Conference paper

The Termination of Employment Relationship Viewed from Law Number 11 of 2020 about Job Creation and Government Regulation Number 35 of 2021

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Abstract.
The termination of employment relationship, to workers, means the beginning of all ends, having job, their ability of funding daily life needs for them and their family, their ability of funding their children’s tuition, and etc. However, in fact it cannot be precluded entirely. The problems discussed are: 1) What is the procedure of Employment Relationship Termination Viewed from Law Number 11 of 2020 about Job Creation and Government Regulation Number 35 of 2021?

What are the rights the workers get due to the termination of Employment Relationship?

Type of research employed in this study is normative/juridical law research conducted by means of studying literature or secondary data only and analyzing it qualitatively, through classifying data by the aspects studied rather than using numbers. The procedure of employment relationship termination, viewed from Law Number 11 of 2020 about Job Creation and Government Law No.35 of 2021, can be done in several ways: 1) the Termination of Employment Relationship should be informed first to the workers, 2) the Termination of Employment Relationship is informed through the first, the second, and the third warnings, 3) the Termination of Employment Relationship with first and the last warnings, without the second warning, and 4) Employer can terminate the Employment Relationship directly. The rights the workers get due to the termination of employment relationship are as follows. The employers obligatorily provide severance pay or long service pay and compensation rights pay the workers should receive. In relation to severance pay, long service pay, and compensation rights pay, the workers are classified into three: 1) Workers who are terminated and given severance pay, long service pay, and compensation rights pay; 2) workers who are terminated without severance pay but given long service pay and compensation rights pay only; and 3) workers who are terminated without severance pay, long service pay, and compensation rights pay, and company only gives a little grant for their family.

Keywords: termination, relationship, employment, job creation
1. INTRODUCTION

The termination of employment relations, to workers, means the beginning of all ends, having job, their ability of funding daily life needs for them and their family, their ability of funding their children's tuition, and etc.

Everybody deserves job, and after having job he/she deserves keep working, meaning that his/her employment relationship is not terminated in the following day after he/she has gotten the job. Therefore, there should not be termination of employment relationship at all.

However, the fact shows that the termination of employment relationship cannot be precluded entirely. The main problem is found in the termination of employment relationship when the employer wants to terminate (to end) the employment relationship, but the worker still want to keep working. The basic problem lies on the employer's commonly strong desire facing the worker's weak desire. The legal foundations of employment relationship termination are:

1. *Undang-Undang Nomor 13 Tahun 2003 tentang Ketenagakerjaan* (Law Number 13 of 2003 about Manpower)

2. *Undang-Undang Nomor 11 Tahun 2020 Tentang Cipta Kerja* (Law Number 11 of 2020 about Job Creation)


2. PROBLEM STATEMENT

1. What is the procedure of Employment Relationship Termination Viewed from Law Number 11 of 2020 about Job Creation and Government Regulation Number 35 of 2021?

2. What are the rights the workers get due to the termination of Employment Relationship?
3. METHODOLOGY/ MATERIALS

The type of study used in this study was normative/juridical law research conducted by means of studying literature or secondary data only, or called legal literature study. Secondary data used consisted of Books, Law Number 13 of 2003 about Manpower, Law Number 11 of 2020 about Job Creation, Republic of Indonesia’s Government Regulation Number 35 of 2021 about Fixed-Term Employment Agreement, Outsourcing, Working Time and Breaking Time, and Employment Relationship Termination relevant to the title of research. Law materials obtained were then analyzed qualitatively, through classifying the data by aspects studied or without using numbers or in other words the data appearing are words rather than number series.

4. RESULT AND DISCUSSION

1. (a) Types of Employment Relationship Termination

The Employment Relationship Termination is classified into three:

1. Employment Relationship terminated by employer
2. Employment Relationship terminated by worker
3. Employment Relationship terminated for the sake of law
4. Employment Relationship terminated by the Court

This article discusses one category, the employment relationship terminated by employer.

Employment Relationship Terminated by Employer

The stipulation on the employment relationship termination in Law Number 13 of 2003 about Manpower is governed in Articles 150-172. The employment relationship termination intended in this law is the termination of employment relationship occurring in both corporate and non-corporate companies, belonging to individual, partnership or corporation, either private or public, and social business, as well as other businesses with leadership and employing others by paying wage or other form of reward.

4.1. Reason of Employment Relationship Termination

The termination of employment relationship occurs due to:

1. (a) Company does merger, acquisition, or separation and workers/laborers are not willing to continue their employment relationship or employer is not willing to accept workers/laborers.

(b) Company improves its efficiency followed or not followed with the closing of company because the company suffers from loss;

(c) Company is closed because the company suffers from loss continuously for 2 (two) years.

(d) Company is closed due to force majeure

(e) Company in the condition of delayed obligation of paying debt

(f) Company goes bankrupt

(g) The presence of application for the termination of employment relationship filed by the workers/laborers if the company does the followings:

   i. Maltreating, insulting or threatening workers/laborers;

   ii. Seducing or instructing workers/laborers to do anything in contradiction with legislation;

   iii. Not paying the wage timely as specified for 3 (three) successive months or more, although employer pays wage timely thereafter.

   iv. Not doing the promising obligation to workers/laborers

   v. Ordering workers/laborers to do job beyond the approved ones; or

   vi. Providing job endangering the workers/laborer’s life, safety, health, and moral, while the workers are not included into work agreement.

(h) The presence of verdict issued by arbitration institution for industrial relationship dispute stating that employer does not do the deed as mentioned in letter g against the application filed by workers/laborers and employer decide to terminate the employment relationship.
(i) Workers/laborers resign from their job volitionally and should fulfill the following requirements:

   i. Filing the written application for resignation not later than 30 (thirty) days before the date of resignation;

   ii. Not bound to a commitment to work for government after graduation (*ikatan dinas*); and

   iii. Keep doing their obligation up to the date of resignation;

(jj) Workers/laborers are absent for 5 (five) successive weekdays or more without written notification equipped with legitimate evidence and have been called by employer twice appropriately and using written call;

4) Pasal 150 UU No 13 Tahun 2003 Tentang Ketenagakerjaan


1. (a) Workers/laborers infringe the stipulation regulated in work agreement, corporate regulation, or mutual work agreement and have been given the first, the second, and the third warnings successively before, each of which is effective for no more than 6 (six) years unless specified otherwise in employment agreement or mutual employment agreement.

(b) Workers/laborers cannot do their job for 6 (six) months due to their detention by the authorized one because of putative crime;

(c) Workers/laborers develop prolonged illness or physical defect due to occupation-related accident and cannot do their job beyond the deadline of 12 (twelve) months;

(d) Workers/laborers enter into pension age; or

(e) Workers/laborers die.

### 4.2. Procedure of Employment Relationship Termination

Employer, worker/laborer, worker/labor union, and government should attempt to prevent the termination of employment relationship as much as possible. In the case of inevitable employment relationship termination, the company will inform the purpose and reason of employment relationship termination to worker/laborer and/or
The information of Employment Relationship termination is delivered in the form of notification legitimately and appropriately by the Employer to worker/laborer and/or worker/labor union not later than 14 (fourteen) weekdays before the Termination of Employment Relationship. In the case of Employment Relationship Termination conducted in trial period, notification will be delivered not later than 7 (seven) weekdays before the Termination of Employment Relationship. In the case of worker/labor having received the notification and not declining the Termination of Employment Relationship, the employer should report the Termination of Employment Relationship to the Ministry organizing governmental affairs in manpower area or the service office organizing governmental affairs related to manpower at province and regency/municipal levels. Worker/laborer who has received notification of Employment Relationship Termination and declined it should prepare denial letter along with the reason not later than 7 (seven) weekdays following the acceptance of notification. If there are dissenting opinions on the Termination of Employment Relationship, the resolution should be achieved obligatorily through bipartite negotiation between employer and worker/laborer and/or worker/laborer union. In the case of bipartite negotiation is not fruitful, the next resolution is done through the mechanism of resolving industrial relationship dispute according to the stipulation of legislation.

The procedure of Employment Relationship termination when worker/laborer infringes the stipulation regulated in employment agreement, company regulation, or mutual employment agreement is explained below.

8) Apabila sudah lewat 7 (tujuh) hari terlampaui karena surat telat sampai ke Pekerja/Buruh dianggap Pekerja/Buruh Menerima Pemutusan Hubungan Kerja. Tidak ada kejelasan lebih lanjut dalam Penjelasan

Employer can terminate the Employment Relationship with workers/laborers because workers/laborers infringe the stipulation regulated in employment agreement, company regulation, or mutual employment agreement and has been given the first, second, and third warnings successively with certain stipulations:

1. (a) First warning is effective for 6 (six) months.
(b) If workers/laborers infringe again the stipulation of Employment Agreement, Company Regulation, or Mutual Employment Agreement within 6 (six) months,
the employer can publish the second warning, to be effective for 6 (six) month since the publication of second warning.

(c) If workers/laborers still infringe the stipulation of Employment Agreement, Company Regulation, or Mutual Employment Agreement within 6 (six) months, the employer can publish the third warning, to be effective for 6 (six) month since the publication of third warning.

If in the period of third warning the workers/laborers infringe again stipulation of Employment Agreement, Company Regulation, or Mutual Employment Agreement, the employer can terminate the employment relationship. In the case of the period of 6 (six) month following the publication of first warning has been passed through, if the corresponding workers/laborers infringe again Employment Agreement, Company Regulation, or Mutual Employment Agreement, the warning published by Employer becomes the first warning, and so do the second and the third warnings.

Employment Agreement, Company Regulation, or Mutual Employment Agreement can contain certain infringement to which first and last warning can be given (without the second one). If workers/laborers infringe Employment Agreement, Company Regulation, or Mutual Employment Agreement, in the effective period of first and second warnings aforementioned, Employer can terminate the Employment Relationship.

The time interval of 6 (six) months is intended to be an attempt of educating workers/laborers to correct their fault and on the other hand this time interval is enough for the employer to evaluate the performance of corresponding workers/laborers.

The Procedure of Employment Termination when workers/laborers infringe thee stipulation regulated in Employment Agreement, Company Regulation, or Mutual Employment Agreement of is explained in detail as follows.10)

Employer can terminate the Employment Relationship directly against workers/laborers because they do urgent infringement as regulated in Employment Agreement, Company Regulation, or Mutual Employment Agreement, for example in the terms of:

1. Doing deception, stealing or fraud against Company’s property or money.
2. Giving false or falsified information, thereby harming the Company.
3. Drunk, drinking intoxicating liquor, consuming or circulating narcotic, psychotropic and other addictive substances in office environment.
4. Doing amoral deed or gambling in office environment;
5. Attacking, maltreating, threatening, or intimidating coworkers or the Employer in working environment;
6. Seducing coworkers or employer to do deeds in contradiction with legislation;

7. Damaging carelessly or intentionally or leaving the Company’s property in danger, resulting in the Company’s loss.

8. Leaving carelessly or intentionally coworkers or Employer in dangerous condition in workplace;

9) lihat Penjelasan Pasal 52 Ayat 1, Peraturan Pemerintah No. 35 Tahun 2021 *ibid*.

10) Penjelasan Pasal 52 Ayat (2) ,Peraturan Pemerintah, *ibid*

1. Revealing or disclosing Company’s secret that should be hidden unless for the state’s interest; or

2. Doing other deeds in Company environment threatened with the punishment of 5-year or more imprisonment.

The notification of employment relationship termination is unnecessary to the employer in the case of: 11)

1. Workers/laborers resign from their position volitionally;

2. The relationship between workers/laborers and employer end, corresponding to fixed-term employment agreement.

3. Workers/laborers achieve pension age, corresponding to employment agreement, company regulation, or mutual employment agreement; or

4. Workers/laborers die.

Employer is prohibited from terminating the employment relationship with workers/laborers in the following reasons: 12)

1. Workers/laborers cannot do their job due to their illness according to clinician’s information for not more than 12 (twelve) months successively;

2. As long as laborers cannot do their job because they should fulfill their obligation to the State, corresponding to the stipulation of effective legislation;

3. Workers/laborers do worship as instructed by their religion;

4. Workers/laborers get married;

5. Female workers/laborers are pregnant, give birth, develop miscarriage, or breast-feed their baby;
6. Workers/laborers have consanguinity and/or enter into marriage with other workers/laborers in one company;

7. Workers/laborers are the members and/or administrator of worker/laborer union, workers/laborers do the union-related activities beyond work hour, or within work hour based on the employer’s approval, or based on the stipulation regulated in employment agreement, company regulation or mutual employment agreement;

8. Workers/laborers complaining about the employer to the authorized one, concerning the employer doing crime;

9. Because of different perspectives, religions, political choice, races, colors, classes, or sexes, physical condition, or marital status;

10. Workers/laborers in the condition of permanent defect, illness due to work-related accident or illness due to employment relationship the recovery period of which cannot be ascertained yet, according to clinician’s information.

The termination of employment relationship done with the reasons aforementioned (1-10) will be void and employer should obligatorily reemploy the corresponding workers/laborers.

11) Pasal 151A UU No. 11 Tahun 2020 Tentang Cipta Kerja

4.3. Rights the Workers/Laborers get due to the Termination of Employment Relationship

In the case of employment relationship termination, the employer should obligatorily pay severance pay or long service pay and compensation rights pay the workers/laborers should receive. 13) Considering the existing stipulation, there is no actually principal difference between severance pay and long service pay. Long service pay is actually the severance pay given to (former) workers/laborers, whose tenure is 3 (three) or more years 14). So, long service pay is related to the tenure of corresponding workers/laborers. Meanwhile, the compensation rights pay is related to annual furlough (leave) that has neither been taken nor expired, and return fare for workers/laborers and their family to go to the place where workers/laborers are admitted and others as stipulated in Employment Agreement, Company Regulation, or Mutual Employment Agreement.

Workers/laborers terminated, viewed from severance pay, long service pay, and compensation rights pay, can be classified into three:
1. (a) Workers/laborers terminated and given severance pay, long service pay, and compensation rights pay;

(b) Workers/laborers terminated and not given severance pay, but given long service pay and compensation rights pay only; and

(c) Workers/laborers terminated and given neither severance pay, nor long service pay nor compensation rights pay, but only grant for their family.

Workers/laborers are terminated without severance pay, but with long service and compensation rights pays only if:

1. (a) i. The presence of verdict issued by arbitration institution for industrial relationship dispute stating that employer does not do the following deeds as mentioned in Article 36 letter g:
   A. Maltreating, insulting or threatening workers/laborers;
   B. Seducing or instructing workers/laborers to do anything in contradiction with legislation;
   C. Not paying the wage timely as specified for 3 (three) successive months or more, although employer pays wage timely thereafter.
   D. Not doing the promising obligation to workers/laborers
   E. Ordering workers/laborers to do job beyond the approved ones; or
   F. Providing job endangering the workers/laborer’s life, safety, health, and moral, while the workers are not included into work agreement.

   ii. Workers/laborers resign from their job volitionally;

   iii. Workers/laborers are absent for 5 (five) successive weekdays or more without written notification equipped with legitimate evidence and have been called by employer twice appropriately and using written call;

   iv. Workers/laborers do urgent infringement as regulated in Employment Agreement, Company Regulation, or Mutual Employment Agreement;

2. Workers/laborers cannot do their job for 6 (six) months due to their detention by the authorized one because of putative crime harming the Company

13) Pasal 156 UU No. 11 Tahun 2020 Tentang Cipta Kerja.

14) Sebelumnya berdasarkan Peraturan Menteri Tenaga Kerja No PER.04?MEN/1986 Tentang Tata Cara Pemutusan Hubungan Kerja dan Penetapan Uang Pesangon, Uang Jasa dan Ganti Kerugian, 5 (lima) tahun atau lebih.Meanwhile, workers/laborers terminated and given neither severance pay, nor long service pay nor compensation rights...
pay, but only grant for their family if they are detained by the authorized one due to putative crime they have done. Grant is given for no more than 6 (six) months since the first day when the workers/laborers are detained by the authorized one.

In the case of employment relationship termination, employer should obligatorily pay severance pay and/or long service pay, and compensation rights pay they should receive when the Reason of Employment Relationship as regulated in Article 154A of Law No.11 of 2020 about Job Creation and Article 36 of Government Regulation Number 35 of 2021 about Fixed-Term Employment Agreement, Outsourcing, Working Time and Breaking Time, and Employment Relationship Termination.

Employer can terminate the Employment Relationship against workers/laborers due to workers/laborers entering into pension age; therefore the workers/laborers deserve:

15) 

1. (a) i. A. Severance pay of 1.75 (one point seventy five) times of amount stipulated in Article 40 clause (2);
   B. Long service pay of 1 (one) time of amount stipulated in Article 40 clause (3); and
   C. Compensation rights pay as stipulated in Article 40 clause (4).

In the case of Employment Relationship Termination due to the workers/laborers’ death, the beneficiaries should receive an amount of money, the calculation of which equals to: 16)

1. Severance pay of 2 (two) times of amount stipulated in Article 40 clause (2)
2. Long service pay of 1 (one) time of amount stipulated in Article 40 clause (3); and
3. Compensation rights pay as stipulated in Article 40 clause (4)

The employer including workers/laborers into pension program according to the stipulation of legislation in pension fund area should pay the dues that can be calculated as the part of employer’s fulfillment of obligation related to severance pay and long service pay, as well as separation pay due to the Termination of Employment Relationship as mentioned in Articles 41-52 and 54-57 of Government Regulation No.35 of 2021 about Fixed-Term Employment Agreement, Outsourcing, Working Time and Breaking Time, and Employment Relationship Termination.

If the estimated benefit of pension program is less than the amount of severance, long service, and separation pays, the employer should pay the difference. This implementation of stipulation is regulated in Employment Agreement, Company Regulation, or Mutual Employment Agreement.
The employers in micro- and small-scale businesses should obligatorily pay severance, long service, compensation right, and separation pays to workers/laborers who are terminated in the amount determined based on the agreement between employers in micro- and small-scale businesses and the workers/laborers.

15) Pasal 56 ayat (2), Peraturan Pemerintah, op cit.
16) Pasal 57, ibid

Administrative sanction will be imposed to the employer infringing the stipulation aforementioned in the form of: 17)

1. Written reprimand;
2. Restriction of business activity;
3. Temporary ceasing of some or all production equipments; and

Wage component used to calculate severance and long service pays consists of: (Article 157 of Law No.11 of 2020)

1. Basic wage; and
2. Fixed allowance given to workers/labors and their family.

In the case of workers/laborers' income paid based on daily calculation, the monthly wage equals to 30 (thirty) multiplied daily wage. In the case of workers/laborers' wage paid based on the calculation of outcome unit, the monthly wage equals to the average income in the last 12 (twelve) months. In the case of monthly wage lower than minimum wage, the wage underlying the calculation of severance pay is the minimum wage prevailing in the company's domiciling area.

During the resolution of industrial relationship dispute, both employer and worker/laborer should keep doing their obligation. Employer can suspend the workers/laborers who are in the process of employment relationship termination by keeping paying their wage and other rights they usually receive. The implementation of obligation is conducted up to the completed resolution process of industrial relationship dispute corresponding to its level. 18

In the case of workers/laborers are detained by the authorized one due to crime they do, the employer does not have an obligation to pay their wage, but should obligatorily give grant to their family or dependents, with the following stipulation:

1. For 1 (one) dependent, 25% (twenty five percents) of wage;
2. For 2 (two) dependents, 35% (thirty five percents) of wage;

3. For 3 (three) dependents, 45% (forty five percents) of wage;

4. For 4 (four) or more dependents, 50% (fifty five percents) of wage;

The grant is given for not more than 6 (six) months since the first day of the workers/laborers is detained by the authorized one. Employer can terminate the employment relationship against the workers/laborers who have not been able to do their job duly for 6 (six) months due to criminal case process. In the case of trial deciding the criminal case before the period of 6 (six) months ends and the workers/laborers are stated to be not guilty, the employer should obligatorily reemploy them. In the case of trial deciding the criminal case before the period of 6 (six) months ends and the workers/laborers are stated to be guilty, the employer can terminate them.

The company not performing the obligation of paying severance pay to the workers terminated will be threatened with criminal sanction of at least one-year imprisonment and at most 4-year imprisonment, or fine at least IDR 100,000,000 (one hundred millions rupiah) and at most IDR 400,000,000 (four hundred millions rupiah).\(^\text{19}\)

\(^\text{17}\) Pasal 61, \textit{ibid}.


\(^\text{19}\) Berdasarkan Pasal 185 UUNo. 11 Tahun 2020 Tentang Cipta Kerja

5. CONCLUSION AND RECOMMENDATION

1. (a) The procedure of Employment Relationship Termination viewed from Law Number 11 of 2020 about Job Creation and Government Regulation No.35 of 2020 can be implemented in some ways essentially:

   i. Employment Relationship Termination should be informed first to workers.

   ii. Employment Relationship Termination with first, second, and third warnings.

   iii. Employment Relationship Termination with first and last warnings without the second one.

   iv. Employer can terminate the employment relationship straightly.
(b) The rights the workers get due to the termination of employment relationship are as follows.

In the case of Employment Relationship Termination, the employers obligatorily pay severance or long service and compensation rights pays the workers should receive. In relation to severance pay, long service pay, and compensation rights pay.

In relation to severance, long service, and compensation rights pays, the workers/laborers terminated are classified into three:

1. Workers/laborers who are terminated and given severance pay, long service pay, and compensation rights pay;
2. Workers/laborers who are terminated without severance pay but given long service pay and compensation rights pay only; and
3. Workers/laborers who are terminated without severance pay, long service pay, and compensation rights pay, and company only gives a little grant for their family.

References

[7] *Undang-Undang Nomor 11 Tahun 2020 Tentang Cipta Kerja* (Law Number 11 of 2020 about Job Creation)