Problematic Arrangements for Termination of Employment in the Job Creation Law

Gilang Ramadhan¹, Amalia Diamantina²
¹,²Master of Law, Faculty of Law, Universitas Diponegoro, Semarang, Indonesia
*email: jukenrama@gmail.com

DOI: https://doi.org/10.31603/variajusticia.v16i2.3932
Submitted: September 2020    Revised: October 2020    Accepted: October 2020

ABSTRACT

Keywords: Workers; Work termination; Job Creation Law

This study aims to identify the value of Pancasila justice related to labor in the Job Creation Law. The method used in this research is a normative juridical method through a statutory and conceptual approach. The legal materials used are the 1945 Constitution and Law Number 13 of 2003 concerning Labor (Labor Law) compared to the Omnibus Law, which also regulates Labor. The results showed that the issuance of the Job Creation Law caused many losses for workers/laborers in providing wages, eliminating the right to wages, severance pay, compensation for rights, and compensation for workers/laborers. In addition, there is a lost right in suing an employer if a worker does not receive a layoff because of serious mistakes. Finally, employers who do not include pension workers in the pension program cannot be prosecuted. Amendments to the Job Creation Law must be made considering that laws must be made based on Pancasila justice. In current conditions, workers’ rights are being erased so that the Job Creation Law is considered to only favor employers.

1. INTRODUCTION

In Indonesia, Pancasila is the "Gronslag of Philosophy and Common Ground" as the foundation of the state. Consequently, Pancasila must serve as a guide in the formation of laws. The value of social justice is one of the bases that legislators must use in determining national policies. The quo is in line with the objectives of the Indonesian state as stated in the 4th paragraph of the Preamble to the 1945 Constitution of the Republic of Indonesia. This condition should serve as a guideline for legislators in formulating all policies, especially labor policies in Indonesia.

Based on "the 1945 Constitution of the Republic of Indonesia, Article 27 paragraph (2)" states that, "Every citizen has the right to work and a decent living for humanity." Furthermore, Article 28D (2) states that "Everyone has the right to work and receive fair and proper compensation and treatment in a working relationship." "Each person can get this job through his own business or by binding himself with other parties, such as agencies or companies. In the case of a person who will work by binding himself
to another party, of course, there needs to be interference from the government and businessmen because, without the intervention of the two parties, each person cannot bind himself to work to get a decent living . A person can be categorized as a worker or laborer, if he/she works for a wage or other form of remuneration, as regulated in "Article 1 point 3 of Law 13 of 2003 concerning Manpower". Furthermore, in this study, because the term worker has the same meaning as the term labor, the writer uses only one, namely "worker."

Workforce regulation in Indonesia contains a procedure for termination of employment, from now on, referred to as layoffs. However, in practice in the field, there have been unilateral layoffs of entrepreneurs. It has neglected the deliberation process between the authorities and workers first. In addition, considering that the number of unemployed people in February 2020 was the highest compared to 2016-2019, which increased to 6.68 million people. So, in this case, protection for workers against termination of employment is necessary. The number of workers in Indonesia is massive, especially those who work for the private sector, so to protect workers from being mistreated by employers, labor law regulates this relationship based on an employment relationship. "Article 1 number 15 of Law Number 13 the Year 2003 concerning Manpower" determines that:

"An employment relationship is a relationship between an entrepreneur and a worker based on a work agreement which has elements of work, wages, and orders."

Based on the definition of a working relationship, it can be concluded that a working relationship as a form of legal relationship is born or created after a work agreement between the worker and the entrepreneur is established. The employment relationship between workers and employers lasts as long as the worker is still bound to work and can end after the worker is no longer committed to work, resulting in a working relationship between the worker and the employer. "However, sometimes the employment relationship between the worker and the employer ends. In the wrong way due to several factors. One of the factors comes from both the workers and the employers themselves, for example, workers who feel aggrieved by their employers and employers who feel disadvantaged by their workers' attitudes. These conditions can lead to disputes between workers and employers regarding termination of employment (PHK). Article 1 point 25 of Law Number 13 Year 2003 concerning Manpower states that":

---

"Termination of employment is the termination of an employment relationship due to certain reasons which result in the termination of rights and obligations between workers and employers."

Layoffs are a complex dispute to avoid in the manpower sector and are more often carried out by employers. By the provisions of Article 151 paragraph (1) of Law Number 13 the Year 2003, in principle, all parties are strived to avoid termination of employment. However, in reality, this cannot be avoided and even causes disputes. Settlement of industrial relations disputes by Law Number 2 of 2004 can be carried out in 2 (two) ways of settlement: settlement of disputes through industrial relations courts and outside of industrial relations courts, including bipartite settlement conciliation, arbitration, and mediation. However, before the dispute is resolved through an industrial relations court, it is mandatory to seek a settlement through channels outside the industrial relations court, either through bipartite, conciliation, arbitration, or mediation. In principle, the Settlement puts forward deliberation to consensus.4

On October 20, 2019, President Joko Widodo, in his first speech after being inaugurated as President of the Republic of Indonesia in 2019-2024, conveyed the first time about the term Omnibus Law. President Joko Widodo's stated that this omnibus law would simplify regulatory constraints that were considered complicated and lengthy. At least, there are two laws with the concept of the omnibus law that will be worked on, namely the Job Creation Law and the Taxation Law5. Thus, the Job Creation Bill, from now on, is referred to as the Job Creation Bill. This bill consists of 11 clusters, 79 laws with 15 chapters, and 174 articles. If read in Chapter IV concerning Manpower, which regulates Termination of Employment (PHK), there are problems concerning workers' rights, which are considered very detrimental to workers. Therefore, in this study, the author will discuss setting employment in the Job Creation Bill, compared to the Manpower Act.

This research is different from previous research, which discussed the problems in the Job Creation Bill. Previous research has been conducted by "Andri Fransiskus Gultom and Marsianus Reresi. This research focuses on the bill's review from the Critical Legal Study (CLS)".6 Other studies that discuss similar matters have also been carried out by AL Sentot Sudarwanto and Dona Budi Kharisma. They examined the differences in the substance of environmental permits and the Omnibus Law Bill against sustainable

---

Based on two previous studies that discuss the problems in the Job Creation Bill, no one has specifically examined the issues in this study, namely the Problems of Employment Termination Arrangements in the Job Creation Bill, compared to the Manpower Law.

2. RESEARCH METHOD

This study uses a research method "juridical normative Through a statutory and conceptual approach. The statutory approach conducted by examining the rules of "Law Number 13 of 2003 concerning Manpower and the Employment Creation". The conceptual approach carried out using concepts understood from experts or experts in the fields related to the issues discussed. This research's data is secondary data, consisting of primary standard materials in Law Number 13 of 2003 concerning Employment and the Employment Creation, and secondary legal material in the form of literature related to layoffs. The data was collected through a literature study and then analyzed descriptively analytically. Namely, the analysis method described the research object to answer research problems

3. RESULTS AND DISCUSSION

3.1. Problems in setting layoffs in the Job Creation and their Comparison with the Manpower Act

Before entering into the substance related to difficulties in setting layoffs in the Job Creation Bill, it was deemed detrimental to workers' rights. The government made the Work Creation Bill policy create economic development by facilitating business activities and facilitating business investment. Still, in substance, legislators should not forget the interests of workers who are Indonesian people. One thing that is important to remember that workers in the context of an employment relationship have a weak position compared to employers. Hence, there is potential for exploitation and reduction of workers' rights. So that legal protection of workers becomes something essential and needs to be improved continuously.

It is necessary to know together that "The President of the Confederation of Indonesian Workers Unions (KSPI), Said Iqbal, said that workers would take massive..."

---

action to reject the Job Creation Bill.\(^\text{10}\) It was reported that the action would be held on March 23, 2020, to coincide with the plenary session of the DPR RI. Apart from Jakarta, the story will also be held in several provinces in Indonesia. The action aimed to cancel the Job Creation Bill because the Bill did not think about workers' and job seekers' fate. The story also considers that the Job Creation Bill will exploit workers. "Every unemployed person must have protection from the state. That is a constitutional order. The government is obliged to guarantee every citizen to get a job and a decent living".\(^\text{11}\)

Starting from the fact about the rejection by workers of the Job Creation Bill above, in essence, the workers feel their rights as workers are disadvantaged because the Job Creation Bill does not accommodate the protection of workers' rights.\(^\text{12}\) One of the substances that have been criticized is the regulation regarding layoffs in the Job Creation Bill, particularly in Chapter IV on Manpower. Regarding the principle of releases in Indonesia, it is already in the current Manpower Act. If looking into the substance in Article 150 in Law Number 13 the Year 2003 concerning Manpower, which reads, "Provisions regarding the termination of employment in this law include termination of employment that occurs in a business entity that is a legal entity or not, which belongs to an individual, belonging to an association or legal entity, whether private or state-owned and social enterprises and other businesses that have management and employ other people by paying wages or other forms of compensation". Problems arise when the regulation regarding layoffs in the Job Creation Bill changes the rule's substance regarding releases in the Manpower Law; herein lies the problem.

Based on the theory of the Indonesian rule of law, that the formulation of the main ideas of the concept of the rule of law is contained in the form of statutory regulations, where the Indonesian state has legal ideals based on Pancasila, and the idea of Indonesian statehood, namely the First Principle of Pancasila which It reads the Supreme Lordship.\(^\text{13}\) So that in the context of regulating layoffs in the Job Creation Law, it can be considered problematic if it is not by the ideals of the national law of the Indonesian state as stated in Pancasila, and the idea of Indonesian statehood, namely the First Principle of Pancasila which reads Almighty God.


\(^{11}\) Despian Nurhidayat.


\(^{13}\) Agustinus Yosi Setyawan Lita Tyesta A.L.W., Anis Mahdurohatun, Adhi Budi Susilo, Perancangan Hukum Pembentukan Peraturan Perundang-Undangan (Teori Dan Teknik), I (Yogyakarta: CV. MAHATA (Magna Raharja Tama), 2020).
3.2. Substance differences regarding layoffs between the Job Creation Bill and the Manpower Act

This section will describe the differences in the substance of the regulations regarding discharges regulated in the Job Creation Bill and those held in the Manpower Law. Article 151, the Job Creation Bill, there is a reduction in layoff procedures/mechanisms. Where "layoffs are carried out based on an agreement between employers and workers. If an agreement is not reached, the layoffs will be resolved through the procedures stipulated in Law no. 2 of 2004 concerning the Settlement of Industrial Relations Disputes (UU PPHI) ". Then, there is a difference in the principle of Article 151 of the Manpower Law regarding the procedure/mechanism of dismissal, "where employers, workers, trade/labor unions, and the government must make every effort to prevent layoffs from occurring." "If all efforts have been made, but dismissal is unavoidable, then layoffs must be negotiated by the entrepreneur and the trade/labor union or workers if they are not members of a trade union." "If the results of the negotiations do not result in an agreement, the entrepreneur can terminate the employee after obtaining the determination of an industrial relations dispute settlement institution (PHI)."

Then, between "Article 151 and Article 152 is inserted 1 (one) Article namely Article 151A" which reads as follows, "Agreement on termination of employment as referred to in Article 151 paragraph (1) is not required if: workers are still on probationary period; workers violate the provisions stipulated in the work agreement, company regulations, or collective working agreement and have been given the first, second, and third warning letters respectively; the worker resigns of his own accord; workers and employers end their working relationship according to a work agreement for a certain period; workers reach the retirement age by work agreements, company regulations, or collective working agreements; the worker dies"; "The company has closed down due to" force majeure; or "the company is declared bankrupt based on the decision of the commercial court." Therefore, the inserted Article contains several conditions where there is no need to agree if the company wishes to terminate the employees. This Article is deemed to be detrimental to the interests of workers.

However, in the Job Creation Bill, Article 152 is deleted, so that the deletion of Article 152 does not cause legal uncertainty but is continued in a government regulation / PP. It is consistent with the implications of the previous additions to Article 151A. Furthermore, in Article 153 of the Job Creation Bill regarding the Prohibition of Layoffs, there are changes, but the substance has not changed much. The amendment emphasizes "the prohibition for employers to lay off workers because workers are related by blood and marital ties with other workers in one company." It is by "MK Decision No.13 / PUU-XV / 2017", which removes the phrase "unless it has been regulated in a work agreement. Or collective labor agreement "in" Article 153 paragraph (1) letter f of the Manpower
For this reason, if there is a layoff, it is "null and void, and the employer is obliged to re-employ the worker concerned." So that this Article protects the rights and interests of the workers/workers.

Then, in Article 154, which is regulated in the Job Creation Bill, the provisions governing the conditions of layoffs that do not need to be determined by PHI are abolished. Still, there is an insertion of Article 154A in the Job Creation Bill. Article 154 of the Manpower Law's substance is similar to Article 151A of the Job Creation Bill. The difference is, in Article 151A letter b of the Job Creation Bill, dismissals do not need an agreement if the worker violates the provisions stated in the work agreement. The insertion of Article 154A in the Job Creation Bill, which regulates the reasons for layoffs to make it easier for workers. Also, "Article 155 of the Manpower Law" which governs discharges without being accompanied by "stipulation of an industrial relations settlement institution" as stipulated in "Article 151 paragraph (3) is null and void", but in "Article 155 of the Job Creation Bill has been abolished". In "Article 156, which regulates severance pay and period of work rewards in the event of layoffs," we look at the following article. In "Article 156 paragraph (1) of the Manpower Law regulates that in the event of layoffs, the entrepreneur is obliged to pay severance pay and service pay and compensation money which should be received". Meanwhile, in the Job Creation Bill "in the event of layoffs, employers are only obliged to pay severance pay and service pay without compensation for rights. However, employers can provide compensation money as long as it is regulated in a work agreement, company regulation, or collective working agreement by Article 156 paragraph (4) of the Job Creation Bill".

Furthermore, "Article 157 of the Job Creation Bill" makes it easier by simplifying the basis for calculating severance pay with tenure awards. However, on the other hand, this article is a bit detrimental in terms of the amount of severance pay and allowances, both free provisions and subsidies. In the following article, to be precise, in the Job Creation Bill between Article 157 and Article 158, 1 (one) Article is inserted, namely Article 157A. Article 157A is inserted into the Job Creation Bill, which states that employers and workers must continue to carry out their obligations. Employers can carry out suspension while still paying wages and other rights during settling industrial relations disputes. This inserted article can protect workers/workers' rights because employers still provide wages and other rights to workers/workers, even though it is in the PHI process.

If we look at "Article 158 in the Manpower Law", employers can terminate employment relations with workers because they have made a severe mistake. However, Article 158 is abolished in the Job Creation Bill. This article's removal is due to several types of serious errors that the Constitutional Court has interpreted some through "The Constitutional Court Decision No.012 / PUUI / 2003. The reasons for severe mistakes have been regulated in the Criminal Code. In stating that a worker has committed a serious mistake, the worker must be caught red-handed, asked for his testimony, and other
The Constitutional Court’s decision states that Article 158 is conditional unconstitutional. This Article contains a criminal principle, namely the presumption of innocence. If a worker makes a small/big mistake, it must be processed through legal recourse. If detained, he can be fired (Article 154A letter K).

Then, there was a re-elimination in Article 159 of the Job Creation Bill, closing the space for workers to sue to PHI if they did not receive layoffs based on severe mistakes. Therefore, the elimination of Article 159 implies the abolition of Article 158, which contains dismissal due to serious errors. The Job Creation Bill has changed in "Article 160 of the Manpower Law", namely deleting paragraphs (6) and (7). "Article 160 paragraph (6) and (7) of the Manpower Law regulates the reasons for dismissal for workers who are in criminal proceedings after six months of being unable to perform work or have been found guilty without the establishment of an Industrial Relations Dispute Settlement institution". The elimination of "Article 160 paragraph (7) of the Manpower Law" which ultimately does not oblige employers to pay workers who experience the reason for dismissal in the form of reward money for working one time the provisions of "Article 156 paragraph (3) and compensation money according to the provisions of Article 156 paragraph (4) )". So, this article has harmed the rights that workers should receive.

Articles 161 to 172, which have been regulated in the Manpower Law, the Article mentioned in the Job Creation Bill has been abolished. So, as many as 12 of these Articles were repealed, here is a brief explanation of the articles removed in the Article of the Job Creation Bill, as follows:

a) The elimination of Article 161 is an implication of the amendment to Article 151, which cuts down procedures/mechanisms. This article is considered detrimental to workers' interests because the stages in carrying out layoffs in the Manpower Law that prevent layoffs are deleted, both negotiations between labor unions and warning letters.

b) Article 162, which regulates that workers who resign are entitled to receive compensation and separation pay. So, in this case, the worker has lost what is rightfully his. The elimination of Article 163, namely in the Manpower Law, eliminating the right to severance pay for workers, which is now regulated in the Job Creation Bill, is detrimental to workers.

c) The elimination Article 164, which regulates severance compensation, pays due to layoffs due to company closure caused by the company experiencing continuous loss for two years, or force majeure. This provision also holds severance pay due to layoffs.


15 Willy Farianto.
because the company is doing efficiently. The abolition of Article 164 in the Manpower Law eliminates the right to severance pay for workers, which is now regulated in the Job Creation Bill, which is detrimental to workers.

d) Abolished Article 165, which regulates severance pay for layoffs because the company went bankrupt. The abolition of Article 165 in the Manpower Law eliminates the right to severance pay for workers, which is now regulated in the Job Creation Bill, which is detrimental to workers.

e) Article 166 was abolished, which regulates severance pay for layoffs because workers die and retire. The abolition of Article 166 in the Manpower Law eliminates the right to severance pay for workers, which is now regulated in the Job Creation Bill, which is detrimental to workers.

f) Article 167 was abolished, which regulates severance pay for layoffs because workers die and retire. The abolition of Article 167 in the Manpower Law eliminates the right to severance pay for workers, which is now regulated in the Job Creation Bill, which is detrimental to workers.

g) The elimination of Article 168 regulates layoffs for absent workers for five consecutive working days without explanation. The abolition of Article 168 in the Manpower Law removes the right to severance pay for workers, which is now regulated in the Job Creation Bill, which is detrimental to workers.

h) The elimination of Article 169 regulates workers' rights to apply reports to industrial relations settlement institutions if an entrepreneur commits specific actions, such as abusing, violently insulting, or threatening workers. The abolition of Article 169 in the Manpower Law eliminates the right to severance pay for workers, which is now regulated in the Job Creation Bill, which is detrimental to workers. The elimination of Article 170, where Article 170 of the Job Creation Bill has been abolished, implies repealing Article 151 paragraph (3), eliminating labor unions' negotiations.

i) They have abolished "Article 171, where the Manpower Law which provides space for workers who experience dismissal on the grounds as Article 158 paragraph (1), Article 160 paragraph (3), and Article 162 can file a lawsuit to PHI within one year of dismissal. So that workers lose their right to sue PHI. Abolished "Article 172, which in the Manpower Law which provides opportunities for workers who experience prolonged illness, disability due to work accidents, and unable to carry out their work after 12 months can apply for layoffs and are entitled to severance pay, rewards for working period, compensation of rights. So that the worker/worker loses the right to receive severance pay 2 (two) times the provisions of Article 156 paragraph (2), 2 (two) times reward money for the provisions of Article 156 paragraph (3), and compensation for rights 1 (one) time provisions of Article 156 paragraph (4).

In short, of the 12 Articles above that have been abolished in the Work Creation Bill, it can be said that most of these workers' rights have been cut or lost, plus the last Article
in the Job Creation Bill, which regulates criminal Articles is also abolished. As a result of the abolition of Article 184, it is considered to be detrimental to the interests of workers' rights, where employers, when they do not include pension workers in the pension program, employers cannot be sued to provide compensation to workers as referred to in "Article 184 of the Manpower Law".

4. CONCLUSION

Based on the description above, the authors consider that the Job Creation Bill causes many workers' losses. Although two things are beneficial for workers, namely the first, related to the removal of the employer's right to determine if the worker has committed a grave mistake unilaterally, this is reinforced by the interpretation of the Court based on "MK Decision No.012 / PUUI / 2003" so that a separate legal recourse can be done. Then the second, regarding permits for workers to work in one company, even though there are blood ties and marital ties with other workers. However, in terms of wages to prevent layoffs for workers (cutting procedures), the elimination of the right to wages, severance pay, compensation money, and reward money for workers, then there is a loss of the right to sue employers to PHI if they do not accept the dismissal of workers. The basis of serious mistakes, and finally, relating to employers who do not include pension workers in the pension program, cannot be prosecuted criminally (compensation). Therefore, the authors suggest that there should be changes in the Work Creation Bill so that the rights that workers should receive are not trimmed or eliminated. If this is not done, this law is considered impartial for the workers, but rather for the employers (there is no protection/legal umbrella for the workers).

REFERENCES
Kadek Agus Sudiarawan. “Pengaturan Prinsip Transfer of Undertaking Protection of


This work is licensed under a Creative Commons Attribution 4.0 International License