

Legal Analysis of Oral Indefinite-Term Employment Agreements (PKWTT) from the Perspective of Law No. 11 of 2020 on Job Creation

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ABSTRACT

This study aims to analyze the legal aspects of oral indefinite-term employment agreements (PKWTT) within the framework of Law Number 11 of 2020 on Job Creation. The main issues examined include the legal validity of oral employment agreements, the differences in characteristics between fixed-term employment agreements (PKWT) and indefinite-term employment agreements (PKWTT), as well as the legal consequences arising from termination of employment (PHK), particularly unilateral termination by employers. This research employs a normative legal method using statutory and conceptual approaches, based on primary, secondary, and tertiary legal materials. The results show that oral employment agreements are legally valid within the context of PKWTT, as long as they fulfill the essential elements of a valid agreement and comply with applicable laws and regulations. However, to ensure legal certainty, employers are required to issue an appointment letter as formal evidence of the employment relationship. Furthermore, if a fixed-term employment agreement (PKWT) is not made in written form, it is legally converted into an indefinite-term employment agreement (PKWTT). In cases of termination of employment, workers under PKWTT status are entitled to severality pay, long-service awards, and compensation in accordance with prevailing regulations. Violations of these obligations may result in administrative and criminal sanctions as specified in the implementing regulations of the Job Creation Law. In conclusion, oral employment agreements in PKWTT are legally recognized; However, they require stronger administrative compliance and legal protection to safeguard workers' rights and ensure legal certainty in industrial relations.

Keywords : Employment Agreement, PKWTT, Oral Agreement, Job Creation Law, Legal Certainty.

A. Introduction

The right to work is part of the constitutional rights guaranteed in Article 27 paragraph (2) of the 1945 Constitution. The state is obliged to guarantee that every citizen obtains work and a

decent living. In the context of employment relations, this right is realized through an employment agreement between workers and employers ¹.

An employment agreement forms the basis for the employment relationship between an employee and an employer. This relationship creates legally binding rights and obligations for both parties. In the Indonesian employment system, employment agreements are classified into two types: Fixed-Term Employment Agreements (PKWT) and Indefinite-Term Employment Agreements (PKWTT), each with distinct characteristics and legal consequences ².

Normatively, a PKWT must be in writing. If this requirement is not met, the agreement is legally converted into a PKWTT. Conversely, a PKWTT can be made verbally, but the employer is still required to provide an appointment letter as proof of the employment relationship. This provision demonstrates a difference in regulations that has implications for legal certainty for workers ³.

In practice, verbal employment agreements are still widely used, particularly in informal employment relationships. This situation raises legal issues, particularly regarding proof of employment, protection of workers' rights, and dispute resolution in the event of termination of employment. The workers' relatively weak position further increases the potential for injustice in employment relationships ⁴.

On the other hand, a PKWTT can be made orally and remains legally binding as long as it meets the requirements for a valid agreement. However, the practice of oral employment agreements raises issues, particularly regarding the verification process and legal protection for workers, who are in a weaker position than employers ⁵.

In employment practice, the use of verbal employment agreements is still common, particularly in the informal sector. This situation has the potential to give rise to industrial relations disputes, particularly when employment is terminated unilaterally, as workers often have difficulty proving the existence of an employment relationship and the rights inherent therein.⁶

Law No. 11 of 2020 concerning Job Creation was enacted as an effort to reform labor regulations to improve legal certainty and worker protection. However, the provisions

¹ Erni Nurdin, Erna Susanti, and Setiyo Utomo, "Legal Protection for Workers with Unwritten Employment Agreements," *Rewang Rencang: Jurnal Hukum Lex Generalis* 6, no. 5 (2025), p. 2 .

² Aldi Trendi, "Legal Analysis of Oral Indefinite-Term Employment Agreements (PKWTT) in the Perspective of Law Number 11 of 2020 on Job Creation," *Journal of Law, Humanities and Politics* 4, no. 6 (2024), pp. 2647–2648 .

³ V. Ahmad, "Legal Analysis of Oral Employment Agreements," *Scientific Journal of Law Faculty Students* (2025)

⁴ Erni Nurdin, Erna Susanti, and Setiyo Utomo, "Legal Protection for Workers with Unwritten Employment Agreements," *Rewang Rencang: Jurnal Hukum Lex Generalis* 6, no. 5 (2025), pp. 3–4 .

⁵ D. Azzahra, "Protection of Workers' Rights in Oral Employment Agreements through Dispute Resolution Mechanisms," *Legal Media Journal* (2025)

⁶ Status of Fixed Time Work Agreements for Workers in the Perspective of PP No. 35 of 2021, *Journal of Legal History* (2025),

regarding verbal employment agreements, in the context of fixed-term employment contracts (PKWTT), still pose challenges, particularly regarding the implementation and protection of workers' rights in practice .

Based on this description, this research focuses on the legal analysis of indefinite-term employment agreements (PKWTT) made verbally from the perspective of the Job Creation Law, as well as their legal consequences in the event of termination of employment .

B. Research Methods

1. Types of research

This research is a normative legal study, focusing on the study of legal norms contained in laws and regulations, court decisions, and legal doctrine. The approaches used include a statutory approach and a conceptual approach, aiming to analyze the legal issues related to oral indefinite-term employment agreements (PKWTT) from the perspective of the Job Creation Law ⁷.

2. Source Data Type

Data The data sources in this study consist of:

- a. Primary legal materials, namely relevant laws and regulations, such as Law Number 13 of 2003 concerning Manpower, Law Number 11 of 2020 concerning Job Creation, and Government Regulation Number 35 of 2021 .
- b. Secondary legal materials, namely books, scientific journals, and expert opinions relating to employment law and work agreements .
- c. Tertiary legal materials, namely supporting materials such as legal dictionaries, encyclopedias and indexes which provide explanations of primary and secondary legal materials .

3. Legal Material Collection Techniques

The legal material collection technique is carried out through library research, namely by searching, identifying, and reviewing various legal literature relevant to the research problem. The legal material obtained is then classified based on its type and level of relevance to the legal issue being studied.

4. Legal Material Analysis Techniques

The legal material analysis technique in this study was conducted qualitatively using the normative-prescriptive analysis method. The analysis was conducted through several systematic stages as follows:

- a. **Inventory and Classification of Legal Norms**

Researchers identified and categorized all legal provisions related to PKWT (Fixed Term Employment Contracts), PKWTT (Fixed Term Employment Contracts), and

⁷Amiruddin and H Zainal Asikin, 2006, Introduction to Legal Research Methods, Jakarta: Raja Grafindo Persada, p. 118.

- verbal employment agreements. This stage aims to obtain a complete and systematic structure of norms.
- b. **Legal interpretation**
Researchers interpret the provisions of laws and regulations using several interpretation methods, namely:
 - a) interpretation to understand the textual meaning of legal norms,
 - b) interpretation to see the relationship between articles in a legal system,
 - c) interpretation to understand the purpose of establishing norms, especially in the context of labor protection.
 - c. **Analysis of legal consistency and synchronization**
Researchers examine the conformity between various regulations governing work agreements, both vertically (between levels of regulations) and horizontally (between regulations of the same level), in order to assess the existence of disharmony or legal gaps.
 - d. **Conceptual and doctrinal analysis:**
Researchers used expert opinions and legal doctrine to strengthen their analysis of the concept of employment agreements, the validity of oral agreements, and legal protections for workers. This stage also aims to develop logical and systematic legal arguments.
 - e. **Deductive Conclusion Drawing**
Conclusions are drawn using deductive reasoning, namely from general norms in laws and regulations to their application in cases of oral employment agreements. The results of the analysis are then formulated in the form of legal arguments that answer the research problem formulation.

With this analysis technique, this research not only describes the applicable legal norms, but also provides assessments and recommendations regarding the application of the law in employment practices, particularly regarding oral PKWTT.

C. Results And Discussion

a. Legal Analysis of Oral Indefinite-Term Employment Agreements (PKWTT) from the Perspective of the Job Creation Law.

1. From the perspective of the Employment Law

Article 56 (1) of the Employment Law stipulates that the creation of an employment relationship is carried out through a fixed-term and unspecified agreement, so that employment law divides it into two types: fixed-term employment agreements (PKWT) and indefinite-term employment contracts (PKWTT). Article 56 (1) of the Employment Law states that the creation of an employment relationship is carried out through a fixed-term and unspecified agreement. (PKWTT). PKWT is

essentially a written agreement made in accordance with Article 57 (1) of the Employment Law. This agreement contains details about the duration of work and the completion of certain work. Meanwhile, PKWTT is an oral agreement, as required by the first paragraph of Article 63 of the Employment Law. Article 63 paragraph (1) clarifies that if the agreement is made orally, such as an employment agreement with an indefinite period, an appointment letter must be made by the employer for those who will work at the company. The emphasis on the word "obligatory" indicates that the preparation of an appointment letter is an obligation that must be fulfilled by the employer if the agreement is made orally. Article 63 paragraph (2) states that the appointment letter must include at least the following information ⁸:

1. Complete identity of the worker and his/her address.
2. Start date of work.
3. The type of work to be done.
4. The amount of salary or wages to be received. If business owners do not comply with the rules stipulated in Article 63, paragraph 1, they may be fined for violating the law in accordance with Article 188, paragraph 1. (1). Anyone who violates Article 14 paragraph (2) and Article 38 paragraph (2), Article 63 paragraph (1), Article 78 paragraph (1), Article 108 paragraph (1) Article 111 paragraph (3) Article 114 and 148 must pay a fine of at least IDR 5,000,000.00 and not more than IDR 50,000,000.00. Violation by employers of Article 63 paragraph 1 of the Manpower Law is a criminal offense, and can be subject to criminal sanctions in the form of a fine.

Soeroso defines legal consequences as the result or impact of actions taken by legal entities to achieve specific goals. These consequences are usually regulated by law, and actions taken by legal entities are considered valid or legal because they are based on applicable law. An agreement reached between two parties will have legal effect, meaning that it will be considered legal by both parties and cannot be terminated by either party individually. In fact, employees can experience both positive and negative effects as a result of verbal employment agreements. One beneficial effect is increased employee control over their work schedules, allowing them to better satisfy their own needs and preferences. Furthermore, it has the potential to foster a sense of trust between the two parties. Furthermore, verbal employment agreements allow employees and employers to resolve emerging issues in a timely manner through open and honest communication ⁹.

⁸Jessika Morisca Katu, Ni Komang Arini Styawati, et al., 2024, Legal Review of the Legal Consequences of Oral Employment Agreements Between Workers and Companies, Journal of Legal Construction, Vol. 5, No. 1, p. 169

⁹Jessika Morisca Katu, Ni Komang Arini Styawati, et al., 2024, Legal Review of the Legal Consequences of Oral Employment Agreements Between Workers and Companies, Journal of Legal Construction, Vol. 5, No. 1, p. 69



Based on its form, employment contracts are divided into 2 (two) types, namely written contracts which are written agreements between the parties and oral contracts which are oral agreements between the parties (sufficient contracting parties). Thus, it is clear that not all contracts are required to be in written form¹⁰. Except those that are expressly required to be in written form, such as contracts. For example: making a permanent employment contract which according to the Employment Law must be written. An oral agreement is an agreement made by the parties verbally (oral contract), which is not stated in a private deed or official letter. An oral contract contains promises that express the stated will and is considered an integral part of the binding nature of the contract¹¹.

Agreements can be made verbally or in writing. A verbal agreement is one that occurs through mutual agreement without written evidence. Verbal agreements typically occur due to mutual acquaintance or family ties, therefore, trust is essential for verbal agreements¹².

To find out whether an employment agreement is made verbally or in writing, you must see whether it is a Fixed Term Employment Agreement (PKWT) or an Indefinite Term Employment Agreement (PKWTT), because the two Employment Agreements have different specifications of rights and obligations as stated in Article 57 paragraph (1) and (2) of the UUK, which requires that the PKWT be made in writing. If it turns out that the PKWT is not made in writing, then the employment agreement automatically becomes a PKWTT¹³.

In addition to being written, PKWTT can also be made verbally and does not require approval from the relevant employment agency. If PKWTT is made verbally, the company is required to make a letter of appointment for the employee concerned. PKWTT can require a probation period for a maximum of 3 (three) months, if there is a regulation for more than 3 months, then by law from the fourth month, the worker has been declared a permanent worker (PKWTT). During the probation period, the company is required to pay the worker's wages and the wages must not be lower than the applicable minimum wage¹⁴.

¹⁰Lusi Tuter Mulia, 2021, Review of Employment Law as a Protection Tool for Oral Employment Agreements, *Salman Journal*, Vol.2 No. 2, Page 124

¹¹Lusi Tuter Mulia, 2021, Review of Employment Law as a Protection Tool for Oral Employment Agreements, *Salman Journal*, Vol.2 No. 2, Page 124

¹²Tefven, Suhaidi, Jelly Leviza, et al., 2022, Legal Analysis of the Submission of Land Title Certificates as a Condition of Object in an Oral Work Agreement for Oil Transportation Between Drivers and Tank Truck Owners (Study at CV. Indomulia), *Al-Hikmah Journal of Law and Society*, Vol. 3, No. 3, p. 673

¹³Mulia Syahputra Nasution, Suhaidi, et al., 2021, Legal Consequences of Oral Employment Agreements from an Employment Law Perspective, *Jurnal Ilmia Matadata*, Vol. 3, No. 2, p. 421

¹⁴Mulia Syahputra Nasution, Suhaidi, et al., 2021, Legal Consequences of Oral Employment Agreements from an Employment Law Perspective, *Jurnal Ilmia Matadata*, Vol. 3, No. 2, p. 422

2. From the perspective of the Job Creation Law

According to the Minister of Manpower, the Job Creation Law was passed due to several important factors: first, the migration of jobs abroad; second, the relatively low competitiveness of workers compared to other countries; third, the increasing number of unemployed or underemployed; and fourth, Indonesia's entrenched middle-income bracket. With the ongoing challenges of the pandemic still looming, companies are faced with the challenge of protecting their workforce with the enactment of this Job Creation Law ¹⁵.

To create order and legal certainty in the face of global developments, particularly in addressing the challenges of attracting investors, Law Number 11 of 2020 concerning Job Creation was enacted. Citing Article 1, number 1 of the Job Creation Law, job creation is defined as efforts to create jobs through facilitating, protecting, and empowering micro, small, and medium enterprises (MSMEs), improving the investment ecosystem, and facilitating business and investment by the central government, as well as accelerating national strategic projects.

Laws are a formal source of law. Formal sources of law relate to issues and various problems that require the establishment or discovery of provisions that govern human life in society. Substantive laws, on the other hand, are written regulations that apply generally and are created by central authorities or authorized parties ¹⁶.

Specific provisions for termination of employment are also regulated in Article 81 of Law Number 11 of 2020 concerning Job Creation. Termination of employment due to the expiration of the period stipulated in the employment agreement and for the reasons specified in the Job Creation Law will never lead to disputes between both parties in the employment system. This is because the employee has been aware of and agreed to the termination from the outset. Therefore, the employee has accepted and anticipated the termination.

This is different from the termination of employment relations carried out unilaterally, which will definitely cause disputes and legal problems, because by carrying out unilateral termination of employment relations it is the workers who bear the losses in terms of loss of jobs and sources of income, which are caused by arbitrary employer policies. Unilateral layoffs are a form of company policy in terminating employment relations that is not based on the contents of the employment agreement and the reasons for termination of employment relations which are regulated in the

¹⁵Rahmat Fauzan, October 11, 2020, "Job Creation Law Passed, This is the Urgency That is the Background of the Government", <https://Ekonomi.Bisnis.Com/Read/20201011/12/130355>. Job Creation Law Passed-This-Urgency-That-Is-the-Background-By-the-Government, Accessed December 12, 2025.

¹⁶Soerjono Soekanto, 2014, *Factors Influencing Law Enforcement*, Jakarta: Rajagrafindo Persada, p. 11.

Job Creation Law, therefore unilateral termination of employment relations is considered to be in conflict with the legal system in Indonesia ¹⁷.

b. Case Studies and Court Decisions

To strengthen the analysis, it is important to examine the practice of enforcing the law through court decisions. One relevant example is:

Supreme Court Decision Number 1005 K/Pdt.Sus-PHI/2016

In this case, the worker sued the employer regarding the status of the employment relationship, which was initially claimed to be a fixed-term employment contract. However, in practice, the employment agreement was not made in writing. The Supreme Court stated in its ruling that:

- a. An employment agreement that is not made in writing does not meet the requirements as a PKWT.
- b. Therefore, the employment relationship changes to PKWTT.
- c. Workers have the right to legal protection as permanent workers, including the right to severance pay when employment is terminated.

This ruling confirms that the formal aspects of a PKWT are mandatory. Failure to comply with these provisions directly impacts the employment relationship's status, changing it to a PKWTT. Another example can be seen in the practice of the Industrial Relations Court (PHI), where many layoff cases demonstrate that workers with verbal agreements remain recognized as permanent employees as long as they can prove an employment relationship through the elements of work, wages, and orders. This aligns with the concept of employment relations under Indonesian labor law.

c. Verbal Work Consequences When Unilateral Termination of Employment (PHK) Occurs in Law No. 11 of 2020 on Job Creation.

Layoffs are inherently complex, as they are linked to unemployment, crime, and job opportunities. With the rapid development of the business industry and the increasing number of employed workers, layoffs have become a topical issue because they affect human life ¹⁸.

Based on PP Regulation No. 35 of 2021 concerning employment agreements, notification of dismissal is carried out by means of a notification letter and sent by the company to employees in a legal and compliant manner. The implementation of workers'

¹⁷ Ferryansah Cahyo Subagyo, "Journal of Legal Protection for Workers Who Experience Unilateral Termination of Employment in Law Number 13 of 2003 Concerning Manpower", accessed on Friday, December 22, 2025, at 10:00 WIB

¹⁸FX Djumaldi, *Employment Agreement*, (Jakarta: Sinar Grafika, 2005), p. 44

rights resulting from dismissal can be seen in Article 1 of the Decree of the Minister of Manpower No. Kep-150/Men/2000:¹⁹

- a. Severance Pay is money that must be paid by the employer to the employee after termination of employment.
- b. Long Service Award Money is money that must be paid by the employer to the worker/employee as wages for the worker/laborer's length of service.
- c. Compensation Is money paid by the employer to the worker/employee to compensate for the losses suffered by the worker/employee due to dismissal. Specifically, compensation for official holidays, long leave, travel costs to the employee's place of employment, medical facilities, accommodation and other costs. In the event of termination of employment contract, the employer is obliged to pay severance pay and/or seniority compensation and compensation that should be collected.

This provision demonstrates that any form of employment agreement (verbal or written) does not eliminate workers' rights as long as the employment relationship can be legally proven. In practice, disputes resulting from unilateral layoffs are often resolved through a multi-pronged mechanism, including bipartite, tripartite, and ultimately through the Industrial Relations Court. If employers fail to fulfill their obligations, they may be subject to administrative and criminal sanctions in accordance with the provisions of the Job Creation Law and its implementing regulations ²⁰.

According to Law Number 2 of 2004, in principle, industrial relations dispute resolution can be achieved through 2 (two) alternatives, namely: a. Voluntarily submitting the dispute to an arbitrator or separation board. This type of resolution is also called voluntary arbitration, which can be through mediation, conciliation, and arbitration. b. Submitting the dispute to the Industrial Relations Court. This resolution is commonly called compulsory arbitration.

1. Tripartite Dispute Resolution

If bipartite fails, then the parties or one of the parties can pursue an alternative tripartite settlement through voluntary arbitration which consists of ²¹:

- a. Mediation by Mediators: In every government office responsible for labor affairs, several employees are appointed as mediators whose function is to mediate disputes between employers and workers. By mutual agreement, employers and workers or labor unions select a mediator from a list of mediators available at the local

¹⁹ Subagyo, Gindo Nadapdap, 2022, Legal Protection Against Unilateral Termination of Employment by Companies, Journal of Legal Studies, Volume 01 No. 01, page 20

²⁰ Regina Veronika Wauran, Said Aneke, et al., 2020, Legal Certainty of Oral Agreements According to Article 1338 of the Civil Code, Lex Privatum, Vol. Viii/No. 4, p. 90

²¹ Ujang Charda S, 2017, Model for Settling Industrial Relations Disputes in Employment Law After the Enactment of Law Number 2 of 2004, Jurnal Hukum, Vol. 1, No. 1, p. 14

government office and then submit a written request for assistance in resolving their dispute.

- b. Conciliation by a Conciliator A conciliator is a member of the public who has experience in the field of industrial relations and is familiar with labor laws and regulations, appointed by the Minister to carry out conciliation and provide written recommendations to employers and workers or labor unions to resolve disputes of interest and disputes regarding termination of employment.
- c. Arbitration by Arbitrators Arbitration is a form of industrial relations dispute resolution based on a judicial process as stated by Priyatna Abdurrasyid, as follows: "Arbitration is a process of examining a dispute which is carried out judicially as desired by the disputing parties and the resolution will be based on evidence submitted by the parties ²². "

With the agreement of both parties to the dispute, the arbitrator can only strive for a maximum settlement time of 14 (fourteen) working days. The arbitrator's decision is a final, permanent decision and has legal force that is binding on the parties to the dispute. If one party does not implement the arbitration decision, the aggrieved party can submit a request to the District Court to order that party to implement the arbitration decision (Final and binding) as a matter of law ²³.

Within a maximum period of 30 (thirty) days from the arbitrator's decision, either party may submit a request for review to the Supreme Court, only if:

- 1) Letters or documents submitted during the examination are acknowledged or proven to be fake.
- 2) The opposing party was proven to have intentionally hidden documents that were decisive in decision making.
- 3) The arbitral award was found to be based on the opponent's deception.
- 4) The decision exceeds the arbitrator's authority.
- 5) The decision is contrary to statutory regulations.

2. Bipartite Dispute Resolution

Bipartite negotiations are negotiations conducted to resolve disputes arising from industrial relations between workers/unions and employers. Bipartite negotiations are mandatory or the first step that must be taken in resolving industrial relations disputes. The procedure for bipartite negotiations is in the form of deliberations which will then discuss the dispute and if an agreement is reached, a collective agreement can be formed which must be signed by the workers/unions and the company. These bipartite negotiations are given a period of up to 30 days to reach a mutual agreement. If within 30 days the negotiations have

²²Priyatna Abdurrasyid in Sudiarto & Zaeni Asyhadi, 2004, Understanding Arbitration as an Alternative for Resolving Business Disputes, Rajagraindo Persada, Jakarta, p. 28

²³Sudargo Gautama, 1999, New Arbitration Law 1999, Citra Aditya Bakti, Bandung, p. 128

not produced an agreement, then the negotiations are considered to have failed (Law Number 2 of 2004 concerning the Settlement of Industrial Relations Disputes) ²⁴.

This differs from the creation of a collective labor agreement (PKB) between a labor union and an employer. Both parties have equal rights. In this case, the labor union has the right to initiate negotiations, not just to be considered. A labor union can submit a request for a collective labor agreement (PKB) to the company through several stages ²⁵:

1. Submission of a written Collective Labor Agreement. The parties in this case consist of a labor union/several labor unions and an employer/several employers. Either party may submit a written request for a Collective Labor Agreement, accompanied by a draft agreement. The maximum time required for validation of union membership is 30 (thirty) working days from the employer's request for verification.
2. Negotiation Process Negotiations for the creation of a collective labor agreement (PKB) begin with the agreement of the negotiation procedures by both parties. The employer and the labor union determine the negotiating team with a maximum of 9 people with full authority. PKB negotiations are carried out by parties represented by union officials and company management in accordance with a power of attorney. The time limit required to carry out bipartite negotiations is 30 days from the first day the negotiation process begins.
3. Report to the Agency (if negotiations do not reach an agreement) If within a period of 30 days from the day negotiations begin no agreement is reached, one of the parties is obliged to report to the agency that organizes in accordance with the Regulation of the Minister of Manpower of the Republic of Indonesia Number 28 of 2014 concerning Procedures for Making and Ratifying Company Regulations and Making and Registering Collective Labor Agreements, namely:
 - a. "Regency/city employment SKPD, if the scope of the PKB only covers one district/city
 - b. Provincial SKPD in the field of employment, if the scope of the PKB applies to more than one district/city in one province; Directorate General, if the scope of the PKB applies to
 - c. more than one province." The above agencies can act as intermediaries or can be resolved through arbitration. Settlement by agencies is carried out in accordance with the industrial relations dispute resolution mechanism as stipulated in Law Number 2 of 2004 concerning the Settlement of Industrial Relations Disputes.

²⁴Delia Nurul Nuraeni, Muhamad Rizal, et al., 2023, Steps to Resolve Unilateral Termination of Employment (Phk) Disputes and Efforts to Protect Workers, Case Study of PT. Kaldu Sari Nabati Indonesia, Management Journal, Vol. 2 No. 3, p. 173.

²⁵Vista Nur Wasiatul Maghfiroh, Arinto Nugroho, 2022.



4. Filing a Lawsuit to the Industrial Court (if an agreement is still not reached) If the settlement by the agency is carried out through mediation and the parties or one of the parties does not accept the mediator's recommendation, then one of the parties can file a lawsuit with the Industrial Relations Court in the jurisdiction where the worker/laborer works. If the workers' union/laborer union and the employer will make changes to the current PKB, then the changes must be based on an agreement.
5. Signing
Once a collective bargaining agreement is established, representatives from both parties are required to sign it as a sign of agreement. Changes to the collective bargaining agreement must be based on mutual agreement. A collective bargaining agreement is valid and binding on both parties and its members from the moment it is signed.
6. Registration
In accordance with the Regulation of the Minister of Manpower of the Republic of Indonesia Number 28 of 2014 concerning Procedures for Making and Ratifying Company Regulations and Making and Registering Employment Agreements, registration with the relevant agency must be carried out with the aim of:
 - a) "as a monitoring and evaluation tool for the regulation of work conditions implemented in the company
 - b) as the main reference in the event of a dispute over the implementation of the PKB."
7. Dissemination
After the signing and registration process, the collective labor agreement must be disseminated by the parties in the work environment so that all members are aware of the contents and implement the collective labor agreement. Through the mechanism of creating a Collective Labor Agreement (PKB), which includes provisions related to the work agreement made unwritten, changing the status of PKWT workers to PKWTT creates legal certainty for workers. Legal certainty related to workers through the PKB will provide a sense of security for workers (Job Security) and will improve worker performance. Based on PP no. 35 of 2021, compensation money or severance pay must be given when the term of the fixed-term employment agreement (PKWT) ends. This PKWT compensation also applies to micro and small business workers, the amount of which is determined by agreement between both parties. However, this PKWT compensation does not apply to foreign workers (TKA)²⁶.

²⁶Diah Puji Lestari, 2022, Normative Legal Analysis of Compensation Provision for Fixed-Term Employment Agreements (PKWT) Based on the Job Creation Law, Jurnal Hukum Lex Generalis, Vol.3, No.5, p. 346

The question then becomes, what are the sanctions if companies still don't implement the new regulations and are reluctant to provide severance pay to workers/laborers with fixed-term contracts? In reality, many companies still insist on using the old regulation, which prohibits severance pay for workers whose fixed-term contracts have expired. Many companies claim to be exploiting workers who are unaware of these regulations.

However, if a company fails to pay severance pay to workers/laborers, or if the worker does not receive any money, the company can be reported to the authorities. This is because severance pay is an employee's right, protected and guaranteed by law. Employees are one of a company's most valuable assets. There are administrative sanctions for employers who fail to pay PKWT compensation. Employers who fail to pay PKWT compensation are threatened with administrative sanctions. Amendments to Article 190 of the Manpower Law in the Job Creation Law stipulate that the central government or regional governments can impose administrative sanctions for violations, one of which is violation of Article 61A of the Job Creation Law ²⁷.

Meanwhile, Article 61 of Government Regulation No. 35 of 2021 stipulates four administrative sanctions that can be imposed: a written warning, restrictions on business activities, temporary suspension of some or all production equipment, and finally, suspension of business activities. Any business that violates these provisions can face criminal sanctions and fines of up to hundreds of millions of rupiah, as detailed below ²⁸:

d. Critical Analysis

Based on normative analysis and case studies, it can be concluded that:

- a. Positive law has provided sufficient protection for workers in oral work agreements.
- b. However, in practice, this protection is not optimal due to the weak bargaining position of workers and limited evidence.
- c. Court decisions tend to favor worker protection by interpreting norms progressively.

This situation indicates a gap between legal norms and their implementation. Therefore, strengthening administrative aspects, labor supervision, and increasing legal awareness for both workers and employers is necessary.

²⁷Diah Puji Lestari, 2022, Normative Legal Analysis of Compensation Provision for Fixed-Term Employment Agreements (PKWT) Based on the Job Creation Law, *Jurnal Hukum Lex Generalis*, Vol.3, No.5, p. 347

²⁸Iah Puji Lestari, 2022, Normative Legal Analysis of Compensation Provision for Fixed-Term Employment Agreements (PKWT) Based on the Job Creation Law, *Jurnal Hukum Lex Generalis*, Vol.3, No.5, p. 347

D. Conclusions and Recommendations

Based on the description above, the author draws the following conclusions:

An indefinite-term employment agreement (PKWTT) made orally is, in principle, legally valid as long as it meets the requirements for a valid agreement. However, to ensure legal certainty, employers are required to provide a letter of appointment as proof of the employment relationship. Furthermore, if a fixed-term employment agreement (PKWT) is not made in writing, it is legally converted into a PKWTT. This provision demonstrates that the law protects workers from abuse of this form of employment agreement by employers .

In the event of termination of employment, workers with PKWTT status, including those based on verbal agreements, are still entitled to receive severance pay, long service awards, and compensation in accordance with statutory provisions. If employers fail to fulfill these obligations, they may be subject to administrative sanctions in the form of written warnings, restrictions on business activities, temporary suspension of production activities, up to freezing of business, as well as criminal sanctions in the form of fines in accordance with applicable provisions .

Although verbal employment agreements are recognized normatively in PKWTTs, in practice, there are still obstacles in terms of proof and legal protection for workers. Therefore, strengthening administrative compliance by employers, increased government oversight, and legal awareness among all parties are needed to ensure legal certainty and fairness in industrial relations.

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