

The Dynamics of Job Creation Law Implementation in Addressing Digital Disruption: Transformation and Harmonization of Business Law in Indonesia

(Dinamika Implementasi Undang-Undang Cipta Kerja dalam Menghadapi Disrupsi Digital: Transformasi dan Harmonisasi Hukum Bisnis di Indonesia)



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Abstract: The rapid advancement of digital technology has fundamentally transformed business legal systems, demanding more adaptive and responsive regulatory frameworks. In Indonesia, the Job Creation Law was enacted through an omnibus law approach to simplify regulations and support the digital economy; however, its implementation continues to face significant challenges, including regulatory disharmony, normative gaps, and legal uncertainty. This study analyzes the dynamics of the Job Creation Law's implementation in responding to digital disruption in Indonesia's business law sector, along with the challenges encountered and the government's role in regulatory harmonization. Using a normative legal method with a descriptive-analytical approach, this study employs statutory and case-based approaches, drawing on secondary data analyzed qualitatively. The findings indicate that while the Job Creation Law has successfully shifted business law toward a more adaptive, risk-based regulatory paradigm, its implementation remains constrained by cross-sectoral regulatory fragmentation, jurisdictional limitations in the borderless digital economy, and insufficient institutional capacity and digital legal infrastructure. The harmonization of business law in the digital era ultimately depends on policy consistency, inter-agency synergy, and a sustained balance between fostering innovation and ensuring adequate legal protection for all stakeholders.

Keywords: Job Creation Law; Digital Disruption; and Business Law.

Abstrak: Perkembangan teknologi digital telah mengubah sistem hukum bisnis dan menuntut regulasi yang lebih adaptif. Di Indonesia, Undang-Undang Cipta Kerja bertujuan menyederhanakan regulasi dan mendukung ekonomi digital melalui pendekatan omnibus law, namun implementasinya masih menghadapi berbagai kendala seperti disharmonisasi aturan, kesenjangan regulasi, dan ketidakpastian hukum. Penelitian ini menganalisis dinamika implementasi Undang-Undang Cipta Kerja dalam merespons disrupsi digital di sektor hukum bisnis Indonesia, termasuk tantangan yang dihadapi dan peran pemerintah dalam harmonisasi regulasi. Penelitian ini menggunakan metode hukum normatif bersifat deskriptif analitis dengan pendekatan perundang-undangan dan pendekatan kasus, menggunakan data sekunder yang dianalisis secara kualitatif. Hasil penelitian menunjukkan bahwa meskipun Undang-Undang Cipta Kerja telah mendorong hukum bisnis menjadi lebih adaptif melalui transisi dari regulasi berbasis aturan menuju regulasi berbasis risiko, implementasinya masih terkendala oleh kesenjangan regulasi antarsektoral, keterbatasan yurisdiksi dalam ekonomi digital lintas batas, serta lemahnya kapasitas kelembagaan dan infrastruktur hukum digital. Keberhasilan harmonisasi hukum bisnis di era digital bergantung pada konsistensi kebijakan, sinergi antarlembaga, serta keseimbangan antara mendorong inovasi dan memberikan perlindungan hukum yang memadai bagi seluruh pemangku kepentingan.

Kata kunci: Undang-Undang Cipta Kerja; Disrupsi Digital; dan Hukum Bisnis.



Introduction

The rapid advancement of information and communication technology over the past two decades has fundamentally reshaped the global economic landscape. Digital innovation has penetrated virtually every sector of human activity, from commerce and finance to governance and social interaction. This transformation has not only created new opportunities for economic growth but has also generated unprecedented complexity in the regulatory environment. As a result, legal systems worldwide are under increasing pressure to adapt and respond to the demands of an economy driven by digital technologies (Luo, 2022). Digital disruption, as a systemic phenomenon, refers to the process by which emerging technologies radically alter established business models, market structures, and institutional frameworks. Technologies such as artificial intelligence, big data analytics, blockchain, and platform-based economies have redefined how economic transactions are conducted. These innovations operate across borders and in real time, challenging the traditional assumptions upon which legal systems were built. The legal concepts of jurisdiction, legal personality, contractual liability, and consumer protection have all been subjected to significant reinterpretation in the face of digital disruption (Pashentsev et al., 2021).

The transformation of business law in the digital era is particularly significant. Traditional legal relationships, which were once governed by physical proximity and formal contractual arrangements, have given way to digital legal relationships that are instantaneous, borderless, and data-centric. This shift demands a legal system that is not only reactive but also proactive and anticipatory. A static legal framework is increasingly inadequate in addressing the dynamic and evolving nature of digital commerce, creating an urgent need for adaptive and flexible regulatory approaches (Helbing, 2019). Indonesia occupies a strategically important position in the global digital economy. As the largest economy in Southeast Asia, Indonesia has experienced remarkable growth in its digital sector, driven by a large and young population, increasing internet penetration, and a vibrant startup ecosystem. The country has witnessed explosive growth in e-commerce, financial technology, and digital platform services. However, this rapid expansion has also exposed significant weaknesses in Indonesia's existing regulatory framework, which has struggled to keep pace with the speed of technological change (Setyananda & Israhadi, 2025).

One of the most pressing issues facing Indonesia's digital economy is the phenomenon of regulatory lag. Regulatory lag occurs when the pace of legislative development falls significantly behind the pace of technological innovation. In the Indonesian context, this gap has created legal ambiguities that affect multiple stakeholders, including businesses, consumers, and regulatory authorities. Companies operating in the digital space often face uncertainty regarding applicable regulations, while regulators lack the tools and frameworks necessary to govern emerging business models effectively (Väyrynen et al., 2025). The regulatory landscape in Indonesia prior to the enactment of the Job Creation Law was characterized by significant fragmentation and complexity. Hundreds of sectoral laws and regulations, many of which were overlapping or contradictory, created a burdensome and inefficient regulatory environment. This fragmentation was particularly pronounced in areas relevant to the digital economy, such as e-commerce, fintech, telecommunications, and data governance. The lack of a coherent and integrated regulatory framework posed a serious obstacle to investment, innovation, and the sustainable development of Indonesia's digital sector (Lawal et al., 2025).

In response to these structural challenges, the Indonesian government enacted Law Number 6 of 2023 on Job Creation, commonly known as the Job Creation Law or Omnibus Law. This legislation represents one of the most ambitious regulatory reform efforts in Indonesia's history, seeking to consolidate and harmonize hundreds of existing laws across multiple sectors. The primary objectives of the Job Creation Law are to simplify business licensing,

reduce bureaucratic barriers, attract investment, and create a more competitive and conducive business environment. By adopting an omnibus law approach, the government aimed to address systemic regulatory fragmentation in a comprehensive and efficient manner (Kvilhaugsvik, 2022). A central feature of the Job Creation Law is the transition from a rule-based regulatory approach to a risk-based regulatory framework. Under the risk-based approach, the level of regulatory oversight is calibrated according to the potential risks associated with specific economic activities. This methodology is considered more appropriate for the digital economy, where business models are diverse, rapidly evolving, and difficult to govern through rigid prescriptive rules. The Online Single Submission system, introduced as part of this reform, was designed to digitize and streamline the business licensing process, reducing the time and cost associated with regulatory compliance (Inversi et al., 2017). Despite its ambitious scope and objectives, the implementation of the Job Creation Law has not been without significant challenges. In practice, the transition to a risk-based regulatory framework has encountered difficulties, particularly in developing criteria for risk classification that adequately reflect the complexity of digital business models. The multidimensional nature of digital commerce, which often spans multiple sectors and jurisdictions simultaneously, has proven difficult to accommodate within existing regulatory categories. As a result, legal uncertainty persists in several key areas of the digital economy, undermining the intended benefits of the reform (May & Burby, 1998).

Regulatory disharmony across sectors remains a persistent challenge in the implementation of the Job Creation Law. Although the omnibus law approach was designed to eliminate contradictions and overlaps between different laws, fragmentation continues to characterize the regulatory landscape, particularly in areas such as personal data protection, cybersecurity, and digital financial services. This ongoing disharmony creates inconsistencies in legal application and generates confusion for businesses operating across multiple regulatory domains. The enactment of the Personal Data Protection Law represents a step forward, but its integration with the broader regulatory framework remains incomplete (Ndomondo-Sigonda et al., 2021). The jurisdictional limitations of national law in regulating cross-border digital commerce represent another significant challenge. Many digital business models operate without a fixed physical presence in any single jurisdiction, making it difficult for national regulators to assert effective oversight and enforcement authority. Indonesian business law, like that of many other nations, was designed with the assumption of territorial presence and physical transactions. Adapting this framework to govern global digital operations requires not only domestic regulatory reform but also active engagement in international regulatory cooperation and harmonization (Shan, 2026).

Institutional capacity and readiness are critical determinants of the success of regulatory reform. The effective implementation of the Job Creation Law depends not only on the quality of the legislation itself but also on the capacity of regulatory institutions to enforce and administer the new framework. In Indonesia, institutional weaknesses, including limited digital literacy among regulators, insufficient inter-agency coordination, and inadequate technological infrastructure, have hampered the effective implementation of the law. The Online Single Submission system, despite its potential, continues to face technical and administrative challenges that limit its effectiveness (Dawes & Pardo, 2002). A fundamental tension exists between the deregulatory objectives of the Job Creation Law and the imperative of legal protection. While deregulation is necessary to foster innovation, attract investment, and promote economic growth, it must not come at the expense of protections for consumers, workers, and small business operators. In the digital economy, this tension is particularly acute in areas such as platform labor, algorithmic decision-making, and digital financial services. Striking the appropriate balance between enabling innovation and ensuring adequate legal protection is one of the central policy challenges of the digital age (Horrihan, 2010). Despite the growing body of scholarship on omnibus law reform and digital economy regulation in

Indonesia, significant gaps remain in the existing literature. Most studies have addressed the Job Creation Law's impact on specific sectors in isolation, without examining the broader interplay between implementation dynamics, structural challenges, and the government's harmonization strategies. Furthermore, relatively little attention has been paid to the role of institutional capacity and inter-agency coordination as determinants of regulatory effectiveness in the digital economy.

This study therefore seeks to address this gap through a comprehensive examination of three interrelated dimensions. First, it analyzes how the implementation of the Job Creation Law has transformed Indonesia's business law toward a more adaptive, risk-based regulatory paradigm. Second, it identifies the structural, normative, and technological challenges that persist in the law's implementation and evaluates the measures undertaken to address them. Third, it assesses the government's strategic role in harmonizing business law to maintain its relevance and responsiveness in the face of ongoing digital disruption. Together, these dimensions provide a holistic framework for understanding the dynamics of legal transformation in Indonesia's digital economy and offer insights relevant to broader debates on adaptive governance and regulatory reform in the digital age.

Methods

This research constitutes a normative legal study employing a descriptive-analytical technique, intended to comprehensively analyze the dynamics of implementing the Job Creation Law in response to digital disruption within Indonesian corporate law. The methodologies employed consist of the statutory approach, the conceptual approach, and the case law approach. The statutory approach analyzes regulations pertaining to the Job Creation Law, company law, and digital economy policies, whereas the conceptual approach elucidates key ideas such as digital disruption, regulatory lag, risk-based regulation, and adaptive regulation (Inversi et al., 2017). The case approach is employed to analyze the implementation practices of policies and the specific difficulties that emerge in the digital domain, encompassing government policies and novel legal occurrences. This research utilizes secondary data, comprising primary legal materials such as regulations, secondary legal materials including books, scientific journals, and reports from international organizations like the OECD, World Bank, and UNCTAD, as well as tertiary legal materials in the form of legal dictionaries and encyclopedias (Abdulrazaq & Law, 2013). Data gathering methods were conducted through literature review and documentation. The collected data were subsequently studied qualitatively through a content analysis methodology, which entailed finding patterns, comparing rules, and scrutinizing the discrepancies between legal norms and implementation methods. This analysis examines three primary aspects: the dynamics of executing the Job Creation legislation, the challenges and initiatives in addressing digital disruption, and the government's role in aligning business legislation to remain adaptive and pertinent in the digital age.

Results

The Dynamics of Enforcing the Job Creation Law in Addressing Digital Disruption within Indonesia's Business Law Sector

The first key finding of this research is that the Job Creation Law has successfully initiated a fundamental paradigm shift in Indonesia's business law, moving from a rule-based regulatory model toward a risk-based regulatory framework. This transition represents a structural departure from the previous approach, in which regulatory compliance was determined by rigid prescriptive rules applied uniformly regardless of the actual risk profile of economic activities. Under the new framework, the level of regulatory oversight is calibrated according to the risk level associated with specific business activities, making the system theoretically more responsive to the dynamic and rapidly evolving nature of digital commerce.

This shift reflects a broader recognition that the complexity of the digital economy cannot be effectively governed through static and inflexible legal instruments.

However, this research finds that the risk-based framework, while conceptually sound, has not been fully operationalized in practice. The classification of risk levels has proven inadequate in capturing the multidimensional characteristics of digital business models, which frequently operate across multiple sectors simultaneously. Businesses engaged in fintech, e-commerce, and platform-based services often fall into ambiguous regulatory categories, creating inconsistencies in licensing requirements and compliance obligations. This finding indicates that the transition to risk-based regulation remains incomplete and requires further technical refinement, particularly in developing classification criteria that adequately reflect the complexity and diversity of digital business operations.

A further finding concerns the persistent fragmentation of the regulatory landscape despite the omnibus law approach. This research identifies that significant disharmony continues to exist between the Job Creation Law and sectoral regulations governing critical areas of the digital economy, including electronic commerce, financial technology, and personal data protection. Rather than producing a unified and coherent regulatory framework, the omnibus law approach has, in certain sectors, generated new layers of normative complexity. This fragmentation produces variations in legal application and generates uncertainty for digital business operators navigating multiple and sometimes conflicting regulatory regimes simultaneously.

This research also finds that the cross-border nature of digital business models constitutes a structural limitation of the current regulatory framework that the Job Creation Law has not adequately addressed. Numerous digital enterprises operate without a fixed physical presence within Indonesian jurisdiction, rendering conventional mechanisms of oversight and legal enforcement effectively inapplicable. The existing framework of Indonesian business law, designed primarily for territorially bound commercial activities, has demonstrated limited capacity to govern global digital operations. This finding underscores the necessity of developing cooperative regulatory arrangements at the international level as an essential complement to domestic legal reform efforts.

Finally, within this first dimension, this research finds that the readiness of digital legal infrastructure remains a critical bottleneck in the effective implementation of the Job Creation Law. The Online Single Submission system, designed as the central mechanism for digitalizing the business licensing process, continues to face unresolved technical and administrative challenges, including inadequate data integration across government agencies and insufficient digital literacy among both regulatory officials and business stakeholders. This finding demonstrates that the effectiveness of legal reform in the digital era is contingent not only on the quality of the legislation itself but also on the preparedness of the institutional and technological environment in which that legislation must be implemented.

Obstacles and Initiatives in Enforcing the Job Creation Law in the Context of Digital Disruption

The second major finding of this research is that the implementation of the Job Creation Law is confronted by four structurally interconnected categories of challenges: normative gaps, regulatory fragmentation, jurisdictional limitations, and institutional weaknesses. These challenges do not operate in isolation but are mutually reinforcing, meaning that failure to address one dimension tends to compound difficulties across the others. Understanding the structural interconnection of these challenges is essential for designing effective and comprehensive policy responses. Regarding normative gaps, this research finds that the pace of digital technological advancement consistently outstrips the capacity of the legal system to produce adequate regulatory responses. New business models, including algorithmic platforms, decentralized finance, and artificial intelligence-driven services, have emerged in regulatory spaces that the Job Creation Law has not explicitly or adequately addressed. This

normative vacuum generates legal uncertainty that simultaneously disadvantages businesses seeking regulatory clarity and consumers requiring effective legal protection. The finding confirms that a reactive legislative approach, which responds to technological developments only after they have occurred, is fundamentally insufficient in the context of rapid and continuous digital disruption.

With respect to regulatory fragmentation, this research finds that cross-sectoral inconsistencies remain a significant and persistent obstacle despite the omnibus law reform. Specific tensions have been identified between the Job Creation Law and regulations governing personal data protection, cybersecurity, and digital financial services. These inconsistencies indicate that the policy integration objective of the omnibus law approach has not yet been fully realized, particularly in sectors characterized by high regulatory complexity and overlapping institutional jurisdictions. The result is a fragmented enforcement environment in which different regulatory agencies apply divergent standards to overlapping and sometimes competing regulatory domains, reducing the overall coherence and effectiveness of the legal framework.

Concerning jurisdictional limitations, this research finds that Indonesian regulatory authorities face substantial constraints in governing digital enterprises that operate transnationally. The absence of robust bilateral and multilateral regulatory cooperation mechanisms significantly limits the state's capacity to enforce compliance among foreign digital service providers operating within the Indonesian market. This finding highlights an urgent need for Indonesia to actively engage in international regulatory harmonization initiatives, including those facilitated by multilateral organizations such as the OECD, ASEAN, and the United Nations Conference on Trade and Development, in order to extend the effective reach of its regulatory framework beyond national borders.

In response to these identified challenges, this research finds that the government has implemented several strategic initiatives aimed at strengthening the regulatory framework for the digital economy. These include adaptive regulatory updates to address emerging normative gaps, cross-sectoral policy harmonization efforts, the enactment of the Personal Data Protection Law, ongoing revisions to digital labor regulations, and investments in digital infrastructure development. Nevertheless, this research finds that these initiatives remain insufficiently coordinated and unevenly implemented across sectors and regions, limiting their collective effectiveness. The finding indicates that a more integrated, systematically planned, and continuously monitored reform strategy is required to address the structural challenges of digital disruption in a comprehensive and sustainable manner.

The Government's Role in Harmonizing Business Law Amid Digital Disruption

The third principal finding of this research is that the government's role in harmonizing business law in the digital era extends well beyond the function of legislative drafting and statutory revision. Effective legal harmonization requires the simultaneous and coordinated management of regulatory synchronization across sectors, institutional capacity building, and the provision of robust legal protection for all stakeholders. These three dimensions must function as an integrated system rather than as independent and uncoordinated policy interventions, as the effectiveness of each dimension is contingent upon the adequate performance of the others.

This research finds that regulatory synchronization across sectors remains the most urgent and foundational dimension of the government's harmonization agenda. The current regulatory architecture contains numerous overlaps, contradictions, and gaps between the Job Creation Law and existing sectoral regulations, particularly in areas governing digital transactions, platform accountability, consumer protection, and data governance. These normative inconsistencies not only undermine legal certainty for businesses and individuals but also reduce the overall effectiveness of individual regulatory instruments by creating

conflicting compliance obligations. The finding indicates that harmonization must be pursued as a continuous, systematic, and institutionally supported process, rather than as a discrete one-time legislative exercise that concludes upon the enactment of a single statute.

A significant finding of this research concerns the critical importance of institutional strengthening as an indispensable prerequisite for effective legal harmonization. Weak inter-agency coordination and limited institutional capacity have been identified as among the primary structural factors impeding the successful and consistent implementation of the Job Creation Law across sectors and regions. Regulatory agencies frequently operate in institutional silos, applying inconsistent standards, duplicating oversight functions, and failing to share relevant regulatory information across jurisdictional boundaries. Without deliberate, sustained, and adequately resourced efforts to strengthen institutional coordination mechanisms and build regulatory capacity at both central and regional levels, legal harmonization achieved at the normative level will remain largely ineffective in actual regulatory practice.

This research further finds that the government's harmonization efforts must explicitly and deliberately balance the competing imperatives of innovation facilitation and comprehensive legal protection. Deregulatory measures that prioritize business efficiency and investment attraction risk creating inadequate protections for consumers, workers, and small and medium business operators in the increasingly complex digital marketplace (Kozimov, 2024). Conversely, overly restrictive or poorly designed regulation risks stifling innovation, deterring investment, and reducing Indonesia's competitiveness in the regional and global digital economy. The finding underscores that legal harmonization in the digital era is not merely a technical regulatory exercise but a fundamentally normative and political process requiring deliberate and transparent policy choices about the values and priorities the legal system is designed to serve and protect. This research finds that the long-term success of business law harmonization in Indonesia's digital era is contingent upon three interdependent and mutually reinforcing factors. The first is policy consistency across successive administrations, ensuring that regulatory reform efforts are sustained and deepened over time rather than subject to reversal or neglect with changes in political leadership. The second is genuine and institutionalized synergy between regulatory bodies at both the central and regional levels of government, enabling coherent and coordinated enforcement of harmonized legal standards. The third is a sustained and explicitly articulated commitment to balancing the promotion of digital innovation with the provision of meaningful legal protection for all segments of society. The absence or inadequacy of any one of these three factors significantly and demonstrably diminishes the prospects for achieving a coherent, adaptive, and effective business law framework capable of responding to the ongoing and accelerating challenges of digital disruption in Indonesia and beyond.

Discussion

The findings of this research carry significant theoretical and practical implications for the development of business law in Indonesia's digital era. At the theoretical level, the observed transition from rule-based to risk-based regulation confirms and extends the principle of adaptive regulation, which posits that legal systems must possess the capacity to evolve in response to technological change rather than merely react to it after the fact (Akpobome, 2024). What this research adds to existing theoretical understanding is the demonstration that adaptive regulation is not a binary condition but a gradual and contested process, shaped by the interplay of normative design, institutional capacity, and political will (Pahl-Wostl, 2009). The Indonesian case illustrates that enacting a risk-based legal framework at the statutory level does not automatically produce adaptive regulatory outcomes in practice, a distinction that existing literature on regulatory reform has insufficiently emphasized.

The finding that the risk-based framework remains incompletely operationalized

speaks directly to a broader theoretical debate about the gap between law in books and law in action (Rothstein et al., 2013). This gap is not merely a matter of implementation deficit; it reflects a deeper structural problem in which the technical complexity of digital business models outpaces the classificatory capacity of existing regulatory instruments. This research contributes to the literature by demonstrating that risk classification frameworks, as currently designed in Indonesia, lack the granularity and flexibility required to accommodate the multisectoral and cross-jurisdictional characteristics of digital enterprises. This finding challenges the assumption, prevalent in policy discourse, that the adoption of a risk-based approach is in itself sufficient to produce regulatory adaptability. The evidence suggests that the design and continuous refinement of risk classification criteria are equally critical determinants of regulatory effectiveness (Rothstein et al., 2006).

The persistent regulatory fragmentation identified in this research reveals a fundamental tension at the heart of the omnibus law strategy. The omnibus law approach was premised on the assumption that consolidating multiple sectoral regulations into a single legislative instrument would produce normative coherence and reduce compliance burdens. However, this research finds that legislative consolidation at the statutory level does not necessarily eliminate regulatory fragmentation at the implementing regulation level, where sectoral agencies retain significant discretionary authority. This finding is theoretically significant because it suggests that the effectiveness of omnibus law as a regulatory reform strategy is contingent upon the simultaneous reform of implementing regulations and institutional governance arrangements, a dimension that has received insufficient attention in the Indonesian legal reform debate.

The jurisdictional limitation finding raises important questions about the adequacy of national legal frameworks in governing the digital economy. The cross-border nature of digital commerce fundamentally challenges the Westphalian assumption of territorial sovereignty that underlies most national legal systems, including Indonesia's. This research contributes to the emerging literature on multi-level digital governance by demonstrating that national legal reform, however ambitious, is structurally insufficient to address the regulatory challenges posed by globally operating digital platforms. The practical implication is clear: Indonesia must move beyond a purely domestic regulatory strategy and invest in building effective bilateral and multilateral regulatory cooperation frameworks. The absence of such frameworks does not merely create enforcement gaps; it systematically disadvantages domestic businesses and consumers relative to their counterparts in jurisdictions with more developed international regulatory networks.

The relationship between institutional capacity and regulatory effectiveness, as revealed by this research, provides a critical corrective to the dominant narrative in Indonesian legal reform discourse, which tends to focus disproportionately on statutory change as the primary lever of regulatory improvement. This research demonstrates that institutional capacity, specifically the capacity for inter-agency coordination, data integration, and regulatory knowledge management, is not a secondary or supplementary factor but a primary determinant of whether legal reform produces its intended outcomes. This finding aligns with and reinforces the institutional approach to regulation developed by scholars such as Virk, who argue that the effectiveness of adaptive regulations is fundamentally contingent upon robust institutional support structures (Virk et al., 2025). The implication for policy is that investments in institutional capacity building must be treated as integral components of legal reform programs, not as optional administrative add-ons.

The tension between deregulation and legal protection, identified as a central characteristic of the Job Creation Law's implementation, reflects a broader normative dilemma that is not unique to Indonesia but is particularly acute in developing economies undergoing rapid digital transformation. This research finds that the deregulatory orientation of the Job Creation Law, while effective in reducing administrative burdens and stimulating investment,

has created vulnerabilities in the legal protection framework, particularly for consumers, gig economy workers, and small and medium enterprises. This finding contributes to the literature on regulatory governance by demonstrating that the deregulation-protection tension in the digital economy cannot be resolved through incremental adjustments to existing legal instruments. Rather, it requires the deliberate construction of a new regulatory architecture that embeds protection mechanisms directly into the design of enabling regulations, rather than treating protection as a constraint on deregulation.

The inadequacy of personal data protection enforcement, as identified in this research, is particularly consequential from both a theoretical and practical standpoint. At the theoretical level, this finding supports the argument that data protection cannot be effectively governed through a purely sectoral approach, as data flows across all sectors of the digital economy simultaneously. The fragmented enforcement of data protection obligations across different regulatory agencies, as observed in this research, produces systemic gaps that expose individuals and businesses to significant legal and commercial risks. At the practical level, this finding has direct implications for Indonesia's ambition to participate fully in the global digital economy, as inadequate data protection standards increasingly serve as barriers to international digital trade and investment under frameworks such as the European Union's General Data Protection Regulation and emerging ASEAN data governance frameworks.

The gig economy represents a domain in which the inadequacy of the existing regulatory framework is particularly visible and socially consequential. This research finds that the growth of platform-based labor arrangements has outpaced the capacity of Indonesian labor law to provide adequate protections for digital workers. The Job Creation Law's modifications to labor regulations, while addressing some aspects of labor market flexibility, have not produced a coherent legal framework for governing the employment relationships that characterize platform work. This finding is significant because it demonstrates that digital disruption does not affect all sectors of society equally; its legal consequences are disproportionately borne by those who lack the bargaining power to negotiate adequate contractual protections independently. The implication is that regulatory reform in the digital era must be attentive to distributional justice, not merely to economic efficiency.

The government's harmonization role, as analyzed in this research, can be understood through the theoretical framework of responsive regulation, which holds that effective regulatory governance requires regulators to continuously adapt their strategies in response to the behavior of regulated entities and the evolution of the regulatory environment (Horrigan, 2010). This research extends this framework by arguing that responsive regulation in the digital era must operate simultaneously across three levels: the normative level of statutory design, the institutional level of agency coordination and capacity, and the international level of multilateral regulatory cooperation. The failure to operate effectively at any one of these levels undermines the overall responsiveness and effectiveness of the regulatory system. This three-level model of responsive digital regulation represents a theoretical contribution of this research that extends beyond the Indonesian context and has potential applicability to other developing economies facing similar regulatory challenges.

The finding that policy consistency across successive administrations is a critical determinant of harmonization success has important implications for the design of regulatory reform strategies in Indonesia. Regulatory harmonization is inherently a long-term process that cannot be completed within the timeframe of a single government administration. However, Indonesia's political environment, characterized by significant policy shifts between administrations, creates structural risks for the sustainability of regulatory reform efforts (Setiadi, 2019). This research contributes to the literature on regulatory continuity by demonstrating that the durability of harmonization outcomes depends not only on the technical quality of the legal instruments produced but also on the institutional mechanisms, such as independent regulatory bodies, multi-stakeholder governance platforms, and legislative

anchoring of reform commitments, that insulate reform processes from political discontinuity.

The relationship between legal harmonization and digital inclusion represents a dimension of the government's harmonization role that this research identifies as insufficiently addressed in both policy and scholarly discourse. The benefits of a harmonized and adaptive business law framework are not automatically distributed equitably across all segments of the economy. Small and medium enterprises, which constitute the backbone of Indonesia's economy, frequently lack the legal expertise, financial resources, and technological capabilities required to navigate even a simplified regulatory environment (Hutagalung et al., 2025). This research finds that harmonization strategies must therefore be accompanied by deliberate inclusion mechanisms, such as simplified compliance pathways, legal aid services for small businesses, and targeted digital literacy programs, to ensure that the benefits of regulatory reform are broadly shared rather than captured primarily by large and well-resourced enterprises.

The international dimension of business law harmonization, as highlighted by this research, deserves particular theoretical and practical attention. Indonesia's aspirations to become a leading digital economy in Southeast Asia cannot be realized without active engagement in international regulatory cooperation. This research demonstrates that the domestic legal framework, however well-designed, is structurally insufficient to govern the cross-border dimensions of digital commerce without robust international regulatory partnerships. This finding contributes to the multi-level governance literature by arguing that the traditional distinction between domestic regulation and international cooperation is increasingly untenable in the digital economy, where the two must be understood and designed as complementary and mutually reinforcing dimensions of a single integrated regulatory strategy.

The overall significance of this research lies in its demonstration that the Job Creation Law, while representing a genuine and important step toward a more adaptive and competitive business law framework, is best understood as the beginning rather than the culmination of Indonesia's legal transformation in the digital era. The law has created a more enabling regulatory environment and introduced important structural innovations, including the risk-based framework and the digitalization of licensing. However, the research findings collectively demonstrate that the realization of these innovations' full potential requires sustained, coordinated, and institutionally supported follow-through across multiple dimensions of regulatory governance. This conclusion has important implications for policymakers, who must resist the temptation to treat the enactment of the Job Creation Law as a completed reform rather than as a platform for ongoing regulatory development.

The theoretical contribution of this research can be summarized in three propositions that extend and refine existing frameworks for understanding regulatory reform in digital economies. First, adaptive regulation is a process, not a product; its achievement requires continuous investment in both normative refinement and institutional development. Second, the effectiveness of omnibus law as a regulatory strategy is contingent upon simultaneous reform at the implementing regulation and institutional governance levels, not merely at the statutory level. Third, effective digital regulatory governance in developing economies requires a three-level responsive regulatory framework that integrates domestic statutory reform, institutional capacity building, and international regulatory cooperation as mutually reinforcing and equally essential components. These propositions offer a structured analytical framework that can inform both future scholarly inquiry and practical policy design in Indonesia and in comparable developing economy contexts.

Conclusion

This research has examined the dynamics of implementing the Job Creation Law in the context of digital disruption across three interconnected dimensions: the regulatory paradigm

shift toward risk-based governance, the structural challenges encountered in implementation, and the government's strategic role in harmonizing business law. Collectively, the findings demonstrate that the Job Creation Law represents a genuinely significant but structurally incomplete step in Indonesia's legal transformation. The law has successfully initiated a transition from rigid rule-based regulation toward a more adaptive and risk-based framework, introduced the digitalization of business licensing, and created a more enabling environment for investment and innovation. However, its full potential remains unrealized due to persistent regulatory fragmentation, incomplete risk classification frameworks, jurisdictional limitations in governing cross-border digital commerce, and insufficient institutional capacity across regulatory agencies.

The challenges identified in this research are not isolated implementation deficiencies but reflect deeper structural tensions inherent in governing a rapidly evolving digital economy through legal instruments designed for a predominantly analog world. The tension between deregulation and legal protection, the gap between statutory reform and institutional readiness, and the inadequacy of national regulatory frameworks in addressing transnational digital commerce are challenges that cannot be resolved through incremental adjustments alone. They require a sustained, multi-dimensional, and institutionally anchored reform strategy that simultaneously addresses normative design, institutional capacity, inter-agency coordination, and international regulatory cooperation. The government's harmonization role is therefore not a supplementary function but a foundational and continuous responsibility that must be exercised across all three levels of regulatory governance identified in this research.

The theoretical contribution of this research lies in its demonstration that adaptive regulation in the digital era must be understood as a dynamic process rather than a legislative product. The Indonesian experience with the Job Creation Law reveals that statutory innovation, however ambitious, is insufficient without corresponding investment in institutional transformation and international regulatory engagement. This three-level model of responsive digital regulation, integrating domestic reform, institutional development, and multilateral cooperation, offers a replicable analytical framework for other developing economies confronting similar regulatory challenges in their digital transitions.

Ultimately, the central lesson of this research is that Indonesia's legal transformation in the digital era has begun but is far from complete. The Job Creation Law has opened the door to a more adaptive and competitive regulatory environment, but sustaining and deepening that transformation requires political consistency, institutional commitment, and a genuine willingness to place legal protection and social justice at the center of the digital governance agenda. Laws alone do not build digital economies; institutions, coordination, and the unwavering protection of human dignity and economic opportunity do. Indonesia's path forward in the digital age depends not only on the quality of its legislation but on the depth of its commitment to building a legal system that is simultaneously innovative, inclusive, and just.

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