

The Enhancing Corporate Responsibility in Unlawful Termination Through Administrative Sanctions

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Abstract. *This research examines the legal responsibility of companies conducting unlawful termination of employment in Indonesia, focusing on Supreme Court Decision No. 47 K/Pdt.Sus-PHI/2025 (Irwanto v. PT Perkebunan Milano). The study aims to analyze the extent to which Indonesian law ensures the fulfillment of workers’ rights through judicial decisions and to explore the urgency of adding administrative sanctions for companies that coerce or misclassify employee resignations. Using a normative juridical research method combined with statutory, case, and comparative approaches, this study relies on primary legal materials, including the Manpower Law, the Job Creation Law, Government Regulation No. 35 of 2021, and relevant court rulings. Data were analyzed qualitatively through descriptive and analytical interpretation of legal norms and judicial reasoning. The findings show that the Supreme Court recognized the company’s unlawful conduct and ordered the payment of severance and compensation to the worker, yet the decision did not impose further sanctions that could deter similar violations. From the perspective of Hans Kelsen’s Liability Theory, legal responsibility arises only when sanctions accompany a breached obligation, while Cesare Beccaria’s Deterrence Theory emphasizes that punishment must create preventive and corrective effects. The analysis reveals a structural weakness in Indonesia’s labor law enforcement, which focuses on restitution rather than deterrence. The novelty of this research lies in proposing the integration of administrative sanctions—such as fines, license suspension, or compliance audits—as a complement to judicial remedies, thereby ensuring stronger accountability and sustainable protection of workers’ rights.*

Keywords: Job; Labor; Termination; Workers’ Rights.

1. Introduction

Human Resources (HR) represent a nation's key asset in achieving sustainable development. The quality of human capital determines productivity, innovation, and national competitiveness (Syakroni, 2023: 6). Countries with strong human resources are able to accelerate economic growth through improved output and labor efficiency (Helmi, et al., 2023: 668-680). In Indonesia, the government aims to achieve Indonesia Emas 2045, a vision that requires continuous improvement of human resource quality through education, training, and labor policies responsive to industrial needs (Sumaryono, 2023: 50-63).

Indonesia is currently entering a demographic bonus era, where the productive age population (15–64 years) has reached 69.58% of the total population (Nusantara Info, 2024). This phenomenon presents both an opportunity and a challenge: if not managed well, it could lead to social inequality and unemployment (Nuridin & Khamim, 2023: 29-42). Therefore, effective labor governance and legal protection are essential to ensure fair employment and prevent worker exploitation.

However, despite government efforts to improve labor welfare, cases of unlawful termination (*Pemutusan Hubungan Kerja* or *PHK*) remain prevalent. A particularly concerning trend is the misclassification of dismissals as voluntary resignations (*resign*), which allows employers to evade severance obligations (MyRobin, 2023). Such practices often referred to as quiet firing violate the legal principles stipulated in Law No. 6 of 2023 and Government Regulation No. 35 of 2021, which are justifiable grounds for termination.

A notable example can be found in the case of *Irwanto vs. PT Perkebunan Milano* (Decision No. 285/Pdt.Sus-PHI/2023/PN Mdn), where the company dismissed an employee without following the legal procedures. The termination was disguised as a resignation, despite the absence of a formal resignation letter, directly contradicting Article 50 of Government Regulation No. 35 of 2021. This illustrates the persistence of corporate malpractice in circumventing labor obligations.

Previous research has examined similar issues, such as forced resignations during the post-pandemic period (Silaban & Yudhantaka, 2024: 178-193) (Wiryawan, 2021: 39-50). While these studies highlight the legal ambiguity surrounding employee rights, they rarely address the corporate responsibility aspect. This study advances the discussion by focusing specifically on the legal responsibility of companies that conduct unlawful terminations under the guise of voluntary resignation, thereby filling a regulatory and scholarly gap.

The identification of this legal vacuum is crucial. as the existing law does not yet provide strong punitive consequences for employers who commit such violations.

In many cases, companies merely pay severance after being found at fault, which, according to Hans Kelsen's theory of legal responsibility, represents only a legal obligation rather than true legal responsibility.

Addressing these issues is essential to strengthen labor protection and ensure that corporate misconduct is met with appropriate responsibility. Hence, this research aims to analyze the legal guarantees of workers' severance rights through judicial decisions and to assess the need for the addition of sanctions against companies committing resignation manipulation, in order to create a fair, deterrent, and just labor law system in Indonesia.

2. Research Methods

This study uses a normative juridical research method, which focuses on examining the internal aspects of positive law (Rizkia & Fardiansyah, 2023:120) related to labor relations, particularly the practice of forced or misclassified resignations as a means to avoid lawful termination obligations. This type of research emphasizes legal norms and their application in ensuring justice and compliance within the employment sector. The normative juridical approach allows the researcher to explore how the existing legal framework functions in addressing corporate misconduct that undermines workers' rights and violates the principles of lawful termination.

The research applies three complementary approaches: the statute approach, the case approach, and the comparative approach. The statute approach is used to analyze the statutory provisions governing employment termination, resignation procedures, and corporate legal responsibility, including Law No. 13 of 2003 concerning Manpower, Law No. 6 of 2023, and Government Regulation No. 35 of 2021. The case approach focuses on the judicial review of Supreme Court Decision No. 47K/PDT.SUS-PHI/2025 and Medan District Court Decision No. 285/PDT.SUS-PHI/2023/PN Mdn, which serve as the primary objects of study. The comparative approach is used to identify differences and consistencies in judicial reasoning between the two court levels in resolving industrial relations disputes.

The data used in this study consist of primary and secondary legal materials. Primary data include the 1945 Constitution of the Republic of Indonesia, the Civil Code (*Burgerlijk Wetboek*), Law No. 13 of 2003 on Manpower, Law No. 6 of 2023 on the Ratification of Government Regulation in Lieu of Law No. 2 of 2022, Law No. 2 of 2004 concerning Industrial Relations Dispute Settlement, and Government Regulation No. 35 of 2021 concerning Work Agreements, Outsourcing, Working Time, Rest Periods, and Termination of Employment. Secondary legal materials consist of legal literature, scientific journals, and previous research discussing forced resignations and the misuse of employment termination provisions.

All data were collected through library research (library study) by identifying, classifying, and analyzing legal sources relevant to the research problem. The data were then processed using qualitative descriptive analysis, which aims to provide a systematic, factual, and accurate picture of legal norms and practices (Diantha, 2017:1) related to unlawful termination disguised as resignation. This method enables the researcher to interpret legal texts, judicial decisions, and doctrines critically, especially concerning the company's legal responsibility, the presence of a legal vacuum in worker protection, and the adequacy of current sanctions in creating deterrence and ensuring compliance.

3. Results and Discussion

3.1. The Corporate Legal Responsibility for Unlawful Termination of Employment: An Analysis of Supreme Court Decision No. 47 K/Pdt.Sus-PHI/2025

In light of the legal *maxim judex est lex loquens* meaning that the judge is the law that speaks it becomes a logical consequence to regard a judicial decision as a reflection of justice itself. (Pananjung, et al., 2021) Although judges do not directly determine whether a law is good or bad, their rulings serve as a benchmark for assessing the effectiveness of those laws in practice. When court decisions frequently result in uncertainty or conflicting interpretations, it indicates that the prevailing regulations may not fully embody a sense of justice. Ultimately, the quality of a legal rule is tested in the courtroom; through judicial decisions, we can observe how far the law can realize living justice within society.

The Supreme Court Decision No. 47 K/Pdt.Sus-PHI/2025 provides legal certainty and reinforces the protection of workers' rights after the Medan Industrial Relations Court Decision No. 285/Pdt.Sus-PHI/2023/PN Mdn previously rejected all of the worker's claims. At the cassation stage, the Supreme Court granted the petition filed by Irwanto and declared that the termination of his employment by PT Perkebunan Milano was unilateral and therefore unlawful. In its legal reasoning, the Supreme Court stated that Irwanto was not proven to have voluntarily resigned

Rather, the evidence showed that he had refused a transfer order and was subsequently absent from work for three consecutive days. Consequently, the Court ordered the company to pay severance pay in accordance with Article 52 paragraph (1) of Government Regulation No. 35 of 2021 on Fixed-Term Employment Agreements, Outsourcing, Working Hours and Rest Periods, and Termination of Employment, amounting to Rp 9,900,000.00, as well as a long-service compensation of Rp 6,600,000.00, with a total of Rp 16,500,000.00. This ruling serves as a judicial correction to the misapplication of law by the lower court, which had previously dismissed all of the worker's claims.

From a regulatory perspective, Indonesia's labor law framework provides adequate legal instruments for worker protection in theory, yet weak enforcement often hinders their realization in practice. The Job Creation Law and Government Regulation No. 35 of 2021 stipulate that termination of employment must be based on lawful grounds, supported by written evidence, and preceded by a proper dispute-resolution process. However, in practice such as in the Medan District Court decision differences in legal interpretation and evidentiary assessment led to the rejection of the worker's claims in their entirety. Had the worker not pursued a cassation appeal, his normative rights would have remained unfulfilled. This highlights a significant weakness in the consistency of judicial application of labor protection norms and in ensuring equal access to justice for workers unable to sustain lengthy legal proceedings.

The difference between the first-instance court decision and the Supreme Court ruling illustrates the fragility of legal protection mechanisms for workers who are unlawfully dismissed. Although the Supreme Court ultimately restored the worker's rights and reaffirmed the judiciary's commitment to justice, this case simultaneously highlights the importance of strengthening early stage dispute resolution mechanisms and regional labor supervision. By reinforcing the functions of mediation and labor inspection, workers would no longer have to depend solely on the cassation process to obtain justice. The case of *Irwanto v. PT Perkebunan Milano* serves as a clear reflection that legal guarantees for workers must be accompanied by consistent law enforcement and the effective imposition of sanctions, so as to create a deterrent effect and prevent similar violations in the future.

3.2. The Urgency of Adding Administrative Sanctions to Corporate Legal Responsibility in Unlawful Termination Cases

The issue of unlawful termination of employment in Indonesia reflects a structural weakness in the country's labor law enforcement. Although statutory regulations such as Law No. 13 of 2003 on Manpower, Law No. 6 of 2023 on Job Creation, and Government Regulation No. 35 of 2021 provide detailed procedures and entitlements for workers, these norms often remain declarative without effective deterrent measures. The Supreme Court Decision No. 47 K/Pdt.Sus-PHI/2025 (*Irwanto vs. PT Perkebunan Milano*) exemplifies this condition. The Court determined that the worker, Irwanto, had not resigned voluntarily but had merely refused a transfer order and was subsequently declared absent for three consecutive days. Despite recognizing the company's wrongful conduct, the Court limited its ruling to ordering the payment of severance and long-service compensation totaling Rp 16,500,000, in accordance with Article 52 paragraph (1) of Government Regulation No. 35 of 2021. This shows that judicial protection for

workers stops at the restitution of economic rights, without imposing additional sanctions that could prevent future violations.

Under Hans Kelsen's (1960: 196-199) Liability Theory, legal responsibility arises when a norm of obligation is breached and triggers the application of a sanction. Fulfilling a duty such as paying severance pay represents only compliance with a primary norm; liability appears only once that norm is violated. Therefore, when companies deliberately coerce workers to resign or disguise dismissals as voluntary, their legal responsibility should not end with restitution but must extend to sanctions that reflect the secondary norm of law enforcement. In the case of PT Perkebunan Milano, the company's obligation to pay compensation was a corrective measure rather than a punitive one. From a Kelsenian perspective, the absence of sanctions means that the law's normative structure remains incomplete: the legal system merely restores balance but fails to reinforce the authority of its norms (Adiyanta, 2021: 441-458) (Zalewska, 2016: 7-10).

To complement Kelsen's analytical framework, Cesare Beccaria's (1764: 93-95) Deterrence Theory offers a utilitarian justification for sanctions. According to Beccaria, punishment should aim not at retribution but at preventing future offenses through rational, proportional, and certain sanctions. He distinguishes between general deterrence which warns society at large and special deterrence which prevents recurrence by the same offender (Peterson & VanderPyl, 2025: 109-110). In the context of Indonesian labor law, the current system provides neither. As observed by Firjatullah, Wasis, and Hidayah (2022: 14-28), the state's response to labor violations remains reactive, limited to monetary restitution without creating fear of repetition among corporate actors. When courts only order payment of severance, companies may perceive such judgments as ordinary business costs rather than legal punishments. Consequently, the law fails to communicate the moral condemnation that should accompany the breach of workers' rights.

Scholars argue that the absence of administrative sanctions in labor disputes reflects Indonesia's overreliance on civil-law remedies (Kasih, et al., 2021: 97-114) (Ramadan, et al., 2024: 106-111). The law requires every effort to avoid termination (Article 151 paragraph (1) of Law No. 13 of 2003), yet there are no substantial penalties for employers who ignore mediation or manipulate resignation letters. Administrative instruments such as the suspension of operational licenses, the imposition of fines, or the publication of company names violating labor rights could serve as effective deterrents while maintaining proportionality (Haryanto, et al., 2022: 17-24). Such measures would also align with the government's policy orientation under the Job Creation Law, which emphasizes compliance through regulation rather than criminalization. By empowering the Ministry of Manpower to impose administrative sanctions prior

to or alongside judicial proceedings, Indonesia could foster preventive enforcement and reduce dependency on lengthy court processes.

The case of *Irwanto vs PT Perkebunan Milano* highlights the urgency of these reforms. The contrasting outcomes between the Medan Industrial Relations Court which dismissed the claim entirely and the Supreme Court which partially restored the worker's rights demonstrate inconsistency in the interpretation of labor norms. If Irwanto had not pursued cassation, he would have lost his lawful entitlements altogether. This inconsistency signals that judicial relief alone cannot guarantee substantive justice for workers. Strong administrative enforcement at the pre-litigation level is therefore essential to complement judicial mechanisms. As Aulawi, Rahmayanti, and Ismaidar (2022: 60-68) note, administrative remedies can act as immediate corrective tools to balance the unequal bargaining power between employers and workers, ensuring that companies comply with procedural and substantive labor standards before disputes reach the courtroom.

4. Conclusion

The analysis of *Supreme Court Decision No. 47 K/Pdt.Sus-PHI/2025* demonstrates that Indonesia's legal system, while normatively guaranteeing workers' rights, still relies excessively on restitution rather than genuine accountability. The decision corrected the lower court's misjudgment and reaffirmed the worker's entitlement to severance under Government Regulation No. 35 of 2021, yet it exposed the structural gap in enforcing deterrence against corporate violations. Integrating Hans Kelsen's Liability Theory and Cesare Beccaria's Deterrence Theory, this study concludes that legal responsibility must extend beyond compensatory obligations toward the imposition of administrative sanctions that create preventive and corrective effects. The novelty of this research lies in positioning administrative penalties as a necessary complement to judicial remedies, ensuring that labor law not only restores rights but also instills compliance, deters manipulation of resignations, and upholds the living justice envisioned within Indonesia's legal order.

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