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Corporate Responsibility in Unlawful Termination of Workers Following Automatic Employment Status Conversion Under Indonesian Labor Law

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Abstract

This study analyzes a company's legal liability for unilateral termination of employment in the case of the conversion of casual daily workers (PHL) to indefinite-term employment contracts (PKWTT) based on Decision No. 7/Pdt.Sus-PHI/2025/PN Bdg. The research method used is normative legal analysis employing a statutory approach and a case-based approach. The results of the study indicate that PT. Perkebunan Karet Suka Karet committed multiple legal violations by disregarding the change in the workers' employment status, which automatically converted to an indefinite-term employment contract (PKWTT) by law after continuous service for 25 years and 6 months. The company neglected its legal responsibilities by carrying out unilateral termination without a written notice procedure, without bipartite negotiations, and by failing to fulfill the workers' statutory compensation rights. Based on the judge's ruling, the company bears full civil liability to pay compensation totaling Rp57,542,108, which includes severance pay and service award in accordance with Government Regulation No. 35 of 2021. This study concludes that the disregard for workers' status and rights results in administrative sanctions as well as legal action for unlawful acts against the company.

INTRODUCTION

A company is a form of business entity that conducts permanent and continuous activities to obtain profit and/or earnings, established and domiciled within the territory of the Republic of Indonesia, and operated by individuals or business entities, whether incorporated as legal entities or non-legal entities.[1] A company, as a legal subject, possesses the legal capacity to enter into employment contracts and bears all legal consequences arising from industrial relations with its employees. On the other hand, the employment contract, which serves as a mechanism of protection for employees, constitutes an integral element of labor rights and falls within the state's obligation to protect its citizens.[2]

Companies serve as catalysts for economic growth and contribute to the reduction of unemployment rates by improving the community's standard of living through job creation. This dynamic establishes an employment relationship between the company and the employee via an employment contract, which generates reciprocal (*synallagmatic*) rights and obligations for both parties.

An employment contract is defined as the primary instrument that binds the rights and obligations of all parties, whereby the company is legally obligated to ensure that workers are protected in accordance with the prevailing laws and regulations.[3] While companies hold the management prerogative to govern their overall business operations, both internally and operationally, they are concurrently mandated to fulfill all statutory employee rights. These include the payment of a decent wage, the provision of social security, and the implementation of occupational safety and health protections. This equilibrium between rights and obligations is pursued to foster the principles of harmonious and equitable industrial relations across all dimensions. Such relations are not merely contractual in nature but are also normative, predicated on the provisions of the prevailing legislation. Under the framework of labor law instruments, the State intervenes to provide legal protection to workers, who structurally occupy a weaker bargaining position relative to employers.[4] The principles of labor protection embodied

[1] Nikmah Dalimunthe et al., "Penerapan Perjanjian Kerja Dalam Perusahaan Terhadap Hak Ketenagakerjaan," *Jurnal Riset Akuntansi* 1, no. 3 (2023): 83–106.
[2] Alya Sani Pratiwi, Endah Pujiastuti, and Zaenal Arifin, "Implikasi Bentuk Perjanjian Kerja Terhadap Perlindungan Hukum Bagi Pekerja Pada Usaha Mikro Dan Kecil," *Jurnal USM Law Review* 7, no. 3 (2024): 1897–1910.
[3] Venita Dian, Aurelia Tatambihe, and Hendrik Pondaag, "Vol. 14 No. 4 (2026): Lex Crimen Jurnal Fakultas Hukum Unsrat," *Lex Crimen* 14, no. 4 (2026): 1–11.
[4] Helen Yanti, Hendra Rahmani, and Sri Nurcahyani, "Tinjauan Negara Hukum Terhadap Perlakuan Diskriminatif Dalam Penempatan Dan Perlakuan Kerja: Kajian Putusan No. 41/Pdt. Sus-Phi/2023/Pn Bdg," *Staatsrecht: Jurnal Hukum Kenegaraan Dan Politik Islam* 5, no. 2 (2025).

in Law No. 6 of 2023 prescribe the obligations of companies in every aspect of employment relations. This framework is technically and operationally substantiated by Government Regulation No. 35 of 2021, which governs the mechanisms and compensation schemes in the event of employment termination (*dismissal*).

In practice, the implementation of corporate liability remains fraught with various severe impediments, as numerous companies have failed to fully discharge their statutory obligations toward workers.[5] A significant disparity in bargaining power exists between companies and workers, leaving the latter vulnerable and hindered in vindicating their rights. Consequently, this disparity exacerbates the potential for corporate violations against labor rights. The structurally weaker position of workers vis-à-vis employers is typically characterized by economic dependence, restricted access to legal information, and a lack of individual bargaining capacity.[6] Although labor law dictates several statutory grounds upon which an employer may initiate a termination of employment, Indonesian labor law firmly establishes that dismissal must serve as a *last resort*, permissible only after all preventative measures have been exhausted without success.[7]

The occurrence of employment termination entails highly complex ramifications. Socio-economically, the loss of employment equates to the deprivation of the primary source of income upon which the livelihood of the worker and their family depends. This is particularly devastating if the worker lacks adequate financial reserves, which may consequently plunge them into poverty. Furthermore, dismissal induces profound social and psychological impacts, including a decline in social status, loss of professional identity, and acute stress or depression. On a macro level, widespread waves of dismissals potentially trigger an inflation of the national unemployment rate, ultimately imposing a socio-economic burden on both the state and society.[8]

This reality underscores the vital importance of legal protection for dismissed workers. Accordingly, statutory regulations have codified a set of mandatory entitlements that companies must fulfill upon termination. These three types of entitlements are prescribed under Government Regulation No. 35 of 2021, namely:

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[5] Munhamir Ihawana Ahmadi, "Perlindungan Hukum Terhadap Hak Buruh Pasca Pemutusan Hubungan Kerja Yang Berkeadilan," *Yustitiabelen* 12, no. 1 (2026): 1–22.
[6] Fahroni Nur et al., "Pemutusan Hubungan Kerja Akibat Pelanggaran Berat Pasca Terbitnya UU RI Nomor 06 Tahun 2023 Tentang Cipta Kerja," *Journal Juridisch* 2, no. 1 (2024): 16–29.
[7] Axcel Deyong Aponno and Aisyah Puspitasari Arifiani, "Pemutusan Hubungan Kerja Secara Sepihak Berdasarkan UU Cipta Kerja (Studi Kasus PT. Indosat TBK)," *Jurnal Kertha Semaya* 9, no. 10 (2021).
[8] Mokh Thoif, "Pemutusan Hubungan Kerja (PHK) Terhadap Karyawan Terdampak Pandemi Covid-19," *Perspektif Hukum*, 2022, 265–85.

severance pay (*uang pesangon*), long-service pay (*uang penghargaan masa kerja* / UPMK), and rights compensation pay (*uang penggantian hak* / UPH). This comprehensive statutory framework is designed to ensure that terminated workers are not deprived of their rights and receive adequate financial support during their post-dismissal transitional phase.[9]

Nevertheless, the reality of industrial practices reveals that unilateral dismissals are frequently executed by employers without adhering to due process of law or providing statutory compensation. This trend is corroborated by labor inspection reports highlighting widespread unfulfilled labor entitlements in both small and medium-sized enterprises.[10] Moreover, the rationale of economic efficiency is frequently weaponized by companies as a pretext for termination without demonstrating bona fide financial distress.

This issue becomes increasingly convoluted when it involves workers whose legal status was not clearly defined at the inception of the employment relationship, notably Casual Daily Workers (*Pekerja Harian Lepas* / PHL). The predicament of PHLs—who are legally categorized under Fixed-Term Employment Contracts (*Perjanjian Kerja Waktu Tertentu* / PKWT) for temporary work lasting less than 21 days a month—becomes precarious when their employment status lacks clarity from the outset. If a daily worker continues to work beyond the statutory threshold, their status is legally transformed into a Permanent Worker (*Perjanjian Kerja Waktu Tidak Tertentu* / PKWTT) by operation of law. Any disregard of this statutory conversion renders a subsequent dismissal unlawful (*wrongful dismissal*). Normatively, an unlawful dismissal triggers administrative sanctions and empowers the aggrieved worker to claim full statutory compensation (severance pay, UPMK, and UPH) pursuant to Article 156 of Law No. 6 of 2023 through the Industrial Relations Court.

As a case study reflecting this phenomenon, this research analyzes Decision No. 7/Pdt.Sus-PHI/2025/PN Bdg. This case encapsulates a dispute between a worker (Hadni) and a company (PT. Perkebunan Karet Suka Karet) regarding unfulfilled normative rights of a worker whose status had been legally converted to a permanent employee (PKWTT) amidst an employment termination dispute. PT. Perkebunan Karet Suka Karet is an agribusiness corporation operating in Sukabumi. To support its rubber sap production, the company employed members of the local community, including

[9] A K Nababan et al., "Keabsahan Materi Muatan Terkait Uang Pesangon Dalam Peraturan Perundang-Undangan," *Jurnal USM Law Review* 5, no. 1 (2022).
[10] Hasya Rumania and Gunardi Lie, "Status Hukum Dan Perlindungan Hak Pekerja Gig Economy: Studi Kasus Driver Ojek Online Di Indonesia," *Jurnal Citra Multidisiplin* 1, no. 4 (2026): 393–97.

Hadni, who had rendered continuous service for 25 years and 6 months (from November 1994 to April 2020). Although initially hired as a Casual Daily Worker (PHL), such an extensive duration of employment should, by operation of law, convert Hadni's employment status into a Permanent Worker (PKWTT) under the prevailing labor regulations. The dispute arose when PT. Perkebunan Karet Suka Karet unilaterally terminated Hadni on the grounds of reaching retirement age, but failed to provide either his normative rights or the statutory severance compensation. This unilateral action is deemed a violation of substantive justice and prejudicial to the legally protected rights of the worker. Due to the company's denial of his permanent status and compensation rights, Hadni pursued legal remedies through the Industrial Relations Court to seek judicial protection and demand the full realization of his statutory entitlements as a dismissed employee.

METHODS

This study implements a normative doctrinal legal research method, evaluating positive legal norms against judicial reasoning within industrial relations adjudication. Rather than utilizing a generic statutory checklist, this research applies an analytical framework rooted in systematic statutory interpretation and legal dogmatics. This model allows for a rigorous examination of how statutory conversion principles interact with corporate liability doctrines.[11] The problem-solving approach utilized includes the statute approach to analyze labor regulations—such as Law No. 6 of 2023, Government Regulation No. 35 of 2021, and Law No. 13 of 2003—and the case approach, conducted through an in-depth analysis of Decision No. 7/Pdt.Sus-PHI/2025/PN Bdg to scrutinize the judicial reasoning regarding the lawfulness of the dismissal and the scope of corporate liability. Case selection is a critical component of this methodology. Decision No. 7/Pdt.Sus-PHI/2025/PN Bdg was specifically selected as a landmark illustrative case because it epitomizes a profound, long-term (25 years and 6 months) misclassification of worker status by a major agribusiness corporation. This case serves as an ideal analytical vehicle because it clearly tests the boundaries of *ex lege* conversion enforcement and provides a concrete legal battleground concerning the coexistence of statutory labor remedies and civil law tort claims. The data sources for this study rely exclusively on legal materials, comprising primary legal materials (relevant laws, regulations, and court decisions), secondary legal materials (textbooks, scientific articles, and relevant law journals), and tertiary legal materials (supporting information from

[11] Peter Mahmud Marzuki, *Penelitian Hukum: Edisi Revisi* (Prenada Media, 2017).

internet media regarding industrial relations disputes). Data collection was conducted through library research by systematically cataloging, reviewing, and selecting written legal documents and materials relevant to the analysis. Subsequently, the gathered legal materials were evaluated using a qualitative analysis method to produce a descriptive-analytical output that comprehensively delineates the legal facts in order to draw objective conclusions and recommendations.

RESULTS AND DISCUSSION

1. Legal Protection for Casual Daily Workers Transitioning to Permanent Employment Status Facing Unilateral Termination of Employment Under Decision Number 7/Pdt.Sus-PHI/2025/PN Bdg

A Casual Daily Worker (*Pekerja Harian Lepas* / PHL) is defined as a worker who performs work based on a daily employment agreement, with wages calculated according to the number of days worked within a specific period. In other words, Casual Daily Workers are categorized under temporary or one-off tasks, work estimated to be completed within a short duration not exceeding three years, seasonal work, or work related to new activities and products (both primary and additional) that are still in the trial phase.[12] This provision explicitly limits the scope of the PHL system to prevent it from being weaponized as an instrument to evade the legal obligations inherent in permanent and continuous employment relationships. The existence of PHLs within the framework of Indonesian labor law is designed for highly restrictive needs, namely incidental and unpredictable work. Consequently, this category of workers requires strict government oversight, given that such employment is highly flexible and contingent upon the employer's operational needs.[13]

The vulnerability inherent in the position of PHL workers mandates employers to execute employment agreements in writing. Employment contracts are deeply intertwined with moral and social dimensions; beyond satisfying formal requirements, they are expected to reflect the values of justice, equity, and respect for human dignity.[14] Article 13 of Government Regulation No. 35 of 2021 explicitly reaffirms that written employment agreements are mandatory for both Casual Daily Workers and Fixed-Term

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[12] Vallencia Nandya Paramitha et al., *Masa Depan Ketenagakerjaan Yang Adil: Hukum, Etika, Dan Kebijakan Di Era Otomatisasi Dan AI: Bunga Rampai* (Yayasan Kajian Perencanaan dan Pembangunan, 2026).
[13] Putu Gede Dharma Putra Pratama et al., "Peran Pemerintah Daerah Dalam Pengawasan Pekerja Harian Lepas," *Al-Zayn: Jurnal Ilmu Sosial \& Hukum* 3, no. 6 (2025): 10484–92.
[14] Yusmedi Yusuf and Muhammad Rizqi Fadhlillah, "Upaya Perlindungan Hukum Pemutusan Hubungan Kerja (PHK) Terhadap Pekerja Dengan Perjanjian Kerja Waktu Tertentu (PKWT) Berdasarkan Hukum Ketenagakerjaan," *Al-Zayn: Jurnal Ilmu Sosial \& Hukum* 3, no. 3 (2025): 2628–36.

Employment Contracts (*Perjanjian Kerja Waktu Tertentu* / PKWT). This requirement serves as a statutory control mechanism to monitor the utilization of the PHL system and prevent deviations from its intended purpose, particularly since a large segment of the population—especially daily wage earners—remains vulnerable due to the prevalence of oral employment arrangements.[15] Substantively, limiting the prolonged use of the PHL system aims to suppress unjustifiable evasions of legal obligations that contradict the principle of labor protection, which serves as the cornerstone of Indonesian labor law.

Pursuant to Article 59, Paragraph (3) of Law No. 6 of 2023, the conversion of employment status from a PHL to a Permanent Employment Contract (*Perjanjian Kerja Waktu Tidak Tertentu* / PKWTT) occurs if the casual worker fails to meet the statutory criteria for fixed-term employment, thereby rendering the arrangement a permanent employment contract *ipso jure* (by operation of law). Consequently, this change in employment status occurs automatically (*van rechtswege*) without requiring any subsequent legal action or declaration from either party. This statutory conversion *ex lege* is a form of protection intentionally provided by the legislature to prevent the abuse of fixed-term contracts, ensuring that workers who substantively perform the functions of permanent employees cannot be treated as temporary staff under administrative pretexts devised by employers.[16]

This dynamic is reflected in the facts of the trial disclosed in Decision Number 7/Pdt.Sus-PHI/2025/PN Bdg, which revealed that Hadni had worked continuously for 25 years and 6 months—from November 1994 to April 2020—at PT. Perkebunan Karet Suka Karet. By operation of law, Hadni's status should have been converted into a PKWTT long before the termination occurred. Furthermore, Law No. 6 of 2023 now mandates the payment of compensation for workers upon the expiration of a PKWT—a right not recognized under prior regulations. This entitlement aligns with the underlying philosophy of severance pay upon dismissal, serving as a form of appreciation for the worker's contribution, an instrument to prevent exploitation, and a mechanism to guarantee fairness for both parties.[17] The legal uncertainty shrouding workers like Hadni poses a primary challenge for Indonesian labor inspectors, who must exert greater

[15] Rr Ani Wijayati et al., "Perlindungan Hukum Dalam Hubungan Kerja Antara Pekerja Harian Lepas Dengan Pengusaha," *BONAFIDES: Jurnal Pengabdian Kepada Masyarakat* 1, no. 1 (2023): 32–37.
[16] Setyo Aji Wibowo, "Analisis Yuridis Ketentuan Perubahan Status Pekerja PKWT Menjadi PKWTT Pasca Berlakunya Undang-Undang Nomor 6 Tahun 2023," *Jurnal Ilmu Multidisiplin* 4, no. 3 (2025): 1889–1901.
[17] Krista Yitawati, Meirza Aulia Chairani, and Angga Pramodya Pradhana, "Problematika Undang-Undang Nomor 6 Tahun 2023 Tentang Cipta Kerja Klaster Ketenagakerjaan Dalam Memberikan Perlindungan Dan Kesejahteraan Pekerja," *Jurnal Rechtens* 13, no. 1 (2024): 97–118.

pressure on companies—as the structurally dominant party—to respect workers' legal status to safeguard labor welfare and protect statutory rights.[18]

Workers holding PKWTT status possess a panoply of normatively guaranteed rights under the prevailing laws. The termination of a permanent employee can only be executed based on exhaustive (*exhaustive/limitative*) statutory grounds and must strictly adhere to prescribed statutory procedures.[19] Corporations are mandated to implement labor law norms in accordance with the principles of justice. This includes restrictions on the unilateral termination of employment by companies, particularly against permanent employees (PKWTT).[20] In relation to the court decision, given Hadni's period of service of 25 years and 6 months, and pursuant to Article 40 of Government Regulation No. 35 of 2021, the statutory compensation due to Hadni for his unilateral dismissal totals Rp57,542,108. This sum comprises severance pay equivalent to 9 months' wages and long-service pay (*Uang Penghargaan Masa Kerja* / UPMK) equivalent to 10 months' wages.

In other words, Article 156, Paragraph (1) of Law No. 6 of 2023 establishes that upon the termination of employment, the employer is legally obligated to pay severance pay and/or long-service pay, as well as rights compensation pay (*Uang Penggantian Hak* / UPH) to which the worker is entitled. Permanent employees also possess the right to a decent wage, as guaranteed under Article 88A, Paragraph (1) of Law No. 6 of 2023, which dictates that a worker's right to wages arises at the inception of the employment relationship and only ceases upon its formal termination. Regarding termination on the grounds of retirement, dismissals initiated due to a worker reaching retirement age must be executed in accordance with the Collective Labor Agreement (*Perjanjian Kerja Bersama* / PKB) or the Company Regulations (*Peraturan Perusahaan*), as stipulated in Article 36, letter n of Government Regulation No. 35 of 2021.

Within the perspective of labor law, legal protection for workers is bifurcated into two primary forms: preventive legal protection and repressive legal protection. Preventive protection refers to safeguards provided prior to any infringement of rights, aiming to prevent industrial relations disputes; this is manifested through the enactment of clear statutory norms governing the rights and obligations of all parties. Conversely,

[18] AVIQA GEBY, J Leviza, and D Harianto, "Penyalahgunaan Keadaan Dalam Perjanjian Kerja Waktu Tertentu (PKWT) Alih Daya," *AL SULTHANIYAH Учредители: Institut Agama Islam Sultan Muhammad Syafiuddin Sambas* 14, no. 1 (2025): 69–84.
[19] SIP Law Firm Team, "Prosedur {PHK} Dalam Hukum Ketenagakerjaan," October 2023, https://siplawfirm.id/prosedur-pemutusan-hubungan-kerja-dalam-hukum-ketenagakerjaan?lang=id.
[20] Iqbal Tama Segara Hutabarat et al., "Analisis Kritis PHK Dan Upaya Perlindungan Hak Pekerja Dalam Kasus PT Far East Seating (Putusan No. 2/Pdt. Sus-PHI/2024/PN Smg)," *JOURNAL SAINS STUDENT RESEARCH* 3, no. 6 (2025): 1242–51.

repressive legal protection is provided post-infringement to remedy the losses sustained by the aggrieved party. This includes the resolution of industrial relations disputes through bipartite negotiations, mediation, conciliation, arbitration, or adjudication before the Industrial Relations Court.[21]

The dispute resolution process involves several successive tiers, spanning both non-litigation and litigation avenues. The process commences with mandatory bipartite negotiations between the worker and the company, which may escalate to a tripartite stage involving government intervention to issue a non-binding written recommendation (*surat anjuran*), and may ultimately culminate in a lawsuit before the Industrial Relations Court if an amicable settlement is not reached.[22] Lawful dismissal procedures under Article 151, Paragraph (1) of Law No. 6 of 2023 require employers to first exhaust all possible avenues to avoid termination. If termination is unavoidable, the employer must serve a written notice of termination to the worker and settle all normative entitlements before the dismissal becomes effective. A valid dismissal also dictates that the employer must deliver this written notice to the worker at least 14 working days prior to the effective date of termination (Article 37, Paragraph (3) of Government Regulation No. 35 of 2021).[23] The complete absence of such written notice in Hadni's case constitutes a procedural violation explicitly prohibited by law. Consequently, the dismissal executed by PT. Perkebunan Karet Suka Karet can be deemed incompatible with the tenets of labor protection in Indonesia.

2. Corporate Legal Liability in Cases of Unilateral Dismissal Based on Decision Number 7/Pdt.Sus-PHI/2025/PN Bdg

Corporations utilize the Casual Daily Worker (PHL) framework as a flexible employment mechanism to dynamically adjust labor supply in response to operational fluctuations. Companies operating in sectors characterized by non-continuous work—such as agriculture/plantations, construction, and service industries—frequently employ the PHL system.[24] The corporate utilization of PHLs is governed by Article 10 of Government Regulation No. 35 of 2021, which dictates that daily employment contracts

[21] Hukumonline, "Perbedaan Upaya Preventif Dan Represif Serta Contohnya," March 2024, https://www.hukumonline.com/berita/a/upaya-preventif-lt63e0813b74769/.
[22] Aldi Bagas Herlambang, Muhamad Rizal, and Sari Usih Natari, "Pemenuhan Hak Pekerja Yang Terkena PHK Dalam Pandangan Hubungan Industrial (Beberapa Studi Kasus Perusahaan Di Indonesia)," *MUQADDIMAH: Jurnal Ekonomi, Manajemen, Akuntansi Dan Bisnis* 1, no. 3 (2023): 233–43.
[23] Taufik Elzar, Iza Rumesten RS, and Suci Flambonita, "Perlindungan Hak Normatif Pekerja Atas Pemutusan Hubungan Kerja Menurut Undang-Undang Nomor 6 Tahun 2023," *Lex LATA* 7, no. 1 (2025): 49–63.
[24] Nailul Amany, "Perubahan Pengaturan Perjanjian Kerja Harian Di Indonesia Ditinjau Dari Teori Keadilan," *Refleksi Hukum: Jurnal Ilmu Hukum* 7, no. 2 (2023): 267–88.

may only be implemented for specific tasks that are temporary or variable by nature. Furthermore, Article 11 of the same regulation mandates employers utilizing this framework to execute written daily agreements. Crucially, the statutory threshold for the PHL system is restricted by Article 10, Paragraph (4): if a worker performs services for 21 days or more per month for three consecutive months, the daily employment agreement transitions *ipso jure* (by operation of law) into a Permanent Employment Contract (PKWTT). The corporate obligation to accurately classify employment status is a core component of the principle of good faith (*bona fide*) that must be upheld in industrial relations. Any corporate negligence or intentional failure to convert such status constitutes a breach of statutory duties as an employer.[25]

Within the labor law system, workers holding PKWTT status possess a significantly stronger legal standing compared to PHLs, as permanent status guarantees greater employment stability. For instance, termination can only be executed based on exhaustive statutory grounds and through prescribed procedures. Companies are mandated to provide labor protections encompassing occupational safety and health (OSH), statutory working hours, and a decent working environment under the state's labor inspection mechanisms.[26] Employers cannot diminish or waive normative rights—such as the timely payment of proper wages and the provision of statutory leave—even if such waivers are mutually agreed upon in an employment contract, company regulations, or a collective labor agreement. This is because the minimum standards of protection established by statute are mandatory and absolute (*dwingend recht/peremptory norms*), meaning they cannot be contracted out of. Violations of these normative obligations trigger corporate legal liability, which can be enforced via a lawsuit before the Industrial Relations Court.[27] Furthermore, the corporate obligation to enroll permanent workers in state social security programs, namely the Workers Social Security (*BPJS Ketenagakerjaan*) and the Health Social Security (*BPJS Kesehatan*), is an imperative statutory duty. Pursuant to Law No. 24 of 2011 on the Social Security Organizing Agency, every employer must register all employees without exception.

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[25] Auliadi Achmad Davin and Rasji Rasji, "Perlindungan Hukum Terhadap Pekerja PKWTT (Perjanjian Kerja Waktu Tidak Tertentu) Yang Tidak Mendapatkan Upah," *Jurnal Ilmu Hukum, Humaniora Dan Politik* 4, no. 4 (2024): 968–86.

[26] Disnakertrans NTB, "Jam Kerja Menurut Undang-Undang No. 13 Tahun 2003 Tentang Ketenagakerjaan," September 2020, https://disnakertrans.ntbprov.go.id/jam-kerja-menurut-undang-undang-no-13-tahun-2003-tentang-ketenagakerjaan/.

[27] A. Fitri, Maryano, and A Fitrian, "Perlindungan Hukum Bagi Kepada Pekerja Terhadap Pengabaian Hak Ganti Rugi Dalam Pemutusan Hubungan Kerja," *Journal of Innovation Research and Knowledge* 5, no. 10 (2026): 11333–48.

Article 36 of Government Regulation No. 35 of 2021 exhaustively sets forth the lawful grounds upon which a company may initiate a dismissal, and corporations are prohibited from terminating employees on grounds outside this statutory matrix.[28] While reaching retirement age is recognized as a valid ground for dismissal under Article 154, letter n of Law No. 6 of 2023, this rationale can only be validly invoked if the specific retirement age has been explicitly agreed upon in the employment contract or company regulations. In the absence of such an agreement, the statutory retirement age is governed by Government Regulation No. 45 of 2015, which dictates that the retirement age increases by one year every three years starting from 2019 (set at 57 years in 2019, 58 years in 2022, and 59 years in 2025). When executing a dismissal, a company is also mandated to give notice of its intent and the underlying rationale; this notification constitutes a fundamental right of the worker to know the grounds for termination.[29] If the worker rejects the dismissal, the dispute must be negotiated through bipartite mechanisms. Should bipartite negotiations fail to yield an agreement, pursuant to the dispute resolution mechanisms established by Law No. 2 of 2004 on Industrial Relations Dispute Resolution, the dispute may be resolved through mediation or conciliation facilitated by an official from the Ministry of Manpower.

Prior to executing a dismissal, corporations are legally required to calculate and prepare all labor entitlements arising from termination, including severance pay, long-service pay, and rights compensation pay. This rule applies equally to the application of retirement age thresholds used as a pretext for dismissal. Although the government does not specify a mandatory private-sector retirement age, companies must still adhere to basic legal tenets, such as the principle of labor rights protection and the principle of equity/justice.[30] In the case of Hadni, the invocation of retirement as a basis for unilateral dismissal by PT. Perkebunan Karet Suka Karet failed to meet statutory criteria. The company failed to prove the existence of any written, mutually agreed retirement age provision, which subsequently left the process devoid of proper mechanisms to calculate the compensation due to the worker. The unilateral dismissal executed by PT. Perkebunan Karet Suka Karet constitutes a flagrant violation of positive law. The

[28] W Farianto, "Pemberitahuan {PHK} Dan Masalah Penerapannya," November 2022, https://www.hukumonline.com/berita/a/pemberitahuan-phk-dan-masalah-penerapannya-lt637cac197f1b8/.

[29] Gunawan Gunawan et al., "Legalitas Penetapan Usia Pensiun Karyawan Swasta Yang Tidak Sesuai Dengan Regulasi Pemerintah," *JURNAL SYNTAX IMPERATIF: Jurnal Ilmu Sosial Dan Pendidikan* 6, no. 1 (2025): 10–16.

[30] Yanuar Ahmad Setyawan and Fatma Ulfatun Najicha, "Perlindungan Hukum Terhadap Pemutusan Hubungan Kerja Sepihak Bagi Pekerja (Studi Kasus Pt. Ga Tiga Belas)," *Jurnal Panorama Hukum* 9, no. 2 (2024): 122–35.

company failed to serve the required statutory notice, failed to initiate bipartite negotiations, and completely bypassed the dispute resolution mechanisms mandated by Law No. 2 of 2004 before declaring the termination of Hadni's employment.[31] Furthermore, the corporation withheld the normative entitlements due to Hadni under Article 40 of Government Regulation No. 35 of 2021, which comprises severance pay, long-service pay (UPMK), and rights compensation pay (UPPH) accrued over his 25 years and 6 months of service.

The civil liability (*responsibilitas civilis*) of a corporation arising from wrongful dismissal extends beyond the payment of statutory normative compensation; it can encompass the obligation to compensate the worker for broader damages. The doctrine of unlawful acts (*tort*) under general civil law, specifically Article 1365 of the Indonesian Civil Code (*KUH Perdata*), can be invoked to hold a company liable for losses arising from unilateral terminations that violate statutory law.[32] This civil liability is full and comprehensive, meaning the company must indemnify the worker for all verified damages, including material (*pecuniary*) and immaterial (*non-pecuniary*) losses within the boundaries recognized by law. The implementation of Good Corporate Governance (GCG) in employment management, the alignment of company regulations with statutory provisions, and the establishment of effective internal dispute resolution mechanisms constitute imperative preventive measures that every corporation must undertake as a reflection of its legal accountability toward its workforce.

The primary justification invoked by PT. Perkebunan Karet Suka Karet for the dismissal was that Hadni had reached retirement age. Paradoxically, while Hadni had rendered continuous services for 25 years and 6 months under an unwritten daily arrangement, such an extensive duration legally placed him within the category of a permanent employee (PKWTT). This factual matrix led the company to execute a unilateral dismissal without observing procedural notice or providing any form of compensation. This condition subjected Hadni to severe job insecurity regarding his future livelihood.[33] From the perspective of corporate liability, executing a retirement-based dismissal without adhering to statutory procedures and withholding compensation constitutes a compound violation that compounds the legal liability of the

[31] Zahra Safira Hakanadila and Abdul Salam, "Tinjauan Yuridis Terhadap Penerapan Pasal 1365 Dan Pasal 1372 Kuhperdata Secara Kumulatif Terhadap Gugatan Ganti Rugi Dalam Kasus Pencemaran Nama Baik," *Lex Patrimonium* 4, no. 3 (2025): 2.
[32] Hakanadila and Salam.
[33] Nabiyla Risfa Izzati, "Kepastian Hukum vs Ketidakpastian Kerja: Substansi Ketenagakerjaan Dalam Undang-Undang Nomor 6 Tahun 2023 Tentang Cipta Kerja," *Jurnal Hukum Ius Quia Iustum* 31, no. 2 (2024): 384–407.

corporation. In response to this unilateral action, Hadni filed a lawsuit before the Industrial Relations Court at the Bandung District Court. In his pleadings, Hadni petitioned the court to declare his employment relationship with PT. Perkebunan Karet Suka Karet a permanent employment relationship (PKWTT) and to order the company to pay severance pay, long-service pay, and rights compensation pay in accordance with prevailing laws. Hadni's lawsuit represents a concrete exercise of available legal remedies by a worker seeking judicial protection and the restitution of rights violated by an employer.

The framework of legal protection for workers experiencing an *ex lege* status conversion from PHL to PKWTT can be examined through two prisms: preventive and repressive legal protection. Preventive protection is embedded within statutory norms that restrict and govern the use of the PHL status, thereby preventing corporations from exploiting it arbitrarily. Repressive legal protection is realized through dispute resolution mechanisms and judicial remedies available to workers whose rights have been infringed upon by employers. Hadni's success in securing a judgment recognizing his status as a permanent employee (PKWTT) demonstrates that the mechanism of repressive legal protection through the judiciary functions effectively. The legal remedies for resolving industrial relations disputes for workers facing wrongful dismissal are structured progressively under Law No. 2 of 2004. The initial phase requires bipartite negotiations. Upon failure, the dispute may be submitted to mediation facilitated by a mediator from the local labor office. If mediation fails to yield a settlement, the parties may opt for conciliation or arbitration, and as a *last resort*, may file a lawsuit before the Industrial Relations Court. Every worker must understand these legal avenues as statutory instruments to protect their rights against arbitrary corporate actions.

CONCLUSION

This study demonstrates that the systemic misclassification of casual daily workers (PHL) is not merely a routine employment dispute, but a critical failure of internal corporate compliance that triggers clear statutory liabilities. The judgment in Decision No. 7/Pdt.Sus-PHI/2025/PN Bdg reinforces the principle that long-term reliance on informal or casual oral agreements for permanent operational roles will trigger an automatic, *ex lege* status conversion into a permanent contract (*PKWTT*). Consequently, the unilateral termination executed by PT. Perkebunan Karet Suka Karet under the pretext of retirement—without delivering written statutory notice or initiating required bipartite negotiations—was correctly deemed unlawful by the court.

Doctrinally, this article clarifies that while the Industrial Relations Court enforces the payment of mandatory statutory compensation (amounting to Rp57,542,108 in this case), such labor remedies do not legally preclude broader civil tort claims under Article 1365 of the Civil Code when malicious intent or gross procedural violations are present. For policy and corporate governance implication, corporations must proactively audit their human resource frameworks to ensure strict alignment with the mandatory (*dwingend recht*) provisions of Indonesian labor law. While this research provides a rigorous doctrinal analysis of a single landmark case, future empirical studies should explore how labor inspection offices across different provinces monitor and enforce these automatic status conversion rules in high-risk sectors like logistics and agriculture.

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