

Inclusive Legal Framework for Digital Transformation in Industrial Dispute Resolution: A Normative Analysis of the Job Creation Law and Its Implications for Workers' Human Rights

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Abstract

This study presents a normative legal analysis of Indonesia's Job Creation Law (Law No. 6 of 2023) with specific reference to its role in enabling digital transformation within industrial dispute resolution mechanisms. While the law seeks to enhance procedural efficiency through digitalization, it fails to adequately integrate principles of inclusivity and the protection of workers' human rights. Disparities in digital access, particularly among informal and vulnerable labor groups, pose significant risks to equitable justice. The research employs a statute and conceptual approach to evaluate the legal framework's alignment with international human rights instruments and its implications for substantive justice in labor relations. Findings indicate that the regulatory emphasis on efficiency and economic reform often overlooks structural barriers such as digital illiteracy, unequal infrastructure, and insufficient data protection safeguards. The paper recommends legal reform grounded in human rights principles, including hybrid dispute resolution models, digital literacy programs, and continuous policy evaluation. These measures are essential to ensure that digital transformation in industrial dispute resolution not only modernizes legal processes but also safeguards the rights and dignity of all workers.

Keywords: *Job Creation Law, Digital transformation, Industrial dispute resolution, Human rights, Access to justice*

INTRODUCTION

The rapid advancement of digital technology has significantly transformed various dimensions of human life, including the governance of industrial relations and the mechanisms for resolving disputes between employers and employees. This digital transformation compels legal systems to adapt in order to guarantee effective, efficient, and inclusive access to justice for all parties involved. According to data from the Indonesian Central Statistics Agency (Badan Pusat Statistik), there exists a marked disparity in internet access penetration across different employment statuses [1]. Wage workers exhibit the highest levels of internet access across all provinces, notably in Central Sulawesi (34.04%) and Southeast Sulawesi (34.30%). In contrast, unpaid workers show significantly lower figures, such as in North Sulawesi (1.89%), although somewhat higher in West Sulawesi (8.16%). Furthermore, self-employed individuals recorded relatively higher access rates in North Sulawesi (11.44%) compared to other provinces [2]. These discrepancies illustrate tangible challenges in implementing an inclusive digital transformation, particularly in the context of digital-based industrial dispute resolution as mandated by the Omnibus Law on Job Creation (*Undang-Undang Cipta Kerja*).

Unequal internet access poses a considerable threat to the fulfillment of fundamental rights, such as the right to access information, participate in legal processes, and receive equitable treatment especially for informal, freelance, or unpaid workers, who tend to have significantly lower levels of internet utilization. In the contemporary digital age, such transformation has become inevitable in all sectors of social life, including labor relations and the resolution of industrial disputes [3]. In the context of legal and bureaucratic modernization, the Government of Indonesia enacted Law No. 6 of 2023, amending Law No. 11 of 2020 concerning Job Creation (the "Job Creation Law"), reinforced by Government Regulation No. 35 of 2021. One of the critical priorities of this legislative reform is the renewal of the legal framework governing employment relations, particularly the procedures for resolving industrial disputes. Additionally, the regulatory framework promotes the digitalization of industrial relations processes, including the enhancement of labor information systems, the submission of claims through electronic platforms, and the potential implementation of online mediation and arbitration mechanisms [4].

However, the transformation toward digitalization should not be viewed merely through a technical or efficiency lens. It must also be examined from a normative legal perspective, particularly in relation to the principles of inclusivity and the protection of workers' human rights. The integration of digital elements into industrial dispute resolution mechanisms inevitably intersects with the safeguarding of human rights specifically those of workers. Digitalization of legal processes, such as online mediation, electronic hearings, and digital archiving, may enhance procedural efficiency and accessibility. Nonetheless, it also introduces potential risks of exclusion for vulnerable worker groups who lack adequate digital literacy, face infrastructure limitations, or are affected by the absence of comprehensive data protection safeguards [3].

From a human rights standpoint, this issue is closely related to the *Guiding Principles on Business and Human Rights* (UNGPs), which emphasize the state's duty to protect human rights, including through non-discriminatory digitalization policies, as well as the corporate responsibility to respect workers' rights across all levels of employment relationships. Limited digital access for certain groups of workers can result in violations of their rights to adequate information, freedom of association, and access to fair dispute resolution mechanisms [5]. Furthermore, referring to ILO Convention No. 87 concerning Freedom of Association and Protection of the Right to Organize, every worker without exception has the right to form and join organizations of their choosing, free from undue administrative interference [6][7]. Within the context of digital transformation in industrial dispute resolution, policies that fail to address internet access disparities may inadvertently hinder the realization of freedom of association, particularly in areas with low internet penetration, such as West Sulawesi and Southeast Sulawesi.

Previous studies have underscored similar concerns. For instance, Wiratraman (2021) argues that the Job Creation Law tends to disregard human rights principles in labor regulations and facilitates a weakening of workers' bargaining positions [6]. Meanwhile, Pratama and Santoso (2022) highlight in their study on the digitalization of industrial relations courts that although the e-court system offers procedural efficiency, its implementation remains largely inaccessible to non-digital-native workers unfamiliar with digital legal processes [8]. Lestari and Wulandari (2023) emphasize the need for a human rights-based approach in developing legal technologies, particularly to ensure that digital systems do not exacerbate existing structural inequalities in industrial relations [1]. However, these studies remain fragmented in their treatment of digitalization and human rights, and do not provide a comprehensive normative analysis of the

legal framework governing digital-based industrial dispute resolution post-enactment of the Job Creation Law.

This article seeks to critically explore and examine the legal framework governing digital transformation in industrial dispute resolution under the Job Creation Law, with a specific emphasis on inclusivity and the protection of workers' human rights. Therefore, it is essential to undertake a normative legal analysis to assess how the Job Creation Law regulates the digitalization of industrial dispute resolution procedures and to what extent the regulation guarantees workers' rights within these processes. Through a normative approach, this study aims to evaluate the extent to which Indonesia's positive law has adapted to the demands of the digital era without compromising the principles of substantive justice and the protection of workers' fundamental rights, while also identifying normative challenges that must be addressed to ensure a just and humane digital transformation.

METHOD

This study adopts a normative legal research methodology employing both statute and conceptual approaches. The statute approach is used to analyze statutory provisions relevant to the resolution of industrial disputes, particularly Law No. 6 of 2023 amending Law No. 11 of 2020 concerning Job Creation (the Job Creation Law) and its implementing regulations. The conceptual approach is employed to examine the underlying legal doctrines that inform these regulations and to assess their compatibility with international human rights principles in the context of industrial relations.

This research is descriptive-analytical in nature, aiming to provide a comprehensive examination of the legal framework surrounding the digital transformation of industrial dispute resolution and its implications for the protection of workers' rights [9]. The data utilized in this study are secondary in nature, comprising primary, secondary, and tertiary legal materials. Primary legal materials include statutory regulations such as Law No. 6 of 2023, its implementing provisions, and other relevant legislation. Secondary materials consist of legal literature, scholarly journals, and legal doctrines pertinent to the subject matter. Tertiary materials include encyclopedias, legal dictionaries, and other reference sources that offer supporting insights into the topic under investigation.

Data collection is conducted through a library research method, involving a thorough review and examination of relevant legal materials. The data analysis technique applied is qualitative, involving the identification, classification, and interpretation of collected legal sources [9]. The expected outcome of this analysis is to provide a holistic and nuanced understanding of the legal framework underpinning the digital transformation of industrial dispute resolution in Indonesia and its implications for the protection of workers' human rights. The study also aims to offer informed recommendations for improving regulatory frameworks to be more inclusive and aligned with human rights standards.

ANALYSIS AND DISCUSSION

A) Legal Framework for Digital Transformation in Indonesia Regarding Industrial Dispute Resolution

Law No. 6 of 2023, which amends Law No. 11 of 2020 (commonly referred to as the Job Creation Law), represents a strategic regulatory instrument aimed at simplifying and reforming

various sectors of Indonesian legislation, including labor law and industrial dispute settlement. This legislation also accelerates digital transformation as part of broader national economic recovery and digital economy development strategies. The law provides the legal foundation for strengthening digital ecosystems through investments in information and communication technology (ICT) infrastructure, the promotion of digitalization among MSMEs (micro, small, and medium enterprises), and streamlined permitting and business operations via digital platforms [10]. It further encourages optimization of radio frequency spectrum and telecommunications infrastructure to support Indonesia's Industry 4.0 vision and burgeoning digital economy. This regulatory environment enables businesses including MSMEs and digital startups to adapt more readily and engage effectively in digital processes.

The Job Creation Law also establishes a legal basis for digitizing dispute resolution procedures via more efficient administrative measures, such as leveraging information technology in the filing and handling of disputes. For instance, provisions for resolving industrial disputes through mediation and adjudication increasingly accommodate the electronic court system (*e-court*) to facilitate online legal proceedings [11].

However, from a normative standpoint, the law does not explicitly incorporate a robust inclusivity framework for digital transformation, particularly regarding equitable accessibility for all workers. The emphasis remains on procedural efficiency and expedited resolution, with insufficient attention to mitigating technological barriers such as internet access disparities, digital literacy limitations, and digital discrimination. This regulatory gap risks perpetuating inequalities in access to justice, especially among workers less familiar with or lacking adequate technological resources.

While the primary focus of the Job Creation Law is economic ease and structural transformation, its implications for industrial dispute resolution in the digital era are consequential. Digital transformation opens pathways for the deployment of digital mediation, arbitration, and e-litigation mechanisms enhancing accessibility, transparency, and efficiency while reducing reliance on in-person attendance. This regulatory update is particularly timely given shifts toward remote work and digital workplaces following digital disruption [12][13].

From a human rights perspective, Indonesia's digital legal framework under the Job Creation Law must be strengthened to align with principles of non-discrimination and access to justice. Provisions within the law should be interpreted and enforced in light of international human rights standards, including the right to fair and effective legal remedies, both offline and online. Overreliance on fully digital dispute settlement systems without viable alternative mechanisms could undermine core worker rights, such as access to justice and equal treatment. Moreover, the law currently lacks stipulations addressing the obligations of government and enforcement agencies to ensure equitable technological access for all workers [8]. This regulatory deficiency introduces legal and social inequities, potentially exacerbating existing disparities in industrial relations.

In summary, although the Job Creation Law facilitates the digitalization of industrial dispute resolution, its legislative framework calls for enhancements to embed inclusivity and human rights protections. Legislation should incorporate provisions for technological accessibility, digital literacy programs, and hybrid (digital and conventional) dispute resolution mechanisms to ensure equitable and balanced digital transformation.

B) Digital Transformation Inclusivity in Industrial Dispute Settlement and Access to Justice for Vulnerable Workers

Digital transformation in Indonesia's industrial dispute resolution mechanisms has been enabled and promoted through technological innovations and supportive legislation particularly the Job Creation Law. Digital platforms for filing complaints, conducting mediation or arbitration (e-litigation), and dispute management systems increasingly operate as pioneering dispute resolution tools. These systems facilitate quicker, more convenient access for workers to lodge and resolve workplace grievances without in-person interactions, thereby enhancing transparency and efficiency in dispute settlement [14]. Theoretically, digital transformation also allows for integration of technologies such as AI and blockchain for secure data handling and pattern analysis, potentially accelerating dispute resolution.

Despite the potential for greater efficiency and accessibility, assessing the inclusivity and justice of these systems requires attention to several critical issues [4][15]:

1. **Digital Divide.** While digital systems may facilitate processes for technologically capable workers, many vulnerable groups such as those with low education levels, informal-sector workers, or those in regions with limited infrastructure face substantial challenges in using digital platforms. Barriers include not only device and internet access but also digital literacy and comprehension of online legal procedures [1][16].
2. **Lack of Normative Inclusivity.** The Job Creation Law and its implementing regulations lack explicit normative provisions addressing support mechanisms or alternatives for workers who cannot access digital systems. Human rights principles require equitable and fair access to justice including protection for individuals unable to utilize technology optimally [15].
3. **Risks of Exclusion and Discrimination.** Studies indicate that despite procedural efficiency gains from e-courts and online mediation, lack of sufficient support and education systems may deepen disparities in industrial dispute resolution. Fully tech-dependent systems risk excluding socioeconomically vulnerable workers, potentially resulting in covert discrimination and undermining equitable justice [8].

Therefore, digital transformation in industrial dispute resolution must be designed inclusively blending digital tools with conventional methods while providing guidance and digital literacy support for workers. Government agencies and relevant bodies must actively facilitate equitable infrastructure, digital training, and integrate human rights protections throughout the dispute resolution process to ensure all workers can effectively exercise their rights.

C) Normative Implications of the Job Creation Law's Digital Dispute Resolution for Workers' Human Rights

The Job Creation Law represents a significant shift in Indonesia's labor governance, incorporating digital mechanisms in industrial dispute resolution. Normatively, the law provides a legal basis for accelerating dispute settlement via information technology particularly through electronic mediation and e-court systems. Digital procedures have the potential to enhance the fundamental right of access to justice by streamlining bureaucratic processes, reducing temporal and financial burdens, and increasing opportunities for workers to present their grievances [12].

However, the law falls short in explicitly embedding human rights protections within digital legal processes. Consequently, risks emerge for workers' rights, particularly the entitlement to

fair and non-discriminatory justice. Inability to access or competently engage with technology may obstruct workers from effectively initiating and navigating dispute resolution proceedings. Such digital disparities contravene the non-discrimination principles foundational to human rights law. Moreover, digital platforms necessitate strong data privacy protections a gap in the current law, which fails to specify safeguards for workers' digital data, heightening fears of misuse and privacy breaches [12][13].

To safeguard a coherent balance between digital innovation and human rights, the Job Creation Law should be supported by implementing regulations aligned with international human rights instruments such as the *Basic Principles on the Role of Lawyers* and the Universal Declaration of Human Rights. Digital dispute resolution must transcend mere technological novelty and substantively reinforce worker rights [12]. Thus, policy adaptations should include technological legal assistance services, digital literacy training, and hybrid dispute resolution models combining digital and offline mechanisms. Additionally, periodic monitoring and evaluation of digital implementation are essential to ensure optimal protection of workers' rights.

D) Recommendations for Enhancing the Legal Framework to Ensure Inclusive, Human Rights-Oriented Digital Transformation in Industrial Dispute Resolution

While digital transformation offers substantial potential to enhance efficiency and accessibility of legal processes, normative analysis of the Job Creation Law reveals critical deficiencies in protecting inclusivity and workers' human rights. Digitalization holds promise but can also generate novel challenges especially in the industrial dispute context [17]. The current law, although enabling digitalization, remains silent on key issues that must be addressed. Therefore, it is imperative to develop legal recommendations that ensure digitalization is inclusive and respects workers' rights especially for those most vulnerable to technological disruption.

To bridge regulatory gaps and mitigate risks, reforms grounded in inclusivity and human rights are paramount. These recommendations may take the form of amending existing legislation or creating supplementary regulations:

1. **Explicit Inclusion of Digital Accessibility Principles.** Legal reforms must explicitly mandate inclusivity in digital dispute resolution mechanisms. This includes provision for digital and on-site legal assistance for workers unable to access or comprehend digital systems. Hybrid dispute resolution options should be guaranteed, allowing workers to choose between digital, conventional, or blended procedures [17].
2. **Adoption of Human Rights Principles.** Legislation must firmly incorporate non-discrimination and equitable access to justice principles. Regulatory measures should guarantee that no worker is marginalized due to technological or literacy limitations. Mandates should authorize government agencies and employment institutions to provide technological resources, digital literacy training, and support systems enabling all workers to effectively engage with digital platforms [18].
3. **Integration of Data Privacy and Protection Measures.** As information technologies evolve, legal guidelines must address the governance of worker data within digital dispute resolution. Stringent data protection protocols should be established to prevent misuse and safeguard workers' privacy rights [4].
4. **Continuous Monitoring and Evaluation Systems.** Establishing ongoing oversight and evaluation frameworks for digital transformation deployment is critical. Monitoring

ensures that digitalization aligns with human rights standards and supports timely policy refinements based on field insights [1].

5. Stakeholder Participation in Regulatory Formulation. Active engagement of social stakeholders including trade unions, employers, governmental bodies, and civil society in regulatory development promotes inclusive, democratic, and context-responsive legal frameworks.
6. Institutionalized Hybrid Resolution Model. Legislation should advocate for structured hybrid systems that allow worker choice between digital and traditional dispute resolution formats. Secondary regulations should outline minimum standards for hybrid proceedings, including the worker's right to select the preferred format (fully digital, fully offline, or hybrid), reflecting infrastructural and literacy constraints. To ensure substantive fairness, regulations should mandate integrated training programs for mediators, labor supervisors, and union representatives, focusing on digital dispute resolution practices and worker human rights protection. This model can reduce digital-inequality-based discrimination and bolster institutional capacities for managing inclusive and sustainable digital transformation.

CONCLUSION

A normative analysis of the Job Creation Law reveals that, while digital transformation in the resolution of industrial disputes offers significant gains in terms of efficiency and accessibility, it remains insufficiently inclusive and does not fully uphold the protection of workers' human rights. The law's predominant emphasis on procedural efficiency risks exacerbating a "digital divide," particularly for workers lacking adequate access to technology or digital literacy. The absence of explicit regulatory provisions concerning personal data protection and support mechanisms for vulnerable groups further compounds this issue. Therefore, a human rights oriented reform of the legal framework is imperative. Such reform should incorporate a hybrid approach combining digital and conventional mechanisms provide structured digital literacy training, and establish continuous oversight systems to monitor implementation. Moreover, the active participation of trade unions and other relevant stakeholders is essential in ensuring that the legal framework governing digitalization is not only expedient but also substantively just and responsive to the realities faced by all segments of the labor force.

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