

Precarious Work and Legal Protection: Insights into the Implementation of Labor Standards

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ABSTRACT

The development of industrial relations in Indonesia demonstrates a structural shift toward the dominance of informal and precarious employment, characterized by fixed-term employment contracts (*Perjanjian Kerja Waktu Tertentu/PKWT*) and outsourcing arrangements that often weaken legal protection and social security coverage. This study examines the gap between normative labor regulations and the practical implementation of legal protection for precarious workers in Indonesia. Rather than employing an empirical field-based method, the research adopts a qualitative socio-legal doctrinal approach, analyzing primary legal materials, including Law No. 13 of 2003 on Manpower, Law No. 11 of 2020 on Job Creation and its implementing regulations, Constitutional Court decisions, and relevant ministerial regulations as well as secondary legal literature and policy documents. The unit of analysis focuses on the regulation and governance of fixed-term contracts and outsourcing arrangements in the post-Job Creation reform period. The findings reveal three central themes. First, regulatory reforms aimed at increasing labor market flexibility have expanded the scope of fixed-term and outsourced work, thereby intensifying employment insecurity and blurring employment status. Second, although labor standards are formally regulated, substantive protection remains limited due to ambiguities in employment classification and weak enforcement mechanisms. Third, institutional constraints in labor inspection and dispute resolution mechanisms contribute to a predominantly reactive and fragmented enforcement pattern. These dynamics reflect structurally unequal industrial relations, where workers' bargaining power remains limited and access to effective remedies is uneven. The study concludes that legal protection for precarious workers in Indonesia remains structurally constrained despite formal regulatory guarantees. To enhance effectiveness, the paper recommends strengthening labor inspection institutions, clarifying the legal boundaries of fixed-term and outsourcing arrangements, expanding access to legal aid and collective representation, and rebalancing labor policy to ensure that flexibility does not undermine fundamental labor rights.

Keywords: Precarious Work, Legal Protection, Labor Standards.

ABSTRAK

Perkembangan hubungan industrial di Indonesia menunjukkan pergeseran struktural menuju dominasi pekerjaan informal dan kerja prekariat, yang ditandai dengan meluasnya penggunaan Perjanjian Kerja Waktu Tertentu (PKWT) dan sistem alih daya (*outsourcing*) yang kerap melemahkan perlindungan hukum serta jaminan sosial pekerja. Penelitian ini mengkaji kesenjangan antara norma hukum ketenagakerjaan dan praktik implementasi perlindungan hukum bagi pekerja prekariat di Indonesia. Penelitian ini tidak menggunakan metode empiris berbasis lapangan, melainkan mengadopsi pendekatan sosio-legal doktrinal secara kualitatif melalui analisis terhadap bahan hukum primer, meliputi Undang-Undang Nomor 13 Tahun 2003 tentang Ketenagakerjaan, Undang-Undang Nomor 11 Tahun 2020 tentang Cipta Kerja beserta peraturan pelaksanaannya, putusan Mahkamah Konstitusi, serta peraturan menteri terkait, dan bahan hukum sekunder berupa literatur akademik serta dokumen kebijakan. Unit analisis difokuskan pada pengaturan dan tata kelola PKWT dan alih daya pada periode pascareformasi Cipta Kerja. Hasil penelitian menunjukkan tiga temuan utama. Pertama, reformasi regulasi yang bertujuan meningkatkan fleksibilitas pasar kerja justru memperluas praktik kerja kontrak dan alih daya sehingga meningkatkan ketidakpastian hubungan kerja dan mengaburkan status ketenagakerjaan. Kedua, meskipun standar ketenagakerjaan telah diatur secara normatif, perlindungan substantif masih terbatas akibat ambiguitas klasifikasi hubungan kerja dan lemahnya mekanisme penegakan hukum. Ketiga, keterbatasan kapasitas

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institusional dalam pengawasan ketenagakerjaan dan mekanisme penyelesaian perselisihan hubungan industrial menyebabkan pola penegakan hukum yang cenderung reaktif dan terfragmentasi. Kondisi tersebut mencerminkan relasi industrial yang tidak seimbang, di mana posisi tawar pekerja relatif lemah dan akses terhadap pemulihan hak belum merata. Penelitian ini menyimpulkan bahwa perlindungan hukum bagi pekerja prekariat di Indonesia masih menghadapi kendala struktural meskipun telah terdapat jaminan normatif dalam peraturan perundang-undangan. Untuk meningkatkan efektivitas perlindungan, diperlukan penguatan kelembagaan pengawasan ketenagakerjaan, penegasan batasan hukum PKWT dan alih daya, perluasan akses bantuan hukum serta representasi kolektif, dan penataan kembali kebijakan ketenagakerjaan agar fleksibilitas pasar kerja tidak mengorbankan hak-hak dasar pekerja.

Kata Kunci: Pekerjaan Rentan, Perlindungan Hukum, Standar Ketenagakerjaan.

INTRODUCTION

Developments in industrial relations in Indonesia demonstrate significant structural changes in the national labor market. In recent years, employment patterns have increasingly shifted from stable, long-term formal employment toward more flexible and insecure forms of work. Labor census data indicates that approximately 59.4% of the national workforce is engaged in the informal sector (Fairwork Indonesia, 2025), reflecting the continued dominance of vulnerable employment arrangements within Indonesia's economic structure. However, while informal work and precarious work often overlap, they are not conceptually identical. Informal work refers primarily to employment outside formal regulatory and social protection frameworks, whereas precarious work encompasses employment relationships, both formal and informal, characterized by insecurity, limited social protection, uncertain duration, and weak bargaining power.

In the context of Indonesian labor law, this article operationally defines precarious work as employment arrangements that are legally permitted but structurally insecure, particularly fixed-term employment contracts (*Perjanjian Kerja Waktu Tertentu*/PKWT) and outsourcing schemes, as regulated under the Manpower Law and its amendments through the Job Creation Law. Although PKWT and outsourcing are formally recognized legal mechanisms, their widespread use has contributed to employment instability, blurred employment status, and limited access to substantive labor protection. Thus, precarious work in Indonesia is not limited to informal employment but also includes formally regulated contractual arrangements that generate structural vulnerability.

Empirical studies confirm the growing prevalence of such arrangements across sectors. Damanik et al. (2024) note that fixed-term and outsourced workers are increasingly dominant in manufacturing, services, and trade. These workers frequently encounter repeated contract renewals, unclear career pathways, and restricted access to social security schemes. Sudiarawan et al. (2023) further observe that PKWT is often extended beyond its intended temporary nature, raising questions regarding compliance with statutory limitations. Meanwhile, Kamal (2020) highlights gaps in the implementation of labor standards, including inconsistent compliance with minimum wage provisions, incomplete social security registration, and disputes regarding severance entitlements. These findings indicate that the problem is not solely regulatory design, but also the implementation of labor standards in practice, particularly regarding PKWT compliance, social security coverage, and enforcement capacity.

The expansion of flexible employment arrangements has intensified structural inequalities within the labor market. Utomo & Sugiharti (2022) demonstrate that young workers, low-skilled workers, and workers in certain sectors are disproportionately represented in precarious employment. This trend reinforces unequal bargaining power and limits workers' access to effective remedies. Although labor

regulations formally guarantee minimum standards, such protections are often premised on clear and stable employment relationships, leaving contract-based and outsourced workers in a legally ambiguous position (Palmer, 2024).

Regulatory reforms, especially those introduced through the Job Creation Law, have emphasized labor market flexibility as a strategy to enhance investment and economic growth. However, several scholars argue that these reforms have broadened the permissible scope of fixed-term contracts and outsourcing, potentially increasing employment insecurity (Yasih, 2023). Febrianti et al. (2023) note that outsourcing practices are frequently associated with disputes concerning employment status, termination, and access to social protection. These developments raise critical questions regarding whether existing labor law frameworks effectively protect workers in increasingly flexible employment arrangements.

Despite growing literature on labor flexibility and precarious employment in Indonesia, there remains a significant research gap. Previous studies have largely focused either on macro-level labor market trends or on normative analyses of statutory reforms, without systematically examining the gap between formal legal norms and their practical implementation in protecting precarious workers. In particular, limited attention has been given to how PKWT and outsourcing regulations function in practice as mechanisms of protection or conversely, as sources of structural vulnerability within Indonesia's industrial relations system.

This article therefore seeks to address the following research question: To what extent do Indonesian labor regulations governing fixed-term contracts and outsourcing provide effective legal protection for precarious workers, and how does the implementation of these norms shape the actual protection experienced by workers? By employing a socio-legal analytical framework, this study contributes to the literature by bridging doctrinal analysis of labor law with an examination of its institutional implementation, thereby explaining the structural gap between normative guarantees and practical protection for precarious workers in Indonesia.

LITERATURE REVIEW

Precarious Work

Precarious work in the global literature refers to employment characterized by instability, insecurity, limited social protection, and weak bargaining power (Shin et al., 2023; Boeri & Cahuc, 2023). It is not merely defined by temporary contracts, but by structural uncertainty in employment continuity and income sustainability. Precarity arises when workers lack predictability regarding contract duration, income stability, and access to institutional protection mechanisms. As Schweyher (2023) and Señoret et al. (2022) emphasize, precarious employment is closely linked to long-term economic vulnerability and diminished well-being.

A central feature of precarious work is asymmetric power relations between employers and workers. Labor market surplus and the ease of worker replacement reduce bargaining capacity, limiting workers' ability to negotiate wages, working hours, and employment security (Keizer et al., 2024). Flexibility for employers often translates into insecurity for workers (Sharma & Sharma, 2025). In this sense, precarious work reflects not only contractual form but also structural inequality embedded in labor market governance.

While these conceptualizations emerge largely from European and global labor market transformations, their relevance to Indonesia must be analytically situated within the national labor law

framework. In the Indonesian context, precarious work cannot be equated simply with informal work. Informal employment refers to work outside formal regulatory systems, whereas precarious work may exist within formally regulated arrangements that nonetheless produce insecurity. Fixed-Term Employment Agreements (PKWT), outsourcing schemes, freelance arrangements, and certain platform-based work models are legally recognized under Indonesian law but may generate conditions of employment instability.

Under Law Number 13 of 2003 concerning Manpower and its amendments through Law Number 11 of 2020 on Job Creation, PKWT and outsourcing are formally permitted as instruments of labor flexibility. However, regulatory reforms expanding the scope and duration of fixed-term contracts have raised concerns about the institutionalization of employment insecurity. The global literature views temporary contracts as one dimension of precarity (Zhang et al., 2022; Doshi et al., 2025); in Indonesia, this dimension interacts directly with statutory design. Thus, precarious work in Indonesia must be understood as a legally mediated phenomenon: insecurity is not merely market-driven but is shaped by regulatory choices that recalibrate the balance between flexibility and protection.

This raises a crucial socio-legal issue: the distinction between *law on the books* and *law in action*. Although Indonesian labor law formally regulates contractual limits, social security obligations, and termination procedures, the actual experience of workers may diverge from normative guarantees. The concept of precarious work therefore provides an analytical lens to examine whether labor law reforms mitigate or instead reproduce structural vulnerability.

Labor Standards

Labor standards, in legal analysis, refer to minimum normative protections governing wages, working hours, employment security, occupational safety, and social protection. These standards function as institutional safeguards designed to correct inherent power imbalances in employment relationships. In Indonesia, labor standards are primarily regulated under Law Number 13 of 2003 and subsequent amendments introduced by the Job Creation Law

Normatively, Indonesian labor law establishes several core standards: non-discrimination (Articles 5–6), competency development rights (Articles 11–12), regulation of working hours and overtime compensation (Articles 77–79), and protection against unlawful termination (Articles 153–154). These provisions reflect a protective model of labor law aimed at ensuring worker welfare and social justice. In theory, such standards should prevent the emergence of exploitative or insecure employment arrangements

However, the effectiveness of labor standards depends not only on statutory formulation but also on enforcement capacity and institutional implementation. Regulatory enforcement theory highlights that compliance is shaped by monitoring systems, sanction mechanisms, and institutional resources. In contexts where labor inspection capacity is limited or dispute resolution mechanisms are inaccessible, formal standards may not translate into substantive protection.

The expansion of PKWT and outsourcing arrangements presents a direct test of the resilience of labor standards. For example, while minimum wage regulations formally apply to all workers, precarious workers may face practical obstacles in claiming entitlements due to fear of non-renewal. Similarly, although social security participation is mandatory, enforcement gaps may lead to incomplete coverage for contract-based or outsourced workers. In this sense, labor standards exist normatively but may be diluted in practice when employment status becomes fragmented or temporally limited.

The Job Creation Law further intensified debates on the recalibration of labor standards. By modifying restrictions on contract duration and outsourcing arrangements, the reform emphasized labor market flexibility as an economic development strategy. From a socio-legal perspective, this shift reflects a transformation in regulatory philosophy from protective labor law toward flexibility-oriented governance. The critical question is whether such flexibility undermines the protective function of labor standards, particularly for workers in insecure employment relationships.

The table summarizing key provisions of Law Number 13 of 2003 demonstrates that Indonesian labor law formally embeds equality, competency development, regulated working hours, and protection against arbitrary termination. Yet, for precarious workers, the effectiveness of these provisions depends on clear employment classification and enforceable rights. When employment relationships are repeatedly renewed under fixed-term arrangements or structured through third-party outsourcing, the application of these standards may become ambiguous or weakened. Thus, the gap between normative guarantees and practical enforcement becomes central to understanding labor protection in Indonesia.

This literature review identifies three interconnected concepts: precarious work, labor standards, and legal protection. Precarious work describes employment arrangements characterized by insecurity and power asymmetry. Labor standards represent the normative legal instruments designed to correct such asymmetry and guarantee minimum protections. Legal protection, in turn, refers to the effectiveness of these standards in practice, shaped by enforcement mechanisms, institutional capacity, and regulatory design. By integrating global theories of precarious employment with Indonesia's statutory framework, this article positions precarious work not merely as a labor market outcome but as a legally structured condition influenced by regulatory reforms and enforcement practices. Through a socio-legal approach, the study examines the gap between law on paper and law in action in the governance of PKWT and outsourcing arrangements. This framework provides the analytical basis for assessing whether Indonesian labor law effectively protects precarious workers or whether regulatory flexibility has produced structurally embedded insecurity within the industrial relations system.

RESEARCH METHOD

This study adopts a qualitative socio-legal research design. Rather than treating labor law solely as a normative textual system, the research positions law as a social and institutional practice shaped by regulatory design, enforcement mechanisms, and labor market dynamics in Indonesia. Although this study does not collect primary field data (such as interviews or surveys), its empirical character lies in the systematic analysis of documented labor practices, case reports, judicial decisions, government reports, and empirical socio-legal scholarship concerning precarious work and labor standards implementation in Indonesia.

The research relies on two categories of legal materials. First, primary legal materials consist of statutory regulations governing employment relations, including Law Number 13 of 2003 concerning Manpower, Law Number 11 of 2020 concerning Job Creation, their implementing government regulations, relevant ministerial regulations, and selected Constitutional Court decisions related to fixed-term contracts (PKWT), outsourcing, termination, and labor protection. These materials were selected because they form the core regulatory framework shaping employment security and labor standards in Indonesia, particularly in the post-Job Creation reform period. Second, secondary legal materials include peer-reviewed journal articles, empirical research reports, policy papers, institutional publications (such as labor inspection reports), and documented case analyses published between 2015 and 2025. This time span was chosen to capture developments before and after the enactment of the Job Creation Law,

enabling a comparative understanding of regulatory transformation and its implications for precarious employment. The selection criteria for secondary sources were: (1) relevance to precarious work, PKWT, outsourcing, or labor standards implementation; (2) empirical or socio-legal orientation; and (3) focus on the Indonesian labor context.

Data were analyzed using a combination of doctrinal-interpretative analysis and thematic socio-legal analysis. The doctrinal analysis was employed to interpret statutory provisions governing labor standards and employment security, identifying normative guarantees embedded in the legal framework. The thematic socio-legal analysis was used to categorize recurring patterns in documented labor practices, such as issues of contract renewal, social security compliance, termination practices, and enforcement capacity, and to examine discrepancies between legal norms (law on the books) and their implementation (law in action). Through this analytical framework, the study systematically identifies the structural gap between normative labor standards and the practical protection experienced by precarious workers. By integrating doctrinal interpretation with empirical socio-legal literature, this method enables an examination of how regulatory flexibility, institutional enforcement capacity, and power asymmetry shape the effectiveness of legal protection in Indonesia's industrial relations system.

RESULTS AND DISCUSSION

Dynamics of Precarious Employment in the Indonesian Labor Market

In recent years, the structure of the Indonesian labor market has shifted significantly from relatively stable, long-term employment relationships toward more flexible and uncertain forms of work. This transformation reflects not only market pressures but also regulatory restructuring, particularly following reforms introduced through the Job Creation Law. The reform relaxed restrictions on fixed-term employment agreements (PKWT), expanded the scope of outsourcing, and simplified aspects of termination procedures. As a result, labor market flexibility has become more deeply institutionalized within the legal framework, reshaping the architecture of employment relations in Indonesia.

The increasing use of PKWT and outsourcing, as noted by Izzati (2021), illustrates how traditional permanent employment patterns are gradually replaced by mechanisms more vulnerable to uncertainty. Suyoko and Az (2021) further demonstrate that these two employment forms have become central components of Indonesia's flexible labor market, driven by efficiency demands and competitive pressures. However, their expansion cannot be understood solely as a neutral response to economic globalization. Rather, it reflects a regulatory orientation that prioritizes adaptability and business competitiveness. In this sense, flexibility appears less as an unintended consequence of deregulation and more as a policy choice embedded within labor reform.

At the same time, weak enforcement capacity amplifies the effects of regulatory flexibility. When expanded contractual freedom is not matched by effective supervision and sanction mechanisms, precarious employment becomes structurally entrenched. This interaction between regulatory design and limited institutional enforcement produces what may be conceptualized as regulatory precarity, a condition in which legal frameworks indirectly facilitate employment insecurity. From the perspective of labor market dualism, the growing reliance on PKWT and outsourcing reinforces segmentation between core workers in stable employment and peripheral workers in temporary or outsourced positions. PKWT arrangements, often short-term and repeatedly renewed without guaranteeing permanent status, place workers in structurally unstable positions. Outsourcing further fragments employment responsibility, shifting formal accountability to labor service providers and potentially weakening workers' bargaining

power and access to protections (Suyoko & Az, 2021). This segmentation institutionalizes differentiated levels of security within the same labor market.

The implications for workers are substantial. Recurrent contract uncertainty and fluid employment status generate prolonged economic insecurity and limited access to social protection. As Baskoro et al. (2024) show, many workers, particularly young individuals and those with limited skills or experience, accept temporary or outsourced work as a survival strategy amid restricted access to decent permanent employment. Such acceptance, however, reflects constrained choices within a segmented labor structure rather than genuine bargaining equality. Beyond economic consequences, employment insecurity also affects workers' broader social well-being. As Izzati (2021) suggests, unstable employment arrangements undermine workers' capacity to plan for long-term family obligations and access essential welfare protections. Moreover, precarious workers often have weaker access to collective representation mechanisms, further reinforcing power asymmetries within industrial relations.

The dynamics of precarious employment in Indonesia reveal that labor market flexibility is neither purely accidental nor solely the result of weak enforcement. Instead, it is structurally produced through the interaction between regulatory reform, institutional limitations, and unequal power relations. By linking empirical findings Izzati (2021), Suyoko & Az (2021), and Baskoro et al. (2024) to the concepts of labor market dualism and regulatory precarity, this study demonstrates that precarious work in Indonesia is embedded within the evolving configuration of labor law itself, rather than existing merely as a temporary or peripheral labor market phenomenon.

Labor Standards and Their Practical Application

The application of labor standards in Indonesia reveals a persistent gap between normative guarantees and practical implementation, particularly within precarious employment relationships. Formally, labor laws mandate the fulfillment of minimum wages, regulated working hours, social security participation, and occupational safety protections. However, empirical evidence indicates that these standards are unevenly realized in everyday industrial relations, especially for workers under fixed-term contracts and outsourcing schemes (Japar et al., 2025). This discrepancy reflects a classic socio-legal distinction between law on the books and law in action, where formal legal norms exist but are mediated by institutional, economic, and power structures that shape their practical enforcement.

The persistence of this gap is not merely the result of isolated employer non-compliance. Rather, it is sustained by structural mechanisms within the labor governance system. First, weak enforcement capacity limits the effectiveness of supervision. Labor inspectorates often face resource constraints, limited personnel, and uneven regional coverage, reducing the probability of consistent monitoring and sanctioning. In such conditions, compliance tends to be minimal and strategic rather than substantive. Employers may formally adhere to core obligations while informally limiting broader protections, particularly for non-permanent workers.

Second, structural dependency of workers contributes significantly to the endurance of partial compliance. Precarious workers, whose employment continuity depends on contract renewal or third-party labor providers, often refrain from asserting their rights due to fear of termination. As Hasna (2021) demonstrates, outsourced and short-term contract workers are frequently excluded from full participation in the national social security system, despite clear statutory obligations. This exclusion persists because workers' vulnerable status reduces their bargaining power and willingness to challenge non-compliance. Thus, the gap between normative entitlement and practical realization is reinforced by asymmetric power relations within employment relationships.

Third, patterns resembling regulatory capture may also shape implementation outcomes. In contexts where local economic growth and investment attraction are prioritized, enforcement authorities may adopt a more accommodative stance toward business actors. This dynamic can dilute the deterrent function of labor regulation, especially in sectors heavily reliant on flexible labor arrangements. Consequently, deviations from formal standards, such as underpayment of wages, excessive working hours, or restricted leave entitlements, become normalized practices rather than exceptional violations.

Variation across sectors and regions further illustrates how institutional capacity mediates the realization of labor standards. Compliance levels differ between large corporations and micro, small, and medium enterprises (MSMEs), as well as between formal industries and informal service sectors. In MSMEs, for example, enforcement of minimum wage standards remains particularly challenging, resulting in instances of substandard wage payments despite formal legal guarantees (Purba et al., 2025). Ahmad et al. (2025) similarly highlight how regional disparities in oversight capacity influence the consistency of labor law implementation. These findings suggest that the effectiveness of labor standards depends not solely on statutory clarity but on the institutional environment in which they operate.

Conceptually, this analysis demonstrates that the persistence of the gap between normative regulation and empirical practice is structurally embedded within Indonesia's labor system. The existence of comprehensive legal norms does not automatically ensure substantive protection when enforcement capacity is weak, workers are structurally dependent, and economic pressures incentivize minimal compliance. Therefore, the issue is not simply one of regulatory deficiency but of governance architecture. Labor standards function within a complex matrix of institutional capacity, economic priorities, and power asymmetries, which collectively determine whether legal protection remains symbolic or becomes materially effective for precarious workers.

Power Relations in Precarious Employment

Power relations in precarious employment relationships in Indonesia reveal a structurally unequal distribution of authority between workers and employers. The expansion of fixed-term contracts (PKWT) and outsourcing arrangements has intensified conditions in which workers' bargaining capacity is systematically weakened. This dynamic can be understood through the framework of asymmetric bargaining power, where employers possess greater structural leverage due to their control over hiring, contract renewal, and termination decisions, while workers face economic dependency and limited alternative employment opportunities.

Precarious work, therefore, is not merely a byproduct of labor market flexibility but a manifestation of structural inequality embedded within industrial relations. In temporary and outsourced employment systems, employers retain the ability to reorganize work arrangements in response to market demands, often without meaningful negotiation with workers. The short-term and renewable nature of PKWT contracts functions as a disciplinary mechanism: the uncertainty of renewal constrains workers' willingness to assert rights or challenge unfavorable conditions. As Kunarti et al. (2024) observe, outsourcing arrangements further complicate accountability structures, as workers are formally employed by labor service providers while operational control rests with user companies. This fragmented responsibility weakens workers' capacity to claim substantive protection and reinforces employer dominance.

From the perspective of labor commodification, precarious employment reflects a shift in which labor is treated primarily as an adjustable production input rather than as a social relationship warranting long-term protection. Flexible contracts reduce employment to transactional exchanges of short duration,

minimizing employers' obligations for stability and social security. In this commodified framework, risk is redistributed downward to workers, who must absorb uncertainty as part of maintaining employability.

Workers' adaptive strategies further illustrate the effects of asymmetric power relations. Many precarious workers accept repeated contract renewals under less-than-ideal conditions or move between temporary positions to secure short-term income. These strategies do not necessarily indicate consent or satisfaction but rather constrained agency within structurally unequal labor markets. Economic necessity and limited employment alternatives reduce workers' ability to reject unfavorable arrangements, reinforcing dependency.

Power asymmetry also directly influences compliance with labor standards. Employers in dominant positions may interpret or implement statutory obligations in ways that prioritize operational efficiency, resulting in minimal or formalistic compliance. Enforcement of standards concerning wages, working hours, and social security frequently depends on external intervention from labor inspectorates or trade unions rather than emerging organically from balanced negotiation. Consequently, legal protection becomes contingent upon power configurations rather than guaranteed by normative entitlement alone.

This analysis demonstrates that precarious employment in Indonesia is structurally produced through the interaction between regulatory flexibility and unequal power distribution. Flexibility does not operate in a neutral economic vacuum; it is embedded within industrial relations characterized by asymmetrical authority and dependency. By situating precarious work within the frameworks of asymmetric bargaining power, structural inequality, and labor commodification, this study contributes to socio-legal and labor law scholarship by emphasizing that employment insecurity is not solely an economic phenomenon but a legally mediated outcome of power imbalance. Effective legal protection, therefore, requires not only normative reform but also structural recalibration of power within industrial relations.

Institutional Challenges in the Enforcement of Labor Law

The enforcement of labor law in Indonesia faces substantial institutional constraints that directly affect the effectiveness of worker protection. Although labor regulations provide a comprehensive normative framework governing wages, working hours, occupational safety, and social security, their practical enforcement remains uneven. The limited number of labor inspectors compared to the scale of enterprises and workers under supervision significantly reduces the capacity for systematic monitoring. As Nasution et al. (2024) demonstrate, the ratio of labor inspectors to workers in Indonesia remains far below international standards, resulting in low inspection coverage and limited deterrence.

From the perspective of institutional capacity theory, the effectiveness of regulation depends on adequate human resources, administrative coherence, and enforcement infrastructure. In Indonesia, deficits in these areas weaken the state's ability to translate formal norms into concrete compliance. When inspection systems lack sufficient personnel, technical expertise, and logistical support, enforcement becomes reactive rather than preventive. Consequently, violations of minimum wage standards, working hour limits, and occupational safety obligations often remain undetected or are addressed only after significant harm has occurred.

These weaknesses can also be analyzed through regulatory enforcement theory, which posits that compliance is influenced by the perceived probability of detection and sanction. Where inspection frequency is low and sanctions are inconsistently applied, employers may rationally calculate that partial or minimal compliance is economically preferable to full adherence. In such conditions, legal norms retain

symbolic authority but lose coercive effectiveness. The persistence of violations therefore reflects not merely individual employer misconduct, but structural limitations in enforcement credibility.

Administrative and structural barriers further complicate implementation. Indonesia's decentralized governance system distributes labor oversight responsibilities across provincial and district levels, often resulting in fragmented coordination and uneven policy execution. Regions with stronger administrative capacity tend to demonstrate higher compliance levels, while those with limited resources struggle to enforce labor standards effectively. Budgetary limitations, bureaucratic complexity, and procedural delays reduce the responsiveness of enforcement institutions. This variation illustrates that enforcement effectiveness depends heavily on institutional strength rather than solely on regulatory clarity.

Institutional responses to violations also reveal structural constraints. As Landau et al. (2023) note, enforcement actions frequently rely on mediation or administrative warnings rather than robust sanctions capable of generating deterrence. The procedural complexity of dispute resolution, from inspection to potential litigation in industrial relations courts, can delay remedies and increase economic burdens on workers. For precarious workers, whose employment continuity is uncertain, lengthy legal processes may discourage formal claims, thereby reinforcing patterns of under-enforcement.

The role of non-state actors, such as trade unions and civil society organizations, adds another dimension to enforcement dynamics. Solihah & Fatriani (2025) highlight that union advocacy can strengthen pressure on enforcement agencies; however, union density and organizational capacity remain uneven. This demonstrates that enforcement outcomes are influenced not only by state institutions but also by broader political economy conditions, including labor market fragmentation and limited collective representation.

The primary challenge does not appear to lie in regulatory design alone, as Indonesian labor law formally articulates comprehensive standards. Rather, the central weakness emerges from enforcement capacity constraints and political economy pressures that prioritize economic flexibility and investment climate considerations over strict compliance. The interaction between flexible regulatory orientation and limited institutional capacity produces a governance gap in which legal protections are formally available but substantively fragile. By situating these findings within institutional capacity theory and regulatory enforcement theory, this analysis underscores that effective legal protection requires more than normative refinement. It depends on credible enforcement mechanisms, coordinated institutional structures, and political commitment to prioritizing worker protection within the broader framework of labor market governance.

Legal Protection and the Reality of Workers' Rights

The reality of legal protection for workers in precarious employment relationships in Indonesia reveals a persistent gap between normative guarantees and practical realization. Formally, Indonesian labor law stipulates a range of fundamental rights applicable to all workers, including those engaged in fixed-term and freelance arrangements (Novianto, 2025). However, access to effective legal protection mechanisms remains limited. Many workers lack awareness of available legal remedies, and those who attempt to pursue claims often encounter lengthy procedures, administrative complexity, and financial barriers. As a result, formally guaranteed protections frequently fail to translate into substantive restoration of rights, particularly for precarious workers who already occupy structurally vulnerable positions.

Empirical evidence further illustrates recurring patterns of partial or inconsistent rights fulfillment. Silitonga et al. (2025) identify structural weaknesses in the regulation of contract renewal and oversight of social rights, resulting in uncertainty for contract workers and limited access to employment-related social security schemes such as BPJS Ketenagakerjaan. These findings indicate that, although labor law provides a protective framework, implementation gaps persist in ways that disproportionately affect non-permanent workers. Rights to stable employment continuity, comprehensive social protection, and fair dispute resolution are often diluted in practice.

The consequences of weak legal protection extend beyond immediate contractual insecurity. When fundamental rights, such as adequate wages, occupational safety, and social security, are not effectively enforced, workers face long-term economic and psychological strain (Schulte et al., 2022). Persistent uncertainty undermines their capacity to plan for the future, support family obligations, or achieve sustainable livelihood stability. This demonstrates that ineffective legal protection not only affects formal compliance but also shapes broader dimensions of social well-being and employment sustainability.

Moreover, the discrepancy between detailed regulatory provisions and inconsistent implementation highlights the socio-legal distinction between formal legality and practical enforcement. Although labor regulations articulate protective principles against exploitation, enforcement deficits, limited legal literacy among workers, and procedural barriers weaken their material impact (Ferrera et al., 2023). Thus, the problem does not lie solely in normative insufficiency but in the structural conditions mediating enforcement.

When situated within the broader findings of this study, the weakness of legal protection emerges as structurally produced rather than merely the result of isolated implementation failures. The expansion of flexible labor regulation has facilitated widespread reliance on temporary and outsourced employment; labor standards are unevenly applied due to enforcement limitations; power asymmetries constrain workers' bargaining capacity; and institutional weaknesses undermine consistent oversight. Together, these elements create a systemic configuration in which legal precarity becomes embedded within employment governance.

This study therefore contributes to socio-legal and labor law scholarship by demonstrating that legal precarity in Indonesia is generated through the interaction between flexible regulatory design, weak enforcement institutions, and asymmetric power relations. Ineffective legal protection is not simply a matter of administrative inefficiency, but a structurally conditioned outcome of labor market governance. Strengthening workers' rights, consequently, requires not only regulatory refinement but also institutional reinforcement and recalibration of power relations within industrial relations to ensure that legal protection operates substantively rather than symbolically.

CONCLUSION

This study demonstrates that precarious work in Indonesia reflects structurally unequal industrial relations marked by asymmetric bargaining power, limited substantive protection, and weak institutional enforcement. Although labor law formally guarantees minimum standards and protection against unfair termination, their implementation in the context of fixed-term contracts and outsourcing remains fragmented and often reactive. As a result, a significant gap persists between normative guarantees and the actual protection experienced by precarious workers.

This research contributes to socio-legal and labor law scholarship by showing that legal precarity is not generated solely by labor market flexibility, but by the interaction between regulatory design, enforcement limitations, and power asymmetries in employment relations. Precariousness thus emerges

as a legally mediated condition shaped by the tension between law on the books and law in action. The findings underline that effective legal protection depends not only on formal statutory norms, but on institutional capacity, consistent enforcement, and a more balanced distribution of power in industrial relations. Strengthening protection for precarious workers therefore requires institutional reform, improved access to justice, and policy recalibration to ensure that labor flexibility does not erode fundamental worker rights.

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