

# **Employment and Labour Law in Indonesia**

Presented by:

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**Part I**  
**Labour Dispute Resolution -**  
**Related Legislation**

# A. Laws and Regulations

## 1. Key Statutes

- a. Law No. 21 of 2000 on Labour Union (“**Labour Union Law**”)
- b. Law No. 13 of 2003 on Manpower as amended by Government Regulation in lieu of Law No. 2 of 2022 (“**Manpower Law**”)
- c. Law No. 2 of 2004 on Industrial Relation Dispute Settlements (“**Settlement of Industrial Relations Disputes**”)
- d. Government Regulation No. 35 of 2021 on Employment Agreement for a Specified Period of Time, Outsourcing, Working Time and Rest Period, and Termination of Employment (“**GR 35/2021**”)

## 2. Recognised Institutions

- a. Ministry of Manpower (*Kementerian Tenaga Kerja*)
- b. Regional Labour Offices (*Dinas Ketenagakerjaan Daerah*)
- c. Industrial Relations Court (*Pengadilan Hubungan Industri - IR Court*)
- d. The Agency of Social Security on Labour (*BPJS Ketenagakerjaan*)

# B. Types of Workers

Description	Permanent Employee	Contract Employee
Legal Basis	Manpower Law and GR 35/2021	
Type of Agreement	Employment Agreement on <b>Unspecified</b> Working Period ( <i>Perjanjian Kerja Waktu Tidak Tertentu - PKWTT</i> )	Employment Agreement on <b>Specified</b> Working Period ( <i>Perjanjian Kerja Waktu Tertentu - PKWT</i> )
Working Period	Unspecified	Specified: maximum 5 years including renewal & extension
Probation	Allowed for maximum 3 months	Not Allowed
Nature of Work	Permanent and continuous	Seasonal, Temporary, certain projects
Right of annual leave	Yes, minimum 12 days after 12 months of working (it can be longer depending on company's regulation)	Depends on the agreement
Salary/Wage	Minimum wage according to regional province	
Benefit	Severance payment, annual leave, layoffs compensation, social security	Severance payment (after 1 month work), compensation money equal to 1 month salary

# C. Labour Union

- Article 4 par. (1) of Labour Union Law: The union intended to give protection, advocating rights and interests, and increase welfare for the employee.
- Article 4 par. (2) of Labour Union Law: Function to be the party of Collective Labor Agreement, settling industrial dispute, represent employees of cooperating with the employer and/or government, arrange and inform the employees aspiration.
- Article 18 par. (1) of Labour Union Law: The Labor Union should inform and record to the Regional Manpower Agency of its formation

# Labour Union: Rights and Obligation

Rights	Obligation
To draft Collective Labor Agreement	Protect and defend members from violations of their rights and maintain their interest
To represent employee in resolving industrial dispute	Improve the welfare of members and their family
To represent employee in Manpower Agency	Accountable for the union activities to its members in accordance with the Article of Association and bylaws
To carry out activities that increase employee's welfare	
Other manpower-related activities that do not violating laws and regulation	

# Statistics: Members of the Labour Union

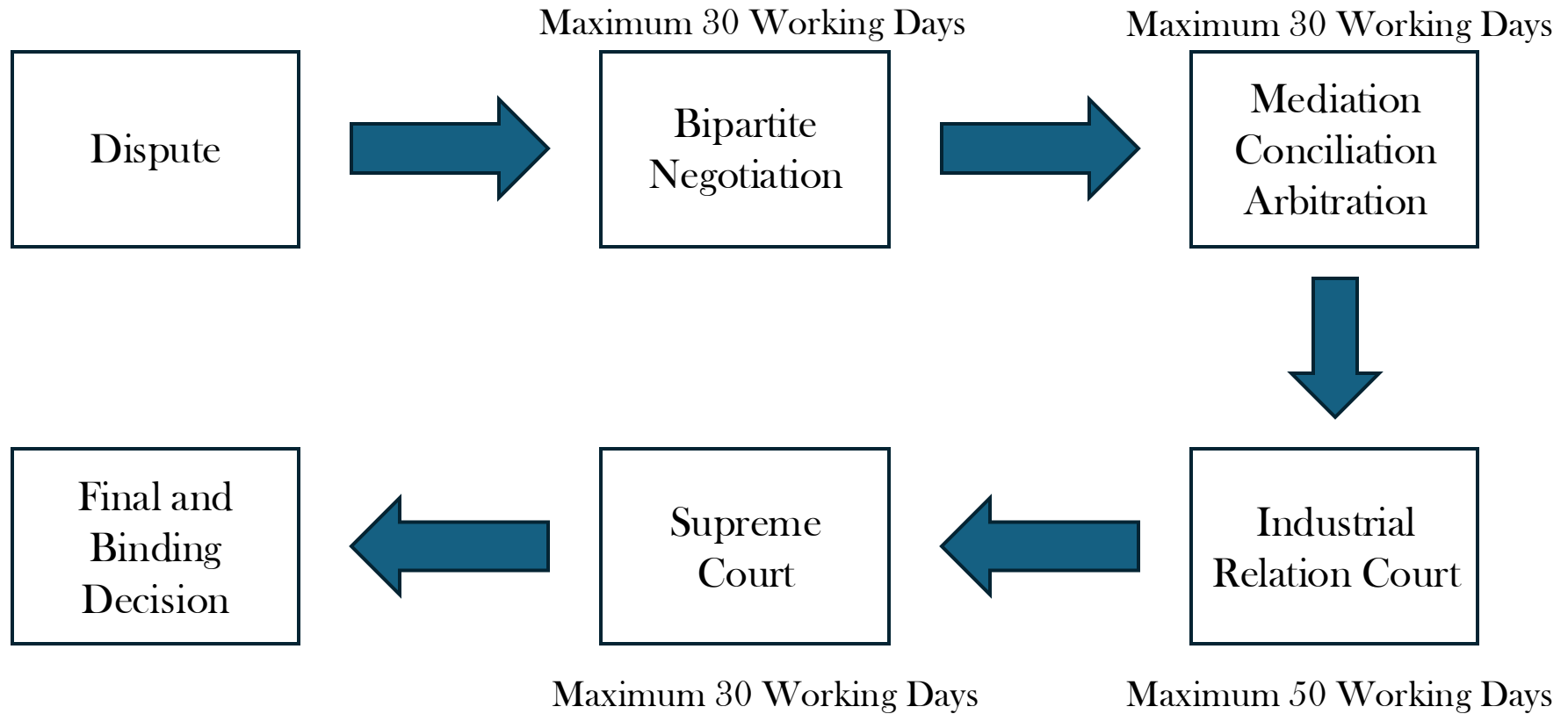
2022		
Organisation of Labour Union	Unit	Total Members
Confederation	21	-
Federation	198	-
Labour Union	12.346	4.208.338

Source: Ministry of Manpower <https://doi.org/10.47198/pwp.v1i2-15> (published on 2023)

# D. Individual and Collective Dispute

- Industrial Relations Dispute is a difference of opinion resulting in a dispute between employers or an association of employers with workers/labour or labour union due to a disagreement on rights, conflicting interest, dispute over termination (layoffs), or a dispute among labour union within one company (Article 1 of Settlement of Industrial Relations Disputes).
- **Types of Dispute according to Article 2 of Settlement of Industrial Relations Disputes:**
  - a. **Dispute over rights** → request on salary increase, no annual bonus, amendment of severance payment scheme
  - b. **Conflicting Interest** → change of working hours, reduce on severance pay/benefit, amendment of Collective Labor Agreement
  - c. **Termination/Layoffs** → due to company restructuring or bankruptcy
  - d. **Dispute among labour union within one company** → claim over the rightful party to sign Collective Labor Agreement

# E. Dispute Resolution



# Dispute Resolution: IR Court

Aspects	Individual Dispute	Collective Dispute
Where to file the lawsuit?	IR Court at the City/Regency District Court	
Plaintiff	One or several workers (not union)	Labour Union
Defendant	Company	Company/Labour Union
Type of Dispute	Dispute over rights or Termination	Dispute over interest and mass termination/layoffs
Impact of Decision	To individual or several workers who act as the Plaintiff	To the plaintiff and its labour union members
Type of Court Procedure	Civil Procedural Law	
Appeal to Supreme Court	Yes	Yes

# Industrial Relations Dispute Cases 2023

Type of Disputes	Dispute Settlement					
	Bipartite	Mediation	Conciliation	Arbitration	IR Court	Case Total
Dispute over Rights	488	1.981	-	-	-	2.469
Dispute over Interest	86	270	-	-	-	356
Termination (Lay-off)	1.153	5.942	-	-	3	7.098
Dispute Between Labour Union	7	43	-	-	-	50
<b>Total</b>	<b>1.734</b>	<b>8.236</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>9.973</b>

Source: Directorate General of Industrial Relations Development and Social Security for Workers, Ministry of Manpower  
<https://satudata.kemnaker.go.id/data/kumpulan-data>

# Industrial Relations Dispute Cases 2024

Type of Disputes	Dispute Settlement					Case Total
	Bipartite	Mediation	Conciliation	Arbitration	IR Court	
<b>Dispute over Rights</b>	544	1.105	-	-	-	1.649
<b>Dispute over Interest</b>	68	180	-	-	-	248
<b>Termination (Lay-off)</b>	1.360	3.008	-	-	-	4.368
<b>Dispute Between Labour Union</b>	6	19	-	-	-	25
<b>Total</b>	1.978	4.312	-	-	-	6.290

Source: Directorate General of Industrial Relations Development and Social Security for Workers, Ministry of Manpower  
<https://satudata.kemnaker.go.id/data/kumpulan-data>

# Industrial Relations Dispute Cases 2025

Type of Disputes	Dispute Settlement						Case Total
	Bipartite	Mediation		Conciliation	Arbitration	IR Court	
		Agreement	Recommendation				
Dispute over Rights	53	105	63	-	-	-	221
Dispute over Interest	4	14	12	-	-	-	30
Termination (Lay-off)	209	340	178	-	-	6	733
Dispute Between Labour Union	-	-	1	-	-	-	1
<b>Total</b>	266	459	254	-	-	6	985

Source: Directorate General of Industrial Relations Development and Social Security for Workers, Ministry of Manpower  
<https://satudata.kemnaker.go.id/data/kumpulan-data>


## F. Case: Accommodating Aspiration at National Vital Object

- Karawang Regency Government, Karawang International Industrial City (KIIC), and local police collaboratively initiated the construction of Aspiration Area.
- The area equipped with facilities for demonstration, mediation, stage, security guard post, toilet, parking lot.
- This area aims to foster fair, humane, and mediated dialogue between workers, community, and investors.

### Karawang Regency Government and KIIC Build Indonesia's First Aspiration Area

Thursday, May 30, 2024 | 6:03 PM WIB

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Karawang Regency Government and KIIC Build the First Aspiration Area in Indonesia (Photo: iNewskarawang.id/Iqbal Maulana Bahtiar)

**Part II**  
**Corporate Fraud Prevention -**  
**Related Legislation**

# A. Legal Framework and Preventive Measure

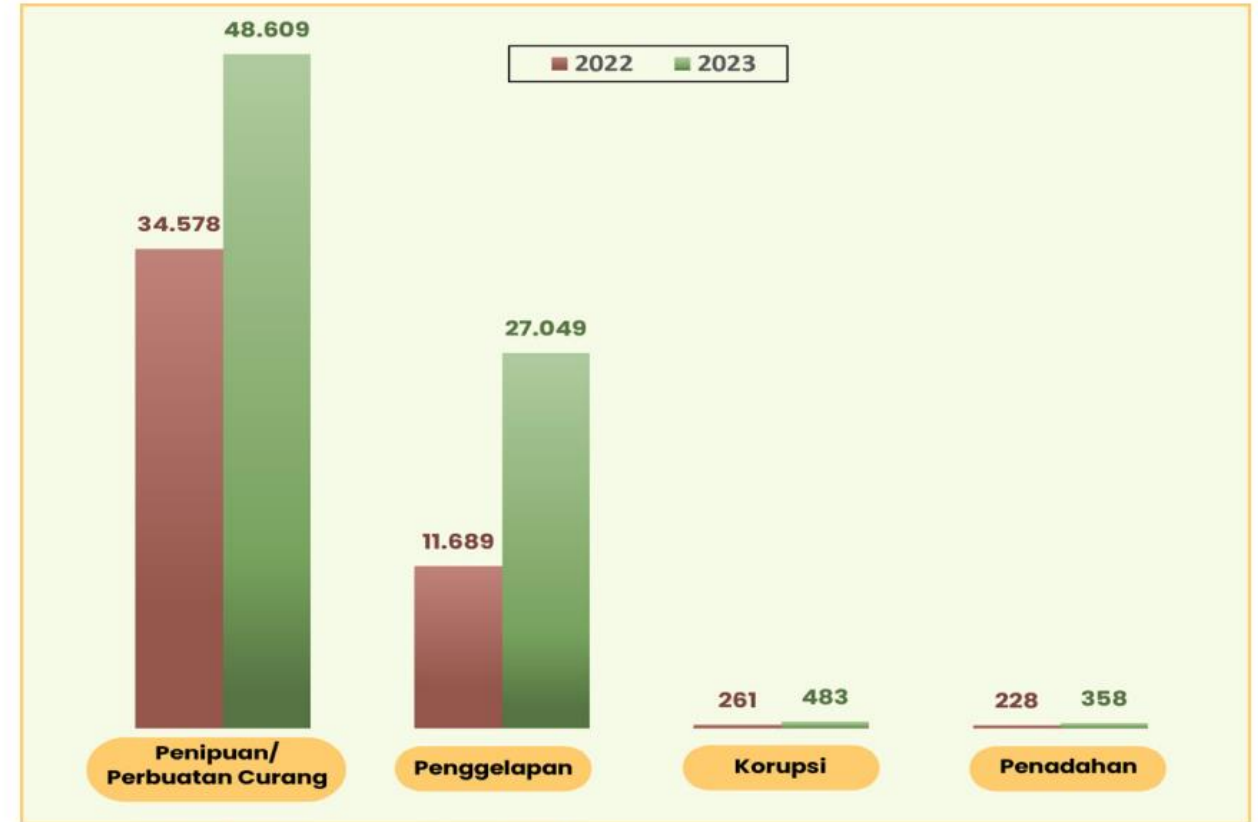
1. Law Number 1 of 2023 on the Criminal Code
2. Law Number 40 of 2007 on Limited Liability Company
3. Law Number 10 of 1998 on Bank
4. Law Number 4 of 2023 on Development and Strengthening of the Financial Sector
5. Law Number 20 of 2001 on amendment of Law Number 31 of 1999 on Corruption Eradication
6. Etc.

# B. Recognised Institution

1. Police of the Republic of Indonesia
2. Corruption Eradication Commission (*KPK*)
3. Prosecutor of the Republic of Indonesia
4. Food and Drug Agency (*BPOM*)
5. Financial Service Authority (*OJK*)
6. Consumer Protection Agency (*BPKN*)
7. Customs and Excise of the Republic of Indonesia
8. Audit Board of the Republic of Indonesia (*BPK-RI*)
9. Financial Transaction Reports and Analysis Centre (*PPATK*)
10. Etc.

# C. Most Common Corporate Crime

1. **Financial Statement Fraud** → Company manipulate financial statement for tax, shareholders, or agency
2. **Asset Misappropriation** → Employee use company's asset for personal benefit
3. **Corruption/bribery** → bribe the procurement officer to get the job



Sumber: Biro Penaendalian Operasi, Mabes Polri

# D. Preventive Measure

1. **OJK Regulation No. 55/POJK.05/2015** regarding the **Formation and Guidelines for the Implementation of the Audit Committees** → listed and public companies shall form an Audit Committee
2. **Whistleblowing System** → every government ministry/agency and companies (state-owned and private) have their mechanisms to report potential misconduct, wrongdoing, and illegal activities within the organisation.
3. Law No. 16 of 2004, regarding the Prosecutor, as amended by Law No. 11 of 2011, allows the Prosecutor to give legal opinion to Government Institutions and State-Owned Enterprises in private and state administration matters.
4. Obligation to Submit Annual Report
5. Etc.

# E. Response Measures After Fraud Detection

## 1. Internal Investigation

- a) The Company will carry out an investigation, interview and clarification with the employee.
- b) The Company will instruct the employee to issue a statement letter for clarification and apologise.
- c) Impose a sanction in the form of a warning letter to the termination of the employment agreement.

2. **Civil Measures:** file a tort lawsuit against the employee if not settled amicably

3. **Criminal Measures:** file a police report of an employee's fraud, embezzlement, or infringement of Intellectual Property

4. **Administrative Measures:** Investigation and sanction against the Employer or Employee (blacklisted)

# F. Case 1: eFishery – Financial Report Manipulation

- eFishery, a company founded in 2013, built its reputation through IoT to help fish and shrimp farmers optimise feed usage. In 2024, an audit revealed a large financial fraud scandal.
- The company possessed 2 sets of financial statements, external showed overstated revenue, whilst internal showed continued losses.

## EFishery Case, Bareskrim Disbursed The Embezzlement Value Of Investment Funds Of IDR 15 Billion

05 Agustus 2025, 14:34 | Editorial Team ▾



The Director of Special Economic Crimes at Bareskrim Polri, Brigadier General Helfi Assegaf, told reporters, Tuesday, August 5. (Rizky A-VOI)

Source: <https://voi.id/en/news/502224>

# G. Case 2: Fraud and Embezzlement in P2P Lending Start-ups

- OJK (Financial Service Authority) launched an investigation into fraud allegations involving Peer-to-Peer lending startups due to borrower defaults and investor complaints.
- OJK suspects fund mismanagement and misuse of investor money, including fictitious projects and inflated collateral values.
- Several investors claimed their repayment has been stalled for months despite the company reporting healthy loan performance.

## OJK Investigates Fraud Allegations Against Investree, TaniFund, and iGrow

Prisma Ardianto

🕒 April 4, 2024 | 10:50 am

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Source: [https://jakartaglobe.id/business/ojk-investigates-fraud-allegations-against-investree-tanifund-and-igrow#goog\\_rewarded](https://jakartaglobe.id/business/ojk-investigates-fraud-allegations-against-investree-tanifund-and-igrow#goog_rewarded)

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