

INDONESIA

Items	Regulations in force on 1 January 2012
1: Notification procedures in the case of individual dismissal of a worker 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.
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 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. If the first ruling is appealed to the Supreme Court, these delays are increased by another 60 days. Calculation (for EPL indicators): average of appealed and not appealed cases
3: Length of notice period at different tenure durations (a)	There is no notice period as dismissal must be approved by the institution for the settlement of industrial relations disputes.
4: Severance pay at different tenure durations (a)	Dismissed workers are entitled to severance pay equal to one month's wages for each completed year of service plus one additional month up to a maximum of nine months' pay and a reward-for-service payment equal to two months' pay for the first completed three years of service plus an additional one month's pay for each three completed years of service thereafter. In addition, the worker is entitled to compensation for housing, medical and hospitalization (which is deemed to be 15 percent of the severance pay and/or service pay to which the employee is entitled; cf. Art. 156(3) Manpower Act N. 13, 2003). However this compensation is also paid in the case of resignation (and therefore it is not included in the calculation for EPL indicators - Art.162 Manpower Act N. 13, 2003) Calculation (for EPL indicators): 9 months: 1 month; 4 years: 5+2 months; 20 years: 9+7 months.
5: Definition of unfair dismissal (b)	Fair: 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 (or a division thereof) has to be closed down due to continual losses suffered for two continuous years (in this case ordinary severance pay is doubled) 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. Unfair: 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.
6: Length of trial period (c)	Maximum of three months. There is no trial period allowed for fixed-term contracts.
7: Compensation following unfair dismissal (d)	The employer is obliged to pay all the wages and entitlements which the affected worker should have received.
8: Reinstatement option for the employee following unfair dismissal (b)	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.
9: Maximum time period after dismissal up to which an unfair dismissal claim can be made (e)	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.
10: Valid cases for use of standard 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 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.

11: Maximum number of successive standard FTCs (initial contract plus renewals and/or prolongations)	One extension possible.
12: Maximum cumulated duration of successive standard 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 once for another period that is not longer than 1 year.
13: Types of work for which temporary work agency (TWA) employment is legal	In principle, 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. In practice, however, the limitation is so general that temporary agency workers are widely used in many different situations.
14: Are there restrictions on the number of renewals and/or prolongations of TWA assignments? (f)	Temporary work agency workers are employed either on contracts of unlimited duration or fixed-term contracts. No limit for renewal of assignments
15: Maximum cumulated duration of TWA assignments (f)	Temporary work agency workers are employed either on contracts of unlimited duration or fixed-term contracts. No limit for assignments. But, in practice, long duration of subsequent fixed-term assignments increases the probability that contract workers successfully claim to become permanent employees of the user company.
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.
17: Do regulations ensure equal treatment of regular workers and agency workers at the user firm?	In principle yes but in practice this is rarely the case. Calculation (for EPL indicators): average of Yes and No.
18: Definition of collective dismissal (b)	There are no special regulations or additional costs for collective dismissals.
19: Additional notification requirements in cases of collective dismissal (g)	There are no special regulations or additional costs for collective dismissals.
20: Additional delays involved in cases of collective dismissal (h)	There are no special regulations or additional costs for collective dismissals.
21: Other special costs to employers in case of collective dismissals (i)	There are no special regulations or additional costs for collective dismissals.

Legend: d: days; w: weeks; m: months; y: years. For example "1m < 3y" means "1 month of notice (or severance) pay is required when length of service is below 3 years".

Notes:

- a) Three tenure durations (9 months, 4 years, 20 years). Case of a regular employee with tenure beyond any trial period, dismissed on personal grounds or economic redundancy, but without fault (where relevant, calculations of scores to compute OECD EPL indicators assume that the worker was 35 years old at the start of employment). Averages are taken where different situations apply – e.g. blue collar and white collar; dismissals for personal reasons and for redundancy.
- b) Based also on case law, if court practice tends to be more (or less) restrictive than what specified in legislation.
- c) Initial period within which regular contracts are not fully covered by employment protection provisions and unfair dismissal claims cannot usually be made.
- d) Typical compensation at 20 years of tenure, including back pay and other compensation (e.g. for future lost earnings in lieu of reinstatement or psychological injury), but excluding ordinary severance pay and pay in lieu of notice. Where relevant, calculations of scores to compute OECD EPL indicators assume that the worker was 35 years old at the start of employment and that a court case takes 6 months on average. Description based also on case law.
- e) Maximum time period after dismissal up to which an unfair dismissal claim can be made.
- f) Description based on both regulations on number and duration of the contract(s) between the temporary work agency and the employee and regulations on the number and duration of the assignment(s) with the same user firm.
- g) Notification requirements to works councils (or employee representatives), and to government authorities such as public employment offices. Only requirements on top of those requirements applying to individual redundancy dismissal count for the OECD EPL indicators (cf. Item 1).
- h) Additional delays and notice periods in the case of collective dismissal (only delays on top of those required for individual dismissals – as reported in Items 2 and 3 – count for the OECD EPL indicators).
- i) This refers to whether there are additional severance pay requirements and whether social compensation plans (detailing measures of reemployment, retraining, outplacement, etc.) are obligatory or common practice.