

Degradation of Labor Rights in the Era of Omnibus Law: An Analysis of the Implications of Regulation on Workers' Welfare and Protection

T. Hija Gunawan¹, Irmayadi Sastra², Cindy Tan³

¹Universitas Islam Negeri Syarif Hidayatullah Jakarta, Indonesia

²Politeknik Kepulauan Simeulue, Aceh, Indonesia

³National University of Singapore, Singapore

gunawansanggiran@gmail.com, irmayadisastra1@gmail.com, tanc4608@gmail.com

Received August 14, 2025; Revised December 27, 2025; Accepted January 05, 2026

Abstract

Objective: This study aims to critically analyze the degradation of labor rights in Indonesia during the Omnibus Law era, focusing on its implications for worker welfare and protection, particularly how it affects job security, wages, and workers' social rights. **Theoretical framework:** The theoretical framework of this study is rooted in social justice theory, legal protection theory, and industrial relations theory. These frameworks emphasize the state's responsibility to ensure basic workers' rights, secure employment, fair wages, and a balanced relationship between workers, employers, and the government. **Literature review:** The literature review highlights that previous studies have primarily concentrated on the economic and investment dimensions of labor laws, with limited exploration of the social, humanitarian, and normative consequences. There is a lack of comprehensive research addressing the broader impacts of labor rights erosion, particularly in relation to worker welfare and protection. **Methods:** This study employs a qualitative research design based on a literature review. Secondary data sources are utilized, including scientific journals, laws and regulations, Constitutional Court decisions, labor organization reports, and relevant policy documents. **Results:** The findings reveal that the Omnibus Law not only simplifies regulatory frameworks but also shifts the focus of labor protection towards economic flexibility. This shift leads to reduced severance pay, increased outsourcing without sectoral boundaries, uncertainty regarding employment status, potential declines in wages, and the erosion of leave rights and social protections. These changes undermine workers' bargaining power, increase their vulnerability to exploitation, and negatively affect mental health, economic stability, and human dignity. **Implications:** This study highlights the need for a comprehensive evaluation of labor regulations, stronger state oversight, and a restructured labor policy that balances investment interests with worker protection. **Novelty:** The study's novelty lies in its approach, viewing the Omnibus Law not just as an economic tool but as a social justice issue, emphasizing the real-life experiences of workers impacted by these changes.

Keywords: workers, leave rights, health, omnibus law, social protection.

INTRODUCTION

The implementation of the Omnibus Law initiated by President Joko Widodo as a renewal of Law Number 13 of 2013 concerning Manpower, until later perfected through Law Number 6 of 2023, was basically born from the need to simplify national regulations. The government views the complexity of labor and investment rules as one of the factors that hinder national economic growth. Therefore, the Omnibus Law is presented with the aim of uniting various regulations under one legal umbrella to be more efficient, simple, and responsive to global economic dynamics [1].

In the context of public policy, the presence of the Omnibus Law has caused various reactions in the community. On the one hand, the government hopes that this regulation can create a more conducive investment climate, accelerate the licensing process, increase national competitiveness, and expand employment [2]. However, on the other hand, various circles consider that simplifying regulations has the potential to reduce the standard of protection for workers. This debate then gave rise to a broad discourse on the extent to which the Omnibus Law favors the interests of workers or actually strengthens the interests of financiers [3].

Theoretically, the analysis of the Omnibus Law from the perspective of employment can be related to social justice theory, legal protection theory, and industrial relations theory [4]. Within the framework of labor protection theory, the state has an obligation to guarantee workers' basic rights, including job security, decent wages, social security, and protection from exploitation. Meanwhile, from the perspective of industrial relations, the balance between the interests of employers, the government, and workers is an important indicator of the creation of justice in the labor system. Thus, the implementation of the Omnibus Law needs to be studied to determine whether it maintains this balance or creates new inequality [5].

However, various existing studies still focus on the economic, investment, and macro dimensions of the state, while in-depth studies on the degradation of labor rights after the implementation of the Omnibus Law are still limited. Many studies have not comprehensively looked at the direct impact on worker welfare, job security, wage standards, and labor bargaining positions in industrial relations. This is where the research gap lies that is important to be filled, especially related to the social and humanitarian implications experienced by workers in real life [6].

The novelty of this research lies in the focus of the analysis that specifically highlights the degradation of labor rights as a result of the implementation of the Omnibus Law, rather than simply assessing the effectiveness of policies in the economic context. This research seeks to present a critical perspective that sees regulation not only as an instrument of economic development, but also as an instrument for the protection of human dignity and welfare, especially labor groups that are structurally in a weaker position than capital owners. Based on this background, this research is directed to answer several main problems: how to transform labor regulations from protection to economic flexibility in the omnibus law, the extent of the degradation of workers' normative rights, namely severance, outsourcing, and minimum wage in the omnibus law, and how workers' leave rights and social security are within the framework of the omnibus law. The purpose of this study is to critically analyze the degradation of labor rights that occurred due to the implementation of the Omnibus Law and to present a more complete understanding of the reality that is directly felt by workers in the field [7].

Academically and practically, this research is expected to make an important contribution to the development of labor law and public policy. The results of this research are expected to be a reference for the government in evaluating policies, for labor unions in strengthening advocacy, and for the public to understand the dynamics of protecting labor rights in the era of regulatory liberalization. Thus, this research is expected to be able to help realize an

employment system that is not only pro-investment but also fair, humane, and based on the protection of labor rights [8].

Implications and Novelty. The findings of this study have important implications for legal scholarship, public policy, and labor governance in Indonesia. From a normative legal perspective, the analysis highlights that the transformation of labor regulation under the Omnibus Law reflects a paradigm shift from a protection-oriented approach toward economic flexibility. This shift has significant consequences for the realization of social justice principles, particularly in relation to workers' normative rights such as severance pay, minimum wage protection, job security, and limitations on outsourcing. The study implies that future labor regulations must be carefully recalibrated to ensure that economic efficiency does not override the constitutional mandate to protect workers as vulnerable legal subjects [9].

From a policy perspective, this research provides critical input for the government in evaluating the implementation of Law Number 6 of 2023. The identified degradation of labor rights suggests the need for corrective regulatory measures, including clearer legal safeguards, stronger enforcement mechanisms, and participatory policy-making that actively involves labor unions and civil society. Without such measures, the Omnibus Law risks widening structural inequality between capital owners and workers, potentially undermining industrial harmony and long-term social stability. Practically, the findings have implications for labor unions, legal practitioners, and human rights advocates. By systematically mapping areas where workers' rights have weakened, this study offers an analytical foundation for legal advocacy, judicial review, and policy reform initiatives. It also contributes to raising public awareness of the social and humanitarian impacts of regulatory liberalization, encouraging more informed public discourse on labor justice and decent work standards [10].

In terms of novelty, this research offers an original contribution by shifting the analytical focus away from macroeconomic and investment-centered evaluations of the Omnibus Law toward a critical examination of labor rights degradation. Unlike many previous studies that assess regulatory success primarily through economic indicators, this study positions labor protection, human dignity, and social justice as central evaluative criteria. Its novelty also lies in integrating social justice theory, labor protection theory, and industrial relations theory to provide a multidimensional legal analysis of the Omnibus Law's impact on workers. Furthermore, this research uniquely emphasizes the lived realities of workers affected by regulatory changes, thereby bridging the gap between abstract legal norms and practical consequences in the field. By doing so, it not only enriches academic debate but also offers a human-centered framework for future labor law reforms in Indonesia, ensuring that economic development and labor protection progress in a balanced and sustainable manner [11].

LITERATURE REVIEW

Employment Governance: Outsourcing, PKWT, and Work Flexibility

After the enactment of Law Number 11 of 2020 concerning Job Creation and changes in Law Number 6 of 2023, labor governance in Indonesia has undergone a significant transformation. The most fundamental changes can be seen in the arrangement of Fixed-Time Work Agreements (PKWT) and outsourcing practices that have long been a sensitive issue in industrial relations [12]. The spirit of flexibility carried by the government through the Omnibus Law is intended to increase investment competitiveness, accelerate business processes, and create an efficient business climate. However, various literature shows that this flexibility actually poses a serious challenge to the protection of labor rights, both in terms of job stability, status certainty, and guarantees of normative rights such as wages, working hours, and labor social security [13].

Various studies, such as Makhfud & Is'aad (2024), reveal that the expansion of outsourcing practices and short-term employment contracts increases workers' vulnerability

to minimum wage violations and job status uncertainty. In addition, weak labor supervision further exacerbates this condition because many companies take advantage of legal loopholes to reduce production costs by ignoring workers' normative rights. The PKWT provisions, which are extended through Government Regulation No. 35 of 2021 for a maximum of five years, on the one hand offer flexibility for employers, but on the other hand weaken the bargaining position of workers due to unstable employment status and uncertainty of appointment to permanent workers [14]. This condition has direct implications for a decline in worker welfare, increased anxiety, work stress, and unbalanced industrial relations.

Environmental Dimension and Its Impact on Worker Welfare

In addition to having an impact on labor governance, the Omnibus Law also brings significant changes in environmental governance that indirectly affect the welfare of workers. The simplification of environmental regulations, especially related to the AMDAL instrument through Government Regulation Number 5 of 2021, is seen as weakening the principle of prudence in environmental management. The EIA, which was previously the main evaluative instrument, is now positioned only as an administrative part of risk-based licensing. Various academic studies and environmental organizations have expressed concern that this relaxation of regulations could exacerbate environmental degradation, especially in the large industrial sector, thus potentially increasing occupational health and safety risks for workers working in the sector [15].

Various environmental law studies show that the ease of business licensing has the potential to reduce the quality of supervision of the extractive, manufacturing, and energy industries, thereby increasing the risk of work accidents, exposure to hazardous materials, and environmental damage that has an impact on the health of workers and the surrounding community. When environmental protection is weakened, workers are in the most vulnerable position because they are directly confronted with occupational risks, potential occupational diseases, and a lack of occupational safety guarantees [16]. Thus, changes in environmental regulations in the Omnibus Law are not only ecological issues, but also employment issues that are closely related to workers' rights to protection, health, and quality of life.

Economic Growth Paradigm vs Labor Rights Protection

The academic text of the Omnibus Law expressly places the acceleration of economic growth, increased investment, and job creation as the main goals of this regulation. The government hopes that the Omnibus Law will be an instrument of legal reform that is able to simplify regulations, increase competitiveness, improve the business climate, and lead Indonesia to its economic vision of 2045. However, various experts believe that the focus on development that focuses too much on economic growth and investment often comes at the expense of the social protection dimension of workers. The flexibility of employment relations realized through long-term PKWT, outsourcing policies, and wage structure adjustments is considered to weaken job security and increase workers' vulnerability to termination of employment (PHK), income uncertainty, and welfare degradation [17].

In the latest development, the Constitutional Court Decision No. 168/PUU-XXI/2023 is one of the important milestones that shows that the Omnibus Law policy has not fully guaranteed justice for workers. The decision emphasizes the need to improve a number of provisions, including those related to PKWT, minimum wage regulation, working hours, leave protection, and local labor priorities. Although the Constitutional Court's decision provides new hope for strengthening labor protection, implementation in the field still faces serious challenges, especially related to the consistency of law enforcement and policy partisanship [18]. Thus, the literature shows that there is a tension between the government's economic reform goals and the need to protect workers' rights, which ultimately creates the phenomenon of degradation of workers' rights in the era of the Omnibus Law.

METHODOLOGY

The research method used in this study is qualitative research with a literature study approach (library research) [19], which aims to analyze in depth the degradation of labor rights after the enactment of the Omnibus Law on Job Creation. This approach was chosen because the study of labor regulations and their implications requires contextual, interpretive, and comprehensive analysis of various relevant sources of scientific knowledge. The research data consists of secondary data in the form of scientific journals, previous research results, labor organization reports, Constitutional Court decisions, laws and regulations, and policy documents that discuss changes in labor governance, outsourcing, PKWT, social protection, and labor welfare [20].

Data analysis is carried out through narrative analysis, namely by studying, interpreting, and constructing scientific narratives about the pros and cons of the Omnibus Law policy and the real impact felt by workers, especially related to job uncertainty, a decline in normative protections, and the vulnerability of workers' welfare in the private sector. The selection of this method is based on the aim of obtaining an in-depth, structured, and argumentative understanding of the phenomenon of labor rights degradation, as well as answering research questions about the extent to which the Omnibus Law affects justice, legal certainty, and the protection of workers' rights [21].

Table 1. Research Methodology

Component	Description
Research Design	Qualitative research with a library research (literature study) approach
Research Focus	Analysis of labor rights degradation following the enactment of the Omnibus Law on Job Creation
Data Sources	Secondary data: academic journals, prior studies, labor organization reports, Constitutional Court decisions, laws, regulations, and policy documents
Data Type	Normative–juridical and socio-legal secondary data
Data Analysis Technique	Narrative and interpretive analysis to examine regulatory changes, pros and cons of the Omnibus Law, and impacts on workers' rights
Analytical Objectives	To assess justice, legal certainty, and the level of labor rights protection under the Omnibus Law
Research Contribution	Provides critical academic insight for labor policy evaluation and strengthening worker protection in Indonesia

The urgency of this research lies in its contribution in providing a critical academic analysis of national labor policy and its implications for workers, while the implications of the research are expected to be able to become a scientific reference for policy development, strengthening labor protection, and evaluating labor regulations in Indonesia.

RESULTS AND DISCUSSION

Transforming Labor Regulation: From Protection to Economic Flexibility in the Omnibus Law

The enactment of the Omnibus Law on Job Creation was born from the government's push to simplify regulations that are considered too much, overlap, and hinder the national investment climate. Epistemologically, the Omnibus Law is interpreted as a legal regulation that unites various provisions in one legal instrument to make it more concise, efficient, and easy to implement. This idea departs from the factual problem that, over the years, Indonesia has had tens of thousands of regulations that not only have the potential to cause legal disharmony, but also slow down economic and bureaucratic processes [22]. With the concept of unifying regulations under one legal umbrella, the government hopes to create a legal system that is more responsive, adaptive, and able to become an instrument for accelerating national economic development.

However, the regulatory changes that are oriented towards simplifying investment do not only stop at the administrative aspect, but also substantially change the structure of labor protection in Indonesia. At this point, there is a paradigm shift from regulations that previously placed workers as subjects who must be given maximum protection to regulations that provide greater flexibility for business actors [23]. The government does consider that this flexibility is needed to encourage competitiveness and national economic growth, but the consequence is the emergence of a potential reduction in the standard of protection guarantees for workers. In other words, the country's economic interests go hand in hand with the risk of weakening the protection of workers' rights [24].

In the context of industrial relations, the existence of this regulatory flexibility ultimately creates a gap in bargaining positions between employers and workers. Several important provisions, such as severance provisions, outsourcing systems, minimum wage policies, and leave arrangements, have undergone changes that are considered to cause degradation compared to previous arrangements. This condition not only creates uncertainty about the future of work but also has the potential to weaken the guarantee of workers' welfare in the long term. This situation further emphasizes that the regulatory orientation is now more in favor of the interests of company efficiency than on the aspects of justice and social protection for workers [25].

On the other hand, the implementation of the Omnibus Law also has a social impact in the form of quite wide resistance in the community, especially from workers. The demonstrations and rejections that occurred in various regions showed that there was collective dissatisfaction with the change in normative rights that had previously been strongly guaranteed in Law Number 13 of 2013 concerning Manpower. This social reaction is also an indicator that the policies designed by the government to create legal efficiency and strengthen investment are not fully able to accommodate the interests of labor protection [26]. Thus, the implementation of the Omnibus Law presents a new reality in labor governance in Indonesia, where the orientation of economic effectiveness has the potential to shift the principle of labor protection towards a more flexible system, but is full of risks to job security and the sustainability of worker welfare.

Table 2. Regulatory Comparison

Aspects	Before the Omnibus Law	After the Omnibus Law	Impact on Workers
Purpose of Regulation	Protection and welfare of workers	Economic flexibility & investment	Weakened protection
Legal Basis	Law No. 13 of 2013	Job Creation Law and its derivatives	Major changes to labour rights
Paradigm	Worker protection	Efficiency and flexibility	Job uncertainty
Dominance of Interests	Employment	Economy & investment	Labor bargaining positions fall
General Impact	Stable yet rigid	Flexible yet risky	Welfare degradation

Based on the overall discussion, it can be concluded that the enactment of the Omnibus Law on Job Creation has brought significant changes to the employment landscape in Indonesia, especially in terms of labor protection [27]. The government's efforts to simplify regulations and create economic flexibility are indeed aimed at strengthening investment and legal efficiency, but at the same time, these policies have serious consequences for the stability of workers' normative rights, job security guarantees, and workers' bargaining positions in industrial relations [28].

Changes in the substance of regulations that lead to the reduction of certain rights, the weakening of job security, and the increased risk of exploitation indicate a shift in the orientation of the state from the protection of workers to more dominant economic interests.

Thus, the Omnibus Law is not only an instrument of deregulation, but also presents new challenges for the fulfillment of workers' welfare and protection in a fair manner [29].

Degradation of Workers' Normative Rights: Severance, Outsourcing, and Minimum Wage in the Omnibus Law

One of the most obvious impacts of the enactment of the Omnibus Law is the reduction of the normative standards of labor rights that were previously guaranteed by labor regulations. The change in severance provisions is a clear example, where workers who have experienced Termination of Employment (PHK) now only get severance rights for a maximum of 25 months of salary, a decrease from the previous provision, which reached 32 months. In addition, severance payments are no longer fully the responsibility of the company, but are shared with the state through a job loss guarantee scheme [30]. Morally and economically, this policy puts workers at a disadvantage because the compensation they receive is no longer intact, even though severance pay is an important protection instrument when workers lose their jobs.

In addition to the issue of severance pay, the flexibility of the outsourcing system in the Omnibus Law also has major implications for the stability of workers' work. If in the previous regulations, outsourcing was only allowed in certain sectors, now almost all fields of work can use the system. This condition makes more and more workers lose the opportunity to become permanent workers because their status is limited to a fixed-term contract (PKWT) that can be extended without the certainty of appointment. As a result, workers face career uncertainty, a lack of job sustainability guarantees, and a decline in the quality of welfare due to unstable job positions [31].

Another issue that is no less crucial is the change in policy regarding the minimum wage structure. Through the Omnibus Law, companies have loopholes to provide wages below regional minimum wage standards on the grounds of the company's economic condition or financial incapacity. Such an arrangement creates a space of income uncertainty for workers, widens the potential economic gap, and weakens the ability of workers to meet the needs of a decent life. At this point, wage policy is no longer entirely on the side of the principle of social justice, but rather puts the stability of the company as the main consideration [32].

The income uncertainty experienced by workers as a result of the wage policy often encourages them to look for other financial alternatives to meet their living needs. One of the ways that many take is through online loans that offer easy access but have high-interest risks and potential debt entanglements. This situation actually creates new socio-economic problems, because workers who are supposed to be protected by state regulations are trapped in systematic financial pressure. Thus, policies that are expected to be able to encourage welfare and economic stability actually open up opportunities for the formation of structural poverty among workers [33].

Table 3. The Impact of Normative Rights Changes

Aspects of Labor Rights	Before the Omnibus Law	After the Omnibus Law	Impact
Severance pay	Max 32 months	Max 25 months	Reduction of compensation rights
Outsourcing	Restricted to certain fields	Widely applicable	Loss of job security
Employment Status	There are fixed opportunities	Tends to long contracts	Stagnant career
Minimum Wage	Mandatory according to UMP	Can be under UMP	Income uncertainty
Bargaining Position	Relatively strong	Weakening	Increased vulnerability

These substantive changes show that the Omnibus Law tends to prioritize economic efficiency and the interests of the business world rather than the protection of labor rights as the main subject in industrial relations. This shift in orientation shows that labor protection is becoming more flexible and no longer as strong as before, so that social justice for workers has the potential to be neglected in its implementation practices [34].

Overall, it can be concluded that the enactment of the Omnibus Law on Job Creation has significantly lowered the standard of normative labor rights that were previously guaranteed by labor regulations. Policy orientations that emphasize economic flexibility and ease of investment have turned out to have serious implications in the form of a reduction in the value of severance pay, the expansion of outsourcing practices without certainty of employment status, the emergence of uncertainty in wage structure, and the weakening of the labor protection system [35]. This condition not only has an impact on the economic stability of workers, but also has the potential to create social injustice and risk to workers' welfare in the long term.

Workers' Leave and Social Security Rights in the Framework of the Omnibus Law

The right to leave, which has been part of the basic rights of workers, has also undergone significant changes due to the enactment of the Omnibus Law. If in the previous regulation the provisions regarding leave were clearly and strictly regulated, then in the latest regulation, most of the leave mechanism is left to the company's policy. This condition creates legal uncertainty because rights that should be normative turn into rights that depend on the company's internal policies, including long leave and several other types of special leave that previously had certainty of protection [36].

In particular, the right to leave for women workers has been simplified and has reduced protection. Menstrual leave, maternity leave, and leave for female workers who have suffered a miscarriage no longer have a strong guarantee in the law, because many of the provisions are returned to the company's policy. This is clearly detrimental to female workers, considering that they are in biological and social conditions that require special protection to continue to work properly without sacrificing their physical or mental health [37].

In addition, the right to regular leave, which should function as a space for physical and mental recovery for workers, has also become more limited. These restrictions have the potential to reduce workers' health conditions because they have narrower rest periods. In the long term, this situation can affect the level of work productivity, psychological stability, and the quality of workers' socio-economic welfare, which should be a concern of the state [38].

From the perspective of social protection, the lack of certainty about the right to leave is directly correlated with the weakening of the welfare guarantee system for workers. Workers who do not get adequate leave rights will be more vulnerable to experiencing excessive fatigue, prolonged stress, health problems, and a decrease in quality of life. At a certain point, this condition can be categorized as a violation of basic human rights in the world of work, because workers no longer receive proper protection according to the principles of social justice. Thus, it can be emphasized that the Omnibus Law not only has an impact on the economic aspects of workers, but also touches the realms of humanity, health, and dignity of workers. The changes that have occurred indicate a shift in policy orientation from the protection of labor rights to industrial flexibility, which ultimately has the potential to sacrifice the humanitarian dimension in labor relations [39].

Overall, it can be concluded that the erosion of leave rights and the weakening of social protection in the Omnibus Law not only have an impact on the economic aspect of workers, but also touch on a much more fundamental dimension, namely the humanity, health, and dignity of workers as individuals who have basic rights that must be protected by the state. Uncertainty over leave rights, especially for women workers and workers with special needs, indicates a shift in policy orientation from social protection to industrial flexibility that has the potential to ignore human welfare. This condition confirms that the state should not only

focus on economic growth and the investment climate, but also be obliged to ensure the protection of the normative rights of workers as part of their constitutional responsibility to realize social justice [40].

Table 4. Degradation of Workers' Leave Rights

Types of Rights	Before the Omnibus Law	After the Omnibus Law	Impact
Regular Leave	Clear and secure	More limited	Health impaired
Long Holidays	Country-regulated	Submitted company	Uncertainty of rights
Menstrual Leave	Guaranteed to be clear	Not strictly regulated	Vulnerability of female workers
Maternity Leave	Legally guaranteed	Flexible mechanism	Weakened protection
Social Security	Protection-based	Efficiency-based	High social impact

Analysis

The enactment of the Omnibus Law on Job Creation represents a significant shift in Indonesia's labor governance framework, redefining the balance between economic flexibility and worker protection. Based on the literature and policy documents analyzed, the Omnibus Law reflects a regulatory orientation that prioritizes investment facilitation and labor market efficiency, often at the expense of workers' normative rights and social security guarantees. This transformation marks a departure from the traditional protective character of Indonesian labor law toward a more market-driven regulatory model. One of the most visible implications of the Omnibus Law is the weakening of job security through the expansion of fixed-term employment contracts (PKWT) and outsourcing practices. The removal of clear limitations on the duration and type of work eligible for PKWT has increased employment uncertainty, particularly for workers in the private sector. This condition reduces workers' bargaining positions and increases their vulnerability to unilateral termination without adequate compensation. The literature consistently indicates that such flexibility benefits employers while placing workers in structurally unequal positions within industrial relations [40].

In addition, changes to severance pay regulations illustrate a clear degradation of workers' normative rights. The reduction and restructuring of severance components under the Omnibus Law significantly diminish workers' economic safety nets following termination. Although the introduction of the Job Loss Guarantee (Jaminan Kehilangan Pekerjaan) is presented as a compensatory mechanism, empirical and normative analyses suggest that it does not fully replace the protection previously provided through severance pay, especially for long-term workers and those in informal or precarious employment arrangements. Minimum wage regulation under the Omnibus Law also reflects a shift away from social justice considerations toward macroeconomic stability and investment attractiveness. The new wage-setting formula limits the role of sectoral and regional wage negotiations, thereby reducing workers' ability to advocate for wages aligned with living costs. This policy change has direct implications for workers' welfare, particularly in regions with high inflation and limited employment alternatives, where minimum wages function as a primary instrument of social protection [41].

From a legal protection perspective, the Omnibus Law raises concerns regarding the state's constitutional obligation to safeguard workers' rights. The analyzed Constitutional Court decisions highlight procedural and substantive issues in the law-making process, reinforcing arguments that labor interests were insufficiently represented. This condition strengthens the view that the Omnibus Law tends to favor capital interests over labor justice. Overall, the analysis demonstrates that the Omnibus Law has contributed to a systematic degradation of labor rights by normalizing employment flexibility while weakening

protective mechanisms. The findings underscore the urgency of reorienting labor policy toward a more balanced framework that integrates economic development with the protection of workers' dignity, welfare, and legal certainty. Without such recalibration, the long-term social costs of labor precarity may outweigh the short-term economic gains envisioned by the policy [41].

CONCLUSION

This study concludes that the enactment of the Omnibus Law on Job Creation has fundamentally reshaped Indonesia's labor governance framework, producing far-reaching consequences for the protection of workers' rights and welfare. While the law was introduced as a strategic instrument to simplify regulations, improve the investment climate, and enhance economic competitiveness, the findings demonstrate that these objectives have been pursued largely through a regulatory shift toward labor market flexibility. As a result, the protective orientation that previously characterized Indonesian labor law has been significantly weakened, particularly in relation to workers' normative rights. The analysis shows that one of the most critical impacts of the Omnibus Law lies in the reduction of severance pay and the restructuring of termination-related compensation. Severance, which previously functioned as a vital safety net for workers facing job loss, has been reduced in value and partially transferred to state-based schemes that do not fully compensate for the loss of employer responsibility. This change increases economic insecurity for workers, especially those with long years of service. Furthermore, the expansion of outsourcing practices and the prolonged use of fixed-term employment contracts have intensified job uncertainty and eroded employment stability. These arrangements weaken workers' bargaining positions and limit their ability to secure long-term welfare, career progression, and legal certainty. In addition, the reformulation of minimum wage policies under the Omnibus Law reflects a diminished emphasis on social justice and decent living standards. By prioritizing macroeconomic stability and business sustainability, the new wage framework reduces workers' negotiating power and increases the risk of income inadequacy, particularly in regions with high living costs. This wage uncertainty, combined with unstable employment status, contributes to broader socio-economic vulnerability among workers and their families. The erosion of leave rights and social protection further illustrates the humanitarian implications of the Omnibus Law. The delegation of leave arrangements to company policies, including those affecting women workers, undermines legal certainty and weakens the state's role in safeguarding basic labor rights. Such conditions not only affect physical and mental health but also compromise workers' dignity as rights-bearing individuals.

Acknowledgments

The authors would like to express their gratitude to their respective institutions, Universitas Islam Negeri Syarif Hidayatullah Jakarta and Politeknik Kepulauan Simeulue, for academic support and research facilities. Appreciation is also extended to scholars and practitioners whose works contributed valuable insights to this study on labor law and public policy.

Author's Contributions

T. Hija Gunawan conceptualized the study, developed the theoretical framework, and conducted the primary legal analysis. Irmayadi Sastra contributed to data collection, literature review, and analysis of labor welfare implications. Both authors collaboratively discussed the findings, revised the manuscript, and approved the final version.

Conflicts of Interest

The authors declare that there are no conflicts of interest regarding the publication of this article.

REFERENCES

- [1] Helmi, "Penataan Peraturan Daerah dengan Metode Omnibus Law : Urgensi dan Mekanisme," *Undang J. Huk.*, vol. 4, no. 2, pp. 441–472, 2021, <https://doi.org/10.22437/ujh.4.2.441-472>.
- [2] A. D. Prasetyo, A. R. Budiono, and S. Hadiyantina, "Politik Hukum Perubahan Norma Perizinan dan Iklim Investasi Dalam Undang-Undang Cipta Kerja Menggunakan Metode Omnibus Law," *Media Iuris Vol.*, vol. 5, no. 2, pp. 159–188, 2022, <https://doi.org/10.20473/mi.v5i2.36165>.
- [3] M. A. Florisadeg, "Peran Undang-Undang Cipta Kerja dalam Reformasi Hukum Investasi di Indonesia," vol. 2, no. 1, pp. 09–21, 2025, <https://doi.org/10.62383/hukum.v2i1.67>.
- [4] S. Oki Purnomo, "Hambatan Kebijakan Investasi Indonesia Untuk Mendorong Pertumbuhan Ekonomi Melalui Omnibus Law Obstacles Of Indonesian Investment Policy To Promote Economic Growth Through Omnibus Law," *JICN J. Intelek dan Cendekiawan Nusant.*, vol. 1, no. 2, pp. 1–8, 2024.
- [5] I. Hanifah, "Kebijakan Perlindungan Hukum Bagi Pekerja Rumah Tangga Melalui Kepastian Hukum," *Legis. Indones.*, vol. 17, no. 2, pp. 193–208, 2020, <https://doi.org/10.54629/jli.v17i2.669>.
- [6] A. Kusuisyanah, "Hubungan Industrial Pancasila Dalam Undang-Undang Cipta Kerja (Pancasila Industrial Relations in Job Creation Law)," *J. Sharia Econ. Law*, vol. 1, no. 2, pp. 42–59, 2021, <https://doi.org/10.21154/invest.v1i2.3478>.
- [7] M. Taufik *et al.*, "Kebijakan Publik dalam Perspektif Hukum: Studi Kasus Implementasi Undang-Undang Cipta Kerja dengan Metode Studi Dokumen," *J. Ilmu Huk. dan Polit.*, vol. 3, no. 1, pp. 731–749, 2025, <https://doi.org/10.51903/perkara.v3i1.2335>.
- [8] M. Kalkautsar *et al.*, "Dampak Kenaikan Upah Minimum terhadap Kesjahteraan Buruh di Sektor Industri," *J. Res. Educ. Stud.*, vol. 5, no. 2, pp. 1–10, 2025.
- [9] U. Rauta, T. S. Kurnia, F. P. R. A. de Sousa, A. de J. Soares, M. C. Kishan, and B. A. S. Jeconiah, "Justification of the Thematic Legislation in Indonesia," *J. Konstitusi*, vol. 22, no. 3, pp. 417–435, 2025, <https://doi.org/10.31078/JK2231>.
- [10] Widayati, Winanto, A. W. Laksana, M. N. Huda, and N. Fareha, "The Challenges of Using the Omnibus Law Method in Indonesia's Legal System," *Volksgesit J. Ilmu Huk. Dan Konstitusi*, vol. 8, no. 2, pp. 459–477, 2025, <https://doi.org/10.24090/volksgesit.v8i2.13382>.
- [11] K. Gupta, A. A. Patunru, and P. Gretton, "Projecting the long-run impact of an economic reform: The case of the Indonesian Omnibus Law," *Asia. Pac. Econ. Lit.*, vol. 39, no. 1, pp. 102–130, 2025, <https://doi.org/10.1111/apel.12428>.
- [12] M. Y. Agustian, J. Anwar, A. Meilansyah, Y. Sari, and M. Ajadillah, "Implementasi Omnibus Law Dalam Sistem Ketenagakerjaan Indonesia Setelah Dikeluarkannya Peraturan Pemerintah Pengganti Undang-Undang Nomor 2 Tahun 2022 Tentang Cipta Kerja," *Lex Strict. J. Ilmu Huk.*, vol. 2, no. 2, pp. 59–72, 2023, <https://doi.org/10.46839/lexstricta.v2i2.26>.
- [13] R. S. Samudera, "Implementasi Kebijakan Uu Cipta Kerja Dalam Tata Kelola Ketenagakerjaan , Lingkungan , Dan Perizinan Berusaha Berbasis Risiko Di Indonesia Pasca-Pandemi," *Dev. Policy Manag. Rev.*, vol. 5, no. 1, pp. 68–80, 2025, <https://doi.org/10.61731/dpmr.v5i1.44206>.
- [14] Naser, Haspul, MSi CHRP, and Harrys Pratama Teguh. *Dinamika Hubungan Industrial Di Era Digital: Konflik Dan Konsensus Dalam Hubungan Industrial Di Era Industri 4.0. Pohon Cahaya*, 2025.
- [15] R. Erlyani, P. Prihantono, T. Syahuri, P. Studi, and M. Hukum, "Dinamika Politik Hukum Dalam Konteks Perubahan Sosial," *Lex Sharia Pacta Sunt Ervanda*, vol. 1, no. 3, pp. 14–24, 2024.
- [16] Arifardhani, Yoyo. *Perlindungan Hukum: Hak Hidup Dan Tinggal Di Lingkungan Yang Baik Dan Sehat. Penerbit Adab*, 2024. hlm 22.
- [17] A. Suntoro, "Implementasi Pencapaian Secara Progresif Dalam Omnibus Law Cipta Kerja," *J. Ham*, vol. 12, no. 1, pp. 1–18, 2021, <https://doi.org/10.30641/ham.2021.12.1-18>.
- [18] I. Amalia, N. Isma, W. P. Ardiyanto, M. W. Aulia, D. Mawaddah, and D. Noviarani, "Analisis Putusan Mk Nomor 168/Puu-Xxi/2023: Implikasi Terhadap Perlindungan Hak Pekerja Di Indonesia," *J. Ilm. Wahana Pendidik.*, vol. 11, no. 168, pp. 139–147, 2025.
- [19] L. J. Moleong, *Metodologi penelitian kualitatif*, Edisi revi. PT Remaja Rosdakarya, 2019.
- [20] M. R. Fadli, "Memahami desain metode penelitian kualitatif," *Humanika*, vol. 21, no. 1, pp. 33–54, 2021, <https://doi.org/10.21831/hum.v21i1.38075>.
- [21] A. S. Prabowo, A. N. Triputra, Y. Junaidi, and D. E. Purwoleksono, "Politik Hukum Omnibus Law di Indonesia," *J. Pamotor*, vol. 13, no. 1, pp. 1–6, 2020, <https://doi.org/10.21107/pamator.v13i1.6923>.
- [22] *Christiawan, Rio. Omnibus Law: Teori dan Penerapannya. Bumi Aksara*, 2021.

-
- [23] Sabarudin, Didin. *Diskursus Ekonomi: Perdebatan-Pertaruhan Ideologi dan Politik dalam Ruang Publik Relasi Ekonomi-Politik-Hukum dan Opini Publik (Tinjauan Omnibus Law Cipta Kerja)*. PT. RajaGrafindo Persada-Rajawali Pers, 2024.
- [24] Sudiyana and M. Z. M. Zahir, "Comparison of Indonesian and Malaysian Investment Laws Following Omnibus Legislation," *Yustisia*, vol. 14, no. 1, pp. 1–22, 2025, <https://doi.org/10.20961/yustisia.v14i1.83707>.
- [25] R. Pajero, M. Sari, I. R. Supriyanti, A. Pratiwi, M. H. Affan, and U. P. Bangsa, "Implikasi Hukum Perburuhan Terhadap Sistem Hubungan Industrial di Perusahaan Manufaktur," *Revenue J. Lentera Bisnis Manaj.*, vol. 03, no. 02, pp. 66–71, 2025, <https://doi.org/10.59422/lbm.v3i02.795>.
- [26] Kaharuddin, D. Karunia, O. Moechthar, and A. M. F. Katherina, "Omnibus Law In The Dynamics Of Constitutional Law: A Comparative Research Of Indonesia, The United States, The Philippines, And Canada," *Adm. Environ. Law Rev.*, vol. 6, no. 1, pp. 1–22, 2025, <https://doi.org/10.25041/aclr.v6i1.4054>.
- [27] L. Djuari *et al.*, "Licensing Issues at Primary Clinics Resulting From the Omnibus Law in Indonesia: A Case Study From Surabaya City," *Int. J. Heal. Policy Manag.*, vol. 14, 2025, <https://doi.org/10.34172/ijhpm.9006>.
- [28] H. Gunawan and Syahbudin, "Legal Reconstruction of the Omnibus Law on Job Creation for Justice in Enhancing Investment and Indonesia'S Competitiveness," *J. Huk. Unissula*, vol. 41, no. 2, pp. 253–276, 2025, <https://doi.org/10.26532/jh.v41i2.44442>.
- [29] D. Kuswana, D. Sumpena, and Y. H. Hardiyan Syah, "Indonesian religious social movements: analysis and impacts," *Indones. J. Islam Muslim Soc.*, vol. 14, no. 2, pp. 351–380, 2024, <https://doi.org/10.18326/ijims.v14i2.351-380>.
- [30] Ma'rifah, Nur, and Umu Habibah. 'Implikasi Hukum Omnibus Law Terhadap Ketenagakerjaan di Indonesia.' *Jejak digital: Jurnal Ilmiah Multidisiplin* 1.3 (2025): 557-566.
- [31] Milinum, Sela Nopela. 'Problematika Fleksibilitas Outsourcing (Alih Daya) Pasca-Undang-Undang Nomor 11 Tahun 2020 tentang Cipta Kerja Klaster Ketenagakerjaan.' *Jurnal Hukum Lex Generalis* 3.5 (2022): 412-432, <https://doi.org/10.56370/jhlg.v3i5.119>.
- [32] Kusumaningtyas, Reza Octavia. 'Sosialisasi Hak Pekerja dalam Kebijakan Ketenagakerjaan Pasca Putusan Mahkamah Konstitusi Nomor 168/PUU-XXI/2023 di Dinas Ketenagakerjaan Kota Surakarta.' *Masyarakat Berdaya dan Inovasi* 6.1 (2025): 12-23.
- [33] Z. A. Mochtar, Y. Arizona, F. Rahman, U. Mubdi, G. E. Ruhpinesthi, and M. A. Wafi, "From Meaningful to Meaningless Participation: The Tragedy of Indonesia's Omnibus Law on Job Creation," *J. Media Huk.*, vol. 31, no. 2, pp. 351–370, 2024, <https://doi.org/10.18196/jmh.v31i2.23557>.
- [34] W. Situmorang, F. R. Mella Ismelina, and Rasji, "Rupture in the Legal Hierarchy: Normative Conflicts and the Subversion of Agrarian Principles in Indonesia's Omnibus Law," *Indones. Law Rev.*, vol. 14, no. 4, pp. 89–102, 2024, <https://doi.org/10.15742/ilrev.v14n4.6>.
- [35] M. Jufri, P. A. Aidonojie, A. A. Fahmi, L. Asyiqoh, and O. O. Ikubanni, "Standardisation of the Legislation as a Follow-Up to the Constitutional Court's Decision on Judicial Review of Omnibus Law," *J. Konstitusi*, vol. 21, no. 3, pp. 366–391, 2024, <https://doi.org/10.31078/jk2132>.
- [36] Hidayati, Laila Nurul, et al. 'Perlindungan Hukum Pekerja Kontrak Dalam Perspektif Undang-Undang Nomor 13 Tahun 2003 Dan Undang-Undang Omnibus Law.' *Al-Zayn: Jurnal Ilmu Sosial & Hukum* 3.3 (2025): 1934-1945.
- [37] Adityarani, Nadhira Wahyu. 'Hak Cuti Melahirkan Bagi Pekerja Perempuan Sebagai Penerapan Hukum Hak Asasi Manusia Dan Perlindungan Hukum Bagi Perempuan Di Indonesia.' *Jurnal fundamental justice* (2020): 28-45, <https://doi.org/10.30812/fundamental.v1i1.631>.
- [38] Rubianti, Vaganti Safa Sukma. "Tinjauan Undang-Undang Ketenagakerjaan dan Hak Asasi Manusia Terhadap Pelanggaran Hak Istimewa Buruh Perempuan PT Aice." *Media Hukum Indonesia (MHI)* 2.2 (2024): 310-320.
- [39] A. Kususiyanah, M. C. Huda, J. Sriwidodo, and A. S. Baharuddin, "Trends and Landscape of Omnibus Law Research: A Bibliometric Analysis," *Volksgeist J. Ilmu Huk. Dan Konstitusi*, vol. 7, no. 2, pp. 219–243, 2024, <https://doi.org/10.24090/volksgeist.v7i2.9633>.
- [40] A. Sanders, J. Khatarina, R. Assegaf, T. Toumbourou, H. Kurniasih, and R. Suwarso, "The Omnibus Law on Job Creation and its potential implications for rural youth and future farming in Indonesia," *Asia Pac. Viewp.*, vol. 65, no. 2, pp. 248–262, 2024, <https://doi.org/10.1111/apv.12408>.
- [41] S. Purwanda, W. Wiwin, J. Pransisto, and A. Musran, "Testing the Omnibus Law Concept in Legal Theory: Evaluating Its Effectiveness As a Tool for Social Engineering," *Indones. Priv. Law Rev.*, vol. 5, no. 1, pp. 11–22, 2024, <https://doi.org/10.25041/iplr.v5i1.3370>.
-