

The Problematics of Regulating the Maximum Duration of Fixed-Term Employment Agreements Based on the Completion of Specific Work in Legislation: An Analysis of the Implications of Constitutional Court Decision Number 168/PUU-XXI/2023

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Abstract

The purpose of this study is to discuss the problematic of setting the maximum term limit for a Fixed-Term Employment Agreement (PKWT) based on the completion of a certain job in the legislation, and to allow the implementation of the Constitutional Court (MK) Decision Number 168/PUU-XXI/2023. This Constitutional Court Decision stipulates that the maximum term of PKWT is 5 years, including extensions, which aims to protect workers' rights. This study explores the legal impact of the decision on the implementation of PKWT in Indonesia, including its impact on the provisions of the Job Creation Law and Government Regulation (PP) Number 35 of 2021. The implications of this decision lead to the need to revise provisions that conflict with the Constitutional Court's decision, as well as the need to draft a new law separate from the Job Creation Law to align employment policies with constitutional principles.

Keywords: Constitutional Court Decision, Employment, Job Creation, Fixed-Term Employment Agreement.

1. Introduction

Labour Law is considered a beneficial legislation in Indonesia, where the country's commitment to upholding the rule of law is evident (Fikriana & Munadi, 2023). All state actions must adhere to principles and be founded on legal grounds. The laws surrounding labour stem from international treaties, which are agreements between nations. There are two types of treaties - Law Making Treaty and Treaty Contract. The former is a universal agreement that all countries must abide by unless reservation is permitted. On the other hand, the Treaty Contract can be between two or more countries and is only binding for those involved. The International Labour Organization (ILO) issues conventions on employment law as part of the Law Making Treaty.

Positive law in Indonesia that regulates labour or employment in Indonesia is often one that attracts the attention of the government due to overlapping regulations on employment so that there is often a legal vacuum (Iqbal, 2017). Numerous provisions in the Manpower Law No. 13/2003 were modified under the Job Creation Law, leading to widespread criticism from various parties regarding the new law's content. The Job Creation Law was enacted using the approach of an Omnibus Law.



The initial proposal for the new legislation was called the Job Creation Bill before being renamed as the Job Creation Bill (RUU Ciptaker). The existence of the Job Creation Bill has raised concerns among workers as it is believed to be harmful to their interests, sparking controversy. The Job Creation Bill was officially approved on 5 October 2020 as Law No.11 of 2020 on Job Creation by the House of Representatives and was later enacted on 2 November 2020. This law, created through the omnibus law approach, is seen as a potential catalyst to enhance the capabilities and enforcement of legislative functions of the DPR in Indonesia as a democratic nation governed by the rule of law (Darusman et al., 2020).

Law Number 11 of 2020, known as the Job Creation Law, was initially approved but was later deemed partially unconstitutional by the Constitutional Court after the government issued implementing regulations. As a result, Law Number 6 of 2023 now supersedes Law Number 11 of 2020, aiming to rectify the legal flaws. However, the regulations related to Law Number 11 of 2020 still remain valid and in force.

The Job Creation Law is divided into multiple segments, with one focusing on labour. Chapter IV, known as Labour, mentions that the law aims to amend, remove, or introduce new regulations to enhance labour rights. The Indonesian authorities believe that this legislation will lead to the creation of secure and valuable employment opportunities. Additionally, the Job Creation Law is aimed at enhancing the skills and efficiency of employees in Indonesia (Iqbal, 2019), including workers with PKWT (Specified Time Work Agreement) status.

The regulations for Specified Time Work Agreement (PKWT) can be found in Article 56 to Article 61 of Law No. 13 of 2003. Additionally, the provisions regarding PKWT are also outlined in Chapter IV of the Employment section of Law No. 6/2023, which concerns the Job Creation Law.

In Indonesia, workers can be employed under two different types of work agreements, either a specific time work agreement (PKWT) or an indefinite time work agreement (PKWTT). The main distinction between these agreements is in their duration and job scope, with PKWT typically referred to as 'contract employees' and PKWTT as 'full-time employees'. More specifically, PKWT can be divided into two categories based on either a fixed period of time or the completion of a specific task.

The government's decision to issue a labour policy through the Job Creation Law, which was predicted to provide a solution to labour problems in Indonesia, has in fact caused prolonged polemics. One of them is about PKWT based on the completion of a certain job.

With the enactment of the Job Creation Law, employers benefit because they can employ workers/labourers for 5 years with PKWT status based on the completion of certain work. Meanwhile, for workers/labourers, this policy is detrimental. The Job Creation Law provides a loophole for employers to employ workers for a period of more than 5 (five) years, namely for non-permanent contracts based on the completion of certain work. The Job Creation Law, which amends, adds, and deletes parts of Law No. 13 of 2003 on Labour. Regarding non-permanent contracts, it is regulated in Article 56, to which a paragraph is added so that the provisions of non-permanent contracts, whether based on a period of time or the completion of a certain job, are determined based on a work agreement (Article 56 paragraph (3)).

“The period or completion of a certain work as referred to in paragraph (2) shall be determined based on a Work Agreement.”

This implies that there are no restrictions on the duration of non-permanent employment contracts, as it can be mutually decided by the worker and employer and outlined

in a work agreement. Similarly, the rules set out in Government Regulation No. 35 of 2021 allow for the continuation of temporary contracts (PKWT) until the agreed work is finished.

“In the event that the specific work agreed in the PKWT cannot be completed according to the agreed length of time as referred to in paragraph (2) letter b, the term of the PKWT shall be extended until a certain time limit until the completion of the work.”

So that the entrepreneur can employ workers/labourers with a working period of more than 5 (five) years because the article is not clear on the time limit of the PKWT working period, it is only stipulated that the employer and workers carry out based on the agreed agreement between the two parties. This situation poses a serious threat, particularly to workers who are already at a disadvantage. These workers find themselves in a vulnerable position due to the fact that the duration of their non-permanent contracts is decided solely by an agreement between them and their employers. The absence of government intervention in this matter means that there are no regulations in place to control or restrict the working hours of individuals with PKWT status once they have completed a specific task. As a result, there has been a strong backlash from the public, particularly amongst the labour sector.

The Labour Party, the Federation of Indonesian Metal Workers' Unions (FSPMI), the Confederation of Indonesian Trade Unions (KSPSI), the Confederation of Indonesian Trade Unions (KPBI), the Confederation of Indonesian Trade Unions (KSPI), and two individuals, named Mamun and Ade Triwanto who are employed as workers, brought a legal case to challenge Law Number 6 of 2023 on the Determination of Government Regulation replacing Law Number 2 of 2022 on Job Creation (Job Creation Law). This legal action was initiated by groups and the public to push back against the alleged limitations imposed by the Job Creation Law on their rights. Their lawsuit was registered under case number 168/PUU-XXI/2023.

With a focus on seven points that are considered detrimental to workers and violate the principles of social justice for labour in Indonesia. In the lawsuit, the Labour Party outlines seven points that are the focus of their attention, specifically on the labour cluster such as the elimination of low wages, outsourcing, ease of layoffs, severance pay, fixed-term employment agreements (PKWT), leave rights, and foreign workers. Specifically on non-permanent contracts, the Labour Party considers that the rules related to non-permanent contracts in the Job Creation Law weaken the rights of contract workers, so they have no guarantee to be appointed as permanent workers even though they have worked for a long period of time.

At long last, the workers' hardship was eased by a glimmer of hope when the Constitutional Court decided to approve a portion of the petition. In the ruling of Decision Number 168/PUU-XXI/2023, the Constitutional Court granted some of the requests made by the Labour Party, the Indonesian Metalworkers Union Federation, and three other trade unions.

The labour landscape in Indonesia has indeed shifted, with a focus on fixed-term contracts for specific tasks. The decision made by the Constitutional Court regarding job security in Indonesia aims to bring fairness and advantages to the people. This ruling may also have consequences on existing Implementing Regulations, such as Government Regulation Number 35 of 2021, then whether the government will haphazardly interpret the Constitutional Court's Decision with its own version of interpretation as has often happened before. So, through this paper, it will be discussed in more depth, so it is important that this research is carried out.

The issue addressed in this paper can be described as such:

1. How are the regulations regarding the maximum duration of temporary contracts, which are dependent on the completion of specific tasks, causing issues?
2. How will the ruling of the Constitutional Court in Decision Number 168/PUU-XXI/2023 impact the duration limits of non-permanent contracts tied to specific projects or tasks?

Based on the two problem formulations that have been described, the purpose of this writing is to analyse the problematic arrangements for the maximum period of non-permanent contracts based on the completion of a certain job in the legislation and to analyse the implications of the Constitutional Court Decision Number 168/PUU-XXI/2023 on the maximum period of non-permanent contracts based on the completion of a certain job.

2. Methods

This research is a normative legal analysis. The normative legal research method considers law as a framework of norms including principles, regulations, statutes, judicial rulings, contracts, and doctrinal teachings. Therefore, the object of legal research is different from other sciences, especially regarding the type of data and analysis techniques (Diantha & Sh, 2016). This research utilises original documents like legislation and additional materials like literature, essays, periodicals, and specialist viewpoints. The method of obtaining data in this research involves reviewing materials in a library, while the method of analysing the data involves using descriptive and argumentative techniques.

3. Results and Discussion

3.1. Problematics of the Regulation on the Maximum Period of Non-permanent Work Contracts Based on the Completion of a Specific Job in Government Regulation No. 35 of 2021

In industrial relations, the term work agreement is often used. A work agreement can occur when 2 parties are fulfilled, namely the employer (employer) and the recipient of the work (labour). Which will result in what is called an employment relationship. An employment relationship can occur when there is an order, there is work given, and there are wages given. Labour relations can occur if both parties reach an agreement. Which agreement is implemented in the form of a work agreement. By agreeing to a work agreement, a worker has a legal relationship with his employer in the form of obligations that must be carried out in the place where he works. In making a work agreement, it must pay attention to existing provisions such as having to be made in written form or orally according to the criteria of what work will be carried out. Both parties concerned must agree with the existing employment agreement, each party has the capacity to perform legal acts, there is work promised, and the work promised does not conflict with public order, decency, and rules that are enforced.

Article 56 paragraph (1) of the Labour Law divides two types of employment ties, namely PKWT (contract labour) and PKWTT (permanent labour). The nature or activities of the work performed is the main thing that distinguishes between the two. Previous provisions did not divide or specify the types of work in PKWT. In addition, when wanting to start a working relationship, an agreement must be made regarding the rights and obligations between the two parties as outlined in the work agreement (Siti Maizul Habibah, 2021).

In the Labour Law, a worker who is bound by a PKWT type of employment must be registered by the company at the District or City Manpower Office and may not demand a trial

period of work. If the company insists on demanding a probationary period for contract workers, then legally the probationary period will be null and void and the probationary period that has passed is calculated into the PKWT working period.

In general, the Labour Law regulates the types of work that can and cannot be carried out by means of PKWT. So it can be seen that, when determining a work agreement of a certain nature or PKWT, it must first be seen whether the work provided is included in the types or characteristics permitted by the Law to carry out a work bond with a type of work bond for a certain period of time. Because if the work distributed is not included in the types and characteristics regulated in the Law, then normatively a worker will automatically change his work relationship to PKWTT (permanent workers).

It is different after the Job Creation Law when the derivative of the regulation, namely PP. No. 35 of 2021 was enacted. Where in this Government Regulation it details more specifically what types of work are allowed in PKWT either based on a period of time or the completion of a certain job. Among them are as follows:

a. Non-permanent contracts based on duration, namely:

1. Tasks that are anticipated to be finished in a brief timeframe

The idea of work that needs to be finished within a short timeframe refers to a period of up to 5 years, with the possibility of extension. This contrasts with the previous regulations under Labour Law, where a "not too long" period meant 2 years with the option to extend for 1 year, or a total of around 3 years if extensions were accumulated.

2. Seasonal work

The concept of seasonal work in Public Policy Number 35 of 2021 refers to tasks that are only undertaken during specific seasons or weather conditions. For instance, a company that produces raincoats operates as a seasonal business because their product is in demand during the rainy season. This type of work is dependent on external factors such as weather patterns. Similarly, meeting quotas and fulfilling orders is considered a contractual obligation that is fulfilled under certain circumstances.

3. Tasks involving the development of fresh goods, novel ventures, or supplementary items that are currently undergoing experimentation.

b. Non-permanent contracts based on the completion of a certain work, as follows:

1. Work that was completed once

2. Temporary work

After the enactment of the Job Creation Law, employment contracts that do not specify a fixed duration are considered project-based contracts, in which the employment relationship is tied to the completion of a specific project. This means that there is no restriction on the length of time a worker can be employed under a non-permanent contract based on the completion of a specific project. The duration of such contracts is usually agreed upon between the employer and the employee. Project-based contracts can be extended if necessary until the project is completed, according to the agreement between the parties involved. Conversely, project-based contracts can be terminated by law if the work is completed before the agreed-upon time. Prior to the implementation of the Job Creation Law, project-based contracts had a maximum duration of 3 years, with the possibility of a 1-year extension.

Based on Law No.13 of 2003

Article 56

(1) *Employment agreements shall be made for a definite period or for an indefinite period.*

- (2) *A work agreement for a certain period as referred to in paragraph (1) shall be based on:*
 - a. *time period; or*
 - b. *completion of a certain work*

Article 59

- (1) *A work agreement for a specified period of time may only be made for certain work which, according to the type and nature or activities of the work, will be completed within a specified period of time, namely:*
 - a. *work that is once completed or temporary;*
 - b. *work that is expected to be completed within a short period of time and a maximum of 3 (three) years;*
 - c. *seasonal work; or*
 - d. *work related to new products, new activities, or additional products that are still being tested or explored.*
- (2) *A work agreement for a definite period cannot be entered into for work of a permanent nature.*
- (3) *A work agreement for a definite period may be extended or renewed.*
- (4) *A work agreement for a definite period of time based on a definite period of time may be made for a maximum of 2 (two) years and may only be extended 1 (one) time for a maximum period of 1 (one) year.*
- (5) *An employer who intends to renew a specified period work agreement shall, at the latest 7 (seven) days before the specified period work agreement expires, give written notice of its intention to the worker/labourer concerned.*
- (6) *Renewal of a work agreement for a specific period can only be made after exceeding the grace period of 30 (thirty) days of the expiry of the old specific period work agreement, the renewal of this specific period work agreement can only be made 1 (one) time and a maximum of 2 (two) years.*
- (7) *A work agreement for a specific period that does not fulfil the provisions as referred to in paragraph (1), paragraph (2), paragraph (4), paragraph (5), and paragraph (6) shall by law become an indefinite term work agreement.*
- (8) *Other matters that have not been regulated in this Article shall be further regulated by Ministerial Decree.*

Post Job Creation Law (Amendment to Law No.13 of 2003)

Article 56

- (1) *Work Agreements shall be made for a certain period of time or for an indefinite period of time.*
- (2) *A definite period work agreement as referred to in paragraph (1) shall be based on:*
 - a. *a period of time; or*
 - b. *the completion of a certain work.*
- (3) *The period of time or the completion of a certain work as referred to in paragraph (2) shall be determined based on a Work Agreement.*
- (4) *Further provisions concerning specific time employment agreements based on a period of time or the completion of a certain work shall be stipulated in a Government Regulation.*

Article 59

- (1) *A fixed-term employment agreement can only be made for certain work which, according to the type and nature or activities of the work, will be completed within a certain period of time, namely as follows:*
 - a. *work that is once completed or temporary;*
 - b. *work which is expected to be completed within a short period of time;*
 - c. *seasonal work*
 - d. *work related to new products, new activities, or additional products that are still being tested or explored; or*
 - e. *work that is irregular in type and nature or activity.*
- (2) *A fixed-term work agreement cannot be made for work that is permanent in nature.*
- (3) *A definite period work agreement which does not fulfil the provisions as referred to in paragraphs (1) and (2) shall by operation of law become an indefinite period work agreement.*
- (4) *Further provisions concerning the type and nature or work activities, the period of time, and the time limit for the extension of a specific time work agreement shall be stipulated in a Government Regulation.*

In light of the explanation provided regarding these laws and regulations, it seems that the Job Creation Law aims to eliminate the time restrictions for temporary contracts once specific tasks are completed. Additionally, the government explicitly acknowledges this problematic situation through Article 9 of Government Regulation No. 35 of 2021, which covers Fixed-Term Employment Agreements, Outsourcing, Working Hours, Break Times, and Termination of Employment Relationships. This regulation is a supplement to Law Number 11 of 2020 on Job Creation, which is still in effect as the supplementary regulation of Law No.6 of 2023 on the Determination of Government Regulations instead of Law Number 2 of 2022 on Job Creation becoming Law (Job Creation Law).

Article 9

- (1) *Non-permanent contracts based on the completion of a certain work as referred to in Article 5 paragraph (2) shall be based on an agreement between the parties as set out in a Work Agreement.*
- (2) *The agreement of the parties as referred to in paragraph (1) shall contain:*
 - a. *the scope and limits of a work declared completed; and*
 - b. *the length of time for completion of the work is adjusted to the completion of the work.*
- (3) *In the event that certain work agreed in a PKWT can be completed faster than the agreed length of time as referred to in paragraph (2) letter b, the PKWT shall be terminated by law upon completion of the work.*
- (4) *In the event that certain work agreed in a non-permanent contract cannot be completed within the agreed length of time as referred to in paragraph (2) letter b, the period of the non-permanent contract shall be extended until a certain time limit until the completion of the work.*
- (5) *The working period of the Worker/Labourer in the event of an extension of the PKWT period as referred to in paragraph (4) shall still be calculated since the establishment of the Employment Relationship based on PKWT.*

3.2. Implications of the Constitutional Court Decision Number 168/PUU-XXI/2023 on the Limitation of the Maximum Term of PKWT Based on the Completion of a Specific Job

On Thursday (31/10/2024), the Constitutional Court (MK), through Constitutional Court Decision No. 168/PUU-XXI/2023, hereinafter referred to as MK Decision 168/2023, partially granted the petition for judicial review of Law Number 6 of 2023 on Job Creation filed by the Labour Party and labour organisations. There are at least 21 norms that were partially granted by the Constitutional Court or declared conditionally unconstitutional. The 21 norms relate to seven major issues, namely foreign workers; specific time work agreements; outsourcing; wages and minimum wages; leave; termination of employment; and severance pay, wage replacement pay, and long service pay.

The Constitutional Court Decision 168/2023 is an important change in the labour law framework in Indonesia, especially with regard to Law Number 13 of 2003 on Manpower as last amended by Law Number 6 of 2023 on the Stipulation of Government Regulation in Lieu of Law Number 2 of 2022 on Job Creation into Law. This judgement is not just a mere judicial review, but a landmark decision that introduces important changes while reaffirming and refining long-standing provisions. The ruling promises to have a lasting impact on both employers and workers, creating ripples throughout the labour market in Indonesia.

Then, the Court also considered the term of the Fixed-Term Employment Agreement (PKWT). The issue of provisions that regulate the period or completion of a certain job, which is a distinguishing component of PKWT, is determined based on a work agreement. Furthermore, it is also determined that the work agreement is based on the period or completion of a certain job which is further regulated in government regulations. Such delegation is of concern to the Plaintiffs because it does not provide clarity of legal protection for workers/labourers (Andayani & Kurniawan, 2023). This is because it was originally stipulated in the content material of Law 13/2003, which states, 'A fixed-term work agreement based on a specific period of time may be held for a maximum of 2 (two) years and may only be extended 1 (one) time for a maximum period of 1 (one) year'.

According to the Constitutional Court, this norm is intertwined with Article 59 paragraph (1) letter b of Law 13/2003, which regulates the expiry of PKWT, stating that 'work that is expected to be completed in a short period of time and a maximum of 3 (three) years'. This means that the term of a non-permanent contract stipulated in Law 13/2003, including its extension, cannot be longer than 3 (three) years. In this regard, the Court can understand the concerns of the Plaintiffs. This is because the norms of Article 59 paragraph (1) and paragraph (4) of Law 13/2003 are clearer because they place the regulation of the PKWT period in the law, while the norm of Article 56 paragraph (3) in Article 81 number 12 of Law 6/2023 bases the PKWT period on the work agreement.

In order to provide protection for the fulfilment of the right to work and a decent livelihood for workers/labourers before the amendment of Article 81 number 12 of Law 6/2023, according to the Court, in relation to the PKWT period that is currently running, namely, a maximum of 5 (five) years, including if there is an extension of PKWT as the basis of a work agreement as referred to in Article 56 paragraph (3) in Article 81 number 12 of Law 6/2023, it needs to be affirmed as fully as in the a quo Decision. Therefore, the term of PKWT based on the completion of a certain work is affirmed at a maximum of 5 years, including if there is an extension, it cannot exceed 5 years.

However, in practice, the Constitutional Court's decision is often circumvented, in the sense that the final and binding nature of the Constitutional Court's decision can still be circumvented. For example, the government makes interpretations of the Constitutional

Court's decision with arguments that are not in accordance with the ideas embedded in point by point the ruling. In addition, when a law is subjected to judicial review by civil society, when the judicial review is granted, the government issues a Government Regulation in Lieu of Law (Perppu) against the law that is declared unconstitutional. These loopholes are often exploited when the people's struggle for constitutional rights succeeds in winning a lawsuit, which in fact, all parties are obliged to follow what has been decided since the decision was pronounced. The 1945 Constitution stipulates that laws can be petitioned for review to the Constitutional Court based on Article 24C Paragraph (1) of the 1945 Constitution and states that the decision is final and binding, so the Constitutional Court's interpretation is the final interpretation.

Therefore, the implications of the Constitutional Court Decision 168/2023 should be a victory for labour and civil society, in its implementation, the government should follow what is stated in the ruling, and not make wild interpretations that tend to impose will and interests. Regarding the verdict, where the government must revise the norms that have been deemed unconstitutional, and most importantly based on the verdict, the government and lawmakers are asked to remove the labour cluster from the Job Creation Law so that it is made separate (Dalimunthe et al., 2022).

The Constitutional Court's decision in the Law Review case must be considered in efforts to develop national law, especially legislative changes (Syrett & Alder, 2021). These judgements contain interpretations of provisions in the constitution in the political, economic, and socio-cultural fields. The rulings made by the Constitutional Court have definite legal implications and are final, with no additional legal avenues available once the decision has been announced in a public plenary session (Laksono et al., 2013). The legal basis for this rule can be found in the legislation known as Law Number 24 of 2003 regarding the Constitutional Court, which has been revised multiple times, with the most recent being Law Number 7 of 2020. From the explanation provided, we can infer that there is no alternative but to enforce the Constitutional Court's ruling as a result. Additionally, the decision made by the Constitutional Court is not only mandatory for the parties involved in the case before the Court, but also applies to all parties involved (Siahaan, 2009). In this instance, a collaboration of power is essential as it can impact the alignment of the constitutional framework, since power within the country is separated into three distinct branches - the executive, legislative, and judicial branches (Gunawan & Astariyani, 2020).

The issue that arises is when considering the conclusive and obligatory aspect of the Constitutional Court's ruling in terms of legal implementation. Some decisions of the Constitutional Court are still not carried out as required by law, making them non-enforceable. Consequently, the authority of the Constitutional Court's decision remains uncertain (with floating execution) (Maulidi, 2019).

According to I Dewa Gede Atmadja, in that relationship, the application of law will deal with tiered norms that can cause problems, because when judges apply the law there may be a vacuum of legal norms, conflicts of legal norms, and vagueness of legal norms (Atmadja & Dewa, 2009) Regarding the implementation of the Constitutional Court's decision, the dynamics of political interests among forces in society that can encourage or hinder the implementation of the Constitutional Court's decision, which cannot always be accepted by all parties, will confront the Constitutional Court with other state powers, namely the legislature together with the executive, as a law-making body, which is also not always interested in implementing it. At least, if the decision is detrimental to their respective interests (Siahaan, 2009).

In addition, the implication caused by the Constitutional Court Decision 168/2023 is that the Decision will have a direct impact on PP Number 35 of 2021 resulting in autonomous

provisions in Work Agreements/Company Regulations/Collective Labour Agreements being deemed invalid if the substance is contrary to the Decision. Regarding its validity, of course PP Number 35 of 2021 is still valid because not all of the substance of the PP is decided to be unconstitutional by the Constitutional Court, but only part of it, while the remaining norms that are not tested are still valid, as long as no changes have been made and/or new rules are made as one of the principles of preference, *lex posterior derogat legi priori* (New law, overrides old law).

4. Conclusion

Following the enactment of the Job Creation Law, the fixed time limit for Fixed-Term Employment Agreements (PKWT) tied to the completion of specific tasks has been eliminated, leaving the duration to be solely determined by the terms of the employment contract. This change is seen as disadvantageous for workers as it shifts the balance of power in favour of employers. The absence of a defined time limit exposes workers to potential loss of rights in temporary and flexible employment arrangements. Eventually, the role of the Constitutional Court in upholding the constitution was reaffirmed.

The Constitutional Court's Decision No. 168/2023 confirms that the maximum time limit for a fixed-term employment agreement (PKWT) is 5 years, including extensions, and employers may not employ employees with this status for more than the stipulated time limit, even if it is stipulated in the employment agreement. This decision is *erga omnes*, meaning that it applies to all parties, not just the litigants. A further implication is that some norms in Government Regulation (PP) Number 35 of 2021 that contradict the Constitutional Court's decision are deemed invalid, but norms that are not tested or not ruled unconstitutional remain in force until there is a change or new regulation that overrides them.

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