



Fixed-Term Employment Agreements Under Law No. 13 of 2003 on Manpower and Their Relation to Continuous Employment Contracts (A Case Study at PT. Hansol Sadua Indonesia)

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Abstract How is the fixed-term employment contract regulated under Law No. 13 of 2003 on Manpower related to permanent employment contracts at PT. Hansol Sadua Indonesia? What challenges arise in the implementation of fixed-term employment contracts as per Law No. 13 of 2003, particularly in relation to permanent contracts at PT. Hansol Sadua Indonesia? What efforts have been made to address these challenges? This research employs a qualitative approach with an empirical juridical perspective. The data sources for this study include primary, secondary, and tertiary sources. Data collection methods involve document analysis, interviews, and questionnaires. Meanwhile, the data analysis method used is descriptive analysis.

Keywords : Agreement, Employment, Fixed-Term.

1. INTRODUCTION

The Employment Law classifies employment agreements into two categories: Fixed-Term Employment Contracts (PKWT) and Indefinite-Term Employment Contracts (PKWTT). A Fixed-Term Employment Contract (PKWT) is an agreement between a worker and an employer to establish a working relationship for a specific duration or for a particular task, whereas an Indefinite-Term Employment Contract (PKWTT) is an agreement between a worker and an employer to establish a permanent working relationship.

The use of the Fixed-Term Employment Contract system is more prevalent among companies due to its perceived effectiveness and efficiency for employers, as it allows them to maximize profits by reducing labor costs. Employers are not required to hire a large number of workers, which would otherwise necessitate the provision of various benefits for workers' welfare, such as health maintenance allowances, severance pay in case of termination, work appreciation bonuses, annual leave, and others. By employing workers on Fixed-Term Employment Contracts, these costs can be minimized. However, for contract workers, the policies surrounding Fixed-Term Employment Contracts are considered less advantageous as they lack certainty regarding the duration of employment and the potential for permanent employment. This uncertainty affects their career progression, job status, and severance pay upon contract expiration, which are common concerns among contract workers.

Law No. 13 of 2003 on Employment uses two phrases to refer to one concept: (a) "Fixed-Term Employment Contracts" referring to permanent employees, and (b) "Fixed-Term Employment Contracts" referring to contract workers. The existence of contract workers under this system raises various issues during implementation, one of which is the fulfillment of their rights, often neglected by employers or companies. In fact, Article 6 of Law No. 13 of 2003 on Employment "requires employers to provide workers' rights and obligations without discrimination based on gender, ethnicity, race, religion, skin color, or political affiliation.". This implies that when employers or companies neglect workers' rights, they are in clear violation of the provisions outlined in this article.

The right to legal protection for workers can be interpreted in several ways, one of which includes the right to labor protection, such as:

1. Economic Protection

This refers to the protection of workers in the form of adequate income, including situations where workers are unable to work against their will.

2. Social Protection

This refers to the protection of workers in the form of health insurance, the freedom to associate, and the protection of their rights to organize.

3. Technical Protection

This refers to the protection of workers in the form of occupational health and safety.

In this study, the researcher will focus on the need for more appropriate legal protection and enforcement of the law concerning fixed-term employment contracts, specifically in PT. Hansol Sadua Indonesia. According to labor laws, every worker has the right to legal protection, as outlined in Article 86 of Law No. 13 of 2003 concerning Manpower:

1. Every worker is entitled to protection concerning:

- a. Occupational Health and Safety;
- b. Morality and Ethics; and
- c. Treatment that aligns with human dignity and religious values.

2. In order to protect the safety of workers and achieve optimal work productivity, occupational health and safety efforts must be implemented.

3. The protection mentioned in paragraphs (1) and (2) must be carried out in accordance with applicable laws and regulations.

The practice of implementing Fixed-Term Employment Contracts often involves violations by companies, particularly regarding the fulfillment of legal protection for temporary or contract workers, which should meet the criteria set forth by the relevant laws. This issue

has not been taken seriously by employers, with evidence suggesting that economic interests often prevail over legal obligations. Therefore, the researcher is interested in examining the legal protection for fixed-term workers under their contracts with PT. Hansol Sadua Indonesia.

2. RESEARCH METHOD

This study is classified as Empirical Legal Research, or field research, which examines the applicable legal provisions and their actual implementation in society. Empirical legal research involves the study of the application or implementation of normative legal provisions in practice, focusing on specific legal events occurring within society. In other words, it is a study conducted on the real conditions or actual circumstances that occur in society with the aim of identifying and discovering the facts and data needed. Once the required data is collected, the process moves towards problem identification, ultimately leading to problem resolution.

3. DISCUSSION

Fixed-Term Employment Contracts Based on Law No. 13 of 2003 on Manpower Concerning Continuous Employment Contracts at PT. Hansol Sadua Indonesia.

Based on the research findings, the author discovered that fixed-term employment contracts related to continuous work contracts do not fully comply with Law No. 13 of 2003 on Manpower. This is due to the identification of five key issues currently being investigated by the researcher, namely:

a. Labor Force

At PT. Hansol Sadua Indonesia, workers formally receive equal treatment within the company. However, production workers do not always receive treatment in accordance with the prevailing laws. This is because of the fixed-term employment contracts at PT. Hansol continues without certainty regarding the transition to permanent employment contracts. As emphasized in Article 6 of Law No. 13 of 2003 on Manpower, companies are required to provide rights and obligations to workers without discrimination. This indicates the company's obligations; however, workers are not fully treated equally.

b. Employment Duration

In a fixed-term employment agreement, the work contract is only valid for certain types of work, such as one-off tasks, short-term jobs, seasonal work, or those related to new products. The types of work at PT. Hansol are permanent and long-term, yet

the duration of employment for workers is short, as they are continuously contracted under fixed-term agreements.

These contracts have never transitioned into permanent employment contracts, as the company does not wish to employ permanent staff to avoid incurring high costs. Workers have never voiced their concerns about this to the company, as they lack sufficient power and fear losing their jobs.

c. Wage Protection

Workers' income is classified into four categories: salary, allowances in the form of goods, funds set aside by the company, and working conditions. At PT. Hansol, the salary system is based on rank/position and years of service.

This salary structure, based on rank, creates a social gap between one worker and another. The higher the wage and position, the more power and influence the worker seems to have, but this does not necessarily correlate with their job performance. Therefore, it is hoped that the company will offer training for workers who are promoted to higher positions.

d. Social Security Protection for Workers

The organizer of social security is BPJS. The implementation of BPJS is not fully compliant with regulations because workers are not included in the BPJS employment program. PT. Hansol has not fully submitted workers' personal data to BPJS organizers. This is because PT. Hansol enters into fixed-term agreements, meaning workers under such contracts have shorter employment durations.

e. Freedom to Associate

A labor union is necessary to balance the relationship between workers and employers, especially at PT. Hansol, which holds the power to select workers, make company regulations, hire, and dismiss employees. A labor union is crucial for workers to realize their rights and obligations and to limit the company's authority in fulfilling its obligations.

Barriers to Fixed-Term Employment Contracts Based on Law No. 13 of 2003 Concerning Manpower Related to Continuous Employment Contracts at PT. Hansol Sadua Indonesia

Fixed-term employment contracts (PKWT) related to continuous employment contracts at PT. Hansol Sadua Indonesia presents several challenges and obstacles in their implementation, namely:

a. Extension of Employment Contracts

While extending a fixed-term contract is beneficial for employers, it can be detrimental to workers due to the lack of certainty about permanent employment status. The extension of fixed-term employment contracts continuously contradicts Article 59 of Law No. 13 of 2003 concerning manpower, which stipulates that PKWT can only be extended once and for a maximum period of two years. PT. Hansol continues to extend fixed-term contracts; according to its policy, extensions are allowed with a 30-day break period. However, this 30-day break is substituted with a piecework contract or work outside of the formal agreement.

b. Impact of Company Transition

Although company transitions do not affect the employment relationship, they do influence company performance. When a company undergoes a change in ownership or leadership, new rules and policies are often implemented, which can impact the work conditions of employees. Workers are required to adjust to these new policies, which may affect their performance.

c. Unilateral Termination of Employment Contracts

When an employment contract is terminated unilaterally, the terminating party is required to compensate the other party. PT. Hansol does not have a policy for paying compensation as stipulated in Article 62 of Law No. 13 of 2003. PT. Hansol uses PKWT contracts, which are advantageous for the company because they do not bind workers for long periods. Workers who unilaterally terminate their contracts, often due to reasons like being blamed by their superiors, mental stress, or inability to meet targets, typically receive only their wages for the days worked, with no severance or compensation.

d. Employee Benefits

All workers, whether on PKWT or permanent contracts, are entitled to benefits. However, at PT. Hansol, workers on PKWT contracts do not always receive these benefits. Many unmarried workers are excluded from receiving benefits, and even those with families are often required to register their family members to receive them. Law No. 13 of 2003 does not provide specific regulations for benefits but states that wages include benefits, which should extend to both the worker and their family. This indicates that benefits should not only apply to the worker but also to their dependents.

e. Official Leave with Pay

Every worker is entitled to official leave with guaranteed pay. This provision applies to all companies employing such workers. If PT. Hansol requires workers to work on official holidays, they are obligated to pay overtime wages according to the company's policy. Workers must comply with this arrangement if they agree to work on these days.

f. Certificate of Employment

A certificate of employment is a document that outlines a worker's identity and employment history with the company. PT. Hansol provides such certificates after workers have completed at least one year of service. If the company refuses to issue a certificate, workers have the right to demand it from the company.

Efforts to Overcome Barriers to Fixed-Term Employment Contracts Based on Law No. 13 of 2003 Concerning Manpower Related to Continuous Employment Contracts at PT. Hansol Sadua Indonesia

The author's efforts to address the barriers associated with fixed-term employment contracts, particularly in relation to continuous contracts, involve finding the best possible solutions. Each obstacle presents its own challenges and benefits for both workers and employers.

For workers, the disadvantages are clear; however, workers often refrain from demanding their rights due to the fear of losing their jobs and livelihood. They are more afraid of job loss than of pursuing their rights. On the other hand, employers benefit from PKWT contracts because they do not have to provide extensive benefits to workers. The company only needs to ensure that the work provided meets the minimum expectations, without workers demanding more specific terms or conditions.

The best solution for both parties, therefore, would be direct negotiation. By thoroughly discussing the existing terms and conditions, both sides can reach an agreement that benefits both employers and workers.

4. CONCLUSION AND SUGGESTION

Conclusion

Based on the results of the research and discussion presented by the author, the following conclusions can be drawn:

1. The continuous implementation of Fixed-Term Employment Contracts (PKWT) has not fully complied with the provisions of Law No. 13 of 2003 concerning Manpower. Some regulations still violate the stipulations of the Labor Law.
2. Obstacles in the implementation of Fixed-Term Employment Contracts may include: extension of the employment agreement, consequences of company transfers, unilateral termination of employment contracts, labor benefits, official holiday leave with pay, and employment certification for workers.
3. Efforts to address the obstacles related to continuous Fixed-Term Employment Contracts involve providing workers with not only continuous PKWT contracts but also Permanent Employment Contracts (PKWTT). It is hoped that policies that no longer benefit workers or employers can be amended or eliminated. There must be mutual awareness to avoid unilateral termination of employment without clear reasons. Benefits for workers should be provided in accordance with the applicable laws to ensure that the work conducted aligns with the company's goals, giving workers paid official leave as per the law, and providing employment certificates for workers once their employment has ended.

Suggestion

Based on the research findings, the following recommendations can be made:

1. The implementation of continuous Fixed-Term Employment Contracts should be improved by enhancing coordination and cooperation between the company, workers, the government, local communities, and individuals involved in the employment relationship.
2. Regarding the obstacles in Fixed-Term Employment Contracts, government support is needed to pay more attention to workers, ensuring that employers do not arbitrarily disregard company regulations and employment agreements. Furthermore, it is important to give greater attention to Law No. 13 of 2003 concerning labor.
3. Legal protection for workers related to employment agreements should be provided to ensure their effective implementation, fostering trust among companies, workers, and the government.

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