

## Employment protection in Indonesia – 2008

Item 1 Notification procedures in the case of individual dismissal of a workers with a regular contract	The employer must negotiate with the worker or his/her trade union about an intended dismissal. If there is no agreement, the employer must receive permission to terminate the employment contract from the institution for the settlement of industrial relations disputes.
Item 2 Delay involved before notice can start	The employer and the worker or his/her trade union should attempt to resolve the dispute about termination within 30 days. If the negotiations fail, one or both parties can file the dispute with the local manpower office, which will offer both parties the opportunity to settle the dispute through conciliation. If there is no agreement, the dispute is decided by the Industrial Relations Court, which should give a verdict within 50 days of the dispute being filed.
Item 3 Length of notice period at different tenure durations	There is no notice period as. Dismissal must be approved by the institution for the settlement of industrial relations disputes.
Item 4 Severance pay at different tenure durations	Dismissed workers are entitled to severance pay equal to one month's wages for each year of service up to a maximum of nine months' pay and a reward-for-service payment equal to two months' pay for the first three years of service plus an additional one month's pay for each three years of service thereafter.
Item 5 Definition of unfair dismissal	<b>Fair:</b> the worker has reached retirement age; grave wrongdoing by the workers (stealing, giving false information, drunkenness, indecency, gambling, violence, breaking the law, careless or intentional damage, leaking business secrets); violating provisions specified in the work agreement, the enterprise's rules and regulations or the enterprise's collective agreement (but dismissal can only take place in this case after giving three warnings each 6 months apart); in the event of a change in the status of the enterprise, merger, fusion or change in the ownership of the enterprise where workers are not willing to continue their employment; where the enterprise has to be closed down due to continual losses suffered for two continuous years or force majeure; if the enterprise goes bankrupt; if the worker has been absent from work for at least five days without submitting a written reason to the employer and the employer has asked twice for a written reason. <b>Unfair:</b> absence from work due to illness, fulfilling obligations to the State, practicing religion, marriage, pregnancy or breastfeeding; union membership or carrying out union duties with the permission of the employer; reporting a crime by the employer; discrimination on the grounds of religion, political orientation, ethnicity, colour, race, sex, physical condition or marital status; disability due to an industrial illness or work accident.
Item 6 Length of trial period	Maximum of three months. There is no trial period allowed for fixed-term contracts.
Item 7 Compensation following unfair dismissal	The employer is obliged to pay all the wages and entitlements which the affected worker should have received.
Item 8 Reinstatement option for the employee following unfair dismissal	If the termination of employment takes place for reasons other than those allowed, it will be declared null and void and the employer shall be obliged to re-employ the affected worker.
Item 9 Maximum time period after dismissal notification up to which an unfair dismissal claim can be made	Any worker whose employment is terminated without the decision of the institute for the settlement of industrial disputes and does not accept the termination can file a lawsuit to the institute for the settlement of industrial disputes within a one year period after termination.
Item 10 Valid cases for use of fixed term contracts	A work agreement for a specified period of time can only be made for a certain job, which, because of the type and nature of the job, will finish in a specified period of time, that is: (a) Work to be performed and completed at one go or work which is temporary by nature; (b) Work whose completion is estimated at a period of time which is not too long and no longer than 3 (three) years; (c) Seasonal work; or (d) Work that is related to a new product, a new [type of] activity or an additional product that is still in the experimental stage or try-out phase. A work agreement for a specified period of time cannot be made for jobs that are permanent by nature.
Item 11 Maximum number of successive FTCs (initial contract plus renewals and/or prolongations)	One extension possible.
Item 12 Maximum cumulated duration of successive FTCs	A work agreement for a specified period of time may be made for a period of no longer than two years and may only be extended one time for another period that is not longer than 1 year.
Item 13 Types of work for which temporary work agency (TWA) employment is legal	Temporary agency workers must not be used by employers to carry out their enterprises' main activities or activities that are directly related to production processes, except for auxiliary service activities or activities that are indirectly related to production processes.
Item 14 Are there restrictions on the number of renewals and/or prolongations of TWA contracts?	Temporary work agency workers are employed either on contracts of unlimited duration or fixed-term contracts.
Item 15 Maximum cumulated duration of TWA contracts	Temporary work agency workers are employed either on contracts of unlimited duration or fixed-term contracts.

Item 16 Does the set-up of a TWA require authorisation or reporting obligations?	Temporary work agencies shall take the form of a legal entity business with license from a government agency responsible for labour/ manpower affairs.
Item 17 Do regulations ensure equal treatment of regular workers and agency workers at the user firm?	No.
Item 18 Definition of collective dismissal	There are no special regulations or additional costs for collective dismissals.
Item 19 Additional notification requirements (compared to Item 1) in cases of collective dismissal	There are no special regulations or additional costs for collective dismissals.
Item 20 Additional delays involved (compared to Item 2)	There are no special regulations or additional costs for collective dismissals.
Item 21 Other special costs to employers in case of collective dismissals	There are no special regulations or additional costs for collective dismissals.

*This summary was produced by the OECD using national labour legislation, secondary legal sources and advice from legal experts at the ILO. It describes the situation current as at 1 January 2008 and is the basis for calculating the OECD employment protection indicators. To find out more about the methodology used to calculate the OECD employment protection indicators, see [www.oecd.org/employment/protection](http://www.oecd.org/employment/protection).*