

Workers' Rights In Bankrupt Companies

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ABSTRACT

Corporate bankruptcy is a legal condition that directly affects the continuity of employment relationships between employers and workers/laborers. In practice, workers often find themselves in a weak position when a company is declared bankrupt, particularly regarding the fulfillment of normative rights such as wages, severance pay, and employment social security. Although statutory regulations grant workers a special status as preferred creditors, the implementation of these rights frequently encounters various legal and administrative obstacles. This situation creates legal uncertainty and potential injustice for workers/laborers. This study aims to analyze the legal protection of workers' rights in companies declared bankrupt, as well as the legal standing of workers in bankruptcy proceedings under the applicable laws and regulations. The research method used is normative juridical research with statutory, conceptual, and case approaches. The findings show that although workers are positioned as preferred creditors, in practice workers' rights are often not optimally fulfilled due to conflicts of interest with other creditors and the limited value of the bankruptcy estate. Therefore, stronger regulations and consistent law enforcement are needed to ensure fair protection of workers' rights.

Keywords: workers/laborers; bankruptcy; preferred creditors; legal protection.

1. INTRODUCTION

Bankruptcy is a condition in which a debtor is no longer able to meet its obligations to repay debts to creditors. In the context of industrial relations, corporate bankruptcy not only affects the interests of employers and creditors but also directly impacts workers/laborers who depend on the company's continuity for their livelihood. Workers are among the most vulnerable parties when a company becomes bankrupt because they lose their jobs and face uncertainty in the fulfillment of their normative rights.

Law No. 13 of 2003 on Manpower and Law No. 37 of 2004 on Bankruptcy and Suspension of Debt Payment Obligations (PKPU) have regulated the position of workers when a company becomes bankrupt. Workers/laborers are granted the status of preferred creditors for wage claims and other rights. However, in practice, the fulfillment of these rights often does not proceed as expected, especially when the bankruptcy estate is insufficient or when different interpretations arise regarding the order of payment.

The lack of harmony between labor law and bankruptcy law is one of the main factors that creates legal uncertainty for workers. On the one hand, labor law places workers as subjects who must be protected, while on the other hand, bankruptcy law emphasizes the principle of *paritas*

creditorum, which places all creditors in relatively equal positions unless otherwise determined by law.

Based on this background, this study raises two main issues:

1. What is the legal standing of workers/laborers in a bankrupt company according to the applicable laws and regulations?
2. How is legal protection provided for the fulfillment of workers' rights in corporate bankruptcy proceedings?

2. RESEARCH METHOD

This research uses a normative juridical method focusing on the analysis of legal norms contained in statutory regulations and relevant court decisions. The approaches employed include the statute approach, conceptual approach, and case approach.

The legal materials consist of primary legal materials—Law No. 13 of 2003 on Manpower, Law No. 37 of 2004 on Bankruptcy and PKPU, and court decisions related to bankruptcy and industrial relations disputes. Secondary legal materials are obtained from books, scientific journals, and legal articles relevant to the research topic.

Legal materials were collected through a literature study. All collected materials were then analyzed qualitatively using legal reasoning to produce systematic and coherent conclusions

3. RESULTS AND DISCUSSION

Legal Standing of Workers/Laborers in Bankrupt Companies

Under Indonesian bankruptcy law, workers/laborers are recognized as preferred creditors for wage claims and other rights arising from employment relationships. This provision is reflected in Article 95 paragraph (4) of the Manpower Law, which states that if a company is declared bankrupt, wages and other rights of workers constitute debts that must be paid in priority.

Nevertheless, applying this provision often generates debate, particularly regarding the priority of workers' claims vis-à-vis secured (separatist) creditors such as holders of mortgage (hak tanggungan) or fiduciary security. Constitutional Court Decision No. 67/PUU-XI/2013 affirms that workers' wages must be prioritized over all types of creditors, including separatist creditors. Even so, the implementation of this decision in practice still faces various obstacles.

Legal Protection of Workers' Rights in Bankruptcy Proceedings

In principle, legal protection for workers in bankrupt companies concerns not only normative recognition but also the effectiveness of its implementation. In bankruptcy practice, the

receiver/administrator (kurator) plays a central role in managing and liquidating the bankruptcy estate, including determining the order of payments to creditors.

The limited value of the bankruptcy estate is often the primary reason why workers' rights are not fully satisfied. In addition, workers' lack of understanding of bankruptcy mechanisms causes them to be less active in asserting their rights during the liquidation process. Therefore, an active role of the state is needed through supervision and guidance so that workers' rights are not neglected.

Perspective on Legal Protection

Legal protection for workers in bankrupt companies should be grounded in the principle of substantive justice. The state has a constitutional obligation to protect workers as the weaker party in industrial relations. Harmonization between labor law and bankruptcy law is an urgent necessity to prevent conflicts of norms that disadvantage workers.

4. CONCLUSIONS

Based on the discussion above, it can be concluded that workers/laborers have legal standing as preferred creditors in bankrupt companies, particularly in relation to wage claims and other normative rights. However, in practice, the fulfillment of these rights still faces various obstacles due to the limited value of the bankruptcy estate and disharmonized legal arrangements. Therefore, stronger regulations, consistent law enforcement, and an active role of the state are required to ensure that workers' rights in bankrupt companies are protected fairly and effectively.

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