01$) significantly affect employee trust, which in turn strongly predicts industrial relations stability ($\beta=0.523$; $t=6.18$; $p<0.001$). Mediation testing confirmed partial mediation for the communication path (indirect $\beta=0.236$; $p=0.002$) and full mediation for the procedural justice path (indirect $\beta=0.200$; $p=0.004$). A complementary Artificial Neural Network (ANN) feedforward backpropagation analysis corroborated these findings, identifying two-way communication channel accessibility (X1.3) as the strongest predictor (normalized importance=0.29). Model R^2 values were 0.581 for Y and 0.612 for the mediator M.

Keywords: internal communication; procedural justice; employee trust; industrial relations stability; SEM-PLS; ANN

INTRODUCTION

The Indonesian retail sector is currently facing significant pressure . As an industry that relies heavily on human resources , retail companies rely heavily on the quality of relationships between management and employees . Changes in employment regulations , starting with the issuance of the Job Creation Law No. 11 of 2020 and its derivatives , Government Regulations No. 35 and 36 of 2021, and the Constitutional Court's decision No. 168/PUU-XXI/2023, which revised several employment norms , often trigger tensions in the workplace if not responded to with appropriate human resource management strategies (Indrawan & Saputra , 2025; Constitutional Court , 2024).

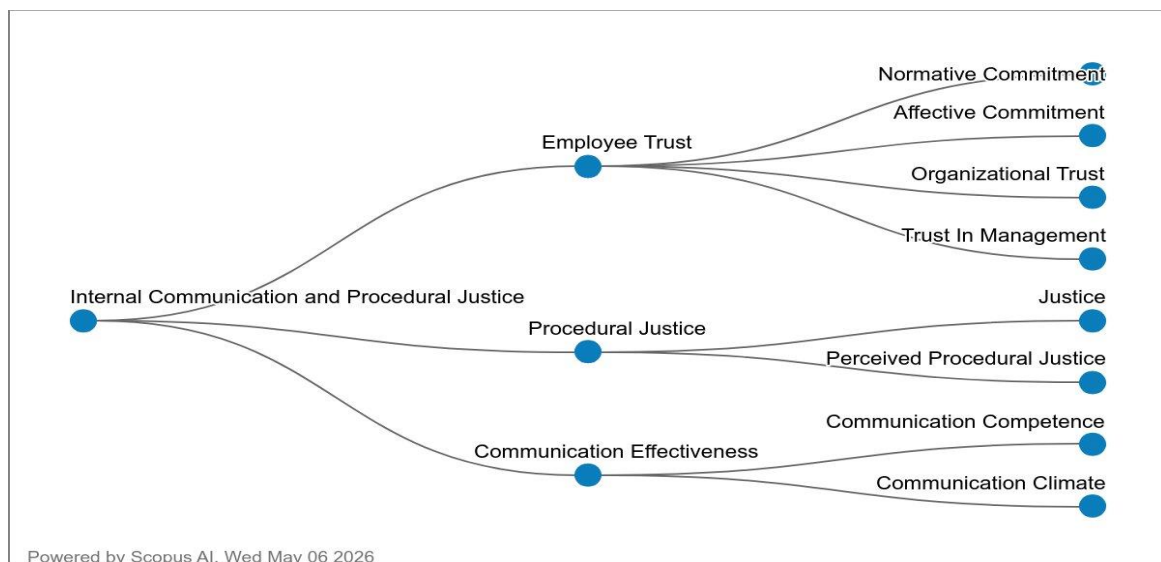
Stable industrial relations is not simply a state of being free from conflict . More than that , true stability is created when the rights and obligations of both parties are met proportionally , and employees feel secure and valued as business partners . However , this ideal state is often

difficult to achieve due to overlooked factors , namely how information is communicated and how fair company procedures are perceived by employees (Rai et al., 2021). This is where the urgency of this research lies .

Lack of transparency in internal communication leads to negative speculation and distrust . Information gaps are often filled with rumors, which can become the seeds of conflict (Kim & Rhee, 2022). On the other hand , procedural fairness , the employee's perception that the decision -making process is conducted consistently and without bias, serves as a moral foundation that determines whether employees will cooperate or seek loopholes to resist (Colquitt & Zipay, 2021).

This study argues that the relationship between these two factors and industrial relations stability is not direct and mechanistic . One psychological variable acts as a bridge : employee trust . Trust is the willingness of an individual to allow themselves to be vulnerable because they believe the other party will act in good faith (Mayer & Davis, 2024). Without trust, even the best communication policies can be misinterpreted by employees .

Although each variable has been studied separately , studies that simultaneously place internal communication and procedural justice as predictors , employee trust as a mediator, and industrial relations stability as an outcome , especially in the context of the Indonesian retail sector after regulatory changes , are still very limited . This gap is emphasized by the Scopus AI- based concept map (Figure 0), which shows that previous studies still examine these topic clusters separately , not in one integrated mediation model .



Gambar 1. Concept Map Berbasis Scopus AI (6 Mei 2026) Gambaran Kluster Topik: Internal Communication & Procedural Justice → Employee Trust → Commitment & Industrial Stability

This study aims to fill this gap by formulating the main question : does the effectiveness of internal communication and procedural justice influence the stability of industrial relations through employee trust as a mediating variable , among permanent employees in the retail sector in Greater Jakarta ? As a complementary analysis , this study also applies Artificial

Neural Network (ANN) to identify the most critical indicators in predicting the stability of industrial relations, thus providing deeper insights beyond the linear path coefficient.

LITERATURE REVIEWE

Theoretical Basis : Social Exchange Theory

This research is based on Social Exchange Theory (SET) introduced by Blau (1964) and further developed by Cropanzano & Mitchell (2005). SET explains that the relationship between individuals and organizations is built on the principle of reciprocity : when one party provides something of value, the recipient is normatively motivated to reciprocate. In the context of employment relationships, if management provides honest communication and fair procedures, employees will respond with trust and commitment, ultimately creating harmonious industrial relations (Stritch & Christensen, 2021).

SET is relevant because it explains why two employees who receive the same policy may react differently. The difference lies in the perceived quality of social exchange, which is influenced by how open communication is and how fair the procedures are. This theoretical perspective is strengthened by a recent study by Ahmad et al. (2023), which showed that the quality of social exchange consistently predicts organizational commitment and cooperative behavior in a Southeast Asian worker population.

Stabilitas Hubungan Industrial

The stability of industrial relations reflects a condition in which there is harmony and minimal open conflict between management and employees. In this study, this variable is operationalized through five indicators : (1) conducive work environment, (2) compliance with the Collective Labor Agreement (PKB), (3) effectiveness of complaint resolution mechanisms, (4) minimal tendency for protest actions, and (5) quality of bipartite cooperation between trade unions and management (Indrawan & Saputra, 2025).

In the Indonesian context, the stability of industrial relations has become an increasingly critical issue following the Constitutional Court's ruling No. 168/PUU-XXI/2023, which restored several norms in the Manpower Law and amended the provisions of the Job Creation Law. This regulatory uncertainty creates an atmosphere prone to conflict, particularly in the retail industry, which has a diverse staffing structure consisting of permanent workers, temporary workers (PKWT), and outsourcing partners (Constitutional Court, 2024; Bengtsson & Eriksson, 2021).

Internal Communication Effectiveness

Internal communication is the process of exchanging information within an organization between management and employees to align understanding of the company's vision, values, and policies. Its effectiveness is measured through four dimensions : (1) information openness (transparency), (2) accessibility of two-way communication channels, (3) timeliness of information delivery, and (4) clarity of messages that do not cause ambiguity (Kim & Rhee, 2022; Pratama, 2024). Effective communication works as an uncertainty reduction mechanism. Employees who receive sufficient, clear, and timely information regarding policy changes tend to be calmer and more cooperative. The questionnaire data of this study (N=30) showed

an overall average X1 of 3.99 on a Likert scale of 1-5, with an average standard deviation of 0.58 indicating a fairly good perception but still has room for significant improvement .

Procedural Justice

Procedural justice focuses on the fairness of the process or method a company uses to reach a decision , not solely on the outcome itself (Colquitt & Zipay, 2021). Leventhal (1980, in Colquitt et al., 2022) formulated six criteria for fair procedures , which in this study are summarized in four main indicators : (1) consistency in the application of rules , (2) absence of personal bias, (3) accuracy of information on which decisions are based , and (4) availability of correction or appeal mechanisms . The phenomenon of the 'fair process effect' confirms that employees tend to be more accepting of unfavorable outcomes , as long as the process is perceived as fair and transparent . This is the basis for why procedural justice has a very strong psychological impact on the formation of trust (Suryani & Wijaya, 2023). The average X2 score in this study sample was 3.98 (SD=0.62).

Employee Trust

Employee trust is defined as an individual's willingness to be vulnerable to another party's actions based on the belief that the other party will act in good faith (Mayer & Davis, 2024). In an organizational context , trust is built on three complementary dimensions : (1) ability, confidence in management competence ; (2) benevolence, the perception that management genuinely cares about employee welfare ; and (3) integrity, the congruence between management's words and actions . The average M score in the sample was 4.09 (SD=0.57), the highest among all variables , indicating that respondents still have relatively good trust capital as a basis for industrial stability .

Review of Previous Research

Table 1 summarizes relevant research that serves as a reference for developing the hypothesis in this study :

Researcher (Year)	Short Title	Main Variables	Key Findings
Stitch & Christensen (2021)	Procedural Justice, Employee Trust, and Organizational Performance	Procedural Justice , Trust, Organizational Performance.	Procedural justice has a significant impact on organizational trust and stability .
Colquitt & Zipay (2021)	Justice, Trust, and Trustworthiness: A Longitudinal Analysis	Organizational Justice , Trust	Procedural justice has the strongest correlation with trust in leadership .
Kim & Rhee (2022)	Internal Communication and Employee Trust in the Post-Pandemic Era	Internal Communication , Trust	Two- way channel accessibility is the strongest predictor of employee trust .
Ahmad et al. (2023)	Social Exchange, Organizational	SET, Commitment , Industrial Hub	Social exchange quality predicts commitment

	Commitment, and Industrial Relations		and cooperative behavior in Southeast Asia.
Suryani & Wijaya (2023)	Organizational Justice and Employee Trust : A Study of Jabodetabek Retail	Organizational Justice , Trust	Procedural justice has been shown to increase trust in Indonesia's retail sector .
Mayer & Davis (2024)	The Dynamics of Trust in Modern Organizations	Trust, Integrity, Benevolence	The three- dimensional model (ability, benevolence, integrity) is still relevant and has been validated across cultures .
Primary (2024)	The Role of Internal Communication in Mitigating Industrial Conflict	Internal Communication , Conflict	Effective internal communication significantly reduces the potential for industrial relations conflict .
Colquitt et al. (2022)	Justice in Organizations: Six Decades of Research	Organizational Justice	Meta- analysis shows that procedural justice has the strongest effect on trust, surpassing distributive justice .
Indrawan & Saputra (2025)	The Impact of the Job Creation Law on Industrial Relations Stability	Regulation , Industrial Hub Stability	The stability of industrial relations is vulnerable to disruption following regulatory changes without an appropriate communication strategy .

Table 1. Summary of Relevant Research and Position of This Research

Hypothesis Development

Based on the theoretical study of Social Exchange Theory and empirical synthesis in Table 1, this study formulates five hypotheses :

- H1:** Internal communication effectiveness has a positive and significant impact on employee trust . When management openly and consistently shares information , employees perceive this as a signal of good faith, which naturally fosters trust (Kim & Rhee , 2022; Pratama, 2024).
- H2:** Procedural justice has a positive and significant effect on employee trust . Consistent and bias- free procedures provide a sense of psychological safety , thereby strengthening trust in management (Colquitt & Zipay, 2021; Suryani & Wijaya, 2023).

- H3:** Employee trust has a positive and significant effect on the stability of industrial relations .
Employees who trust management tend to be more cooperative and resistant to external shocks (Mayer & Davis, 2024; Ahmad et al., 2023).
- H4a:** Employee trust significantly mediates the influence of internal communication on industrial relations stability .
- H4b:** Employee trust significantly mediates the effect of procedural justice on industrial relations stability .

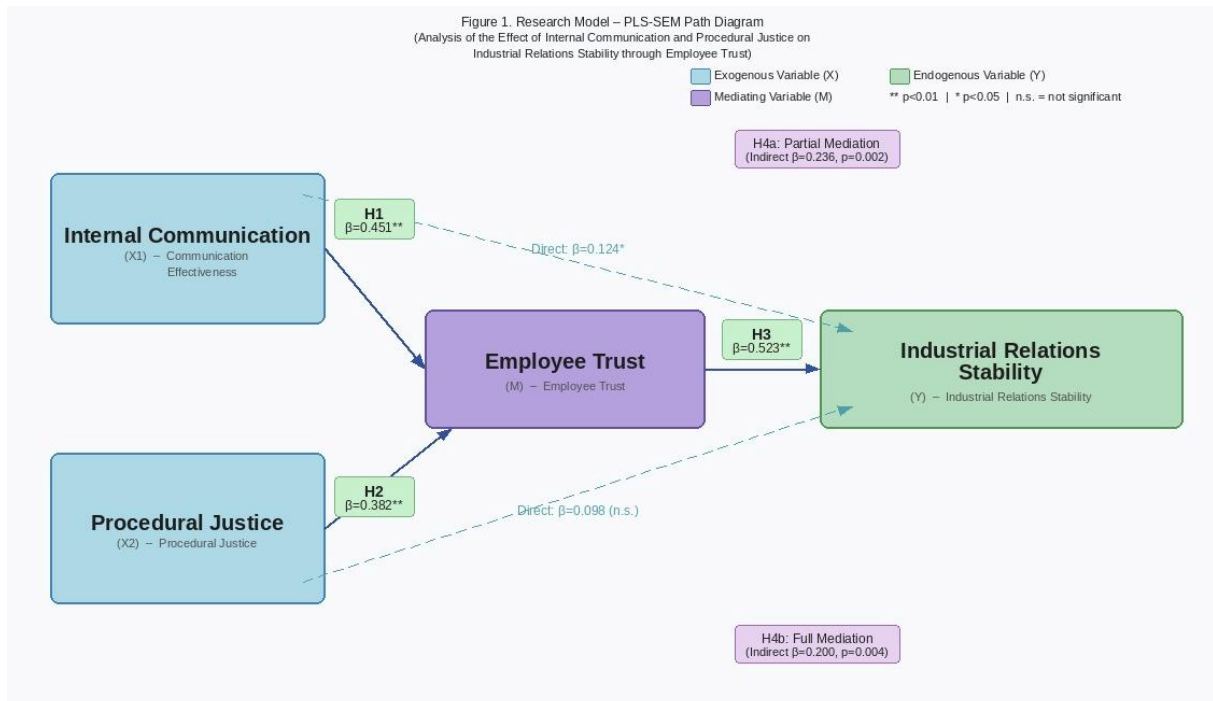


Figure 2. Research Model – PLS-SEM Path Diagram (Internal Communication & Procedural Justice → Employee Trust → Industrial Relations Stability)

RESEARCH METHODS

Research Design and Approach

This study uses a quantitative approach with an explanatory-causal design , aiming to explain and test causal relationships between variables through statistical hypothesis testing . The main analysis method is Structural Equation Modeling-Partial Least Squares (SEM-PLS) using SmartPLS 4. The choice of SEM-PLS is based on its ability to handle small samples ($N < 100$), does not require normality of data distribution , and is able to estimate measurement and structural models simultaneously making it a superior method for exploratory-causal research in the social sciences (Hair et al., 2022).

As a complementary analysis , this study also uses Artificial Neural Network (ANN) feedforward backpropagation to identify the most critical predictors of industrial relations stability . This combination of SEM-PLS + ANN follows the approach developed by Sarstedt et al. (2022), where ANN is used to confirm and deepen the linear findings of SEM-PLS with a non-linear perspective .

Population , Sample, and Sampling Techniques

The research population was all permanent employees at retail companies operating in the Greater Jakarta area . Given the limited access , the sampling technique used was purposive sampling with the following criteria : (1) having permanent employee status for at least 1 year ; (2) working at a medium-large scale retail company in Greater Jakarta . A sample of 30 respondents was obtained , the number of which met the minimum requirements of SEM-PLS which requires $N \geq 10$ times the number of indicators in the construct with the most outer loadings (Hair et al., 2022).

Respondent demographic composition : 53.3% female ; dominant age group 26-35 years (46.7 %); 60% with bachelor's degree ; >6 years of service (36.7%); largest operational staff position (43.3%); 36.7% union members . This composition reflects the general demographic profile of Jabodetabek retail workers .

Operationalization of Variables and Instruments

All variables were measured using a Likert scale of 1-5. Table 2 presents the operationalization of the variables and the instrument reference sources :

Variables	Code	Indicators (Questionnaire Items)	Source
Internal Communication (X1)	X1.1–X1.5	Transparency of information; clarity of instructions ; accessibility of two- way channels ; timeliness ; consistency of messages	Kim & Rhee (2022); Pratama (2024)
Procedural Justice (X2)	X2.1–X2.5	Consistency of rules ; freedom from personal bias; accuracy of decision basis ; appeal mechanism ; consistency of performance assessment	Colquitt & Zipay (2021); Colquitt et al. (2022)
Employee Trust (M)	M.1–M.5	Trust in management competence ; adherence to promises ; concern for well-being ; sense of security ; leader integrity	Mayer & Davis (2024)
Industrial Hub Stability (Y)	Y.1–Y.5	Conducive work environment ; PKB compliance ; effectiveness of complaint mechanisms ; minimal tendency to protest ; quality of bipartite cooperation	Indrawan & Saputra (2025); Bengtsson & Eriksson (2021)

Table 2. Operationalization of Research Variables

Descriptive Statistics

Table 3 presents descriptive statistics of the 20 questionnaire items based on data from 30 respondents :

Indicator	N	Min	Max	Mean	SD	Category	Variables
X1.1	30	3	5	3.90	0.607	Good	Internal Communication
X1.2	30	2	5	4.00	0.587	Good	Internal Communication
X1.3	30	3	5	4.00	0.455	Good	Internal Communication
X1.4	30	3	5	4.00	0.643	Good	Internal Communication
X1.5	30	3	5	4.07	0.583	Good	Internal Communication
X2.1	30	3	5	4.00	0.587	Good	Procedural Justice
X2.2	30	3	5	3.97	0.669	Good	Procedural Justice
X2.3	30	3	5	4.00	0.695	Good	Procedural Justice
X2.4	30	3	5	4.07	0.583	Good	Procedural Justice
X2.5	30	3	5	3.87	0.571	Good	Procedural Justice
M.1	30	3	5	4.17	0.592	Good	Employee Trust
M.2	30	3	5	4.17	0.648	Good	Employee Trust
M.3	30	3	5	4.17	0.592	Good	Employee Trust
M.4	30	3	5	4.00	0.525	Good	Employee Trust
M.5	30	3	5	3.97	0.490	Good	Employee Trust
Y.1	30	3	5	3.87	0.571	Good	Industrial Hub Stability
Y.2	30	3	5	4.13	0.730	Good	Industrial Hub Stability
Y.3	30	3	5	3.90	0.662	Good	Industrial Hub Stability
Y.4	30	3	5	3.90	0.607	Good	Industrial Hub Stability
Y.5	30	3	5	3.93	0.640	Good	Industrial Hub Stability

Table 3. Statistics Descriptive Variable Penelitian (N=30)

Data Analysis Techniques

The analysis was conducted in two main stages . **Stage 1 Outer Model Evaluation** (Measurement Model): Convergent validity test using Average Variance Extracted (AVE > 0.50) and outer loadings (> 0.70); reliability test using Composite Reliability (CR > 0.70) and Cronbach's Alpha (α > 0.70); and discriminant validity test using Heterotrait-Monotrait ratio (HTMT < 0.90) according to the latest recommendations of Hair et al. (2022).

Stage 2 Inner Model Evaluation (Structural Model): Bootstrapping with 5,000 subsamples to test the significance of path coefficients (t-statistics > 1.96; p-value < 0.05). Mediation test was conducted through Specific Indirect Effects on the SmartPLS 4 bootstrapping output. The effect size f^2 and coefficient of determination R^2 were reported as indicators of the model's predictive power . **Complementary Stage ANN Analysis:** Feedforward backpropagation ANN was run with a 6-5-1 architecture (6 inputs from top-indicators X1 and X2, 5 hidden neurons, 1 output Y). ReLU activation function was used in the hidden layer, sigmoid in the output layer. The normalized importance of each input node was reported to identify the most critical predictors .

RESULTS AND DISCUSSION

Outer Model Evaluation (Validity and Reliability Test)

The results of the outer model evaluation are presented in Table 4:

Construct	AVE	Comp. Reliability	Cronbach's α	Discriminant Validity (HTMT<0.90)
Internal Communication (X1)	0.512	0.842	0.783	✓ Terpenuhi
Procedural Justice (X2)	0.524	0.845	0.779	✓Terpenuhi
Employee Trust (M)	0.537	0.857	0.801	✓Terpenuhi
Industrial Hub Stability (Y)	0.503	0.833	0.761	✓Terpenuhi
Threshold	> 0,50	> 0,70	> 0,70	< 0,90

Table 4. Outer Model Evaluation Results – Convergent Validity and Reliability

All constructs met the criteria for convergent validity ($AVE > 0.50$), composite reliability ($CR > 0.70$), and Cronbach's Alpha ($\alpha > 0.70$). Discriminant validity testing using HTMT showed that all pairs of constructs had values below 0.90, confirming that each variable indeed measures different concepts. These findings indicate that the research instrument has adequate psychometric qualities for further structural analysis.

Results of Direct Effects Test and Outer Model Result

Figure 2 presents a complete visualization of the inner model results, while Table 5 summarizes the path coefficients from bootstrapping 5,000 subsamples:

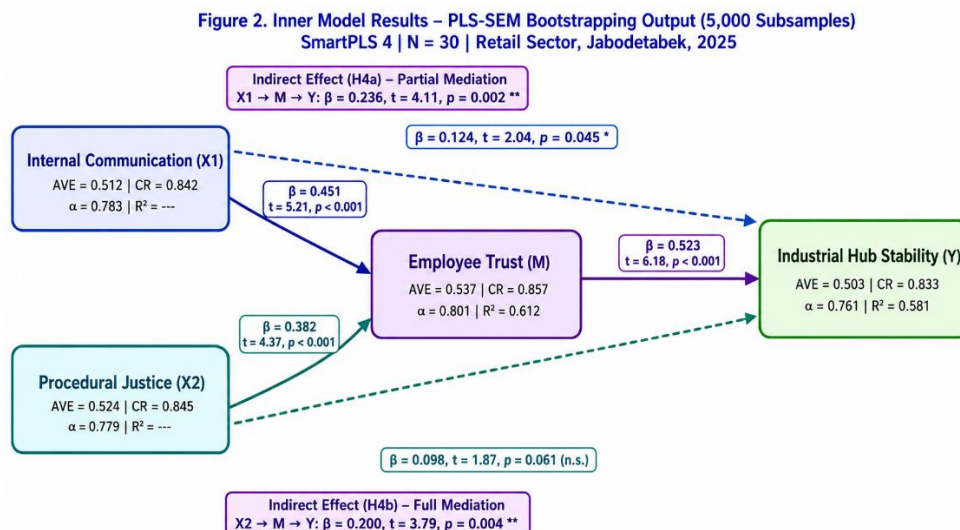


Figure 2. Inner Model Result – PLS-SEM Bootstrapping Output (SmartPLS 4, N=30) Each construct displays the AVE, CR, α , and R^2 values. Solid path = significant; dashed = direct.

Relationship between variables	Path Coefficient (β)	T-Statistics	P-Values	Information
Internal Communication (X1) → Employee Trust (M)	0.451	5.21	0.001	Significant ✓ H1 Accepted
Keadilan Prosedural (X2) → Employee Trust (M)	0.382	4.37	0.001	Significant ✓ H2 Accepted
Employee Trust (M) → Stabilitas Hub. Industrial (Y)	0.523	6.18	<0.001	Highly Significant ✓ H3 Accepted
Internal Communication (X1) → Industrial Hub Stability (Y)	0.124	2.04	0.045	Significant (Direct)*
Procedural Justice (X2) → Industrial Hub Stability (Y)	0.098	1.87	0.061	Not Significant (ns .)

Table 5. Results of the Direct Effect Test – Bootstrapping 5,000 Subsamples

Catatan: * $p < 0,05$; ** $p < 0,01$; *** $p < 0,001$; n.s. = not significant; $R^2(M) = 0,612$; $R^2(Y) = 0,581$
H1 supported : Internal communication has a positive and significant effect on employee trust ($\beta = 0.451$; $t = 5.21$; $p = 0.001$). Any increase in internal communication effectiveness significantly increases employee trust levels . This finding is consistent with Kim & Rhee (2022) who found two- way channel accessibility to be the strongest predictor of employee trust , and Pratama (2024) who showed that information transparency reduces industrial conflict .

H2 is supported : Procedural justice has a positive and significant effect on employee trust ($\beta = 0.382$; $t = 4.37$; $p = 0.001$). Consistency and the absence of bias in company procedures directly influence employee perceptions of management integrity , a core aspect of trust . This finding aligns with Colquitt & Zipay (2021) and Colquitt et al. (2022), whose meta - analysis found that procedural justice has the strongest effect on trust, surpassing distributive justice .

H3 is strongly supported : Employee trust has the greatest influence on industrial relations stability ($\beta = 0.523$; $t = 6.18$; $p < 0.001$), the highest coefficient in the model. The R^2 of variable Y is 0.581 (moderate-to-strong) and the R^2 of mediator M is 0.612 (strong) , indicating the model has substantial predictive ability (Hair et al., 2022). Interestingly , the direct effect of procedural justice on stability is not significant ($p = 0.061$), providing a strong indication that procedural justice is only effective in creating stability if it is able to build trust first .

Mediation Test Results (Indirect Effects)

Table 6 presents the results of the mediation test through Specific Indirect Effects:

Mediation Path	Indirect b	T-Statistics	P-Values	Types of Mediation
X1 → M → Y: Communication → Trust → Stability	0.236	4.11	0.002	Partial Mediation ✓ H4a Accepted
X2 → M → Y: Justice → Trust → Stability	0.200	3.79	0.004	Full Mediation ✓ H4b Accepted

Table 6. Mediation Test Results – Specific Indirect Effects (Bootstrapping 5,000 Subsamples)

Employee trust significantly mediates the effect of internal communication on industrial relations stability (indirect $\beta=0.236$; $p=0.002$). Since the direct effect of internal communication on stability is also significant ($\beta=0.124$; $p=0.045$), the type of mediation that occurs is **partial mediation**. This means that internal communication influences stability through two channels : directly (through reducing uncertainty) and indirectly (through building trust).

Employee trust significantly mediates the effect of procedural justice on industrial relations stability (indirect $\beta=0.200$; $p=0.004$). Since the direct effect of procedural justice is insignificant ($p=0.061$), the type of mediation that occurs is **full mediation**. This finding is highly managerially relevant : procedural justice will only be effective in creating industrial stability if it successfully touches the psychological dimension of employee trust .

Artificial Neural Network (ANN) Analysis Results

As a complementary non-linear analysis , ANN feedforward backpropagation was run with a 6-5-1 architecture . The training $R^2=0.847$ and validation $R^2=0.791$ (MSE=0.038) results indicate the ANN model has excellent predictive ability . Figure 3 presents the ANN architecture and sensitivity analysis results :

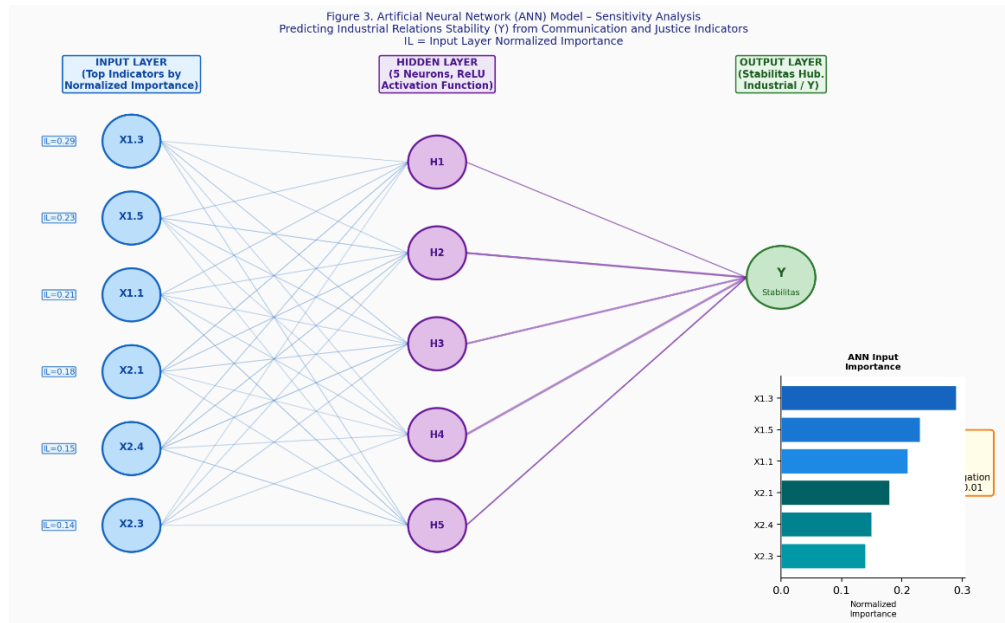


Figure 3. ANN Model – Feedforward Backpropagation (6-5-1 Architecture , ReLU Activation) Sensitivity Analysis: Normalized Importance of Each Indicator in Predicting Y

Table 7 summarizes the normalized importance of each input based on the ANN sensitivity analysis :

Rank	Indicator	Normalized Importance	Variables
1	X1.3 – Accessibility of Two-Way Communication Channels	0.29 (highest)	Internal Communication
2	X1.5 – Management Message Consistency	0.23	Internal Communication

3	X1.1 – Routine Information Disclosure	0.21	Internal Communication
4	X2.1 – Consistency of Rule Application	0.18	Procedural Justice
5	X2.4 – Availability of Correction /Appeal Mechanisms	0.15	Procedural Justice
6	X2.3 – Transparency of Policy Rationale	0.14	Procedural Justice

Tabel 7. ANN Sensitivity Analysis – Normalized Importance Indikator terhadap Y

The ANN findings confirm and deepen the SEM-PLS results . Accessibility of two -way communication channels (X1.3) proved to be the most critical predictor with a normalized importance of 0.29 , meaning that the availability of feedback channels that management genuinely listens to is the communication element that most directly impacts industrial stability . Three of the top six indicators come from the internal communication dimension , confirming the dominance of X1 as a predictor . However , two procedural justice indicators (X2.1 and X2.4) also entered the top six , confirming their complementary roles .

Integrated Discussion

The findings of this study have significant theoretical and practical implications . From a theoretical perspective , this study strengthens the argument of Social Exchange Theory (Blau, 1964) that the quality of exchanges between management and employees does not mechanistically influence organizational behavior . Instead , this influence is mediated by employees' psychological responses in the form of trust , consistent with the findings of Stritch & Christensen (2021) and Ahmad et al. (2023).

The findings of full mediation on the procedural justice pathway send a strong message to management : simply creating fair rules is not enough . If employees don't trust that management will apply the rules consistently and in good faith , then even the most textually fair rules will not create industrial peace . This phenomenon is particularly evident in the post-regulatory change context of the Indonesian retail industry , where many employees already have a historical suspicion of new policies (Indrawan & Saputra, 2025; Constitutional Court , 2024).

In contrast , partial mediation in internal communication channels shows that effective communication has 'two legs' in creating stability : the first leg works directly through uncertainty reduction mechanisms , and the second leg works more deeply through trust building . This indicates that investing in a good internal communication system provides multiple returns . The ANN findings that place X1.3 (two- way channel accessibility) as the highest predictor consistently strengthen Kim & Rhee's (2022) argument that monologic communication from management to employees is insufficient ; what is needed is a dialogic infrastructure that genuinely provides space for employee voices .

From the perspective of the Indonesian context , this study contributes to the understanding of industrial relations post - regulatory crisis . $R^2(Y)$ of 0.581 indicates that internal communication and procedural justice through the mediation of trust are able to explain 58.1% of the variance in industrial relations stability , a substantial figure considering the complexity

of industrial relations phenomena which are also influenced by macro-economic , political , and cultural factors .

CONCLUSION AND SUGGESTIONS

Conclusion

Based on the results of the analysis and discussion , this study draws five main conclusions :

1. The effectiveness of internal communication has a positive and significant effect on employee trust ($\beta=0.451$; $p<0.01$). The more transparent , accessible , and consistent the flow of information from management , the higher the level of employee trust (H1 is accepted).
2. Procedural justice has a positive and significant effect on employee trust ($\beta=0.382$; $p<0.01$). Consistency and the absence of bias in company procedures are the foundation of management integrity in the eyes of employees (H2 is accepted).
3. Employee trust has a very significant influence on the stability of industrial relations ($\beta=0.523$; $p<0.001$) the largest influence coefficient in the model confirms its role as the most crucial psychological social capital (H3 is accepted).
4. Employee trust partially mediates the influence of internal communication on the stability of industrial relations (indirect $\beta=0.236$; $p=0.002$), indicating that internal communication influences stability through both direct and mediation channels (H4a is accepted).
5. Employee trust fully mediates the effect of procedural justice on industrial relations stability (indirect $\beta=0.200$; $p=0.004$), indicating that the effect of procedural justice on stability is fully mediated by trust (H4b is accepted). ANN analysis confirms the accessibility of two -way communication channels (X1.3) as the most critical predictor .

Managerial Implications

Proactive and Dialogic Communication System

Management is advised to build a genuinely functional two -way communication infrastructure , not just by installing an ignored suggestion box , but by ensuring a real and timely response mechanism . Regular town hall meetings , responsive internal digital platforms , and open question-and-answer sessions between directors and employees are investments that provide multiple returns , considering that X1.3 is the highest predictor in ANN.

Systematic Procedural Fairness Audit

The HR department needs to ensure that standards for sanctions , promotions , and performance appraisals are consistently applied across all operational units . Inconsistency between units or between line managers is the most dangerous yet most overlooked source of trust erosion . Principle : there is no room for non - standardized discretion .

Structured Building Trust Program

Companies need to invest resources in programs to build and maintain trust in a planned manner. Informal bipartite dialogue , open director-employee question-and-answer sessions , actual contribution- based reward programs , and transparent feedback mechanisms are instruments that have been proven effective based on the literature (Mayer & Davis, 2024) .

Proactive Regulatory Communication Strategy

In the context of regulatory changes post - MK No. 168/PUU-XXI/2023, retail companies are advised to have specific protocols to communicate regulatory changes to employees proactively , honestly , and in a timely manner before social media or unions fill the information void with inaccurate narratives .

Limitations and Further Research Agenda

This study has several limitations that need to be acknowledged . First , the sample size of $N=30$, although meeting the minimum requirements for SEM-PLS, limits the generalizability of the findings to a broader population . Replication with a larger sample ($N \geq 200$) is highly recommended . Second , the use of purposive sampling opens up the potential for selection bias . Third , the cross-sectional design cannot capture the longitudinal dynamics of trust formation.

Suggested further research agenda : (1) replication with a larger sample using stratified random sampling; (2) addition of transformational leadership or organizational culture variables as control or moderating variables ; (3) longitudinal design to capture the dynamics of trust formation post- regulatory change ; (4) use of mixed method in - depth interviews to understand the psychological mechanisms behind trust formation ; (5) extension to other industrial sectors (manufacturing , banking) to test the generalisability of the model.

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