

# Legal Status For Employees Who Do Not Extend A Certain Time Work Agreement

Abdul Rahman<sup>1</sup>, Megawati Barthos<sup>2</sup>, Suparno<sup>3</sup>  
abyrahman@gmail.com<sup>1</sup>, megawati\_barthos@borobudur.ac.id<sup>2</sup>, suparno@borobudur.ac.id<sup>3</sup>

Universitas Borobudur<sup>1,2,3</sup>

**Abstract.** The extension of the Certain Time Work Agreement (PKWT) is very important in the employment relationship between employees and the company. However, there are often cases where employees do not renew PKWT after it expires. This raises questions regarding the legal status of employees who do not extend the PKWT. For employees who do not extend PKWT, their legal status means that they have resigned from the company, but the company must also respect the rights of its employees. The purpose of this study is to find out the implementation of PKWT between employees and companies and the legal status for employees who do not extend PKWT but are still working based on the Manpower Law. Legal status for employees who do not extend PKWT based on the Manpower Law if the conditions of PKWT are not met, then the work agreement changes to an Indefinite Time Work Agreement (PKWTT) since the PKWT conditions are not fulfilled. Therefore, employees and companies should understand their respective rights and obligations related to PKWT so that disputes do not occur.

**Keywords:** Legal Status, Employment Agreement, Legal Status.

## 1. Introduction

A Specific Time Work Agreement (PKWT) is a type of employment contract that is currently most used by companies in Indonesia to be able to recruit employees within a certain period of time. PKWT usually has a certain time limit, for example one year, and can be extended if both parties have agreed to the extension of the contract. PKWT is often used by companies to fill temporary labor needs, but employers must also ensure that the use of PKWT must be in accordance with the provisions of the prevailing laws and regulations in Indonesia.

In Indonesia, Law Number 13 of 2003 concerning Manpower is the legal umbrella for labor issues in Indonesia. In addition, in Law Number 11 of 2020, there are also several latest provisions regarding employment. The legal umbrella or laws and regulations are very important for employees who work with a Certain Time Work Agreement (PKWT) status, where the legal umbrella will protect the rights of PKWT employees, determine the obligations of PKWT employees, and prevent abuse of PKWT employees.

Employment relations occur when workers with employers and their companies have completed an employment agreement. Employees and employers will have an interrelated relationship with each other. In this connection, the employer will be responsible for providing decent work, wages and working conditions for employees. In addition, employees will be responsible in carrying out their duties well and contributing to the growth of the company.

When the employment agreement has been completed. Employees and companies will have a mutually beneficial relationship with each other. In the overall working relationship between employees, employers and companies it is important to keep it balanced and mutually beneficial.

In an ideal situation, the interests of all parties should be considered and valued to ensure a harmonious and productive working relationship.

The Fixed Time Work Agreement (PKWT) has advantages and disadvantages, including:

#### Advantages of PKWT

1. Flexibility: PKWT provides flexibility for companies to recruit employees according to the needs of a particular project or job. Companies can extend the contract or not renew the contract depending on their needs.
2. Cost: PKWT can help companies save costs, especially if the project or work being done is temporary or does not require employees permanently.
3. Training: PKWT can be an opportunity for employees to gain training or work experience within a limited time.

#### Disadvantages of PKWT

1. Uncertainty: Employees who work with PKWT often feel uncertain, both in terms of length of service and employee status.
2. Lack of Rights: Employees who work with PKWT usually do not have the same rights as permanent employees, such as health benefits, annual leave, and other entitlements.
3. Abuse: some companies use PKWT repeatedly to avoid granting permanent employees status and appropriate rights.

The problem that often occurs, the legal status for employees who do not extend PKWT becomes unclear. According to Law No. 13 of 2003 on Manpower, employees who have worked for three months are considered permanent employees, unless there is a clear and valid reason not to hire them permanently. However, in practice, many companies ignore this provision and extend PKWT continuously without granting permanent employee status to employees who have worked for more than three months. This is often done to avoid the obligation to pay benefits and the rights of permanent employees.

This condition creates uncertainty for employees who do not extend PKWT, because they do not know whether they are still considered employees or are no longer considered to be working. In addition, they also lose rights such as health benefits, annual leave, and other entitlements that are commonly given to permanent employees. Therefore, companies must pay attention to employees and adjust the use of PKWT according to the needs of the company and employees, besides that the government must also strengthen legal protection for employees who work with PKWT and with clear legal protection for employees who do not extend PKWT it is very important to protect their rights as workers.

## **2. Research Methods**

This research uses normative juridical research methods, namely by analyzing the implementation of legal rules or norms contained in positive law. The results of the study are then presented in the form of a narrative that includes a well-organized and systematic description of the findings. That is, the secondary data collected are interconnected based on the research problem, so that it can be seen as a whole that meets the research requirements.

### **3. Findings and Discussion**

#### **3.1 Analysis of the Implementation of a Certain Time Work Agreement (PKWT) between Employees and the Company**

A Certain Time Work Agreement (PKWT) is an employment contract that is valid for a certain period between employees and the company. In its implementation, there are several aspects that need to be considered. The aspects in the implementation of PKWT consist of the contents of PKWT, the implementation of PKWT, the termination of PKWT, to legal protection for employees.

The substance of the Particular Time Work Arrangement (PKWT) should be clear and point by point, including the character of the two players, the kind of work to be finished, the time of work, how much compensation and advantages, and the privileges and commitments of each party. The terms of the employment contract must comply with all applicable laws and rules. The PKWT must contain all provisions deemed necessary to safeguard both parties' rights and responsibilities and guarantee the success of the employment relationship between employees and the company.

The implementation of PKWT in Indonesia is regulated in Law No.13 of 2003 concerning Manpower and Government Regulation No.78 of 2015 concerning Wages. PKWT in Indonesia is given for short-term work or to fill the company's temporary needs. In implementing the employment agreement, the company must comply with the provisions stipulated in PKWT, such as the length of work, the amount of salary and benefits, and the rights and obligations of employees. The company must ensure that employees receive salaries and benefits in accordance with those stipulated in PKWT, as well as obtain other rights guaranteed by laws and regulations.

PKWT can end automatically when the specified period expires, or it can be extended if both parties agree to do it. However, the company can also terminate PKWT before the stipulated period expires if the employee violates applicable regulations or if company conditions force termination of employment. In terminating PKWT, the company must ensure that employee rights are fulfilled in accordance with laws and regulations, such as the right to severance pay, service period appreciation money, rights replacement money, and others.

In the implementation of PKWT, several problems often arise, including:

##### **Extension of Certain Time Work Agreement (PKWT)**

Whereas PKWT can only be held for a maximum of two years, can only be extended once for a maximum of one year, and will expire when the time has passed. If this extension is agreed by both parties, the extension will not cause any problems. It's different if the extension is done secretly. If the work still exists and must be continued, workers / laborers should continue to be employed to be able to complete the work. Unless the work handled no longer exists and the employer can no longer place in another section, meaning that there is no more work for the worker / laborer, then the employment relationship will be severed. In this case, there needs to be an obligation for employers to notify workers / workers that termination of employment will be carried out so that workers know how their employee status is.

##### **Due to Company Switching**

The business arrangement doesn't fire because of the passing of the business or the exchange of privileges to the organization because of offer, legacy, or award. Unless otherwise specified in the transfer agreement that does not reduce the rights of workers or workers, in the event of a company transfer, the rights of workers or workers pass to the new employer.

#### Unilateral Termination of Employment Agreement

Assuming that one party to the arrangement ends the business relationship before the lapse of the period specified in the PKWT, the party firing the work relationship is expected to pay to the next party in how much specialists' wages until the termination of the business understanding period (Article 62 of Regulation No. 13 of 2003).

#### Worker/Labor Allowance

To find out the benefits obtained by workers / laborers who are bound by PKWT can be traced to the work agreement that has been carried out by both parties. If the agreement does not regulate this, it can be checked in company regulations to laws and regulations.

#### Legal Holiday Rights with Wages

Holidays, which must be compensated in accordance with the provisions of Law No. 13 of 2003. Such provisions are intended to serve the common interest and welfare. In addition to work that due to the nature and type of work does not allow this work to be stopped. Employers who employ workers/laborers who perform work on official holidays are required to pay overtime wages.

#### Certificate of Worker/Labor

A certificate about the worker's personal self at work time is very important to be used as a reference for employers to help smooth the acceptance of new personnel. This certificate must contain a true description of the work done and the length of the employment relationship with the date and signature of the superior. In this letter, it will be stated how workers carry out their obligations and the reasons that can terminate / terminate the employment relationship.

Employees who work with PKWT also have the same rights as employees who work with other employment contracts. The right to join a union, the ability to sue for infringement of their rights, and other rights must all be afforded to employees by employers. The execution of PKWT should focus on the substance of the business understanding, the execution of the work arrangement, the end of the business arrangement, and the legitimate security of representatives. The working relationship between employees and the company can run smoothly and be beneficial to both parties if each of these factors is properly taken into consideration and implemented.

### **3.2 Legal Protection for Employees with a Certain Time Work Agreement (PKWT)**

As employees with PKWT, employees will still have the same legal protection rights as employees who have different employment agreement statuses. The right to legal protection as an employee consists of several things, namely, first related to social security, PKWT employees have the right to obtain social security such as pension security, health insurance, and old age security. However, the terms and conditions for obtaining such guarantees may vary depending on the prevailing laws and regulations in Indonesia or the region where you work.

Second, the right to legitimate security with respect to wages and advantages. Workers with PKWT additionally have a similar right to get wages and advantages as per the arrangements expressed in the business understanding. In the event of an industrial relations dispute, employees may sue in court or another appropriate institution. Thirdly, PKWT employees benefit from labor protection in accordance with applicable laws.

Fourth, the right to occupational health and safety, PKWT employees have the right to work in a safe and healthy work environment, employees are also entitled to compensation or compensation in accordance with applicable laws and regulations in the event of a work accident

or injury. Finally, protection against discrimination, PKWT employees are protected from discrimination such as discrimination against sex, age, race, religion, and sexual orientation. If there is a victim of discrimination, the victim can file a lawsuit with the court or the competent institution to resolve the dispute. In general, the rights of PKWT employees are the same as employees who have other employment agreement statuses. However, these rights must be considered in accordance with the provisions in the employment agreement and applicable laws and regulations in Indonesia.

The Labor Regulation qualifies business arrangements into two sorts, Certain Time Work Understanding (PKWT) and Endless Time Work Arrangement (PKWTT). A PKWT is an employment contract between employers and workers or laborers to maintain employment relations for a predetermined amount of time or for specific jobs. PKWT is regulated to provide protection for workers, based on considerations so that it does not occur where the appointment of workers is carried out through an agreement in the form of PKWT for workers who are continuous or are permanent / permanent work of a business entity.

The components of the business arrangement as per Regulation No. The existence of elements of work, elements of orders, wages, and specific times are all aspects of Manpower 13 of 2003. The provisions of PKWT in Law No. were revised in the Omnibus Law itself. 13 of 2003, pertaining to Manpower, by modifying, deleting, and adding articles. Law No. The regulations pertaining to contract employees are described in detail in Government Regulation (PP) No. 11 of 2020, which deals with Job Creation. 35 of 2021 as the Job Creation Law's implementing regulations.

The Declaration of the Priest of Labor and Immigration of the Republic of Indonesia Number KEP.100/MEN/VI/2004 concerning the Arrangements for the Execution of PKWT hereinafter alluded to as KEPMEN, in article 15 section (1) expresses that: Since the employment relationship has existed, the Certain Time Work Agreement (PKWT), which is not written in Indonesian or Latin, is changed to the Indeterminate Time Work Agreement (PKWTT). A contrario it very well may be deciphered that when the work understanding is oral (not made in Indonesian and Latin letters), then, at that point, the Work Understanding is a PKWTT in light of the fact that the two Work Arrangements have various freedoms and commitments details. so that employees with PKWT or contract status can claim their rights as permanent employees or employees with PKWTT employment relationship status in accordance with the rules and laws in place.

Law No. 13 of 2003 defines the conditions for terminating an employment contract as follows: the laborer passes on; lapse of the term of the business understanding, finishing of a specific work; Certain circumstances or events listed in the employment agreement, company regulations, or collective labor agreement can result in the termination of the employment relationship, as can a court decision or decision to determine an industrial relations dispute resolution institution with permanent legal force.

In Regulation No. 11 of 2020 regulates the obligation of employers to compensate workers and laborers upon expiration of a specific time work agreement. Workers with at least one month of continuous service receive compensation, and if the PKWT is extended, compensation is paid at the end of the PKWT period before the extension and against the PKWT extension period; subsequent compensation is paid after the PKWT extension period ends or is completed.

### **3.3 Legal Status for Employees Who Do Not Extend a Certain Time Work Agreement (PKWT) and Are Still Working**

Representatives who don't get a PKWT expansion and keep on working, then, at that point, the representative has a legitimate status as per material regulations and guidelines or

work arrangements. In most cases, the employee will automatically be considered a permanent employee if they continue to work after the PKWT expires without a new agreement or extension. This is as per Article 59 passage (1) of Regulation No. 13 of 2003 concerning Labor which expresses that "on the off chance that a specific time work understanding closures and the specialist keeps on working without another specific time work arrangement, then the business relationship is viewed as a limitless time work relationship".

As a permanent employee, the employee will have the same rights as other permanent employees. However, if in the employment agreement or company rules there are provisions governing the consequences of not extending the PKWT, then the employee will be subject to sanctions or penalties stipulated in these provisions.

Contract employees using the PKWT system will be upset if their employment agreements are changed because it affects their temporary work status and there is no clear legal protection for PKWT employees. In order to safeguard employees' rights and ensure that they are free from all forms of discrimination, the PKWT system's employees must be protected by legal means in order to ensure the welfare of employees.

Article 59 Paragraph 7 of Law Number 13 of 2003 Concerning Manpower states that if the creation of PKWT is not in accordance with Article 59, then for the sake of law PKWTT changes to PKWT. This is the solution to the problem of legal vacuums related to the legal consequences of violating the provisions for working period in PKWT based on the period of time. With the progress of PKWT to PKWTT, it will give legitimate conviction to representatives or laborers for their work and give lawful security to workers for their work.

#### **4. Conclusion**

Based on the things that have been explained in the previous chapters, it can be concluded that:

1. The implementation of a Certain Time Work Agreement (PKWT) must basically be applied in accordance with applicable laws and regulations. However, there will be a legal status vacuum when the employment agreement renewal process is complete and the company still employs employees by indirectly extending the employment contract before the contract is completed. This would be contrary to Law Number 13 of 2003 concerning Manpower.
2. Legitimate status for representatives who don't expand a Specific Time Work Understanding (PKWT) yet work as per Regulation Number 13 of 2003 concerning Labor has a legitimate status as per material regulations and guidelines or work arrangements.
3. PKWT workers who do not comply with the Manpower Law are null and void to become PKWTT. Legal protection is provided as a permanent worker in the form of protection of wage rights, occupational health rights, job security rights, severance pay rights, service period appreciation money, and work replacement money.

## References

- [1] E. B. Setiyawan, S. Maldini A I. B. Santoso, "Comparison of the Employment Cluster Job Creation Law with Law No.13 of 2003 concerning Manpower Regarding the Status of Certain Time Work Agreements," *Journal of the Graduate Program in Law*, zv. 7, %1. Vyd.2, pp. 59-69, 2021.
- [2] M. Haidar, "Reformulation of Term of Service Provisions on Certain Time Employment Agreements Based on Term," *Journal of Legal Issues*, zv. 51, %1. Vyd.2, pp. 179-187, 2022.
- [3] A. J. Kusuma, E. R. M.S A Irawati, "The Legal Position of PKWT Workers Not in Accordance with the Provisions of the Manpower Law," *Notary Journal*, zv. 13, %1. Vyd.1, pp. 193-208, 2020.
- [4] Sunarno, "Some Problems in Certain Time Work Agreements and Their Solutions," *Journal of Legal Discourse*, zv. VIII, %1. vyd.2, pp. 19-32, 2009.
- [5] A. Amalia, "The legal position of contract workers on deviations from certain time work agreements (PKWT) is reviewed by Law No. 13 of 2003 concerning Manpower (Supreme Court Decision No. 716 K / PDT. SUS-PHI/2021)," *Normative Journal*, zv. 2, %1. Vyd.1, pp. 129-133, 2022.
- [6] G. Darmawan A P. Tobing, "Legal Protection for Contract Employees in Certain Time Work Agreements (PKWT) Who Are Laid Off While the Contract Is Ongoing (Case Study of Decision Number 24/PDT. SUS-PHI/2019/PN-DPS)," *Journal of Citizenship*, zv. 6, %1. Vyd.2, pp. 4859-4863, 2022.
- [7] Ellert, G. Tobing, Z. Tarigan A B. J. Barus, *Legal Protection of Furloughed Employees in Indefinite Time Work Agreements) Judgment: No. 491 K/PID. SUS-PHI/2017*), Medan: Universitas Prima Indonesia, pp. 1-29.
- [8] H. Khairunnisza, "Legal Implications of Changing the Status of Indefinite Time Work Agreement (PKWTT) to Specific Time Work Agreement (PKWT)," Hasanuddin University, Makassar, 2019.
- [9] E. Sutrisno a D. Y. Permana, "Implementation of Legal Protection for Workers in Indonesia in Certain Time Work Agreements (PKWT) and Indefinite Time Work Agreements (PKWTT) According to Law No.11 of 2020 concerning Job Creation," *Indonesian Journal of Social Science*, zv. 3, %1. Vyd.5, pp. 902-915, 2022.
- [10] I. A. Priyanto, "Legal Protection of PKWT Workers in Providing Compensation Money," *Jurnal Cakrawala*, zv. 6, %1. Vyd.2, pp. 924-933, 2023.