

Juridical Analysis of Urgent Termination of Employment at PT BFI Finance Indonesia Tbk Based on Decision Number 5/Pdt.Sus-PHI/2025/PN Plk

Ika Julina ¹⁾, Fransisco ²⁾, Vicka Prama Wulandari ³⁾, & Joanita Jalianery ⁴⁾

¹⁾Universitas Palangka Raya, Palangka Raya, Indonesia, E-mail: ikajulina2020@gmail.com

²⁾Universitas Palangka Raya, Palangka Raya, Indonesia, E-mail: Fransisco@law.upr.ac.id

³⁾Universitas Palangka Raya, Palangka Raya, Indonesia, E-mail: vickapramawulandari@law.upr.ac.id

⁴⁾Universitas Palangka Raya, Palangka Raya, Indonesia, E-mail: joanita@law.upr.ac.id

Abstract. *Termination of Employment on urgent grounds has generated debate in judicial practice because the conceptual boundaries of what constitutes “urgent” are not yet fully clear. Previous studies have analyzed the regulation of urgent termination normatively; however, they have not examined how judges apply the criteria of urgency in judicial practice and its relationship with trust as the foundation of the employment relationship. This study analyzes Decision Number 5/Pdt.Sus-PHI/2025/PN Plk to identify the judges’ considerations in assessing urgent termination, using a normative juridical method with a case approach. The results show that the Panel of Judges applied a cumulative four-pillar approach: violation of the legality principle under the Fiduciary Security Law, ultra vires actions, a concrete loss of Rp120,000,000.00, and a breach of fiduciary duty due to a conflict of interest. Urgent termination does not require a warning letter because such conduct fundamentally damages trust, in accordance with the provisions of Law Number 6 of 2023 and Government Regulation Number 35 of 2021. The decision clarifies the limits of vicarious liability, which does not apply to actions that harm the company, with the consequence of limited compensation without severance pay and long-service awards.*

Keywords: *Employment Law, Industrial Relations Court, Judicial Consideration, Urgent Termination.*

1. Introduction

Industrial relations between employees and employers constitute one of the important pillars in maintaining the stability of business activities and the sustainability of national productivity. However, in practice, employment relationships do not always run harmoniously. Various dynamics, such as violations of work regulations, declining performance, and economic pressures on companies, often trigger problems (Rahayu, 2020). One of the issues that most

frequently becomes a source of conflict in industrial relations is Termination of Employment (*Pemberhentian Hubungan Kerja/PHK*). PHK not only affects the loss of workers' livelihoods, but also brings legal, social, and economic consequences for employers. Therefore, every termination action must be carried out carefully, must have a valid basis, and must follow the mechanisms established in statutory regulations (Iswaningsih et al., 2021).

In the context of labor law in Indonesia, termination of employment is strictly regulated by Law Number 13 of 2003 concerning Manpower, as amended by Law Number 6 of 2023 concerning Job Creation, as well as its implementing regulation in Government Regulation Number 35 of 2021 (Turnip & Mardijono, 2022; Yitawati et al., 2024; Elzar et al., 2025). These regulations emphasize that employers are prohibited from terminating employment without a valid reason and without following the mechanisms determined by law. One of the permitted reasons is the existence of an "urgent" condition that makes the employment relationship impossible to continue. However, the meaning and limits of the "urgent" reason often raise debate, both at the company level and in judicial practice (Martha, 2020; Nur et al., 2024). In practice, the "urgent" reason is often used by companies as a basis to carry out unilateral termination of employment, arguing that the employee has committed a serious violation or an act that disrupts the company's trust and operational activities (Purnama & Amelia, 2021; Salsabila et al., 2024). However, not all reasons categorized as "urgent" by the company are legally recognized by the courts. Many termination cases based on urgent reasons are later examined in the Industrial Relations Court (*Pengadilan Hubungan Industrial/PHI*), where judges assess whether these reasons meet objective criteria and are in accordance with the provisions of positive law (Sari, 2014; Prayitno, 2024).

Research conducted by Tsarwa et al. (2023) in the Jurnal Demokrasi discusses the application of the reason of "urgent violation" as a basis for termination of employment, with a focus on normative analysis of labor regulations in Indonesia following the enactment of the Job Creation Law. The study emphasizes that urgent reasons may serve as grounds for termination when an employee's violation causes serious impacts on the employment relationship and the interests of the company. However, the research has not examined how urgent reasons are applied in the practice of industrial relations courts, nor has it analyzed judicial considerations in determining whether a violation fulfills the element of urgency (Agustin et al., 2024; Hidayati et al., 2025). Therefore, this study addresses that gap by analyzing the application of urgent reasons in Decision Number 5/Pdt.Sus-PHI/2025/PN Plk, particularly concerning the judge's assessment of the relationship between the employee's violation, the company's losses, and the loss of trust as the basis for termination of employment (Nurchahyo, 2021; Nirwana & Damayanti, 2024).

One case that reflects this issue is the industrial relations dispute between a worker and PT BFI Finance Indonesia Tbk, Sampit Branch, as decided in Decision Number 5/Pdt.Sus-PHI/2025/PN Plk. In this case, the employer terminated the worker's employment by asserting the existence of an urgent reason that was considered to have caused losses to the company. The dispute was subsequently brought before the Industrial Relations Court at the Palangka Raya District Court

to examine whether the termination of employment had been carried out in accordance with the applicable legal provisions or whether it was contrary to the principles of justice and protection for workers (Ramli, 2020; IS et al., 2025; Yusuf et al., 2025). The case originated from an employment relationship between Rama Wahyuni as the worker and PT BFI Finance Indonesia Tbk, Sampit Branch, as the employer. The plaintiff was a permanent employee who held the position of Branch Asset Management Head, which functionally carried responsibility for the management and safeguarding of the company's assets. In the course of this employment relationship, the company assessed that the plaintiff had committed an act classified as an urgent violation (Hermanto et al., 2024; Rafifah et al., 2025; Hidayati et al., 2025; Putra & Lie, 2025).

The company alleged that the plaintiff had facilitated the transfer of a vehicle that constituted an object of fiduciary security to another party without written approval from the company's management. This action resulted in the company losing control over the fiduciary security object and caused financial losses. Consequently, the company considered that the act had damaged the trust that forms the foundation of the employment relationship and used it as the basis for terminating the employment on the grounds of an urgent reason. Therefore, this study aims to analyze the legal regulation of termination of employment based on urgent reasons under Indonesian labor law and to examine the judges' legal considerations in Decision Number 5/Pdt.Sus-PHI/2025/PN Plk regarding the validity of urgent reasons used by the employer as the basis for termination of employment

Based on these issues, it is important to conduct an in-depth legal study regarding:

1. How judges consider and assess the urgent reasons used by companies as the basis for termination of employment?
2. How positive law regulates termination of employment based on urgent reasons as stipulated in Law Number 6 of 2023 concerning Job Creation and Government Regulation Number 35 of 2021?

This research is expected to provide both theoretical and practical contributions. Theoretically, it can enrich the study of labor law related to the application of urgent reasons as the basis for termination of employment after the enactment of the Job Creation Law and Government Regulation Number 35 of 2021. Practically, this research is expected to serve as a reference for employers, workers, and law enforcement officials in understanding the legal limits, the procedures for application, and the juridical consequences of termination of employment based on urgent reasons, thereby preventing misuse and providing legal certainty in the settlement of industrial relations disputes.

2. Research Methods

This study employs a normative juridical method, which is a legal research method that focuses on examining legal principles, norms, and the construction of relevant statutory regulations. This method is used because the object of the study is the act of termination of employment

(PHK) on the grounds of urgent reasons, which must be examined through instruments of positive law, legal doctrine, as well as judicial interpretation in court decisions.

The approaches used in this research include the statute approach, case approach, and conceptual approach. The statute approach is carried out through the examination of legal provisions regulating termination of employment based on urgent reasons, particularly those stipulated in Law Number 6 of 2023 concerning Job Creation, Government Regulation Number 35 of 2021, and the Company Regulation of PT BFI Finance Indonesia Tbk for the period 2024–2026. This approach is intended to identify the legal basis, scope, and juridical limitations related to termination of employment on urgent grounds.

In addition, this research applies a case approach through the analysis of Decision Number 5/Pdt.Sus-PHI/2025/PN Plk as the main object of the study. The analysis includes the reconstruction of legal facts, the legal considerations of the panel of judges, the relevance of evidentiary matters, and the application of legal doctrines such as *ultra vires*, fiduciary duty, and vicarious liability. Through this approach, the research seeks to assess how judges interpret urgent reasons in the practice of industrial relations dispute settlement. Furthermore, a conceptual approach is also employed to understand the legal concepts underlying the analysis, including the trust and confidence relationship in employment relations, urgent violations, the proportionality of termination sanctions, and the principle of balanced legal protection.

The sources of data in this study consist of primary legal materials, including statutory regulations, Decision Number 5/Pdt.Sus-PHI/2025/PN Plk, the Company Regulation of PT BFI Finance Indonesia Tbk, as well as records of negotiations and evidentiary documents cited in the decision; secondary legal materials, consisting of labor law literature, scientific journals, scholarly doctrines, and relevant previous research; and tertiary legal materials, such as legal dictionaries, encyclopedias, and other supporting sources. The materials were collected through library research, while the analysis technique used is qualitative juridical analysis, which involves interpreting legal norms and judicial considerations systematically in order to draw conclusions based on legal reasoning and their conformity with the applicable regulatory framework.

3. Results and Discussion

3.1. Judicial Considerations Regarding Termination of Employment Based on Urgent Reasons by PT BFI Finance Indonesia Tbk Sampit Branch

Based on Decision Number 5/Pdt.Sus-PHI/2025/PN Plk, several legal facts form the basis of the dispute concerning the termination of employment between Rama Wahyuni (the Plaintiff) and PT BFI Finance Indonesia Tbk, Sampit Branch (the Defendant). The Plaintiff had been a permanent employee since 1 October 2017, with the last position as Branch Asset Management Head, earning a monthly wage of Rp6,150,000.00. The status of permanent employment was confirmed through the Letter of Appointment Number HCD/TTPX/2017-977 dated 2 October 2017. The Plaintiff's length of service amounted to 8 years, 11 months, and 14 days until the termination of employment was carried out on 8 March 2025 through the Termination Notification Letter Number HCD/S-PHK/SMP/III/2025-0050.

PT BFI Finance carried out the termination of employment based on Article 45 paragraph (5) letter f of the Company Regulation of PT BFI Finance Indonesia Tbk for the period 2024–2026, which categorizes urgent violations as actions “that recklessly or intentionally damage or leave company goods or assets in a dangerous condition, resulting in losses or endangering the company.” The violation alleged against the Plaintiff was facilitating the transfer of a vehicle that served as a fiduciary security belonging to Debtor Abdul Majid to Mr. Budianto, who is a friend of the Plaintiff, without written approval from the company's management. Based on the findings of the internal audit, the Plaintiff signed the Minutes of Vehicle Handover dated 13 September 2024. As a result of this action, the debtor no longer made installment payments and the fiduciary security vehicle valued at approximately Rp120,000,000.00 could no longer be repossessed by the company.

The Plaintiff rejected the termination of employment on several grounds, including the absence of intent or gross negligence, the fact that the Plaintiff had never received warning letters (SP1, SP2, SP3), and the argument that based on Article 1367 of the Indonesian Civil Code concerning vicarious liability, the employer should bear responsibility for the actions of subordinates. The Plaintiff also argued that the termination was not in accordance with the applicable legal provisions and therefore requested compensation in line with the Recommendation of the Manpower Office Mediator based on Article 43 paragraph (1) of Government Regulation Number 35 of 2021 (Turnip & Mardijono, 2022; Nuroini, 2022). On the other hand, the Defendant argued that the Plaintiff's actions constituted an urgent violation that caused actual losses and breached the trust and confidence that form the foundation of the employment relationship. Therefore, the termination of employment was carried out based on Article 52 paragraph (2) of Government Regulation Number 35 of 2021, which does not grant entitlement to severance pay and long service pay (*Uang Penghargaan Masa Kerja/UPMK*).

The Panel of Judges stated that the lawsuit had fulfilled the formal requirements as stipulated in Article 83 and that a tripartite mediation process had been conducted, resulting in Recommendation Number 500.15/168/DISNAKERTRANS.4/IV/2025 dated 9 April 2025. The Panel of Judges rejected the Defendant's exception of obscure libel on the grounds that there was no substantial contradiction and that the claim had been prepared systematically. The Panel of Judges further considered that Law Number 6 of 2023 concerning Job Creation does not explicitly regulate termination of employment based on urgent reasons within its main

provisions. The regulation is instead found in Article 52 paragraph (2) of Government Regulation Number 35 of 2021, which grants companies the authority to determine categories of urgent violations in Company Regulations or Collective Labor Agreements according to business characteristics, by applying the principle of *lex specialis* (Daghustan & Nuroini, 2022; Kusuma & Basniwati, 2022).

The Panel of Judges assessed that the Plaintiff's actions met the criteria of an urgent violation based on four considerations:

1. The Plaintiff's actions violated Law Number 42 of 1999 concerning Fiduciary Security, particularly Article 23 paragraph (2), which prohibits the transfer of fiduciary security objects without written approval from the fiduciary recipient. The vehicle was transferred from Abdul Majid to Budianto without written approval from PT BFI, and the Plaintiff, as an employee, should have been aware that such action constituted a violation of the law.
2. The Plaintiff's actions were contrary to the duties and authority of his position. As Branch Asset Management Head, the Plaintiff's primary responsibility was to conduct collection and repossession of overdue assets, not to facilitate the transfer of vehicles. By signing the Minutes of Vehicle Handover, the Plaintiff acted beyond his authority without the approval of management.
3. The Plaintiff's actions resulted in actual and measurable losses. The transfer of the vehicle caused the company to lose control over the fiduciary security valued at approximately Rp120,000,000.00, and the debtor ceased making installment payments, thereby causing concrete financial loss to the company.
4. There was a serious conflict of interest. The vehicle was transferred to Budianto, whom the Plaintiff acknowledged as his friend in the Minutes of Bipartite Negotiation dated 21 February 2025. This acknowledgment constitutes perfect evidence based on Article 1925 of the Indonesian Civil Code. This condition undermined the principle of trust (fiduciary duty), which forms the foundation of the employment relationship, particularly for managerial positions responsible for managing company assets.

The Panel of Judges rejected the Plaintiff's argument regarding vicarious liability on the grounds that this doctrine only applies to protect third parties who suffer losses due to the actions of employees carried out in the course of performing their duties on behalf of the company, and not to exempt employees from responsibility for actions that harm the company itself. Supreme Court Jurisprudence Number 558 K/Sip/1971 affirms that employers are responsible for the losses caused by employees "in the course of performing their work," not for actions that are contrary to the employer's interests. Regarding the absence of warning letters, the Panel of Judges considered that termination of employment based on urgent reasons under Article 52 paragraph (2) of Government Regulation Number 35 of 2021 does not require prior warning letters. The *ratio legis* is based on the nature of urgent violations, which are serious,

fundamental, and destructive to the trust underlying the employment relationship, such that the employment relationship can no longer be continued (Efendi et al., 2025; IS et al., 2025).

The Panel of Judges considered the evidence presented, including the Chronological Report of Unit Transfer from the Internal Audit and the Fiduciary Security Certificate (T-7). Testimonies from witnesses Rahmatdian and Yosua Imanuel provided consistent explanations regarding the audit findings, company procedures, and the losses suffered. The Plaintiff's admission in the Minutes of Bipartite Negotiation constituted perfect evidence that did not require further proof. Based on these legal considerations, the Panel of Judges decided in the convention to reject the Plaintiff's claim and declared the termination of employment valid and legally justified (Sari, 2014). In the reconvention, the Panel of Judges partially granted the claim by determining the Plaintiff's rights in accordance with Article 52 paragraph (2), separation pay, and prorated salary (Rp1,983,870.00), with a total compensation of Rp10,379,399.00. The Plaintiff was not entitled to severance pay, long service pay, process wages, or compensation for housing and medical benefits.

The considerations of the Panel of Judges reflect the application of the hierarchy of laws and regulations consistent with Hans Kelsen's *stufenbau* theory. The use of Article 52 paragraph (2) of Government Regulation Number 35 of 2021 as the legal basis for termination of employment due to urgent reasons demonstrates a proper understanding of the delegation of authority from Law Number 6 of 2023 (Zubi et al., 2021; Yitawati et al., 2024). Furthermore, the recognition of the Company Regulation as *lex specialis* provides flexibility for companies to regulate categories of violations according to business characteristics, as long as they do not contradict higher regulations. However, it is important to note that this flexibility must be balanced with strict supervision to prevent misuse. Company Regulations that define "urgent violations" too broadly have the potential to disadvantage workers. Therefore, validation by the Manpower Office becomes a crucial control mechanism to ensure a balance of interests.

The Panel of Judges applied a comprehensive approach by examining four cumulative elements that form the "pillars" of an urgent violation, namely the legality aspect, where the violation of Law Number 42 of 1999 concerning Fiduciary Security indicates that the action did not merely violate internal policy but also violated public law, thereby strengthening the argument regarding the seriousness of the violation; the *ultra vires* aspect, where the act of exceeding authority shows that the Plaintiff acted outside the scope of authority of his position, a concept that is important in corporate and labor law doctrine because every position has clearly defined limits of authority; the element of concrete loss, where unlike potential loss, the loss amounting to Rp120,000,000.00 was real, measurable, and had already occurred, so proof of such loss strengthens the validity of the termination because it demonstrates the real impact of the violation; and the breach of fiduciary duty, where the conflict of interest in which the asset was transferred to the Plaintiff's friend constitutes the most fundamental violation, since in modern labor law theory fiduciary duty serves as a foundation of the employment relationship, especially for managerial positions, and a violation of this principle irreversibly damages the trust underlying the employment relationship (Agustin et al., 2024; Mardianto, 2024).

This four-pillar approach provides an objective standard that may serve as a precedent in assessing urgent violations in similar cases. All four elements must be fulfilled cumulatively in order to prevent arbitrary termination of employment. The Panel of Judges' rejection of the argument of vicarious liability makes a significant contribution in clarifying the limits of this doctrine within the context of industrial relations. Based on Article 1367 of the Indonesian Civil Code and Supreme Court Jurisprudence Number 558 K/Sip/1971, vicarious liability applies only under three conditions: (1) the act is committed in the course of performing assigned duties; (2) the act benefits the employer or is at least intended for the employer's interest; and (3) the injured party is a third party, not the employer itself.

In this case, none of these three conditions were fulfilled. The Plaintiff acted outside the scope of his duties, caused losses to the company, and benefited a third party (his friend). This clarification is important because it prevents the incorrect application of the doctrine of vicarious liability that could otherwise release employees from responsibility for actions that harm their own employer. The decision affirms that the doctrine of vicarious liability is unidirectional protecting third parties from the actions of employees, rather than protecting employees from internal responsibility toward their employer.

This decision reflects the application of the principle of proportionality in labor law. The sanction of termination of employment without severance pay and long service pay is proportional to the level of misconduct committed, namely a fundamental violation that destroys trust. However, the granting of compensation for rights and separation pay indicates that the worker does not lose all rights absolutely. This approach is consistent with John Rawls' theory of distributive justice, in which sanctions are adjusted to the level of fault while still maintaining basic protection for workers. This balance is important to prevent two extremes: arbitrary termination without any compensation, or excessive protection that may instead encourage moral hazard, where workers have no incentive to maintain integrity (Wibowo & Herawati, 2021; Nuroini, 2022).

The consideration that termination of employment for urgent reasons does not require progressive warning letters can be understood from the perspective of corporate risk management, as issuing warning letters for fundamental violations that undermine trust can be counterproductive because the violation has already occurred and caused concrete losses, so corrective measures cannot restore the situation to its original state (*restitutio in integrum*), allowing an employee who has breached trust to continue managing company assets during a warning or coaching period can create additional risks, and the nature of the violation, which involves a conflict of interest, indicates that the issue is not a lack of knowledge or skills that can be corrected through guidance, but rather a matter of integrity. However, this exception must be applied cautiously and only to violations that genuinely meet the criteria of urgency. The Panel of Judges provided a safeguard by requiring strict proof of the four pillars of an urgent violation, ensuring that the exception to issuing warning letters is not misused for arbitrary termination of employment (Rafifah et al., 2025).

This decision affirms the validity of regulating urgent violations within Company Regulations as a legitimate legal instrument, as long as it complies with Government Regulation Number 35 of 2021 and has been approved by the competent authority (Angelia & Yurikosari, 2020; Putra & Lie, 2025). This provides legal certainty for companies in drafting internal regulations tailored to their business characteristics, while also offering guidance for courts in assessing the legality of termination of employment based on urgent reasons. The decision also provides a clear limitation that the doctrine of vicarious liability does not apply to employee actions that harm the company itself beyond their authority. This gives legal certainty to employers in handling similar cases and prevents misuse of the doctrine as a means to evade responsibility for internal violations.

The decision emphasizes that trust and confidence form the foundation of the employment relationship, particularly for managerial positions responsible for managing company assets. Violations that fundamentally undermine trust can constitute grounds for termination of employment without severance pay, making it imperative for employees to maintain integrity in carrying out their duties, especially those involving asset or financial management. The decision provides legal certainty that termination of employment for urgent reasons does not require progressive warning letters, allowing employers to promptly address serious violations to protect the company's interests (Qosim et al., 2023). However, employers must still demonstrate that the violation meets the criteria of urgency and causes tangible losses.

The decision reflects the principle of balanced protection by defining the rights of employees terminated for urgent reasons in a limited manner. While employees are not entitled to severance pay or long service pay, they still receive compensation for rights and separation pay as a minimum safeguard. This provides legal certainty regarding the consequences of urgent violations for both parties and encourages employees to avoid actions that harm the company.

3.2. Legal Provisions on Termination of Employment for Urgent Reasons Based on Legislation

The regulation of termination of employment (*Pemberhentian Hubungan Kerja/PHK*) in Indonesia is currently based on Law Number 6 of 2023 on the Ratification of Government Regulation in Lieu of Law Number 2 of 2022 concerning Job Creation into Law, which serves as a refinement of Law Number 13 of 2003 on Manpower. This law is further detailed in Government Regulation Number 35 of 2021 concerning Fixed-Term Employment Agreements, Outsourcing, Working Hours and Rest Periods, and Termination of Employment.

The underlying philosophy of regulating termination of employment in Indonesia's labor law system is the principle of balanced protection, which balances the worker's interest in job security with the employer's interest in operating the business efficiently (Makhmuri & Rofiq, 2022). This principle aligns with the doctrine of *ultima ratio*, where termination of employment should serve as a last resort after all other efforts have been exhausted or are not feasible (Herlambang et al., 2023).

There is a hierarchy of legal sources regulating termination of employment (PHK) in Indonesia. Law Number 6 of 2023 serves as the highest legal basis, delegating regulatory authority to implementing regulations while also providing companies with the opportunity to formulate internal regulations concerning employment relations (Zhafirah & Mardijono, 2023; Yitawati et al., 2024). Furthermore, Government Regulation Number 35 of 2021 regulates the technical mechanisms and legal consequences of termination of employment. In particular, Article 52 paragraph (2) of this regulation establishes the general framework for termination of employment based on urgent reasons.

In addition, Company Regulations or Collective Labor Agreements (*Perjanjian Kerja Bersama*/PKB) are formulated by referring to higher-level legal provisions. Under Article 52 paragraph (2) of Government Regulation Number 35 of 2021, companies are granted the authority to determine categories of urgent violations in accordance with their business characteristics and operational needs. However, such Company Regulations must obtain approval from the Manpower Office in order to have binding legal force. At the lowest level of the hierarchy, Individual Employment Agreements are also recognized as a source regulating employment relations, although their provisions must not contradict higher-level laws and regulations governing termination of employment. This hierarchy demonstrates the application of the principle *lex specialis derogat legi generali*, providing flexibility for companies while remaining within the framework of legal protection (Lestari, 2022; Mardianto, 2024).

Article 52 paragraph (2) of Government Regulation Number 35 of 2021 states that an employer may terminate the employment of a worker who commits an urgent violation as stipulated in the Employment Agreement, Company Regulation, or Collective Labor Agreement (PKB), after obtaining approval from the local manpower authority at the district/city level (Martha, 2020; Nur et al., 2024).

According to paragraph (3), a worker who is terminated for urgent reasons remains entitled to compensation for rights as referred to in Article 40 paragraph (4). In addition, the worker is also entitled to separation pay, the amount of which is determined and regulated in the Employment Agreement, Company Regulation, or Collective Labor Agreement (*Perjanjian Kerja Bersama* / PKB). Unlike ordinary fault-based termination (Article 52 paragraph 1), which provides severance pay, long service pay, and compensation for rights, termination of employment for urgent reasons provides only limited compensation because the violation is considered to fundamentally undermine the foundation of trust (Nurchahyo, 2021; Prayitno, 2024).

Although Government Regulation Number 35 of 2021 does not explicitly define urgent violations, judicial doctrine and legal practice have developed several criteria to determine their existence. First, the violation must involve a serious and fundamental act rather than a minor infraction that can still be resolved through guidance or counseling. Second, the violation must constitute a breach of trust that damages the foundation of confidence underlying the employment relationship, particularly in positions involving the management of company assets, finances, or strategic information.

Furthermore, the violation must create a condition in which the employment relationship can no longer reasonably continue without posing risks to the company. In this context, the seriousness of the act is assessed based on its impact on the continuity of the working relationship and the company's operational interests. In addition, there must generally be a causal link between the violation and the losses suffered or potentially suffered by the company, whether in the form of financial losses, loss of assets, or damage to the company's reputation. These criteria are often used by judges in industrial relations disputes to assess whether a termination of employment based on urgent reasons is legally justified (Nirwana & Damayanti, 2024).

Table 1. Differences Between Termination of Employment for Urgent Reasons and Ordinary Fault-Based Termination

Aspect	Termination for Urgent Reasons	Ordinary Fault-Based Termination
Nature of Violation	Serious, fundamental, undermines trust	Minor to moderate, can be corrected through guidance
Guidance Procedure	No warning letters required	Requires SP1, SP2, SP3 within 6 months
Severance Pay	Not provided	Provided once under Article 40 paragraph (2)
Long Service Pay (UPMK)	Not provided	Provided once under Article 40 paragraph (3)
Compensation for Rights	Provided	Provided
Separation Pay	Provided (small amount)	Not specifically regulated

Based on Table 1, there are clear legal distinctions between termination of employment for urgent reasons and ordinary fault-based termination in Indonesian labor law. The table shows that termination for urgent reasons is based on serious and fundamental violations that damage the trust underlying the employment relationship, while ordinary fault-based termination involves minor to moderate violations that can still be corrected through guidance. In terms of procedure, Table 1 indicates that urgent reason termination does not require warning letters, whereas ordinary termination must follow a structured disciplinary process involving SP1, SP2, and SP3 within a six-month period. Furthermore, the table explains differences in workers' rights after termination. Workers dismissed for urgent reasons are not entitled to severance pay and long service pay, but they still receive compensation for rights and a limited separation pay as regulated in company policies. In contrast, workers terminated due to ordinary faults are entitled to severance pay and long service pay in accordance with Article 40 paragraphs (2) and (3), along with compensation for rights. Overall, Table 1 illustrates that urgent reason termination carries stricter legal consequences compared to ordinary fault-based termination.

Based on Article 52 paragraph (3) of Government Regulation Number 35 of 2021, a worker who is terminated for urgent reasons is still entitled to several rights granted under the regulation. These include compensation for rights such as unused annual leave, travel expenses where applicable, and other entitlements as stipulated in the employment agreement. In addition, the worker is also entitled to separation pay, the amount of which is determined under the Company Regulation or Collective Labor Agreement, generally in a limited percentage of wages. The worker is further entitled to other outstanding rights owed by the company, including unpaid salary, deducted contributions, and applicable allowances or subsidies.

However, in cases of termination based on urgent reasons, certain rights are not granted to the worker. These include severance pay, long service pay (Uang Penghargaan Masa Kerja), compensation for housing and medical expenses, as well as wages during the termination process. These provisions indicate that employee rights are adjusted according to the severity of their misconduct. If the violation is serious and causes harm to the company, the rights granted are reduced accordingly. This rule also aims to discourage employees from engaging in actions that could harm the company.

4. Conclusion

Based on the analysis of Decision Number 5/Pdt.Sus-PHI/2025/PN Plk, the Panel of Judges applied a cumulative four-pillar approach in assessing the validity of termination of employment for urgent reasons. These pillars consist of: violation of the Fiduciary Security Law, ultra vires actions exceeding the authority of the position, concrete losses amounting to Rp120,000,000.00, and breach of fiduciary duty due to a conflict of interest. Termination for urgent reasons under Article 52 paragraph (2) of Government Regulation Number 35 of 2021 does not require progressive warning letters, as the nature of the violation fundamentally undermines trust, which is the foundation of the employment relationship. The decision also clarifies the limits of the vicarious liability doctrine, which applies only to protect third parties and cannot be used to absolve employees from responsibility for actions that harm the company. Consequently, compensation is provided in a limited form, without severance pay or long service pay, reflecting proportionality relative to the severity of the violation.

Legally, the basis for termination of employment for urgent reasons is clearly established in Law Number 6 of 2023 concerning Job Creation and Government Regulation Number 35 of 2021, which restrict employee rights to compensation for entitlements and separation pay. This regulation confirms that urgent violations are considered acts that fundamentally undermine trust, making it impossible to continue the employment relationship.

This study contributes by providing a four-pillar analytical framework as an objective standard for assessing urgent violations, which can serve as a precedent in similar cases and provide legal certainty for both employers and employees. Practical implications include the need for companies to draft clear Company Regulations with transparent evidentiary mechanisms, the importance for employees to maintain integrity in the employment relationship, and the need

to strengthen oversight by the Manpower Office as well as disseminate regulations on termination for urgent reasons to reduce industrial relations conflicts. Thus, the implementation of termination of employment for urgent reasons must be carried out carefully with strict proof requirements to ensure alignment with the principle of balanced protection and legal certainty within Indonesia's labor law system.

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