

IMPLEMENTATION OF A FIXED TERM WORK AGREEMENT (PKWT) FROM THE PERSPECTIVE OF EMPLOYMENT LAW

P-ISSN

XXXX-XXXX

E-ISSN

XXXX-XXXX

Authors

¹Konanang Pahrur

Affiliation

¹STIH IBLAM

Email

konanangpahrur@iblam.ac.id

Date Submission

21 January 2026

Date Accepted

21 January 2026

Date Published

21 January 2026

DOI

Abstract

A Fixed-Term Employment Agreement (PKWT) is a form of employment relationship regulated by Indonesian labor law to meet the need for workforce flexibility in the business world without neglecting legal protection for workers. PKWT regulations have developed through Law Number 13 of 2003 concerning Manpower, which was then updated through Law Number 11 of 2020 concerning Job Creation and further regulated in Government Regulation Number 35 of 2021. This study aims to analyze the provisions of PKWT according to labor laws and regulations and examine the implementation of PKWT in companies in terms of applicable legal provisions. This study uses a normative legal research method with a statutory and conceptual approach. The legal materials used include primary, secondary, and tertiary legal materials obtained through literature studies. The analysis is conducted qualitatively through legal interpretation and deductive reasoning to determine the conformity between legal norms and the implementation of PKWT practices in companies. The research results show that PKWT is regulated in a normative manner, regarding the type of work, duration, form of agreement, record-keeping obligations, and compensation. However, in practice, irregularities are still found, such as the use of PKWT for permanent work, extensions that do not comply with regulations, and non-fulfillment of workers' rights. This indicates a gap between normative regulations and implementation in the field. Therefore, more effective supervision and law enforcement are needed to ensure that PKWT implementation is carried out in accordance with legal provisions and provides certainty and protection for workers without hindering the needs of the business world.

Keywords : PKWT, Worker Protection, Employment Law

Introduction

In life, humans have a wide variety of needs; to fulfill these needs, they are required to work. Working is one way for people to earn income to meet their daily needs, whether by working for someone else or independently.

In the employment relationship between employers and employees, employers prefer a contract system for their employees over permanent employment, as this is considered more effective and efficient. Permanent employees receive benefits, such as statutory provisions regarding wages, welfare, periodic wage increases, social benefits, and rest days or leave. This is different when employers employ a contract system or PKWT (Working Permit Agreement). Employers benefit by avoiding the obligation to provide compensation to their employees when the term of the work agreement expires.

The employment relationship between employees and employers is essentially established through an employment agreement that outlines the rights and obligations of both parties. In Indonesian employment practice, there are two main types of employment agreements: an Indefinite-Term Employment Agreement (PKWTT) and a Fixed-Term Employment Agreement (PKWT). A fixed-term employment contract (PKWT) is a form of employment relationship limited by a specific time period or the completion of a specific job. Regulations regarding PKWT are crucial because they directly relate to legal certainty, worker rights protection, and flexibility in workforce needs for employers.

PKWT regulations in Indonesia have undergone significant changes, particularly following the enactment of Law Number 13 of 2003 concerning Manpower, which was subsequently amended by Law Number 11 of 2020 concerning Job Creation and its implementing regulations, namely Government Regulation Number 35 of 2021. This regulatory change has implications for provisions regarding the duration of PKWT (Fixed Term Employment Contracts), the types of jobs that can use PKWT, record-keeping requirements, and compensation for PKWT workers. This update demonstrates the government's efforts to balance business interests with the protection of workers' rights.

However, in practice, the implementation of PKWT in companies often raises issues. It is not uncommon to find PKWTs used for permanent and continuous work, PKWT extensions that do not comply with regulations, and workers' lack of understanding of their rights. This situation has the potential to create legal uncertainty and harm workers, as well as give rise to industrial relations disputes. On the other hand, employers often argue that PKWTs provide flexibility in managing the workforce according to dynamic business needs.

These issues demonstrate a gap between normative provisions in laws and regulations and implementation in the field. Therefore, it is important to comprehensively examine how PKWTs are regulated under labor laws and regulations and how they are implemented in companies in light of applicable legal provisions. This study is expected to provide an overview of the level of compliance of PKWT practices with legal provisions, as well as serve as a basis for efforts to increase legal certainty and protection for workers without ignoring the needs of the business world.

Methods Research

This research is a normative legal study using both a statutory and a conceptual approach. The statutory approach examines all legal provisions governing Fixed-Term Employment Agreements (PKWT), while the conceptual approach is used to understand legal concepts related to employment agreements, employment relationships, worker protection, and legal certainty from an employment law perspective. The statutory approach examines various legal provisions related to PKWT, while the conceptual approach is used to understand legal concepts regarding employment agreements, employment relationships, worker protection, and legal certainty from an employment law perspective.

This research is descriptive-analytical in nature, systematically describing the provisions of PKWT in legislation and analyzing their implementation in companies based on applicable legal provisions. Therefore, this research not only describes the legal norms

governing PKWT but also examines the extent to which these norms are implemented in employment practices in companies.

The legal materials used in this research consist of primary, secondary, and tertiary legal materials. Primary legal materials include Law Number 13 of 2003 concerning Manpower, Law Number 11 of 2020 concerning Job Creation, Government Regulation Number 35 of 2021, and other relevant laws and regulations. Secondary legal materials include labor law literature, scientific journals, previous research results, and the opinions of legal experts. Tertiary legal materials include legal dictionaries, encyclopedias, and other supporting sources. The collection of legal materials was conducted through library research, which involved inventorying, reviewing, and examining various legal sources related to PKWT. All collected legal materials were then analyzed qualitatively through legal interpretation and deductive reasoning. The analysis was conducted by examining the suitability of the legal materials. This analysis examines the relationship between the normative provisions governing PKWT and their implementation in companies, thus gaining a comprehensive understanding of the application of PKWT from an employment law perspective. The results of this analysis are then used as a basis for drawing conclusions that answer the research problem formulation.

Results and Discussion

Regulation of PKWT According to Statutory Regulations in the Field of Manpower

A Fixed-Term Employment Agreement (PKWT) is a form of employment relationship recognized in the Indonesian labor law system. The existence of PKWT is essentially intended to address the business world's need for workforce flexibility, without neglecting the principle of legal protection for workers. Therefore, the provisions of PKWT in legislation are designed to be strict, limited, and conditional, to prevent misuse to evade employers' obligations to provide job security as stipulated in an Indefinite-Term Employment Agreement (PKWTT).

Article 50 of Law Number 13 of 2003 states that an employment relationship arises from an employment agreement between an employer and a pre-employment or laborer. Therefore, the employment relationship referred to in Law Number 13 of 2003 is an employment contract based on an agreement and does not include employment contracts based on statutory provisions. It is important to note that the provisions of employment agreements contained in Law Number 13 of 2003 and Law Number 6 of 2023 concerning the Establishment of Government Regulations in Lieu of Law Number 2 2002 concerning Job Creation into law Jo Government Regulation Number 35 and 2021 concerning Fixed-Term Employment Agreements, Outsourcing, Working Hours, and Rest Periods, and Employment Relations are part of the employment or labor relationship, not part of contract law, therefore the employment provisions agreement is not a supplementary law. The meaning that the provisions of the employment agreement are not supplementary law is that the provisions of the employment agreement are mandatory, which cannot be followed, meaning that the provisions of the employment agreement in the employment law must be obeyed and followed. The parties to the employment agreement cannot make an employment agreement deviating from the provisions of the employment law regulations. Employment law is mandatory, meaning it cannot be set aside by the parties in making the employment

agreement because the employment agreement is a relationship part of employment law, not part of contract law.

Contract law that regulates general provisions, as long as they are not regulated by employment law, applies in the employment agreement, but if employment law has regulated it, then the provisions are mandatory, meaning they cannot be set aside. Article 52 stipulates that an employment agreement is made on the basis of:

1. agreement between both parties
2. ability or capacity to perform legal acts; the explanation of Article 52 explains that ability or capacity refers to parties who are legally capable or competent to enter into an agreement, including child labor, whose parents or guardians sign the agreement.
3. the existence of the promised work;
4. the promised work does not conflict with public order, morality, or applicable laws and regulations.

The provisions of Article 52 of Law Number 13 of 2003 appear to be a copy of Article 1320 of the Civil Code (KUHPer). (Civil Code) stipulates that a valid agreement requires four conditions:

- a) consent of those binding themselves
- b) capacity to enter into an agreement
- c) a specific matter;
- d) a lawful cause.

Historically, the regulation of PKWT (Fixed Term Employment Agreement) was first comprehensively regulated in Law Number 13 of 2003 concerning Manpower. This law stipulates that PKWT can only be made for certain jobs that, by their type, nature, or activities, will be completed within a specified time. This means that not all types of jobs can use the PKWT scheme. The law expressly limits PKWT to temporary, seasonal, or work whose completion can be estimated within a specific timeframe. This provision demonstrates that from the outset, legislators have provided clear normative limitations to prevent PKWT from being applied to permanent and ongoing jobs. The regulations regarding PKWT subsequently underwent significant changes with the enactment of Law Number 11 of 2020 concerning Job Creation, which were further regulated in more detail in Government Regulation Number 35 of 2021. This change does not eliminate the basic principle of limiting PKWT, but provides adjustments to the duration, extension mechanisms, and new regulations regarding compensation for PKWT workers. Government Regulation Number 35 of 2021 emphasizes that PKWT can be made based on a specific time period or based on the completion of a specific job. PKWT based on a specific time period is given a certain maximum limit, while PKWT based on completion of work is determined by the completion time of the work.

One important aspect of the PKWT (Working Permit) regulation is the provision regarding the types of work that can be used for PKWT. Legislation stipulates that PKWT can only be applied to work that is completed once, work that is expected to be completed within a relatively short period of time, seasonal work, or work related to new products, new activities, or additional products that are still in the trial or exploratory phase. With this limitation, labor law seeks to prevent employers from using PKWT for permanent work, which should be done using PKWTT (Working Permit) contracts.

Furthermore, the PKWT regulation emphasizes the importance of a written agreement in Indonesian and the Latin alphabet. This provision aims to provide legal certainty and protection for workers, ensuring that the agreement's contents can be clearly understood and avoid multiple interpretations. If a PKWT is not in writing, the agreement is legally converted into a PKWTT (Working Permit). This provision constitutes a strict normative sanction for employers who fail to comply with the formal requirements for PKWT.

Another regulation that has undergone significant updates concerns the duration and extension of PKWT contracts. The new regulations make the PKWT (Fixed Term Employment Contract) term more flexible than the previous regulations, but remain within certain maximum time limits. Furthermore, employers are required to provide compensation to PKWT workers whose employment has ended, either due to the expiration of the term or the completion of specific work. These compensation provisions represent an innovation in labor law aimed at providing economic protection for PKWT workers, given that PKWT workers do not receive the same job security as PKWTT workers.

Furthermore, the regulation of PKWT (Fixed Term Work Agreements) also requires the registration of employment agreements with the agency responsible for labor affairs. This registration serves as a form of administrative oversight by the government and as a control tool to ensure that PKWTs are drawn up in accordance with applicable legal provisions. With this recording mechanism, it is hoped that irregularities in the implementation of PKWTs can be minimized.

From these overall regulations, it is clear that Indonesian labor law positions PKWTs as an exception, not as the primary form of employment relationship. PKWTs are permitted only under certain conditions, defined in a limited manner by statutory regulations. This principle demonstrates that worker protection remains a priority, by preventing the uncontrolled use of PKWTs that could be detrimental to workers.

Thus, the regulation of PKWTs in labor laws reflects the state's efforts to balance the need for flexibility in the business world with the principle of legal protection for workers. The norms governing PKWTs are designed in a detailed, firm, and restrictive manner, so that their implementation in the field must always refer to established legal provisions.

Implementation of PKWT in Companies Reviewed from the Provisions of Employment Law

The implementation of Fixed-Term Employment Agreements (PKWT) in companies is essentially an implementation of legal norms that have been regulated in a limited manner in labor laws and regulations. Normatively, PKWT can only be applied to certain types of work that are temporary, seasonal, or work with a predictable completion time. However, in the practice of employment relations in companies, the implementation of PKWT often exhibits dynamics that are not fully in line with applicable legal provisions, thus giving rise to issues in terms of legal certainty and worker protection.

In company practice, PKWT (Fixed Term Employment Contracts) are often used as a workforce management tool to accommodate fluctuating business operational needs. Employers view PKWT as a form of flexibility in recruiting workers without the long-term obligations inherent in PKWTT (Working Permits). This flexibility is in line with the spirit of

regulations that provide space for businesses, but in practice, its implementation often exceeds the normative boundaries established by labor law. One common deviation is the use of PKWT for permanent and ongoing work, such as administrative work, routine production, or services that are core to the company's business activities.

From a legal perspective, the use of PKWT for permanent work clearly contradicts the basic principles governing PKWT. The law explicitly states that if a PKWT is applied inconsistently with the permitted types of work, the employment relationship legally changes to a PKWTT. However, in practice, workers often do not understand this provision, and supervision by labor agencies is not optimal, resulting in violations persisting without effective legal correction. In addition to the issue of job type, the implementation of PKWT in companies also often raises issues regarding the duration and extension of the agreement. Although regulations have set maximum duration limits and extension mechanisms, in practice, companies often extend PKWT repeatedly without regard to legal provisions. In fact, there are practices where after the PKWT period ends, workers are rehired with a new agreement without sufficient time interval, so that in substance the employment relationship is continuous like a PKWTT, but formally still uses the PKWT scheme.

Another frequent issue in the implementation of PKWT (Fixed Term Employment Agreements) concerns agreements that do not meet formal requirements. Employment law requires PKWTs to be in writing, in Indonesian, and registered with the employment agency. However, in reality, PKWTs are still found to be made verbally, have unclear clauses, or are not properly registered. This situation creates legal uncertainty for workers, as they lack strong written evidence regarding their rights and obligations.

Following the enactment of Government Regulation Number 35 of 2021, companies are also required to provide compensation to PKWT workers upon the expiration of the agreement. This provision is intended to provide economic protection for PKWT workers. However, in practice, not all companies consistently implement this obligation. Some workers are even unaware of the existence of this right to compensation and therefore do not claim it when the employment relationship ends.

From an employment law perspective, various irregularities in the implementation of PKWTs in companies indicate a gap between legal norms and practice. This is not solely due to employer factors, but also to weak government oversight, workers' lack of understanding of their rights, and poor enforcement of sanctions for violations of PKWT provisions. Normatively, the law provides clear consequences if PKWTs are not implemented in accordance with the provisions, namely, a change in status to PKWTT.

Therefore, the implementation of PKWTs in companies, when viewed from the perspective of labor law, still faces various challenges. Although regulations provide detailed and firm provisions, their implementation in the field does not fully reflect legal compliance. This situation highlights the importance of increased oversight, legal outreach, and sanction enforcement to ensure that PKWTs are implemented in accordance with the law's stated objectives: to provide flexibility for employers without sacrificing legal protection and certainty for workers.

Conclusion

The provisions of Fixed-Term Employment Agreements (PKWT) in Indonesian labor laws and regulations indicate that PKWTs are positioned as a limited and exceptional form of employment relationship, applicable only to certain types of work according to the nature and character of the work. Through the Manpower Law, the Job Creation Law, and Government Regulation Number 35 of 2021, the state has provided clear boundaries regarding the type of work, duration, form of agreement, record-keeping requirements, and compensation for PKWT workers. These regulations reflect an effort to balance the need for flexibility in the business world with the principles of legal protection and certainty of workers' rights. The implementation of PKWTs in companies, when reviewed from the perspective of labor law provisions, shows that there is still a gap between normative regulations and actual practice. Although laws and regulations explicitly regulate the type of work, duration, form of agreement, record-keeping requirements, and compensation, in practice, irregularities are still frequently found, such as the use of PKWTs for permanent work, inappropriate extensions, and failure to comply with formal requirements and workers' rights. This condition shows that the implementation of PKWT in companies does not fully reflect compliance with labor law norms which aim to provide legal certainty and protection for workers.

Bibliography

- Abdul Hakim, *Pengantar Hukum Ketenagakerjaan Indonesia*, Citra Aditya Bakti, Bandung, 2003.
- Asri Wijayanti, *Hukum Ketenagakerjaan Pasca Reformasi*, (Jakarta; Sinar Grafika, 2014)
- Hidayat Muharam, *Hukum Ketenagakerjaan Serta Pelaksanaannya Di Indonesia*, Citra Aditya Bakti, Bandung, 2006.
- Imam Soepomo, *Pengantar Hukum Perburuhan*, Djambatan, Jakarta, 2003.
- Johnny Ibrahim**, *Teori dan Metodologi Penelitian Hukum Normatif*, Malang: Bayumedia Publishing, 2006
- Peter Mahmud Marzuki**, *Penelitian Hukum*, Jakarta: Kencana Prenada Media Group, 2017
- Satjipto Rahardjo**, *Hukum Progresif: Hukum yang Membebaskan*, Jakarta: Kompas, 2009
- Satjipto Rahardjo, *Membangun dan Merombak Hukum Indonesia*, Genta Publishing, Yogyakarta, 2009.
- Soerjono Soekanto dan Sri Mamudji**, *Penelitian Hukum Normatif: Suatu Tinjauan Singkat*, Jakarta: RajaGrafindo Persada, 2014
- Zainal Asikin, *Dasar-Dasar Hukum Perburuhan*, (Jakarta: Rajawali Press, 2012)