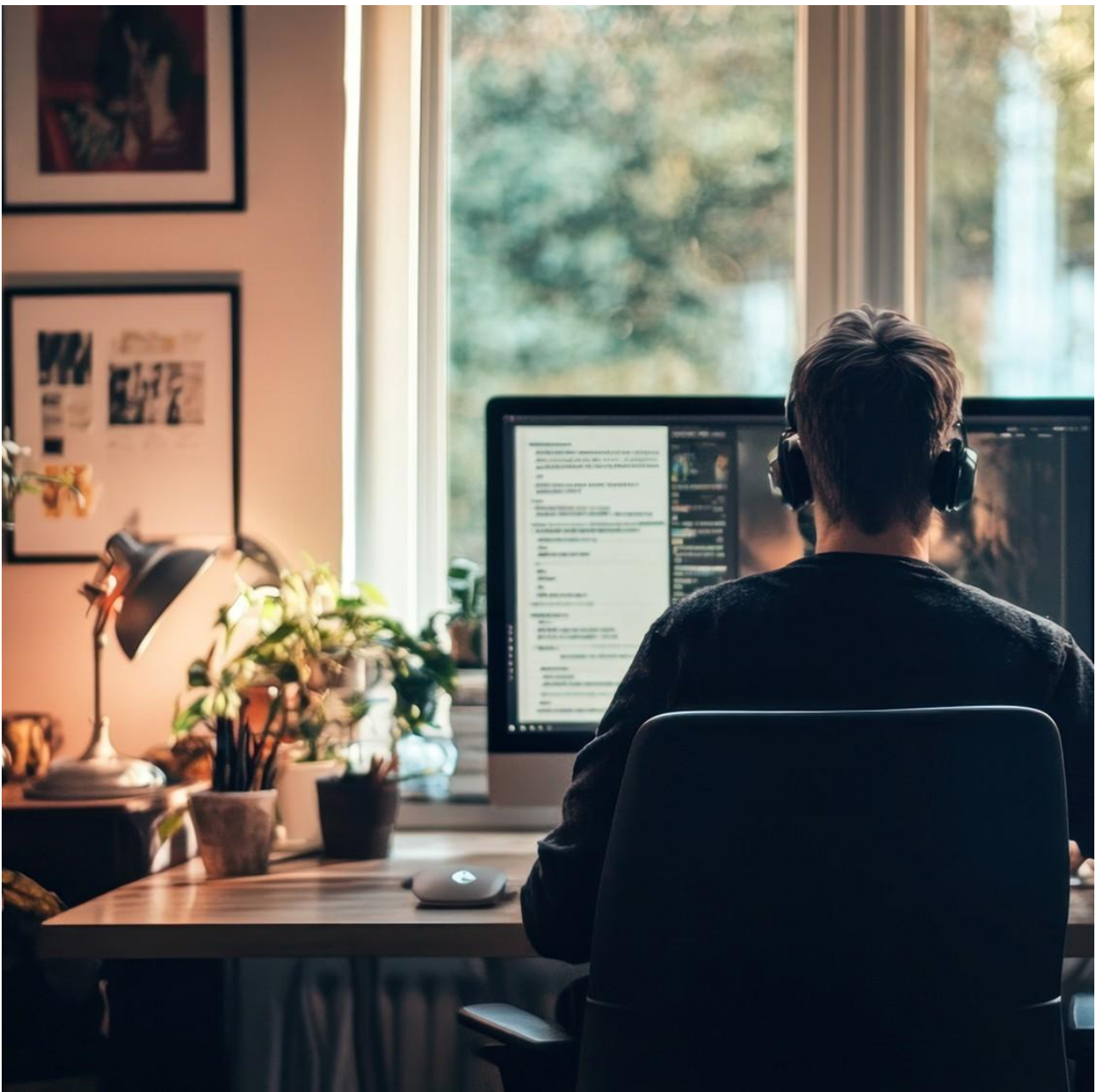


EMPLOYMENT

Indonesia's New WFH Circular: Government Signals Towards Hybrid Work



On 31 March 2026, the Minister of Manpower issued Minister of Manpower Circular Letter No. M/6/HK.04/III/2026 on Work from Home and Energy Use Optimisation Program in the Workplace. The Circular encourages employers to implement a work-from-home ("**WFH**") arrangement of at least one day per week, alongside workplace energy optimisation measures. While the Circular is non-binding, it signals a clear policy direction towards hybrid work and workplace energy efficiency.

Key Highlights for Employers

Set out below are the key highlights for employers.

1. **WFH recommendation – not mandatory but expected**

Employers are encouraged to implement WFH at least one day per week.

Full discretion remains with employers to determine the technical implementation of WFH (including eligibility criteria, scheduling, and operational arrangements). Employers are also encouraged to involve employees and/or labour unions in policy design, awareness initiatives, and innovation efforts.

2. **No reduction in employee rights**

Amid WFH implementation, payment of salary and benefits remain unchanged. WFH does not reduce employees' annual leave entitlements. Employees also remain fully responsible for the performance of their duties and obligations.

3. **Sectoral Exemptions**

The Circular Letter recognises that WFH may not be feasible for certain sectors that inherently require physical presence, including:

- Healthcare
- Energy
- Infrastructure and public services
- Retail and trade
- Industrial and production
- Services
- Food and beverages
- Transportation and logistics
- Financial services

Key Legal and Practical Issues to Anticipate

From a legal and operational perspective, employers should anticipate several issues arising from the implementation of this Circular.

1. **Alignment to company's rules and policies**

Employers will need to ensure that any WFH arrangement is supported by clear and consistent internal policies. Without a well-defined framework governing eligibility, scheduling, working hours, and monitoring, employers risk creating inconsistencies that may lead to internal disputes or claims of unequal treatment.

Further, differences in WFH eligibility across certain roles within the company (as the Circular allows exclusion of WFH for certain sectors) may lead to perceptions or allegations of unequal treatment among employees. While such differentiation may be operationally justified, it must be carefully managed to avoid claims of discrimination.

2. Employment contract, company regulation, and collective labour agreement

Existing employment documentation, including employment contracts, company regulation, and collective labour agreement, may not adequately address hybrid working arrangements. The introduction of WFH without proper documentation or amendment may expose employers to legal challenges or industrial relations disputes, particularly if employees or unions argue that the changes affect working conditions.

3. Working time and overtime exposure

The shift to remote work increases the complexity of managing working hours and overtime. In a WFH environment, the boundary between working time and personal time often becomes blurred, which may result in unrecorded overtime or excessive working hours. This creates potential exposure to claims under Indonesian labour law, particularly in relation to unpaid overtime and non-compliance with statutory working time limits.

Key Takeaways and Recommended Actions

In light of the above, employers should begin by assessing which roles within their organisation are suitable for WFH arrangements. This should be followed by the development or revision of a formal WFH policy that clearly regulates eligibility, working hours, supervision, and performance expectations.

Employers should also review and, where necessary, update their employment documentation to ensure that hybrid working arrangements are properly reflected and legally defensible. At the same time, companies should implement mechanisms to monitor working hours and manage overtime risks in a remote work environment.

Where labour unions are present, employers should consider structured communication or consultation to align expectations and mitigate the risk of future disputes.

For regional Employment matters, please see Rajah & Tann Asia's [Regional Employment Practice](#) for more information.

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