



Portugal's Labour Protection Model and Lessons for Indonesian Labour Law Reform

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Abstract

The expansion of digitalisation, platform-based employment, and labour market restructuring has intensified debates on how labour law can balance economic flexibility with the protection of workers' rights. While Indonesian labour reforms have largely focused on enhancing investment competitiveness and employment flexibility, limited comparative scholarship has examined how foreign legal systems successfully integrate labour adaptability with comprehensive worker protection. This study addresses that gap by analysing Portugal's labour protection framework and evaluating its relevance for Indonesian labour law reform. Using a normative juridical method and comparative legal approach, the research examines key regulatory areas, including employment contracts, teleworking arrangements, working-time regulation, parental leave, occupational health and safety, employment termination, severance compensation, and social security protection. The findings indicate that Portugal has developed a balanced labour governance model that combines labour market flexibility with strong legal safeguards through social dialogue, collective bargaining, welfare-oriented labour policies, and adaptive regulation of emerging forms of work. The study further finds that Indonesia's labour law framework continues to face challenges related to digital platform workers, remote work regulation, labour protection enforcement, and social security coverage. The novelty of this research lies in its comparative examination of Portuguese labour law as a reference for developing a more responsive and socially balanced labour governance framework in Indonesia. The study contributes to comparative labour law scholarship by demonstrating that labour flexibility and workers' rights protection can coexist within an integrated regulatory system supported by legal certainty, social justice, and sustainable employment principles.

Keywords:

Comparative Labour Law; Workers' Protection; Labour Flexibility; Portuguese Labour Law; Indonesian Labour Reform

1. Introduction

The transformation of labour markets in the digital era has fundamentally altered the relationship between economic development and workers' rights protection. Digitalisation,



artificial intelligence, platform-based employment, remote working arrangements, and Industry 4.0 technologies have generated new opportunities for economic growth while simultaneously creating emerging forms of labour vulnerability. Workers increasingly face challenges related to employment insecurity, wage instability, social protection gaps, occupational health and safety risks, and uncertain legal status within non-standard employment relationships (Cravo et al., 2024; Nigar et al., 2025). In Indonesia, labour law reform has become a central policy instrument for improving investment competitiveness and attracting foreign direct investment. The enactment of the Job Creation Law reflects this policy orientation by introducing greater labour market flexibility intended to stimulate economic growth. However, scholars have noted that these reforms also generated significant concerns regarding the weakening of labour protections, particularly in relation to employment security, severance entitlements, outsourcing practices, and collective bargaining rights (Amelia, 2023; Nugroho et al., 2024). This situation highlights a persistent dilemma in contemporary labour governance: how can legal systems maintain economic competitiveness while ensuring adequate protection of workers' fundamental rights?

The debate surrounding labour flexibility and workers' rights is not unique to Indonesia but forms part of a broader global discussion concerning the future of labour law in an increasingly competitive and technology-driven economy. International labour governance has gradually shifted from traditional employer–employee regulation toward more complex frameworks addressing social justice, decent work, work-life balance, gender equality, and employment resilience. Research demonstrates that worker welfare is influenced not only by wage protection but also by broader factors such as occupational safety, social security, family-oriented employment policies, and healthy workplace environments (Ahiabu et al., 2024; Mutmainah & Bhatti, 2025). Furthermore, experiences during the COVID-19 pandemic revealed the importance of robust legal protections capable of safeguarding workers during periods of economic and social disruption (Agustanti et al., 2021). Consequently, contemporary labour law scholarship increasingly emphasises the need for adaptive legal frameworks that balance labour market efficiency with social protection and human dignity (Chang & Khan, 2023).

Within this context, Portugal offers an important comparative case for examining how labour flexibility and workers' rights protection may coexist within a single legal framework. As a member of the European Union, Portugal has developed a labour governance model that combines labour market adaptability with relatively strong social protection mechanisms, including wage protection, collective bargaining, parental leave, occupational health and safety regulation, and integrated social security systems. Unlike purely market-oriented approaches that prioritise deregulation, the Portuguese model seeks to maintain economic competitiveness while preserving social cohesion and worker welfare. The selection of Portugal is therefore not incidental but based on its relevance as a jurisdiction that has undergone labour market reforms while retaining significant employee protections. Comparative legal scholarship argues that legal learning from foreign jurisdictions can provide valuable normative and institutional insights when adapted to local socio-economic contexts rather than transplanted mechanically (Solehudin et al., 2025). Portugal therefore represents a useful reference point for assessing alternative pathways for Indonesian labour law reform.



Despite the growing literature on labour protection, several important research gaps remain insufficiently addressed. First, most Indonesian labour law studies focus primarily on domestic regulatory developments, workers' welfare, digital labour governance, or the implications of the Job Creation Law without systematically examining lessons from Southern European labour systems (Maksum, 2021; Nur et al., 2023; Harahap et al., 2024; Ahyani et al., 2025). Second, existing studies frequently analyse labour flexibility and workers' rights as competing objectives rather than exploring legal mechanisms capable of balancing both dimensions within a coherent governance framework. Third, limited scholarship has specifically examined how Portuguese labour law mechanisms—including social dialogue, collective bargaining, parental leave protection, occupational safety regulation, and social security integration—may contribute to labour law reform in Indonesia. Accordingly, the novelty of this study lies in its comparative legal analysis of Portugal's labour protection framework as a model for reconciling labour flexibility with workers' rights protection and its assessment of the relevance of such mechanisms for Indonesian labour law reform in the era of digital transformation and globalisation.

Based on these considerations, this study aims to analyse the Portuguese labour protection framework, identify legal mechanisms that contribute to balancing labour flexibility and workers' rights protection, and evaluate their relevance for strengthening Indonesian labour law reform. The study addresses three research questions: (1) how does the Portuguese labour protection framework balance labour flexibility and workers' rights protection; (2) what legal mechanisms within the Portuguese labour system provide relevant lessons for Indonesian labour law reform; and (3) how can Indonesia strengthen labour protection while maintaining economic competitiveness in the context of digital transformation and globalisation? Theoretically, this research contributes to comparative labour law scholarship by advancing discussion on the interaction between labour flexibility, social protection, and responsive legal governance. Practically, the study offers policy recommendations for legislators, labour institutions, and stakeholders seeking to develop a more balanced and sustainable labour protection framework capable of promoting economic growth while safeguarding workers' dignity, welfare, and constitutional rights.

2. Literature Review

Labour protection has become a central concern within contemporary labour law scholarship due to the profound transformation of employment relations caused by globalisation, digitalisation, and technological innovation. Labour law is no longer limited to regulating contractual relations between employers and employees but increasingly functions as an instrument for achieving social justice, protecting human dignity, and promoting sustainable economic development. Theoretical discussions concerning labour protection generally revolve around the tension between labour market flexibility and workers' rights protection. Governments often pursue labour flexibility to enhance investment attractiveness and economic competitiveness, while workers require adequate legal safeguards concerning wages, employment security, occupational safety, social security, and collective representation. This study adopts social justice theory and responsive law theory as its primary analytical frameworks. Social justice theory emphasises that labour regulation should ensure fairness, equality, and welfare within employment relations, while responsive law theory argues that

legal systems must adapt to social and economic changes without abandoning principles of justice and accountability. From the perspective of *maqāṣid al-sharīʿah*, labour protection should guarantee human welfare and dignity through fair remuneration and decent working conditions (Harahap, 2018). Similarly, Amelia (2023) argues that labour law should provide substantive rather than merely formal protection because workers frequently occupy weaker bargaining positions within employment relationships. These theoretical perspectives collectively suggest that effective labour governance requires a balance between economic efficiency and the protection of fundamental labour rights.

Existing scholarship on Indonesian labour law demonstrates that achieving such a balance remains a significant challenge. Labour reforms introduced through the Job Creation Law were intended to improve economic competitiveness and attract investment; however, several studies indicate that these reforms have generated concerns regarding the weakening of labour protection standards. Nugroho et al. (2024) conclude that recent labour reforms expanded labour market flexibility but simultaneously raised concerns related to employment security, outsourcing arrangements, severance compensation, and collective bargaining rights. Similar findings are reported by Agustanti et al. (2021), who demonstrate that the COVID-19 pandemic exposed structural weaknesses in labour protection systems, particularly regarding layoffs, wage reductions, and social security coverage. Research by Ahyani et al. (2025) further reveals that many private lecturers in Indonesia continue to receive salaries below minimum wage standards despite existing legal protections, indicating a significant gap between legal norms and practical implementation. Likewise, Harahap et al. (2024) argue that labour welfare remains inadequately protected due to weaknesses in wage guarantees, certification systems, and social security participation. These studies collectively demonstrate that Indonesian labour governance continues to struggle with enforcement deficiencies and institutional limitations, suggesting that legal reform should focus not only on regulatory design but also on the effectiveness of implementation mechanisms.

Another important strand of contemporary labour law literature concerns the impact of digital transformation on employment relations. Rapid technological development, artificial intelligence, platform-based employment, and remote working arrangements have fundamentally altered traditional labour structures and created new forms of labour vulnerability. Nigar et al. (2025) argue that technological advancement may contribute to technological unemployment and precarious employment conditions if governments fail to establish adaptive labour regulations. Similarly, Neves et al. (2025) emphasise that the implementation of Industry 4.0 requires governance frameworks capable of balancing innovation, organisational productivity, and workers' welfare. Within the Indonesian context, Hidayah and Anggraeny (2023) observe that remote working arrangements remain inadequately regulated, particularly regarding working hours, employee monitoring, and work-life balance protections. Comparative research by Nur et al. (2023) further demonstrates that labour protection for platform workers in European Union countries is generally more comprehensive than in ASEAN jurisdictions, particularly concerning employment status recognition and social security coverage. Putri et al. (2023) similarly reveal that Indonesian gig workers frequently experience legal uncertainty, income instability, and weak bargaining power within digital platforms. These findings indicate that contemporary labour protection



frameworks must evolve beyond traditional employment concepts and address emerging issues relating to digital labour governance, algorithmic management, remote work, and platform-based employment relationships.

Labour protection scholarship also increasingly emphasises occupational safety, employee well-being, work-life balance, and equality as essential components of modern labour governance. Mutmainah and Bhatti (2025) argue that occupational safety protection in Indonesia remains insufficient due to weak enforcement mechanisms and inadequate preventive measures. Supporting this view, van Marrewijk and van der Steen (2024) highlight the importance of organisational learning and institutional accountability in preventing workplace accidents and strengthening safety cultures. Beyond workplace safety, research by Ahiabu et al. (2024) demonstrates that work-life balance significantly contributes to employee productivity and organisational sustainability. Studies focusing on gender equality similarly reveal persistent inequalities within labour markets. Cheong et al. (2024) identify continuing barriers to women's participation in the labour force, while Bachan and Bryson (2022) document wage disparities even within highly skilled professional occupations. These studies suggest that labour law should adopt a broader understanding of workers' welfare that extends beyond wages and employment contracts to include occupational health, family responsibilities, equal opportunities, and employee well-being. In this regard, contemporary labour governance increasingly reflects a human-centred approach that views labour protection as a fundamental component of social development and economic resilience.

Despite the growing body of literature on labour protection, several important gaps remain. First, most existing studies focus primarily on Indonesian labour law challenges without examining comparative lessons from legal systems that have successfully balanced labour flexibility and workers' rights protection. Second, previous research tends to analyse labour flexibility and labour protection as competing objectives rather than exploring how both may coexist within a coherent regulatory framework. Third, limited scholarship investigates how labour protection mechanisms in Portugal—including collective bargaining arrangements, social security integration, occupational safety regulation, parental leave protection, and work-life balance policies—may provide relevant insights for Indonesian labour law reform. Comparative legal scholarship demonstrates that legal learning from foreign jurisdictions can contribute to domestic reform when adapted to local socio-economic conditions rather than mechanically transplanted (Solehudin et al., 2025). Therefore, this study employs a comparative legal approach to examine Portugal's labour protection framework and assess its relevance for Indonesian labour governance. The novelty of this research lies in its effort to analyse Portugal as a model of balanced labour governance that integrates labour flexibility with comprehensive workers' protection, while simultaneously identifying legal principles and institutional mechanisms that may strengthen Indonesian labour law reform in the era of digital transformation and globalisation.

3. Methodology

This study employs a normative juridical research method combined with a comparative legal approach to examine how labour protection mechanisms operate within the Portuguese legal system and to assess their relevance for Indonesian labour law reform. Normative legal research



is appropriate because the study focuses on legal norms, statutory frameworks, labour protection principles, and institutional arrangements governing employment relations. The comparative approach is used to identify similarities, differences, and potential legal lessons between two jurisdictions that face common challenges arising from labour market transformation, digitalisation, and economic globalisation. Portugal was selected as the primary comparative jurisdiction because it represents a European labour governance model that has developed a relatively balanced framework combining labour market flexibility with strong worker protection mechanisms. In contrast, Indonesia has recently undergone substantial labour reforms aimed at increasing economic competitiveness, yet debates continue regarding the adequacy of worker protections following these reforms (Nugroho et al., 2024). Following comparative legal scholarship, this research adopts contextual legal comparison rather than direct legal transplantation, recognising that legal norms must be adapted to the social, economic, and institutional realities of the receiving jurisdiction (Solehudin et al., 2025).

The study relies primarily on secondary legal materials consisting of statutory regulations, labour codes, government regulations, international labour standards, academic journal articles, and authoritative legal commentaries concerning labour law in Portugal and Indonesia. Primary legal materials include relevant labour legislation regulating employment contracts, occupational safety, social security, remote work, parental leave, dismissal procedures, and labour rights protections. Secondary materials were obtained from peer-reviewed journal publications discussing labour governance, labour reform, workers' rights, digital labour protection, occupational safety, social justice, and employment regulation. To ensure analytical relevance, the literature selection focused on contemporary studies addressing labour protection challenges in the context of digital transformation, employment flexibility, social welfare, and technological change (Nur et al., 2023; Putri et al., 2023; Nigar et al., 2025). Additional references concerning wage protection, labour welfare, and worker vulnerability were incorporated to contextualise Indonesian labour law challenges (Ahyani et al., 2025; Harahap et al., 2024). The data collection process involved systematic document review, legal text examination, and thematic categorisation of labour protection mechanisms in both jurisdictions.

The analytical framework applies a qualitative comparative legal analysis based on five principal dimensions: employment security, wage and social protection, occupational health and safety, work-life balance protections, and digital labour governance. These dimensions were selected because contemporary labour scholarship identifies them as central indicators of effective labour protection in rapidly changing labour markets (Agustanti et al., 2021; Ahiabu et al., 2024; Yeo et al., 2025). The analysis was conducted through three stages. First, relevant legal provisions and institutional mechanisms within Portuguese labour law were identified and systematically classified. Second, comparable Indonesian legal frameworks were examined to determine areas of convergence and divergence. Third, the findings were interpreted through the perspectives of social justice theory, responsive law theory, and labour welfare principles to evaluate their potential contribution to Indonesian labour law reform. This analytical process enables the study not only to compare legal provisions but also to assess how labour protection mechanisms may contribute to balancing economic competitiveness with workers' rights in the era of digital transformation and globalisation.

4. Results and Discussion

4.1. The Portuguese Labour Code and Institutional Mechanisms for Balancing Labour Flexibility and Workers' Rights

Portugal has developed a labour protection framework that seeks to reconcile labour market flexibility with the protection of workers' fundamental rights through a comprehensive regulatory system centred on the Portuguese Labour Code (*Código do Trabalho*), social security legislation, collective bargaining institutions, and European Union labour standards. Unlike labour governance models that prioritise deregulation as a means of improving competitiveness, the Portuguese approach is based on the premise that economic efficiency and social protection are complementary rather than contradictory objectives. This orientation reflects the broader European social model, which recognises labour rights as part of social citizenship and human dignity. Labour flexibility in Portugal is facilitated through fixed-term contracts, flexible working arrangements, teleworking mechanisms, and adaptable working-time regulations, while workers simultaneously retain access to dismissal protection, collective bargaining rights, social security coverage, occupational safety guarantees, and family-related employment rights. This institutional balance demonstrates that labour market adaptability can be achieved without weakening the normative foundations of labour protection. Such an approach is particularly relevant for Indonesia, where post-Job Creation Law reforms have generated continuing debates regarding the appropriate balance between investment-oriented flexibility and workers' rights protection (Nugroho et al., 2024; Amelia, 2023).

A central characteristic of the Portuguese labour framework is the integration of flexibility within a legally regulated system of social protection. Portuguese labour law does not treat flexibility as unrestricted employer discretion but rather subjects it to procedural safeguards, judicial oversight, and collective labour institutions. This model differs from regulatory approaches that rely primarily on labour market liberalisation. The significance of this approach becomes increasingly apparent in the context of technological transformation, digitalisation, and the expansion of non-standard employment relationships. Contemporary studies indicate that artificial intelligence, automation, and platform-based work are transforming employment structures and generating new forms of labour vulnerability (Nigar et al., 2025). Similar challenges have emerged in Indonesia, where gig workers and platform workers frequently experience legal uncertainty, weak bargaining power, and limited access to social protection mechanisms (Putri et al., 2023; Nur et al., 2023). Portugal addresses these challenges through legal recognition of teleworking rights, social security obligations, and employment protections that remain applicable despite changing modes of work. This reflects a labour governance philosophy that views technological adaptation as requiring stronger regulatory capacity rather than reduced worker protection. In this regard, Portugal offers an alternative model for labour reform that combines economic competitiveness with social resilience.

Another important dimension of the Portuguese labour protection framework concerns the institutionalisation of social dialogue and collective participation. Labour governance in Portugal relies heavily on cooperation among government authorities, employers' organisations, and trade unions through tripartite mechanisms and collective bargaining structures. These institutions function not only as dispute-resolution mechanisms but also as instruments for maintaining industrial stability and ensuring regulatory legitimacy.

Comparative labour governance literature increasingly recognises that labour protection becomes more effective when supported by participatory institutions rather than solely by statutory regulations. In Indonesia, challenges relating to labour rights implementation frequently arise from weak enforcement capacity, unequal bargaining positions, and fragmented social protection systems (Harahap et al., 2024; Ahyani et al., 2025). The Portuguese experience suggests that sustainable labour reform requires strengthening institutional dialogue alongside legislative reform. Furthermore, labour policies concerning parental leave, equal treatment, and family-friendly employment arrangements reflect a broader commitment to social inclusion. Studies on labour markets continue to identify persistent inequalities related to gender participation and remuneration (Cheong et al., 2024; Bachan & Bryson, 2022). Portugal's emphasis on work-life balance and family protection therefore illustrates how labour law can contribute to both economic productivity and social cohesion.

The Portuguese framework also demonstrates a strong commitment to occupational health, workplace safety, and employee well-being. Employer obligations regarding risk prevention, workplace monitoring, and health protection are integrated within broader labour governance structures and supported by administrative enforcement mechanisms. This approach gained particular relevance following the COVID-19 pandemic, which exposed the importance of effective worker protection systems during periods of economic and public-health uncertainty. Research has shown that labour protection mechanisms play a critical role in preserving workers' rights during crises and mitigating employment-related vulnerabilities (Agustanti et al., 2021; Aprilia & Wibawa, 2021). In addition, contemporary scholarship increasingly recognises that occupational safety and employee well-being are directly linked to organisational sustainability and productivity (Ahiabu et al., 2024; Melariri et al., 2021). Similar concerns remain evident in Indonesia, where workplace accidents, enforcement deficiencies, and unequal access to employment protection continue to affect workers in both formal and informal sectors (Mutmainah & Bhatti, 2025). The Portuguese experience demonstrates that effective labour protection requires preventive governance mechanisms rather than merely reactive legal remedies after violations occur.

From a comparative legal perspective, the principal lesson offered by Portugal is not the direct transplantation of foreign legal norms but the adoption of regulatory principles capable of balancing flexibility and protection within changing labour markets. Comparative legal scholarship emphasises that legal borrowing should involve contextual adaptation rather than mechanical replication of foreign institutions (Solehudin et al., 2025). The Portuguese framework illustrates how labour law can simultaneously support economic competitiveness, attract investment, protect workers' rights, and maintain social stability. This finding is particularly important because labour reform debates in developing countries are often framed as a choice between economic growth and labour protection. The Portuguese experience challenges this assumption by demonstrating that labour flexibility can be embedded within a rights-based governance structure supported by social security systems, collective institutions, occupational safety mechanisms, and family-oriented employment policies. Consequently, the Portuguese labour protection framework provides a valuable comparative reference for Indonesian labour law reform and contributes to broader discussions concerning sustainable labour governance in the era of digital transformation and global economic change.

4.2. Comparative Legal Mechanisms of Labour Flexibility and Workers' Rights Protection: Indonesia in Dialogue with Global Labour Governance

Contemporary developments in labour law demonstrate that workers' protection can no longer be separated from global economic restructuring, digital transformation, and shifting employment relations. In this context, labour law functions not only as a regulatory framework governing employer–employee relations, but also as a broader governance instrument aimed at reconciling labour market flexibility with the protection of fundamental labour rights and social justice. Existing literature indicates that globalisation and investment competition often encourage deregulatory labour policies, which may weaken employment security when not balanced by robust social protection mechanisms (Nugroho et al., 2024; Yeo et al., 2025). In Indonesia, labour law reform—particularly following the Job Creation Law—has increased labour market flexibility, yet simultaneously triggered concerns regarding outsourcing practices, job insecurity, and weakened social protection guarantees (Amelia, 2023; Agustanti et al., 2021). This condition highlights the necessity of a structured comparative legal approach to examine how different jurisdictions design institutional mechanisms that mediate the tension between flexibility and protection.

One of the central mechanisms in comparative labour governance is wage regulation and social security integration as foundational instruments of distributive justice. From a normative perspective grounded in *maqāṣid al-sharī'ah*, wage regulation is not merely an economic instrument but a moral-legal obligation to ensure workers' decent living standards and human dignity (Harahap, 2018). Empirical evidence from Indonesia indicates persistent wage inequality, particularly among vulnerable employment groups such as private lecturers who continue to receive sub-minimum wages despite existing regulatory frameworks (Ahyani et al., 2025). Furthermore, wage subsidy policies during the COVID-19 pandemic illustrate that state intervention in Indonesia tends to be reactive rather than structurally institutionalised (Aprilia & Wibawa, 2021). In comparative perspective, more consolidated welfare-oriented systems demonstrate that integrated and preventive social protection mechanisms are more effective in stabilising labour markets during economic crises than ad hoc policy interventions. This reinforces the argument that labour protection requires institutional depth rather than fragmented regulatory responses.

The transformation of labour relations through digitalisation and platform-based work introduces new challenges for legal classification, labour rights protection, and regulatory enforcement. Digital labour platforms have fundamentally reshaped employment structures by introducing flexibility, but simultaneously increasing legal ambiguity regarding employment status, social protection coverage, and income stability. Studies on Indonesian gig workers reveal persistent issues related to income uncertainty, weak bargaining power, and lack of formal labour protection (Putri et al., 2023). Comparative research further demonstrates that the European Union has developed more advanced regulatory frameworks for platform workers, particularly through mechanisms recognising employment status and extending social security protections (Nur et al., 2023). This regulatory divergence reflects a transitional gap in Indonesia's ability to adapt its labour law framework to the realities of digitalised work economies. Additionally, technological acceleration, particularly artificial intelligence, is

increasingly associated with technological unemployment risks, requiring adaptive legal responses to mitigate labour displacement (Nigar et al., 2025).

Another essential dimension of labour protection concerns occupational safety, health standards, and organisational responsibility in preventing workplace risks. Occupational safety regulation must be understood not merely as administrative compliance, but as a substantive legal obligation reflecting the state's duty to protect workers' life, dignity, and long-term productivity. In Indonesia, enforcement challenges remain significant, particularly in industrial sectors where occupational accidents continue to occur due to weak supervision and limited preventive mechanisms (Mutmainah & Bhatti, 2025). Comparative scholarship emphasises that effective safety governance requires organisational learning processes that integrate legal, ethical, and operational dimensions in preventing workplace fatalities (van Marrewijk & van der Steen, 2024). Furthermore, workplace health studies highlight that employee well-being is strongly influenced by preventive health systems, workplace environment, and institutional support mechanisms (Melariri et al., 2021). Therefore, labour protection frameworks must evolve from reactive legal enforcement toward proactive, risk-based, and preventive governance systems.

Beyond formal legal and institutional mechanisms, socio-economic dimensions such as gender equality, work-life balance, and labour welfare also play a decisive role in shaping the effectiveness of labour protection systems. Empirical studies confirm that work-life balance significantly enhances employee productivity, organisational sustainability, and long-term labour market participation (Ahiabu et al., 2024). However, structural inequalities persist in labour markets, particularly in terms of gender wage gaps and unequal access to professional advancement opportunities (Cheong et al., 2024; Bachan & Bryson, 2022). In Indonesia, women workers play a crucial role in sustaining household economies, especially during economic shocks such as the COVID-19 pandemic (Musyafaah et al., 2022; Agustanti et al., 2021). This indicates that effective labour governance must integrate legal protection, socio-economic equity, and human development perspectives into a unified regulatory framework. Overall, the comparative analysis suggests that strengthening Indonesian labour law requires a holistic transformation that integrates wage justice, digital labour regulation, occupational safety, and social equality within a coherent and adaptive legal system capable of responding to contemporary global labour transformations.

4.3. Policy Implications and the Transferability of Portuguese Labour Protection Mechanisms to Indonesia

The comparative findings on Portugal's labour protection framework and Indonesia's labour governance challenges generate important implications for policy transfer and legal reform. Rather than treating labour law as a static national system, contemporary comparative labour scholarship emphasises that labour regulation increasingly operates within a transnational governance field shaped by EU standards, ILO principles, and global labour market pressures. In this context, Portugal represents a hybrid model that combines labour flexibility with strong social protection embedded in European Union labour directives, collective bargaining institutions, and welfare-oriented employment guarantees. Meanwhile, Indonesia demonstrates a reform trajectory characterised by increased flexibility following labour market deregulation,



yet still facing persistent structural weaknesses in wage protection, social security coverage, and enforcement capacity (Nugroho et al., 2024; Amelia, 2023). This divergence creates a critical analytical space to examine which Portuguese legal mechanisms may be contextually adaptable to Indonesia without ignoring institutional and socio-economic differences.

One of the most transferable aspects of the Portuguese labour framework is the institutionalisation of social dialogue as a core mechanism of labour governance. In Portugal, tripartite negotiation between government, employers, and trade unions functions not merely as consultative practice, but as a legally embedded regulatory mechanism that shapes wage policy, working conditions, and employment protection standards. This model contrasts with Indonesia, where labour consultation mechanisms often remain fragmented and less influential in shaping binding policy outcomes. Empirical literature indicates that weak institutional enforcement contributes to gaps between normative labour rights and actual implementation, particularly in wage protection and social security participation (Harahap et al., 2024; Agustanti et al., 2021). The Portuguese experience suggests that strengthening institutionalised social dialogue may enhance regulatory compliance and reduce labour conflict by embedding workers' representation within decision-making structures.

A second key transferable mechanism concerns integrated social protection systems, particularly unemployment insurance and welfare-based labour security. Portugal's labour model demonstrates that employment flexibility can be socially sustainable only when accompanied by strong unemployment benefits, active labour market policies, and universal social security coverage. This contrasts with Indonesia's relatively fragmented social protection architecture, where coverage gaps remain significant among informal and platform-based workers. Studies on digital labour in ASEAN and Indonesia highlight persistent vulnerabilities, including income instability and lack of legal recognition for gig workers (Nur et al., 2023; Putri et al., 2023). Furthermore, wage subsidy policies during crisis periods such as COVID-19 demonstrate that Indonesian social protection mechanisms tend to be temporary and crisis-driven rather than structurally embedded (Aprilia & Wibawa, 2021). Accordingly, the Portuguese model provides a reference point for transitioning from reactive welfare interventions to a more institutionalised and preventive social protection system.

However, the transferability of Portuguese labour protection mechanisms to Indonesia must be critically assessed within the context of institutional capacity and socio-economic structure. Portugal operates within the European Union legal order, which provides supranational enforcement mechanisms, harmonised labour directives, and judicial oversight through the Court of Justice of the European Union, thereby strengthening compliance and legal uniformity. Indonesia, by contrast, operates under a decentralised administrative structure with significant regional variation in enforcement capacity and labour inspection effectiveness. Research indicates that occupational safety enforcement and labour protection mechanisms in Indonesia remain inconsistent, particularly in industrial and informal sectors (Mutmainah & Bhatti, 2025). Additionally, global studies highlight that labour governance effectiveness is strongly influenced by institutional quality and political stability, which shape foreign investment and regulatory enforcement capacity (Michael Holmes Jr. et al., 2025). Therefore, direct legal



transplantation from Portugal to Indonesia is not feasible; instead, selective institutional adaptation is required.

Beyond institutional design, policy implications also extend to emerging labour market transformations driven by digitalisation, automation, and evolving employment relations. Portugal's labour governance framework illustrates the importance of adaptive regulation capable of responding to new forms of work, including remote work, platform labour, and flexible employment arrangements, while maintaining core labour protections such as working time limits, parental rights, and occupational safety standards. This is particularly relevant for Indonesia, where remote working arrangements and gig economy expansion have outpaced regulatory adaptation (Hidayah & Anggraeny, 2023; Nigar et al., 2025). Moreover, global labour law trends emphasise the need for balancing competitiveness with worker well-being, including gender equality, work-life balance, and sustainable employment systems (Cheong et al., 2024; Ahiabu et al., 2024). In conclusion, the Portuguese model does not offer a direct blueprint for reform, but rather a structured governance logic that Indonesia can adapt through incremental institutional strengthening, particularly in social dialogue, social protection integration, and digital labour regulation.

5. Conclusion

This study examined how Portugal's labour protection framework balances labour market flexibility with workers' rights protection and derived relevant implications for Indonesian labour law reform. The findings show that Portugal applies a structurally balanced model in which labour flexibility is supported by strong institutional safeguards, including social dialogue mechanisms, integrated social security systems, and enforceable employment protections. In contrast, Indonesia's labour governance demonstrates a reform trajectory that prioritises flexibility and investment competitiveness, but still faces persistent challenges in ensuring effective protection of wages, social security, occupational safety, and non-standard workers, particularly in the context of digital and informal employment. Thus, the study answers the main research question by demonstrating that labour flexibility can coexist with strong worker protection only when supported by robust and institutionalised governance structures, rather than deregulation alone.

In terms of contribution, this research provides a comparative legal framework that connects European welfare-oriented labour governance—represented by Portugal—with Indonesia's evolving labour law system. The main scholarly contribution lies in developing an analytical model that explains how labour flexibility and workers' rights protection can be reconciled through institutional design rather than normative regulation alone. This study also contributes to comparative labour law literature by shifting the discussion from descriptive comparison to structural legal analysis, focusing on how legal institutions, not only legal norms, determine the effectiveness of labour protection. The novelty of this research is found in its integration of flexibility-protection balance theory with comparative institutional analysis between Portugal and Indonesia, particularly in the context of digital transformation and emerging non-standard employment relations. The study also offers practical implications by identifying transferable governance principles such as strengthened social dialogue, integrated social protection systems, and adaptive regulation for platform and remote work.

However, this study has several limitations. First, the analysis relies primarily on doctrinal and comparative legal interpretation without empirical field data from workers, employers, or regulators in both jurisdictions. Second, the study focuses on selected institutional aspects of labour law and does not comprehensively examine all sectoral regulations within Portugal and Indonesia. Third, the dynamic evolution of labour policies, particularly in response to ongoing digital transformation, means that some regulatory developments may not be fully captured at the time of analysis. Future research is recommended to complement this study with empirical investigations and sector-specific comparative studies to validate the effectiveness of the proposed institutional insights in real labour market conditions.

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