

# **Legal Analysis Of Legal Protection Of Workers' Rights Based On Unilateral Termination Of Employment By PT Fast Food Indonesia (KFC Indonesia)**

**Afny Azzahra Siagian<sup>1</sup>, Rizka Amanda Fauzi<sup>2</sup>, Dyanhza Aji Hapto<sup>3</sup>, Pipi susanti<sup>4</sup>, M.  
Yamani<sup>5</sup>**

*Faculty of Law, Universitas Bengkulu*

*Corresponding Author:*

*afnyazzahra14@gmail.com , rizkaaf1112@gmail.com , dyanzahajihapto2@gmail.com ,  
pipi@unib.ac.id , myamani@unib.ac.id*

## **ABSTRACT**

This article discusses unilateral termination of employment (PHK) by employers is a practice that still often occurs in the world of employment in Indonesia and raises legal issues, especially related to the protection of workers' rights. This study analyzes legal protection for workers in the case of unilateral layoffs carried out by PT Fast Food Indonesia (KFC Indonesia), and assesses its legal implications for the mechanism for resolving industrial relations. The issues raised include the suitability of unilateral layoffs with the provisions of Law Number 6 of 2023 and the extent to which workers' rights are legally protected. This study uses a normative legal method with a statutory approach and a case approach. Data were obtained through literature studies and analysis of real cases of mass layoffs by KFC Indonesia. The results of the study indicate that unilateral layoffs by the company do not comply with legal procedures as stipulated in Article 151 of Law Number 6 of 2023, which requires notification, bipartite negotiations, and settlement of industrial relations disputes. In addition, workers' rights such as severance pay and job loss guarantees are not provided proportionally. The legal implications put workers in a disadvantaged position and pave the way for dispute resolution through legal mechanisms in the Industrial Relations Court. This study emphasizes the importance of enforcing strict and comprehensive legal protection for workers in facing unilateral layoffs.

**Keywords:** Layoffs, Legal Protection, Workers' Rights, Industrial Relations

## **INTRODUCTION**

An employment relationship is a reciprocal legal relationship between an employer and a worker.<sup>1</sup> In the Indonesian Manpower Law itself, a worker is any person who is able to perform work to produce goods and/or services either to meet their own needs or for the community and a worker/laborer is any person who works by receiving wages or other forms of compensation.<sup>2</sup> Meanwhile, wages are the rights of workers/laborers received and stated in the form of money as compensation from an employer or employer to workers/laborers which are determined and paid according to an employment agreement, agreement, or statutory

regulations, including allowances for workers/laborers and their families for a job and/or service that has been or will be performed.

Ideally, an employment relationship lasts for a specified period of time, either a specific or indefinite period. However, in reality, an employment relationship often ends prematurely for certain reasons. An economic crisis that results in a decrease in production and sales can lead to mass layoffs by employers or perhaps a worker is no longer able to work due to prolonged illness or the worker violates company regulations. This can lead to termination of employment (PHK).

Termination of Employment (PHK) Disputes are one type of industrial relations dispute that occurs due to conflicting understandings between workers/laborers and the company in carrying out employment relations when the company terminates employment, whether it is a disagreement regarding the PHK agreement, the process of Termination of Employment (PHK) or the amount of severance pay paid when Termination of Employment (PHK) occurs.

Termination of employment (PHK) is an inseparable part of the dynamics of industrial relations between employers and workers. Termination of Employment (PHK) is a complex problem that has wide-ranging impacts, including increased unemployment rates, crime, and reduced job opportunities. Layoffs can occur from several different sources. One of them is layoffs by employers which can be caused by violations of work regulations by workers or company closures. This layoff occurs at the initiative and decision of the employer, with reasons, conditions, and procedures that have been set. All types of layoffs have significant implications, both for workers who lose their livelihoods and for employers who must readjust company operations. Therefore, it is important to have clear and fair policies and regulations in regulating the layoff process, in order to minimize negative impacts and ensure protection for all parties involved.

In the context of Indonesian labor law, every act of layoff must meet substantive and procedural requirements in accordance with the provisions of Law Number 6 of 2023 concerning the Stipulation of Government Regulation in Lieu of Law Number 2 of 2022 concerning Job Creation into Law. This law emphasizes the importance of efforts to prevent layoffs, and requires notification, bipartite negotiations, and resolution through industrial relations dispute mechanisms if there is rejection from workers. Thus, layoffs carried out without this process can be categorized as an unlawful act. Unilateral layoffs still often occur, causing legal uncertainty and social unrest, especially for workers who lose their livelihoods without legal procedures.

By highlighting the importance of law enforcement against unilateral layoff practices that are contrary to the principles of justice and legal certainty in industrial relations. The chronology of the case began with unilateral layoffs allegedly carried out by PT Fast Food Indonesia Tbk (KFC Indonesia), in early 2025, it became public attention and attracted attention from various groups, including the government and labor organizations. A number of employees who were dismissed stated that they did not receive adequate explanations and were not consulted before being dismissed.

In this case, it raises the suspicion that the termination of employment process is not in accordance with Article 151 of Law Number 6 of 2023 which explicitly states that "Employers, Workers/Laborers, Trade Unions/Labor Unions, and the Government must strive to prevent

Termination of Employment" that termination of employment must be avoided and if it cannot be avoided, must be preceded by notification and bipartite negotiations. When negotiations do not reach an agreement, the settlement must be continued through the industrial relations dispute resolution mechanism.

Then in the previous study by Indana Zulfah (2024) Legal Review of Unilateral Termination of Employment from a Human Rights Perspective (Case Study of Decision Number 249/Pdt.Sus-PHI/2022/PN Mdn).<sup>8</sup> This study discusses unilateral termination of employment (PHK) carried out by a company against a worker in Medan. emphasizing how the courts assess the legality of the PHK, and highlighting the importance of evidentiary mechanisms and workers' rights to a fair process in industrial relations courts. The difference with the research written by the author is that the author discusses it more broadly and contextually, by looking at the practice of unilateral mass layoffs by large companies, and assessing compliance with procedures and the effectiveness of legal protection based on Law No. 6 of 2023 concerning the Stipulation of Government Regulation in Lieu of Law Number 2 of 2022 concerning Job Creation.

In this case, legal protection of workers' rights becomes very important to be studied legally. Are PT Fast Food Indonesia's actions in accordance with the labor law framework or do they violate the principles of worker protection? Do workers get their normative rights such as severance pay, long service awards, and other rights replacement money? These questions are the basis for the author to analyze further in order to provide a comprehensive legal understanding of unilateral layoffs and the protection that workers should receive within the framework of Indonesian labor legislation.

## RESEARCH METHODS

This study uses a normative legal method, namely a legal research method carried out by reviewing and analyzing relevant legal materials, both in the form of laws and legal literature, to examine the legal principles governing layoffs. The approaches used in this study include the statute approach and the case approach. The statutory approach is used to examine relevant regulations, such as Law Number 13 of 2003 concerning Manpower, Law Number 6 of 2023 concerning the Stipulation of Government Regulation in Lieu of Law Number 2 of 2022 concerning Job Creation, and Law Number 2 of 2004 concerning the Settlement of Industrial Relations Disputes. Meanwhile, the case approach is used to examine the case of unilateral layoffs by PT Fast Food Indonesia Tbk (KFC Indonesia) which was reported by the mass media and became a public concern.

## DISCUSSION

Legal Protection of Workers' Rights Based on Unilateral Termination of Employment (PHK) by PT Fast Food Indonesia Following Employment Laws and Regulations in Indonesia  
In Article 1 number 25 of Law Number 13 of 2003 concerning Manpower defines PHK as the termination of employment that occurs for a certain reason that results in the termination of rights and obligations between workers and employers. This means that PHK is not just a process of terminating employment, but also involves the termination of rights held by workers and obligations held by employers. In the context of unilateral PHK, this means that employers

make decisions to terminate employment with workers without any agreement or valid reasons accepted by both parties.

In this case, workers who are unilaterally laid off by PT Fast Food Indonesia must obtain protection guaranteed by law. This legal protection includes workers' rights to receive severance pay, long service awards, and compensation. If the company unilaterally lays off workers without a valid reason, workers have the right to file an industrial relations dispute to obtain these rights. Legal protection for workers is a fundamental principle in the Indonesian employment system which aims to guarantee workers' rights during their employment relationship, including when facing layoffs. Protection is needed so that workers get justice, legal certainty, and a guarantee of a decent life as guaranteed by the 1945 Constitution of the Republic of Indonesia.

Unilateral layoffs by PT Fast Food Indonesia Tbk (KFC Indonesia) can be reviewed from the provisions contained in Law Number 6 of 2023 concerning the Stipulation of Government Regulation in Lieu of Law Number 2 of 2022 concerning Job Creation into Law. Article 151 paragraph (1) explains that employers, workers or laborers, trade unions or labor unions (SP/SB), and the government have an obligation to strive to prevent layoffs. This emphasizes that layoffs are not the main step in resolving employment relationship issues, but rather the last option taken after efforts at dialogue and other internal resolutions have been made. Then, if layoffs cannot be avoided, paragraph (2) requires employers to provide written notification of the intent and reasons for layoffs to workers, laborers, or labor unions. This is a form of procedural protection that must be taken before layoffs are implemented.

If workers reject the termination of employment, as stipulated in paragraph (3), then the settlement must be carried out through bipartite negotiations, namely negotiations between employers and workers or trade unions directly to seek an agreement. If bipartite negotiations do not produce an agreement, then the process continues to the next stage, namely the industrial relations dispute resolution mechanism, such as mediation, conciliation, arbitration, or submission to the Industrial Relations Court, as stated in paragraph (4). This mechanism shows that the Indonesian legal system provides space for workers to reject unfair termination of employment and obtain protection of rights through formal channels.

In addition to paying attention to the termination of employment procedures, the substance or reason for the termination of employment must also meet the provisions that are valid according to law. This is regulated in detail in Article 154 A, which states a number of conditions that justify termination of employment. For example, termination of employment is permitted if the company is making efficiency due to losses, company closure due to force majeure, bankruptcy, or postponement of debt payment obligations. In addition, termination of employment can also occur at the request of workers if the employer commits serious violations, such as not paying wages for three consecutive months, ordering workers to do work outside the agreement, or providing work that endangers safety and morality.

However, in the context of the alleged unilateral layoffs by PT Fast Food Indonesia, there is no information stating that the reasons for the layoffs fall within the criteria set out in Article 154 A. In fact, there are indications of violations of basic workers' rights such as non-payment of wages for several months and the provision of substandard compensation. If it is true that the company carried out layoffs without a valid reason according to Article 154 A, then the

action is not only procedurally flawed, but also substantially flawed, so that it can be considered a form of unlawful layoffs.

Furthermore, in Article 156 in the event of a layoff, the employer is required to pay severance pay and a length of service award in accordance with the employee's length of service. The employee is also entitled to compensation for rights, which includes other rights that have not been granted by the employer, such as unused annual leave or return fare. The amount of severance pay and length of service award is determined by clear provisions based on the employee's length of service, which leads to the fulfillment of employee rights after termination of employment.

In the case of unilateral layoffs carried out by PT Fast Food Indonesia (KFC Indonesia), where the severance pay given was only 0.5 times the wages, this is not in accordance with the provisions of Article 156. Based on applicable regulations, workers with a work period of more than one year are entitled to a larger severance pay, for example 2 months of wages for a work period of between one and two years, and so on. Failure to fulfill this payment obligation can be categorized as a violation of workers' rights, leading to claims for compensation or restoration of rights through legal channels.

Article 156 clearly regulates the company's obligation to provide severance pay, length of service awards, and placement of rights that should be received by workers after being laid off. Based on this article, the severance pay that must be received by workers is calculated based on the length of service, with the provision that the longer the length of service, the greater the amount of severance pay given. The money given for the length of service is also given with certain provisions, as well as replacement of rights that include rights that have not been given by the company, such as annual leave that has not been taken or costs to return to the worker's place of origin. clearly regulates the company's obligation to provide severance pay, length of service awards, and placement of rights that should be received by workers after being laid off. Based on this article, the severance pay that must be received by workers is calculated based on the length of service, with the provision that the longer the length of service, the greater the amount of severance pay given. The money given for the length of service is also given with certain provisions, as well as replacement of rights that include rights that have not been given by the company, such as annual leave that has not been taken or costs to return to the worker's place of origin.

In addition to workers' rights regarding layoff procedures and financial compensation, laid-off workers are also entitled to unemployment insurance as stipulated in Article 46A. This article guarantees that laid-off workers are entitled to receive benefits from the employment social security program, which will be managed by BPJS Ketenagakerjaan and the Central Government. In the case of PT Fast Food Indonesia Tbk. (KFC Indonesia) carrying out unilateral layoffs without fulfilling the obligation to pay appropriate severance pay (as stipulated in Article 156), workers can still access unemployment insurance as a form of continued protection. This unemployment insurance functions to help workers who lose their jobs to meet their daily living needs while looking for new job opportunities. This system is part of the broader social protection guaranteed by the state, in addition to the employer's obligation to pay severance pay.

However, if the company does not fulfill the obligation to regulate layoffs in accordance with the procedures and compensation stipulated in Article 151 and Article 156, workers can still file a claim with BPJS Ketenagakerjaan for job loss insurance, which will ensure temporary financial support for laid-off workers, regardless of whether severance pay is paid or not.

In addition, it is important to note that this unemployment benefit program is designed to provide basic protection for workers, which can be a source of support during the post-layoff transition period. Workers who are unilaterally laid off by companies that do not pay their rights properly, as happened at PT Fast Food Indonesia, still have access to unemployment benefits, which emphasizes the state's commitment to protecting workers' rights in any unfavorable employment conditions.

### **Implications of Layoffs on Industrial Relations Settlement**

Based on Law Number 2 of 2004 concerning the Settlement of Industrial Relations Disputes, the unilateral termination of employment (PHK) carried out by PT Fast Food Indonesia (KFC Indonesia) has significant legal implications in the realm of industrial relations. PHK disputes are categorized as one type of dispute that must be resolved through a clear and hierarchical legal mechanism.

Article 1 paragraph (4) stipulates that a termination dispute arises due to a difference of opinion between workers and employers regarding the termination of employment by one of the parties. In practice, unilateral termination of employment without a valid legal basis often violates the principles of justice and protection of workers' rights, especially if it does not go through a process of social dialogue, bipartite negotiations, or mediation and conciliation mechanisms as stipulated in Article 4 paragraph (5) and Article 18 paragraph (1) of Law No. 2 of 2004 concerning the Settlement of Industrial Relations Disputes.

In Law No. 2 of 2004 in Article 82 Companies that unilaterally terminate employment without going through dispute resolution procedures will face legal proceedings at the Industrial Relations Court (PHI). In this case, workers have the right to file a lawsuit within a maximum period of one year from the date of notification of the termination decision. The court will assess the legal aspects and reasons for the termination, as well as consider the normative rights of workers.

As regulated in Law Number 2 of 2004 concerning the Settlement of Industrial Relations Disputes, termination of employment carried out without going through a legitimate procedure, either in terms of dialogue or dispute resolution, can result in serious legal consequences. One of the settlement methods regulated in this law is stated in article 13, namely through conciliation, where the process of resolving disputes regarding termination of employment can be carried out through deliberation facilitated by a neutral conciliator who meets the requirements set by the Minister.

In Article 4 paragraph (5) Settlement of PHK through conciliation can be done if the dispute is related to the interests of workers, termination of employment, or disputes between labor unions in one company. Then the appointed conciliator has an obligation to provide written recommendations to the disputing parties to resolve their problems peacefully and fairly. This process is important because it provides an opportunity for workers and employers to reach an

agreement without having to go through the courts, which of course takes more time and costs more.

However, if a settlement through conciliation cannot be achieved, then the dispute can be submitted to the Industrial Relations Court (PHI). Article 56 letter c clearly states that the PHI has the authority to examine and decide on disputes over layoffs at the first level. In this process, the PHI will evaluate the legal basis for the layoffs carried out by the company, ensure that the appropriate procedures have been met, and assess whether workers' rights have been protected in accordance with applicable laws and regulations.

Thus, layoffs that do not comply with legal procedures can result in disputes that must be resolved through various legal stages, from conciliation to the courts. This process illustrates the importance of legal protection for workers in facing unilateral termination of employment by the company. The existing settlement procedures aim to maintain a balance between the interests of workers and employers and to ensure that layoffs are only carried out if there are legitimate reasons and in accordance with applicable laws. Therefore, companies such as KFC Indonesia must pay close attention to this dispute resolution mechanism to avoid legal losses that may arise due to violations of workers' rights.

If there is a dispute over rights or interests that accompany the termination of employment, then based on Article 86 of Law No. 2 of 2004, it states that the Industrial Relations Court is obliged to decide on the dispute first before deciding on the termination of employment case. If the parties do not accept the PHI decision, they still have the right to file an appeal to the Supreme Court within 14 working days from the time the decision is read as referred to in Article 110, which in turn in Article 115 must be resolved within 30 working days.

Thus, unilateral layoffs by companies such as KFC Indonesia not only have an impact on the social and economic aspects of workers, but also have legal consequences that require handling through a comprehensive industrial relations dispute resolution mechanism. Legal protection for workers lies not only in the substance of employment law, but also in the effectiveness of the settlement procedures that must be adhered to by all parties in order to ensure justice and legal certainty in industrial relations.

## CONCLUSION

Based on the results of the legal analysis, the unilateral termination of employment (PHK) by PT Fast Food Indonesia Tbk (KFC Indonesia) shows a violation of the principles of legal protection stipulated in Law Number 6 of 2023 concerning Job Creation. The law explicitly stipulates that layoffs must be avoided as far as possible, and if they cannot be avoided, employers are required to carry out notification procedures, bipartite negotiations, and settlement through industrial relations dispute mechanisms if there are objections from workers. In the case of KFC Indonesia, strong allegations indicate that the company did not carry out these stages in a complete and transparent manner, resulting in normative losses for workers, including non-fulfillment of the right to severance pay, long service awards, and other compensation as stipulated in the Manpower Law.

Judging from the legal implications of unilateral layoffs, it shows a procedural inconsistency for workers to take legal action through the Industrial Relations Court in accordance with the provisions of Law Number 2 of 2004. Layoffs without a valid basis and without adequate

negotiation have the potential to cause serious disputes in industrial relations and reflect the imbalance in bargaining positions between workers and employers. Therefore, it is important for every company, including large-scale companies that operate in the form of franchises such as KFC Indonesia, to carry out their legal obligations consistently in order to ensure the protection of workers' rights and create a fair, balanced industrial relations climate that is in accordance with the principle of legal certainty.

## **BIBLIOGRAPHY**

- Adjat Daradjat Kartawijaya. *Industrial Relations Comprehensive-Interdisciplinary Approach Policy Theory-Practice*. Bandung: CV Alfabeta, 2018.
- Asikin, Z. (1994). *Basics of labor law*.
- Cahyo Adhi Nugroho, "Legal Protection for Workers Who Experience Termination of Employment (PHK) Due to the Impact of the Covid-19 Pandemic," *LAW AND SOCIAL DYNAMICS* 21, no. 1 (June 16, 2023): 25, <https://doi.org/10.56444/hdm.v21i1.3995>
- Gunawan Widjaja and Ni Nyoman Ari Triantari, "Wage Cuts and Termination of Employment (PHK) During the Covid-19 Pandemic (Case Study of PT. Air Asia Indonesia Tbk (CMPP)," *JICN: Jurnal Intelek dan Cendekiawan Nusantara* 1, no. 2 (2024).
- Indana Zulfah, Yohana Eirene Aprilita Aritonang, and Nadia Nurhalija, "Legal Review of Unilateral Termination of Employment from a Human Rights Perspective (Case Study of Decision Number 249/Pdt.Sus-PHI/2022/PN Mdn)," *Milthree Law Journal*, Vol. 1, No. 1, 2024, pp. 119–148.
- Indonesia. Law Number 13 of 2003 concerning Manpower.
- Indonesia, Law Number 6 of 2023 concerning Job Creation.
- Indonesia, Law Number 2 of 2004 concerning Settlement of Industrial Relations Disputes
- Nugroho, CA (2023). *Legal Protection for Workers Who Experience Termination of Employment (PHK) Due to the Impact of the Covid-19 Pandemic*. *Scientific Journal of Law and Community Dynamics*, 21(1), 25-38.
- Putra, Ferdy D. (2020). *Termination of Employment of Female Daily Casual Workers/Laborers by Companies Due to Menstrual Leave*. *Media Iuris*, Vol.3, (No.2), p.138.
- Simamora, J., Susanti, P., & Barus, SI (2021). *Work productivity: Perceptions of bonus provision for workers/laborers and employers*. *PROGRESIF: Journal of Law*, 15(2), 120–135.
- Sulastri, S. (2021). *The effect of termination of employment (PHK) and salary cuts on the mental health of MSME employees in East Lampung during the COVID-19 pandemic era*. *Journal of Management and Creative Business*, 7(1), 1-12.
- Zulfah, I., Aprilita, YE, & Nurhalija, N. (2024). *Legal Review of Unilateral Termination of Employment from a Human Rights Perspective (Case Study of Decision Number 249/Pdt. Sus-PHI/2022/PN Mdn)*. *Milthree Law Journal*, 1(1), 119-148.