



Implementation of Regulations on Layoff Management and Investment at PT Sritex from the Perspective of Legal Certainty

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ABSTRACT

This study aims to analyze the implementation of regulations governing employment termination (layoffs) and investment at PT Sri Rejeki Isman Tbk (Sritex), examine the extent to which these regulations provide legal certainty for affected workers, and assess the relationship between investment conditions and mass layoffs. The study employs a normative-empirical legal research method, utilizing statutory, conceptual, and case study approaches. Data were collected through the analysis of legislation, court decisions, and academic literature, complemented by interviews with relevant stakeholders. The results indicate that implementation of layoff regulations at PT Sritex formally complied with Law Number 6 of 2023 concerning Job Creation, Government Regulation Number 35 of 2021, Government Regulation Number 37 of 2021 concerning Job Loss Insurance, and Law Number 37 of 2004 concerning Bankruptcy and Suspension of Debt Payment Obligations. However, this implementation has not fully ensured legal certainty for workers due to regulatory disharmony between labor and bankruptcy laws, limitations in asset distribution during bankruptcy proceedings, and weaknesses in social protection mechanisms. Furthermore, declining investment performance and reduced competitiveness in the textile sector significantly contributed to the mass layoffs. The novelty of this study lies in its integrated analysis of labor and investment regulations within the framework of legal certainty in a large-scale layoff case. Unlike previous studies that focus primarily on isolated labor protection or bankruptcy issues, this research demonstrates how the interaction between investment conditions, bankruptcy proceedings, and labor regulations influences both the effectiveness of legal protection for workers and the sustainability of business activities.

Keyword: Bankruptcy, Investment, Legal Certainty, PT Sritex, Termination of Employment.

1. Introduction

In recent years, the investment sector in Indonesia has faced various challenges that have affected the sustainability of business operations in a number of companies. Unfavorable economic conditions, coupled with rising inflation rates, have caused many businesses to experience operational difficulties, forcing them to implement employment terminations (layoffs) as an efficiency measure to maintain business continuity. The increase in the number of layoffs has been

quite significant, exceeding 30% compared to the previous year. Central Java Province recorded the highest number of workers affected by layoffs in Indonesia. Based on data from January to June 2025, a total of 42,385 workers lost their jobs due to employment termination. This figure represents an increase of 32.19% compared to the same period in 2024, when 32,064 workers were affected by layoffs.¹ The trend in the number of layoffs can be further illustrated in the following line chart:

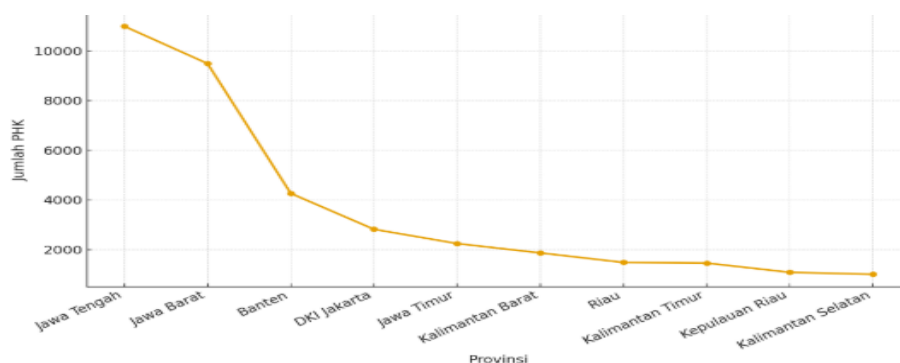


Figure 1. 10 Provinces with the Highest Number of Layoffs in Semester I/2025

Source: Satudata owned by The Ministry of Employment, Republic of Indonesia/Kemnaker RI (Monthly Report of Directorate General PHI & Social Security Agency of Employment/Jamsostek)

National economic development is fundamentally directed toward advancing societal welfare through job creation, increased investment, and the strengthening of national industrial competitiveness. Within the framework of a state based on the rule of law (*rechtsstaat*), economic development must look beyond economic growth alone; it must also guarantee the protection of citizens' rights, including the rights to work and a decent living as enshrined in Article 27, paragraph (2) and Article 28D, paragraph (2) of the 1945 Constitution of the Republic of Indonesia.² Consequently, investment policies and business activities that impact employment relations must be implemented in accordance with the principles of legal certainty, justice, and utility.

The relationship between investment and employment constitutes two inseparable aspects of a modern economic system. Investment serves as a primary instrument for promoting industrial growth, expanding employment opportunities, increasing productivity, and strengthening the national economic structure. Conversely, an unfavorable investment climate may lead to a decline in production capacity, corporate restructuring, and ultimately the occurrence of mass employment terminations (layoffs).³ From the perspective of economic law, investment is not merely regarded as a capital placement activity but also as a means of realizing the objectives of the welfare state through the creation of employment opportunities and the improvement of workers' welfare.⁴ However, recent global economic developments have demonstrated that investment sustainability does not always align with labor protection. Intensifying global industrial competition, market fluctuations, changes in international supply chains, corporate debt pressures, and shifts in international trade policies have caused many companies to experience financial difficulties, leading to business restructuring and even bankruptcy. These conditions have directly affected the continuity of

¹ "Jumlah Pekerja Korban PHK Melonjak 32%, Tertinggi di Jawa Tengah," accessed on August 20th 2025, <https://ekonomi.bisnis.com/read/20250723/12/1895572/jumlah-pekerja-korban-phk-melonjak-32-tertinggi-di-jawa-tengah>.

² The 1945 Constitution of the Republic of Indonesia.

³ Michael P. Todaro dan Stephen C. Smith, *Economic Development* (Pearson Education, 2020).

⁴ David B. W. Pandie, *Buku kajian optimalisasi pelayanan perizinan Dinas Penanaman Modal dan Pelayanan Terpadu Satu Pintu (DPM-PTSP) Provinsi Nusa Tenggara Timur* (LPPM Undana, 2019).

employment relationships and have raised legal concerns regarding the fulfillment of workers' rights following employment termination.⁵

One case that has attracted significant national public attention is the bankruptcy and operational closure of PT Sri Rejeki Isman Tbk (Sritex). As one of the largest textile companies in Indonesia and a long-standing icon of the national textile industry, Sritex has made a strategic contribution to employment generation, national exports, and regional economic growth. The company employed tens of thousands of workers and played an important role in the global textile supply chain. Nevertheless, prolonged financial pressures, increasing debt burdens, declining global market demand, and the inability to fulfill debt restructuring obligations ultimately led the company into legal proceedings that culminated in bankruptcy.⁶ The decision of the Semarang Commercial Court Number 2/Pdt.Sus-Homologasi/2024/PN Niaga Smg, which annulled the Sritex composition agreement (homologation), marked the beginning of the labor crisis within the company. Following various rescue efforts, Sritex eventually ceased its operations on March 1, 2025, and terminated the employment of more than 10,000 workers across several companies within the Sritex Group.⁷ This event not only generated widespread economic consequences but also raised questions regarding the effectiveness of labor and investment regulations in providing legal protection for affected workers.

From the perspective of labor law, employment termination constitutes an *ultimum remedium*, meaning that it should only be undertaken after all preventive measures have been exhausted by employers, employees, and the government. This principle is stipulated in Law Number 13 of 2003 concerning Manpower, as amended by Law Number 6 of 2023 concerning the Stipulation of the Job Creation Government Regulation in Lieu of Law (Perppu) as Law. These regulations require that employment termination be based on legitimate grounds, follow prescribed procedures, and be accompanied by the fulfillment of workers' rights, including severance pay, long-service awards, compensation for entitlements, and job loss insurance benefits.⁸ Legal issues arise when employment termination occurs as a consequence of corporate bankruptcy. In such circumstances, an intersection emerges between labor law and bankruptcy law regimes. On the one hand, workers possess constitutional and statutory rights to receive protection regarding wages and termination compensation. On the other hand, bankruptcy proceedings are governed by the principle of *pari passu prorata parte*, which regulates the distribution of bankruptcy assets among creditors according to specific classifications. Conflicts of interest among workers, secured creditors, preferred creditors, and bankruptcy trustees frequently create uncertainty regarding the priority of workers' claims and the fulfillment of their rights.⁹

Several studies have shown that legal protection for workers in bankrupt companies continues to face both normative and practical challenges. Saputro and Hikmah found that although labor and bankruptcy regulations provide a legal framework for the protection of workers, in practice workers' rights are often not fully realized due to the limited assets of bankrupt companies and the dominance of competing interests from other creditors.¹⁰ Similar findings have also highlighted the existence of disharmony between labor law and bankruptcy law, which has the potential to create legal uncertainty

⁵ Raymond A. Noe dkk., *Human Resource Management: Gaining a Competitive Advantage* (McGraw-Hill Education, 2021).

⁶ Wahyu Budi Susanto; Irwan Pratama; Asmak ul Hosnah; Nazaruddin Lathif, "Consequences and Implications of Bankruptcy Decision of Semarang Commercial District Court Case No. 2/Pdt.Sus Homologasi/2024/PN Niaga Smg Against PT. Sri Rejeki Isman (Sritex) in Business Law Perspective," *International Journal of Multicultural and Multireligious Understanding*, t.t., doi:<http://dx.doi.org/10.18415/ijmmu.v12i2.6627>.

⁷ "After Sritex's Collapse: Mass Layoffs and Uncertainty," accessed on August 15th 2025, <https://www.ums.ac.id/en/news/global-pulse/after-sritex-s-collapse-mass-layoffs-and-uncertainty>.

⁸ Law Number 6 of 2023 concerning the Stipulation of Government Regulation in Lieu of Law Number 2 of 2022 concerning Job Creation to become Law. *Database Peraturan | JDIH BPK*, accessed on August 15th 2025, <http://peraturan.bpk.go.id/Details/246523/uu-no-6-tahun-2023>.

⁹ Munir Fuady, *Hukum pailit 1998: dalam teori dan praktek* (Citra Aditya Bakti, 1999).

¹⁰ Triyono Adi Saputro dan Anis Ulul Hikmah, "TAS Legal Implications of Pt Sritex Bankruptcy on Company Labor Rights," *Justitia Jurnal Hukum* 9, no. 2 (4 July 2025), doi:10.30651/justitia.v9i2.25821.

for workers.¹¹ The Sritex case is particularly significant for analysis because it is not only related to the issue of mass employment termination but also reflects the close relationship between investment policies and the sustainability of employment relations. Prior to its bankruptcy, Sritex faced increasing pressure arising from the declining competitiveness of Indonesia's textile industry, the growing influx of imported products, and weakening investment in labor-intensive sectors. Reuters reported that Sritex had accumulated debts of approximately USD 1.6 billion and encountered difficulties in maintaining its operations due to weak global demand and intensifying competitive pressure from imported products.¹² These circumstances indicate that the success of investment is not determined solely by the amount of capital inflow, but also by the sustainability of a business environment capable of maintaining industrial stability and safeguarding employment opportunities.

In this context, investment possesses a broader legal dimension than merely the placement of capital. According to economic law development theory, investment should be viewed as an instrument for creating a balance among the interests of investors, the state, and workers.¹³ Therefore, investment failures that result in mass employment termination raise important questions regarding the extent to which the state has fulfilled its regulatory function in ensuring labor protection and providing legal certainty for all stakeholders. The principle of legal certainty constitutes one of the fundamental pillars of a state governed by the rule of law. According to Gustav Radbruch, law must embody three fundamental values: justice (*gerechtigheit*), utility (*zweckmäßigkeit*), and legal certainty (*rechtssicherheit*).¹⁴ Within the context of industrial relations, legal certainty requires the existence of clear, consistent, predictable, and effectively enforceable rules. Workers must have certainty regarding their rights, employers must understand their obligations, and the government must be capable of ensuring consistent law enforcement. Issues of legal certainty in the Sritex case become even more relevant in light of the debates surrounding the status of workers' rights following the company's bankruptcy. The government has expressed its commitment to overseeing the payment of termination compensation, benefits under the Job Loss Insurance Program (*Jaminan Kehilangan Pekerjaan*—JKP), and other statutory entitlements for affected workers.¹⁵ Nevertheless, various reports indicate that workers remain concerned about the timing of severance payments, the certainty of receiving their statutory entitlements in full, and their prospects for obtaining new employment after the company ceased operations.¹⁶

From the perspective of investment law, the Sritex case also demonstrates the importance of state policies in maintaining the sustainability of investment in labor-intensive industries. The textile industry is a strategic sector with a high capacity for employment absorption. When a major company such as Sritex experiences business failure, the consequences extend beyond workers and affect suppliers, distributors, local governments, financial institutions, and the broader community. Consequently, investment policies capable of fostering a healthy and sustainable business climate are essential in preventing mass employment termination.¹⁷ Theoretically, the relationship between

¹¹ *Emmanuela Komala Sari*. (2026). Legal Analysis of Protection in Mass Employment Termination Due to Company Bankruptcy (Case Study of PT Sritex). *Media Hukum Indonesia (MHI)*, 4(2), 147-155.

¹² "Indonesia Labour Group Urges State Bailout for Troubled Textile Giant Sritex," *Reuters*, 28 Oktober 2024, bag. Retail & Consumer, <https://www.reuters.com/business/retail-consumer/indonesia-labour-group-urges-state-bailout-troubled-textile-giant-sritex-2024-10-28/>.

¹³ "Website DJKN," accessed on December 15th 2025, <https://www.djkn.kemenkeu.go.id/artikel/baca/16122/Mengenal-Economic-Analysis-of-Law.html>.

¹⁴ Gustav Radbruch, *Legal Philosophy* (Harvard University Press, 1950), 107.

¹⁵ "Pemerintah Tegaskan Komitmen Lindungi Pekerja dalam Penyelesaian Kepailitan PT Sritex," accessed on August 15th 2025, <https://presidenri.go.id/berita-lainnya/pemerintah-tegaskan-komitmen-lindungi-pekerja-dalam-penyelesaian-kepailitan-pt-sritex/>

¹⁶ "Mass Layoffs at Sritex: Uncertainty Over Entitlements, No Doubt About Income Crisis, Project Multatuli – Stories From Indonesia," diakses 15 Juni 2026, <https://storiesfromindonesia.com/2025/03/24/mass-layoffs-at-sritex-uncertainty-over-entitlements-no-doubt-about-income-crisis-project-multatuli/>.

¹⁷ "Badai PHK Massal 2025 Kian Memprihatinkan," accessed on August 15th 2025, <https://www.ums.ac.id/berita/teropong-jagat/badai-phk-massal-2025-kian-memprihatinkan>.

investment and employment can be explained through economic development theory, which positions investment as a driving force of economic growth and job creation. However, this theory also emphasizes that the benefits of investment can only be fully realized when adequate regulations are in place to protect workers from the economic risks arising from business failure.¹⁸ Accordingly, labor and investment regulations should be viewed as an integrated and complementary legal framework that balances economic growth with social protection. This study is significant because a gap exists between the normative objectives of the applicable regulations and their practical implementation. Normatively, various laws and regulations have established mechanisms governing employment termination, worker protection, and corporate responsibilities. However, the Sritex case demonstrates that the mere existence of regulations does not necessarily guarantee the effective realization of legal protection when a company faces financial distress and bankruptcy. This situation raises important questions regarding the extent to which the implementation of employment termination regulations has been consistent with the principle of legal certainty.

Furthermore, research examining the relationship between investment policies and employment termination in the context of PT Sritex remains relatively limited. Most previous studies have focused primarily on bankruptcy issues or the protection of workers' rights, while the interrelationship among investment policies, business sustainability, and legal certainty for workers has not been comprehensively explored. Accordingly, this study offers novelty by integrating perspectives from labor law, investment law, and legal certainty theory in analyzing the Sritex case.

Based on the foregoing discussion, it can be understood that the mass employment termination at PT Sritex constitutes a complex legal phenomenon involving labor issues, investment, bankruptcy, and the protection of workers' constitutional rights. This complexity underscores the need for an in-depth examination of the implementation of regulations governing employment termination at PT Sritex, the relationship between investment policies and the management of employment termination, and the extent to which these measures comply with the principle of legal certainty for workers and other relevant stakeholders.

2. Research Method

This study employs a normative legal research method to examine the legal regulations governing employment termination under the Manpower Law and the Job Creation Law, as well as their implementation at PT Sritex. The data utilized include a review of applicable laws and regulations, supported by observations of relevant legal phenomena. In addition, this research adopts an empirical legal approach by utilizing data obtained through direct observation to analyze how the law functions within society. Within the normative-empirical framework, the study not only examines legal texts but also explores how such regulations are implemented and understood by the community, particularly individuals affected by employment termination at PT Sritex. The research is characterized as both descriptive-analytical and prescriptive-analytical. The descriptive-analytical approach seeks to provide a comprehensive, clear, and objective explanation of the research object in relation to the legal issues under examination. Meanwhile, the prescriptive-analytical approach aims to formulate recommendations and legal solutions based on the findings of the analysis, particularly concerning the implementation of employment termination regulations, worker protection, and the realization of legal certainty in the context of corporate bankruptcy and investment sustainability.

This normative-empirical legal research utilizes both primary and secondary data sources. Primary data were collected through interviews with officials from the Investment Coordinating Board (BKPM), labor union leaders, community members, particularly former employees, and through Focus Group Discussions (FGDs). Secondary data were obtained from legal literature, statutory regulations, and other relevant legal documents, including Law Number 13 of 2003 concerning Manpower, Law Number 6 of 2023 concerning Job Creation (the Omnibus Law), particularly Articles 151 and 153, Government Regulation Number 35 of 2021, PT Sritex's internal policies on

¹⁸ Michael P. Todaro dan Stephen C. Smith, *Economic Development* (Pearson Education, 2020).

employment termination, and court decisions related to employment termination cases. Based on these data sources, this study addresses three main research issues. First, how the regulations governing employment termination have been implemented at PT Sritex. Second, how investment policies are related to the management of employment termination at PT Sritex. Third, whether the implementation of these regulations reflects the principle of legal certainty for workers and other relevant stakeholders. Through the integration of normative legal analysis and empirical findings, this study seeks to provide a comprehensive understanding of the effectiveness of employment termination regulations, the influence of investment policies on labor relations, and the extent to which legal certainty has been achieved in the context of mass layoffs resulting from corporate bankruptcy.

3. Result and Discussion

3.1 Implementation of Employment Termination and Investment Regulations at PT Sritex from the Perspective of Legal Certainty

The implementation of regulations governing employment termination at PT Sritex represents one of the largest labor cases in Indonesia, demonstrating how labor law, bankruptcy law, and investment policies interact with one another. This case serves as an important indicator for assessing the effectiveness of regulatory frameworks established under Law Number 6 of 2023 concerning the Enactment of the Job Creation Government Regulation in Lieu of Law (Perppu) into Law, Government Regulation Number 35 of 2021, Government Regulation Number 37 of 2021 concerning Job Loss Insurance (JKP), and Law Number 37 of 2004 concerning Bankruptcy and Suspension of Debt Payment Obligations (PKPU). However, the implementation of these regulations continues to face various normative and practical challenges, resulting in suboptimal protection of workers' rights.

The PT Sritex case originated from the financial crisis experienced by the company following the COVID-19 pandemic. The decline in global textile export demand significantly reduced the company's revenues, while its debt burden increased to more than USD 1.6 billion. Efforts to restructure the company through the Suspension of Debt Payment Obligations (PKPU) mechanism, which was approved through a composition agreement ratified by the Semarang Commercial Court in 2022, failed to restore the company's financial condition. As a consequence of the unsuccessful restructuring process, PT Sritex was declared bankrupt in 2024 and officially ceased operations on March 1, 2025, resulting in the termination of employment of approximately 11,025 workers.¹⁹

The workforce reduction process at PT Sritex began with efficiency measures implemented in 2020 as a response to the COVID-19 pandemic. These measures included employee furloughs with wage payments reduced to 25% of normal salaries, early retirement programs, and gradual workforce reductions. In total, approximately 40,000 employees across four companies within the Sritex Group were affected by workforce reductions; however, the final officially recorded wave of layoffs involved approximately 11,000 workers. This situation ultimately led to bankruptcy proceedings and mass employment termination. On October 21, 2024, the Semarang Commercial Court declared the company bankrupt. Subsequent legal remedies were pursued, but the Supreme Court rejected the appeal in December 2024, rendering the bankruptcy decision final and legally binding. The legal implications of these workforce reductions are governed by Law Number 37 of 2004 concerning Bankruptcy and Suspension of Debt Payment Obligations. Under this framework, the bankruptcy trustee administers the company's assets, while workers are classified as preferred creditors. However, the company's assets were substantially lower than its liabilities, with assets valued at approximately USD 617 million compared to debts totaling USD 1.59 billion. Consequently, workers' claims, including unpaid wages and severance entitlements, could not be fully satisfied.²⁰

¹⁹ "Menaker Beberkan Kronologi Sritex Tutup-PHK 11.025 Buruh," accessed on October 17th 2025, <https://finance.detik.com/berita-ekonomi-bisnis/d-7817585/menaker-beberkan-kronologi-sritex-tutup-phk-11-025-buruh>.

²⁰ Interview with Slamet Kaswanto, Chairman of the Semarang National Workers Union.

From a regulatory perspective, the implementation of employment termination at PT Sritex generally complied with Article 151 of the Job Creation Law, which requires employers to undertake all reasonable efforts to avoid termination of employment. Where termination is unavoidable, employers are required to provide written notification to employees and conduct bipartite negotiations. In practice, the bankruptcy trustee and PT Sritex management notified workers after the bankruptcy ruling had acquired permanent legal force. Nevertheless, labor unions argued that the bipartite and tripartite mechanisms implemented did not fully satisfy the participatory principles mandated by applicable legislation.

The PT Sritex case illustrates the failure of debt restructuring efforts and highlights the need for stronger investment regulations. Following the unsuccessful PKPU process, the company was declared bankrupt in 2024, which was subsequently followed by mass employment termination initiated by the bankruptcy trustee. Formal notification was delivered in February 2025 through bipartite consultation mechanisms and government involvement. The primary challenge concerned the fulfillment of severance obligations and social security benefits for workers, given the company's limited remaining assets.²¹

Normatively, the implementation of employment termination regulations at PT Sritex demonstrates compliance with the formal procedures stipulated under Government Regulation Number 35 of 2021. These regulations provide that workers affected by termination are entitled to severance pay, long-service awards, and compensation for statutory entitlements. However, significant challenges emerged during implementation because the company's bankruptcy status placed its assets under the control of the bankruptcy trustee. As a result, workers' rights could not be fully realized because the available assets were insufficient to cover the company's obligations to its creditors. This situation reflects a disharmony between labor law and bankruptcy law. Article 95(4) of the Manpower Law stipulates that wages and workers' rights constitute debts that must be prioritized for payment. In bankruptcy practice, however, workers' claims often rank behind those of secured creditors, particularly banking institutions holding proprietary security rights. Consequently, although workers are formally recognized as preferred creditors, the actual realization of severance payments and other entitlements is frequently inadequate. This phenomenon was clearly evident in the PT Sritex case, where many workers faced uncertainty regarding the payment of severance benefits following the company's bankruptcy.

From the perspective of social protection, the government sought to implement the Job Loss Insurance (JKP) Program as a mechanism to mitigate the impact of employment termination. The program provides cash benefits, access to labor market information, and vocational training opportunities for unemployed workers. Nevertheless, the implementation of JKP in the PT Sritex case encountered several administrative obstacles. Not all workers were actively registered within the BPJS Employment system, while others experienced difficulties during the data verification process, preventing timely and equitable access to JKP benefits. These circumstances indicate that the implementation of existing regulations has not been fully effective in providing post-termination protection. According to Lewerissa, Jayadi, and Silitonga (2024), the effectiveness of JKP is highly dependent upon labor data integration and employer compliance in registering workers with BPJS Employment. When administrative systems function inadequately, JKP cannot effectively serve as a social safety net for displaced workers.²²

The PT Sritex case further demonstrates that the company's bankruptcy and subsequent mass layoffs were carried out in accordance with Government Regulation Number 35 of 2021, particularly Article 40, which requires the payment of severance compensation, long-service awards, and

²¹ Dr. Eny Maryana, S.H., Sp.N., M.M., "Fall of Sritex (2019–2024): Failure of Debt Restructuring and Bankruptcy." July 29th 2025.

²² Hendry Gerson Lewerissa, Hendri Jayadi, dan Marudut Parulian Silitonga, "Program Jaminan Kehilangan Pekerjaan Sebagai Upaya Perlindungan Hukum Bagi Pekerja/Buruh yang Mengalami Pemutusan Hubungan Kerja di Indonesia," 2024.

compensation for statutory rights. However, financial limitations constituted a major obstacle to fulfilling these obligations, including those arising from workforce efficiency measures.

Interviews with labor union representatives revealed that after PT Sritex was declared bankrupt in October 2024, efforts to secure workers' rights were not optimally pursued because the bankruptcy trustee focused primarily on resolving the company's outstanding debts. The appellate and cassation processes ultimately concluded in March 2025 with a decision authorizing the trustee to terminate the employment of all workers. Following the layoffs, the trustee was legally obligated to fulfill workers' entitlements. However, inconsistencies between labor law and bankruptcy law became apparent. While wage claims receive priority in bankruptcy proceedings, severance payments are generally ranked lower in the order of distribution, often resulting in non-payment due to insufficient assets. Ideally, bankruptcy legislation should not serve as the primary legal basis for employment termination; nevertheless, in practice, bankruptcy mechanisms continue to be used for this purpose in Indonesia, creating regulatory inconsistencies.²³

Beyond issues of social protection, the implementation of employment termination regulations at PT Sritex was also influenced by investment and trade policies. Research indicates that changes in import regulations through Minister of Trade Regulation Number 8 of 2024 contributed to a surge of imported textile products entering the domestic market. This development weakened the competitiveness of Indonesia's textile industry, including PT Sritex, thereby contributing to declining sales and the company's financial crisis. Accordingly, the mass layoffs at PT Sritex cannot be attributed solely to managerial failures; rather, they must be understood within the broader context of economic policies affecting the sustainability of the national textile industry.

From the perspective of Gustav Radbruch's theory of legal certainty, the implementation of employment termination regulations at PT Sritex reveals a gap between the values of legal certainty, justice, and utility. Legal certainty was reflected in the existence of formal termination procedures implemented in accordance with statutory regulations. However, from the standpoint of justice, many workers were unable to obtain their full entitlements due to the constraints imposed by bankruptcy proceedings. From the perspective of utility, existing social protection programs were unable to fully mitigate the economic hardships experienced by workers following termination.²⁴ Furthermore, the implementation of employment termination regulations at PT Sritex may also be analyzed through the responsive law theory advanced by Philippe Nonet and Philip Selznick. According to this theory, law should function not merely as a formal instrument regulating procedures but also as a mechanism capable of addressing societal needs. In the PT Sritex case, labor law remained largely formalistic because it failed to guarantee the substantive fulfillment of workers' rights when the company entered bankruptcy proceedings. As a result, workers remained in a vulnerable position despite the existence of various legal protections intended to safeguard their interests.²⁵

²³ Interview with Slamet Kaswanto, Chairman of the Semarang National Workers Union.

²⁴ Hari Agus Santoso, "Perspektif Keadilan Hukum Teori Gustav Radbruch Dalam Putusan PKPU 'PTB'" 36, number 3.

²⁵ Kendry Tan dan Hari Sutra Disemadi, "Politik Hukum Pembentukan Hukum yang Responsif Dalam Mewujudkan Tujuan Negara Indonesia," *Jurnal Meta-Yuridis* 5, no. 1 (1 Maret 2022): 60–72, doi:10.26877/m-y.v5i1.8803.

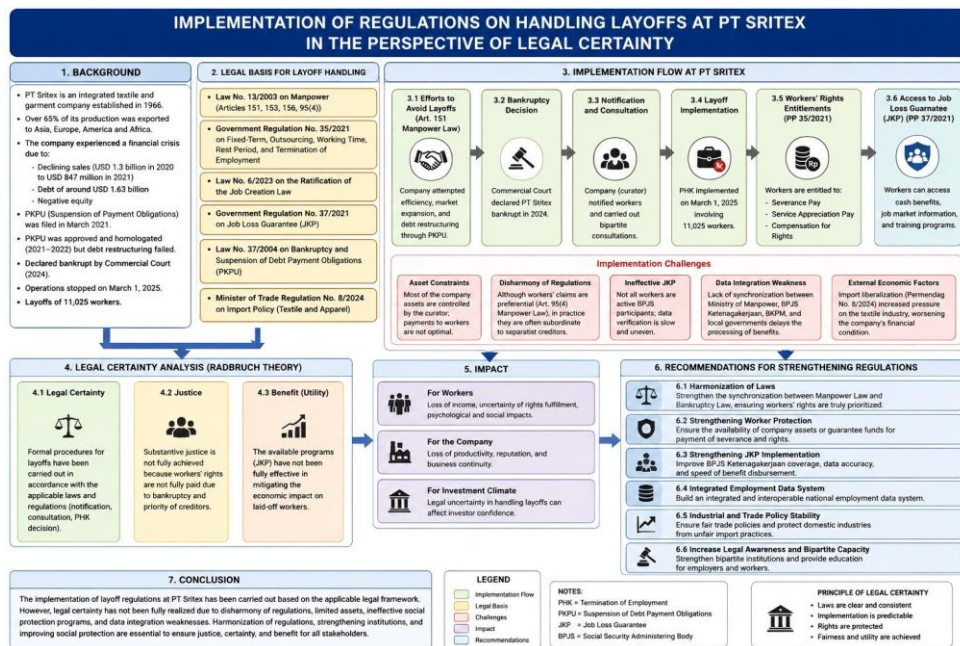


Figure 2. Implementation of Regulation on Handling Mass Layoffs

The findings of this study indicate that weak data synchronization among the Ministry of Manpower, BPJS Employment, the Investment Coordinating Board (BKPM), and local governments delayed the distribution of benefits to workers affected by employment termination. Wahyuni, Mutiarin, and Kumorotomo (2023) emphasize that labor data interoperability constitutes a fundamental prerequisite for achieving effective worker protection in the digital era.²⁶ Therefore, strengthening the national labor data system should become a key agenda within Indonesia's labor law reform efforts. The implementation of employment termination regulations at PT Sritex was generally carried out in accordance with the normative framework established under the Job Creation Law, Government Regulation Number 35 of 2021, and Government Regulation Number 37 of 2021.

However, such implementation has not been fully effective due to several factors, including the disharmony between labor law and bankruptcy law, the limited effectiveness of the Job Loss Insurance (JKP) program, the insufficiency of corporate assets to fulfill workers' entitlements, and weak integration of labor-related data systems. The PT Sritex case demonstrates that legal certainty in the management of employment termination cannot be achieved solely through procedural compliance. Rather, it requires regulatory harmonization capable of ensuring substantive protection of workers' rights while simultaneously safeguarding investment interests and business sustainability. Accordingly, future labor and investment policies should be designed to create a more balanced legal framework that accommodates economic development objectives without compromising the protection of workers affected by corporate financial distress and bankruptcy.²⁷

3.2 Legal Certainty Analysis of the Implementation of Employment Termination Regulations at PT Sritex

The mass employment termination that occurred at PT Sritex represents one of the largest labor-related events in the history of Indonesia's textile industry. The bankruptcy of a company that had

²⁶ Herpita Wahyuni dkk., "Maturity of Employment Data Interoperability in Supporting One Employment Data at the Ministry and Regional Government Level," *Jurnal Studi Pemerintahan*, 2 Desember 2023, 326–46, doi:10.18196/jsp.v14i3.325.

²⁷ Muhyiddin Muhyiddin dkk., "Evaluating Active Labor Market Policy in Indonesia: A Case Study of the Job Loss Insurance Program," *Edelweiss Applied Science and Technology* 9, no. 6 (30 Juni 2025): 2751–62, doi:10.55214/25768484.v9i6.8470.

long been recognized as one of the largest textile manufacturers in Southeast Asia generated multidimensional consequences, affecting not only workers but also investors, creditors, government institutions, and the broader community. More than 11,000 workers lost their jobs after the company was declared bankrupt and ceased operations in 2025. From the perspective of a state governed by the rule of law (*rechtstaat*), legal certainty constitutes one of the primary objectives of law, alongside justice and utility. According to Gustav Radbruch, an ideal legal system must embody three fundamental values: justice, utility, and legal certainty.²⁸ Therefore, the implementation of employment termination regulations at PT Sritex must be analyzed to determine whether these values have been effectively realized in practice.

Legal certainty refers to a condition in which the law provides clear guidance regarding the rights and obligations of all parties and is applied consistently by law enforcement institutions. Gustav Radbruch argued that legal certainty is essential for ensuring predictability in social life, enabling individuals to understand the legal consequences of their actions.²⁹ In the context of industrial relations, legal certainty requires that every employment termination be conducted through lawful, transparent procedures and accompanied by adequate protection of workers' rights. Accordingly, labor regulations should ensure a balanced protection of both workers' interests and business interests.³⁰

In Indonesia, the legal framework governing employment termination resulting from corporate bankruptcy consists of Law Number 13 of 2003 concerning Manpower, Law Number 6 of 2023 concerning Job Creation, Government Regulation Number 35 of 2021, Government Regulation Number 37 of 2021 concerning Job Loss Insurance (JKP), and Law Number 37 of 2004 concerning Bankruptcy and Suspension of Debt Payment Obligations (PKPU).³¹ Normatively, these regulations provide a relatively comprehensive legal foundation for protecting workers affected by employment termination. The implementation of employment termination regulations at PT Sritex demonstrates that the company undertook several measures to comply with labor regulations before entering bankruptcy proceedings. Prior to being declared bankrupt, the company implemented various efficiency measures, including production reductions, reduced working hours, early retirement programs, and debt restructuring through the PKPU mechanism. Nevertheless, these efforts were insufficient to restore the company's financial condition, leading the Semarang Commercial Court to declare PT Sritex bankrupt in 2024.

After the bankruptcy ruling became legally binding (*inkracht*), the bankruptcy trustee assumed control of the estate and terminated the employment of the remaining workers. Formally, this action was supported by Article 39 of the Bankruptcy Law, which authorizes a trustee to terminate employment relationships for the purpose of administering and liquidating the bankruptcy estate.³² However, the implementation of this provision generated significant legal challenges, particularly regarding the uncertainty surrounding the payment of severance benefits and other statutory entitlements Pursuant to Article 156 of the Manpower Law, workers whose employment is terminated are entitled to severance pay, long-service awards, and compensation for statutory rights.³³ In the PT Sritex bankruptcy proceedings, however, the fulfillment of these entitlements

²⁸ Radbruch, *Legal Philosophy*, Page. 89.

²⁹ *Ibid.*, 92.

³⁰ Khadafi dkk., "Harmonisasi Regulasi : Kunci Stabilitas Hukum Dalam Investasi dan Pembangunan Ekonomi Pasca Pemberlakuan UU Cipta Kerja," *Siyasah* 5, no. 1 (25 Juni 2025): 1–26, doi:10.32332/xe754d38.

³¹ Law Number 6 of 2023 concerning the Stipulation of Government Regulation in Lieu of Law Number 2 of 2022 concerning Job Creation becomes Law.

³² Law Number 37 of 2004 concerning Bankruptcy and Suspension of Debt Payment Obligations

³³ Law Number 13 of 2003 concerning Manpower Article 156.

depended upon the proceeds of asset liquidation, which were substantially lower than the company's total liabilities to creditors.³⁴

From the perspective of legal certainty, the regulations governing employment termination are formally comprehensive. Nevertheless, the existence of legal norms alone does not automatically guarantee legal certainty when implementation is hindered by structural and normative obstacles.³⁵ The PT Sritex case illustrates a normative conflict between labor law and bankruptcy law. Article 95(4) of the Manpower Law explicitly provides that workers' wages and labor-related claims should receive priority in payment.³⁶ In practice, however, workers frequently compete with secured creditors holding proprietary security interests, resulting in workers' claims being only partially satisfied.³⁷ Consequently, workers lack certainty regarding both the timing and the amount of compensation they will ultimately receive. This demonstrates that the legal certainty promised by the regulatory framework has not been fully realized in practice. From the perspective of Aristotle's theory of distributive justice, workers constitute the most vulnerable group when a company enters bankruptcy because they lose their primary source of income while simultaneously facing uncertainty regarding their legal entitlements.³⁸ The principle of justice requires that workers receive stronger protection than other creditors because their claims are directly connected to their livelihoods and the welfare of their families. In the PT Sritex case, however, workers occupied a relatively weak position due to the dominance of secured creditors during the bankruptcy settlement process.³⁹ The government has attempted to mitigate the social impact of layoffs through the Job Loss Insurance Program (JKP), which is regulated in Government Regulation Number 37 of 2021. The government sought to mitigate the social consequences of mass employment termination through the Job Loss Insurance (JKP) Program established under Government Regulation Number 37 of 2021. This program provides cash benefits, vocational training, and access to labor market information for unemployed workers.⁴⁰ Nevertheless, the implementation of JKP in the PT Sritex case encountered several administrative challenges, including inconsistencies in BPJS Employment data, delays in verification procedures, and the failure to register certain workers within the social protection system. As a result, the benefits of the program could not be fully accessed by all workers affected by the layoffs.

The legal certainty analysis of the implementation of employment termination regulations at PT Sritex demonstrates that Indonesia has, from a normative standpoint, established a relatively adequate legal framework to protect workers affected by corporate bankruptcy. However, the implementation of these regulations continues to face significant challenges, including the disharmony between labor law and bankruptcy law, limited corporate assets, weaknesses in social

³⁴ Nurrahim Rasudin dkk., "Tinjauan Yuridis Terhadap Hak-Hak Pekerja Dalam Peristiwa PHK Akibat Kepailitan: Studi Kasus PT. Sri Rejeki Isman Tbk. (Sritex Group)," *Journal of Innovative and Creativity* 6, no. 2 (31 Mei 2026): 28753–57, doi:10.31004/joecy.v6i2.11024.

³⁵ Hari Agus Santoso, "PERSPEKTIF KEADILAN HUKUM TEORI GUSTAV RADBRUCH DALAM PUTUSAN PKPU 'PTB'" 36, no. 3 (t.t.): 325–34.

³⁶ Law Number 13 of 2003 concerning Manpower

³⁷ Wulandari Rima Ramadhani, "Kreditor Separatis vs. Upah Buruh: Suatu Kajian Dalam Hukum Kepailitan,"

³⁸ "Nicomachean Ethics: Aristotle, Irwin, Terence: 9781624668159: Amazon.com: Books," 113, accessed on August 20th 2025, <https://www.amazon.com/Nicomachean-Ethics-Aristotle/dp/1624668151>.

³⁹ Deby Fatria Ntobuo, Weny Almoravid Dunga, dan Mohamad Hidayat Muhtar, "Tanggungjawab Perusahaan PT. Sritex terhadap Pemenuhan Hak Pesangon Karyawan yang di PHK," Page 45-58.

⁴⁰ Government Regulation Number 37 of 2021 concerning the Implementation of the Job Loss Guarantee Program.

protection mechanisms, and insufficient governmental oversight.⁴¹ From Gustav Radbruch's perspective, the PT Sritex case illustrates that the values of legal certainty, justice, and utility have not been achieved in a balanced manner. Accordingly, regulatory harmonization between labor law and bankruptcy law is necessary, alongside the strengthening of the Job Loss Insurance (JKP) Program and the establishment of special protection mechanisms for workers employed by strategically important companies facing bankruptcy. Such reforms are essential to ensuring that legal certainty extends beyond procedural compliance and provides substantive protection for workers' rights while maintaining economic stability and investment sustainability.⁴²

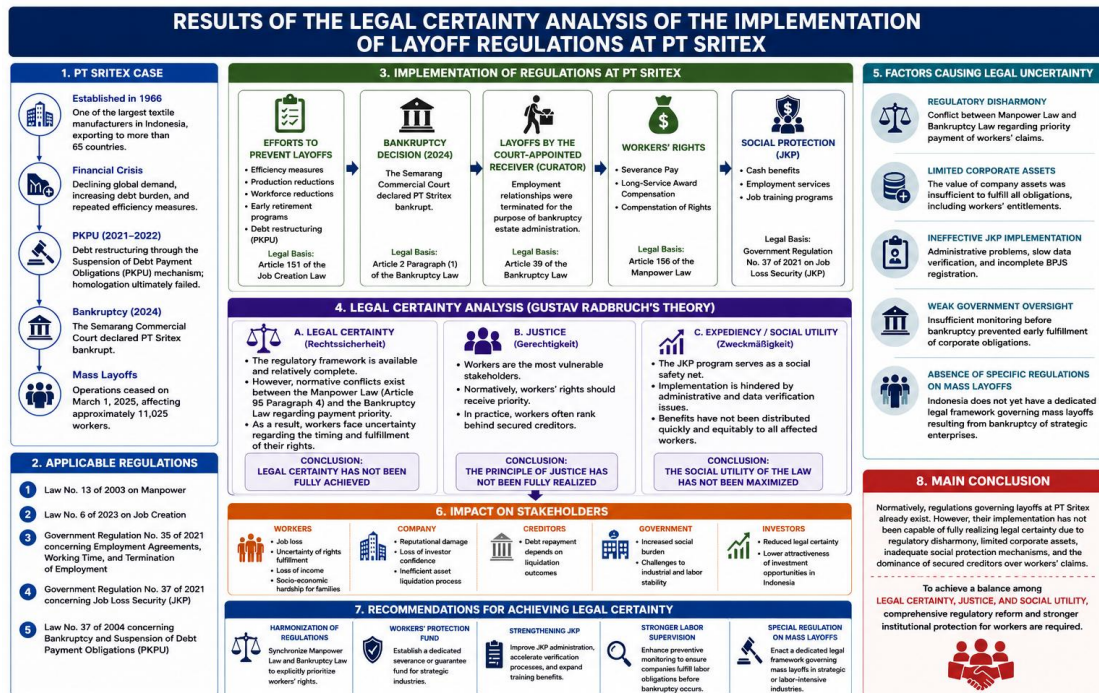


Figure 3. Analysis of Legal Certainty in Layoff Regulation Implementation

4. Conclusion

Based on the findings of this study, it can be concluded that the implementation of regulations governing employment termination at PT Sritex was normatively carried out in accordance with the applicable legal framework, namely Law Number 6 of 2023 concerning Job Creation, Government Regulation Number 35 of 2021, Government Regulation Number 37 of 2021 concerning Job Loss Insurance (JKP), and Law Number 37 of 2004 concerning Bankruptcy and Suspension of Debt Payment Obligations. The company and the bankruptcy trustee complied with the formal procedures required following the final bankruptcy ruling, including notifying employees and implementing the administrative mechanisms mandated by law. However, procedural compliance alone was insufficient to ensure the substantive fulfillment of workers' rights. This study demonstrates a close relationship

⁴¹ Rasji Rasji dan Jety Widjaja, "Penyelesaian Hukum Terkait Pemutusan Hubungan Kerja Skala Besar (Kasus PT Sritex) | COMSERVA: Jurnal Penelitian Dan Pengabdian Masyarakat," August 9th 2025, <https://comserva.publikasiindonesia.id/index.php/comserva/article/view/3056>.

⁴² Muhyiddin Muhyiddin dkk., "Evaluating Active Labor Market Policy in Indonesia: A Case Study of the Job Loss Insurance Program," *Edelweiss Applied Science and Technology* 9, no. 6 (30 Juni 2025): 2751–62, doi:10.55214/25768484.v9i6.8470.

between investment policies, business sustainability, and labor protection. The bankruptcy of PT Sritex was not solely attributable to internal corporate factors but was also influenced by global economic conditions, increasing competitive pressures within the textile industry, changes in trade policies, and the declining competitiveness of Indonesia's labor-intensive sectors. These findings suggest that the success of investment should not be measured solely by the volume of capital inflows but also by the state's ability to create a sustainable business environment capable of maintaining industrial stability and preventing large-scale employment termination. From the perspective of legal certainty, the PT Sritex case reveals a significant gap between legal norms and their implementation. Although labor law accords workers a privileged position as a protected party, in bankruptcy proceedings workers' claims frequently conflict with the interests of secured creditors and are constrained by the limited assets of the bankrupt company. Consequently, workers face uncertainty regarding the payment of severance benefits, long-service awards, and other statutory entitlements. This situation reflects an ongoing disharmony between labor law and bankruptcy law, which undermines the effectiveness of legal protection for workers.

Applying Gustav Radbruch's theory of legal certainty, the study finds that the implementation of employment termination regulations at PT Sritex has not fully achieved a balance among the values of legal certainty, justice, and utility. Legal certainty was reflected in the existence of a clear regulatory framework and formal procedures. However, the value of justice was not fully realized because many workers continued to face uncertainty regarding the fulfillment of their legal rights. Likewise, from the perspective of utility, social protection mechanisms such as the Job Loss Insurance Program (JKP) were unable to provide fully effective protection due to administrative obstacles and weaknesses in labor data integration.

Therefore, this study highlights the need for legal policy reform through the harmonization of labor and bankruptcy legislation, the strengthening of mechanisms for protecting workers' rights in bankrupt companies, the optimization of the Job Loss Insurance Program, and enhanced coordination and data integration among government institutions, BPJS Employment, and business actors. Such measures are necessary to ensure that legal certainty extends beyond procedural compliance and provides substantive protection for workers' rights while simultaneously supporting investment sustainability and economic stability. The PT Sritex case ultimately demonstrates that economic development, investment promotion, and labor protection must be integrated within a balanced legal framework in order to realize the objectives of the welfare state as envisaged by the 1945 Constitution of the Republic of Indonesia.

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