



Analysis of the Implementation of Law Number 11 of 2020 Concerning Job Creation on Labor Protection in the Garment Convection Industry

Pratika Gunareksa*, Sulismadi

Universitas Muhammadiyah Malang, Indonesia

Email: pratikagunareksa52@gmail.com*, sulismadi@umm.ac.id

ABSTRACT

This study aims to analyze the implementation of recruitment systems, employment contracts, labor protection, and social security in a local garment enterprise, assessing their conformity with Law Number 11 of 2020 concerning Job Creation. This study contributes novelty by examining the practical implementation gaps between labor regulations and actual practices in the small-scale garment industry, an area that remains underexplored in Indonesian labor law scholarship. This research adopts a qualitative descriptive approach using in-depth interviews with the garment company's management. The collected data are analyzed based on key labor indicators, including recruitment and employment contracts (PKWT/PKWTT), wage protection, occupational health and safety (K3), and workers' rights such as leave, overtime, and participation in social security programs (BPJS). Findings indicate that the recruitment and contractual systems generally follow company standard operating procedures, though implementation remains limited due to fluctuating sales performance. The study concludes that labor protection in the garment sector is relatively well-managed through regulated working hours, wage compliance, and inclusion in BPJS programs. The enforcement of Law Number 11 of 2020 on Job Creation has had a positive impact on the harmonization of workers' rights, benefits, and wage systems. Nevertheless, unstable market conditions continue to hinder full policy implementation. Strengthening government support and local product competitiveness is essential to ensure the sustainability of Indonesia's garment industry.

Keywords:

Labor system;
Garment Industry;
Labor Protection; Job
Creation Law; BPJS.

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INTRODUCTION

The convection industry in Indonesia plays an important role in job creation and regional economic development. This is evident from the large number of small and medium-sized businesses and garment factories spread across various cities, including urban and suburban areas (Siregar, 2021; Kusuma & Nugroho, 2020). However, the seasonal nature of the convection business, its dependence on fashion trends, and fluctuating sales pose challenges to implementing a labor system that complies with national labor regulations (Salim, 2021; Anwar, 2020). One of the main regulations governing employment relations between workers and employers in Indonesia is Law Number 11 of 2020 concerning Job Creation (hereinafter referred to as the Job Creation Law), which revises previous labor regulations such as Law Number 13 of 2003 concerning Manpower (Rachmawati, 2020; Abdullah & Widodo, 2021). In the book *Labour Law*, part of the collection *Indonesian Law* by Tim Lindsey and Simon Butt, Indonesian labor law is explained as covering the rights and obligations of workers and employers, including minimum wage, working hours, overtime, social security, termination of

employment, and protection for child and foreign workers (Lindsey & Butt, 2019; Suryana, 2021).

The implementation of a regulated labor system in the convection industry is important because this sector often employs contract workers, relies on seasonal orders, and has production characteristics that differ from those of heavy manufacturing (Boldryev et al., 2025; Goupil & Major, 2024). For example, Mustofah's (2018) research shows the vulnerability of workers under Fixed-Time Work Agreements (PKWT) in the Indonesian industry context, indicating that workers with PKWT often receive suboptimal protection. In the convection context, labor recruitment, types of employment contracts, occupational safety and health (K3) protection, social security, leave, and overtime rights are key indicators for evaluating a company's compliance with labor regulations. This research focuses on these aspects through a case study of a convection business, noting management's statement that recruitment follows standard operating procedures (SOPs) but cannot be implemented 100% due to market fluctuations. This reveals a gap between regulations and field practices.

Furthermore, the Job Creation Law is expected to bring significant changes to labor protection, including provisions that accommodate flexibility in employment relationships and investment opportunities, while raising concerns about reduced workers' rights. Research by Hermawan and Kumar (2024) highlights that although the Job Creation Law contains strategic policies to protect and advance workers' welfare, it has regulatory weaknesses regarding retirement age and the balance between workers and employers. In the convection industry, unstable market conditions—including production dependent on holiday seasons or fashion trends—hinder the implementation of an ideal employment system. As convection management conveyed, "it cannot be 100% implemented" because product marketability varies daily. This factor influences how companies manage weekly wages, employment contracts, and benefits. Understanding this context is essential so that labor regulations are designed to be more realistic for labor-intensive sectors such as convection (Li et al., 2022; Mim et al., 2025).

In addition, aspects of industrial relations and worker management are key to successfully implementing the employment system. The study by Setiawan et al. (year not explicitly mentioned) reminds us that imbalances in bargaining power between employers and workers often create injustice, especially in wages, job protection, and termination of employment. Therefore, evaluating the relationship between management and workers in convection businesses will reveal whether it operates fairly and transparently, as it ideally should.

The implementation of social security programs such as *BPJS Ketenagakerjaan* and *BPJS Kesehatan* represents a concrete measure of formal labor protection. A statement obtained indicated that "BPJS labor exists," suggesting the company enrolls its workers in the social security program. This practice warrants further exploration regarding its scope, participation rates, and regulatory compliance.

Despite extensive literature on labor law implementation in large-scale manufacturing sectors, a significant knowledge gap persists regarding how small and medium-sized garment enterprises operationalize the *Job Creation Law* amid market volatility and seasonal production. Previous studies have predominantly focused on normative analyses of labor regulations (Lindsey & Butt, 2018) or vulnerabilities of contract workers in formal industrial

settings (Mustofah, 2018), but few have systematically examined practical implementation challenges in small-scale garment businesses, where daily sales fluctuations directly affect employment decisions.

This research addresses this gap through an empirical examination of actual practices in labor recruitment, contract management, and worker protection in a small convection enterprise. The novelty of this study lies in three dimensions: first, it bridges the gap between legal theory and operational reality by documenting how regulatory compliance is negotiated amid unstable market conditions; second, it employs *Pancasila* Industrial Relations Theory as an analytical lens to evaluate whether values of justice, partnership, and deliberation are upheld in a sector marked by economic constraints; third, it provides micro-level insights into how the Job Creation Law's provisions are interpreted and implemented by small business actors, complementing macro-policy analyses.

The objectives of this study are to (1) analyze the labor recruitment system in the convection industry and its compliance with labor regulations, (2) evaluate worker protection in terms of employment contracts, wages, K3, social security, leave, and overtime, and (3) assess the impact of the Job Creation Law on the employment system in the convection sector. Thus, the research is expected to provide recommendations that strengthen compliance and worker protection in this labor-intensive sector.

The contribution of this research lies in narrowing the gap between regulations and labor practices, particularly in the convection industry with its unique characteristics. The results are expected to benefit convection employers, workers, and policymakers by optimizing labor regulation implementation, allowing worker welfare and industrial competitiveness to harmonize.

This research's contributions extend across multiple dimensions. Academically, it enriches discourse on labor law implementation through contextual analysis of small-scale labor-intensive industries, an area often overlooked in Indonesian legal scholarship. Theoretically, it demonstrates the applicability of *Pancasila* Industrial Relations principles in contemporary labor markets characterized by precarity and flexibility.

From a policy perspective, the findings offer evidence-based recommendations for regulatory reform that acknowledges the operational realities of small garment businesses. Specifically, this research suggests incorporating adaptive mechanisms into labor regulations to accommodate seasonal employment patterns while maintaining core protection standards. Policymakers can use these insights to design support programs that stabilize employment in volatile sectors, such as market development initiatives for local products and training for skill-based wage progression.

Practically, this research provides guidance for garment business owners to align operations with legal requirements without compromising sustainability. Documentation of best practices in employment contract management, wage systems, and social security enrollment serves as a reference for other small enterprises aiming to improve compliance. Additionally, workers and labor unions can leverage the findings to advocate for protection mechanisms tailored to seasonal industries.

METHOD

This study employed a qualitative descriptive approach to examine in depth the factual conditions of employment system implementation in the convection industry and assess its conformity with Law Number 11 of 2020 concerning Job Creation. This approach provided contextual understanding of workplace social phenomena, including management-worker relations, employment contract patterns, and applied labor protections. As Lindsey and Butt (2018) noted, qualitative descriptive methods are relevant for employment law studies because they analyze labor relations dynamics based on empirical experience rather than solely normative frameworks.

The research was conducted at a small-scale garment convection business in an urban area employing approximately 20-30 workers. The primary informant, selected through purposive sampling, was the operations manager, who held direct responsibility for human resource management and possessed comprehensive knowledge of company policies and their evolution under the Job Creation Law.

Data collection involved in-depth interviews with convection management, field observations of work activities, and review of administrative documents such as employment contracts and *BPJS Ketenagakerjaan* membership lists. Data were analyzed using reduction, presentation, and inference techniques, as outlined by Miles, Huberman, and Saldaña (2018). Analysis identified key employment system components—including recruitment, agreements, wages, occupational safety and health (*K3*), social security, and leave/overtime rights—then compared them to Job Creation Law provisions and Ministry of Manpower guidelines. Data validity was ensured through source triangulation, comparing interviews, documents, and legal references. Thus, the research produced accurate, credible findings relevant to the labor-intensive, fluctuating convection industry.

RESULTS AND DISCUSSION

Implementation of Recruitment System and Employment Agreements in the Convection Industry.

Based on the results of the interview with the convection manager, the informant stated that "For recruitment, it is in accordance with the SOP, it's just that it cannot be 100% implemented and is still suspended. This is because the garment industry sells products in the form of convection materials/clothing, which are not sold every day like other products. Meanwhile, the employee's salary is given every week." From this information, it can be understood that the recruitment system has followed the company's internal standards, but its implementation is situational following market fluctuations. The convection industry is a labor-intensive sector that is heavily influenced by consumer demand and seasonal production cycles. According to Lindsey & Butt (2018), this kind of labor flexibility is common in the informal sector and small manufacturing, but it can cause problems in terms of job security.

This finding reveals a critical tension between regulatory compliance and operational viability in small-scale garment businesses. While the existence of written SOPs demonstrates management's awareness of formal recruitment standards, the inability to implement them consistently reflects deeper structural challenges inherent to the industry. The weekly wage system mentioned by the informant creates financial pressure on the business, as labor costs remain constant while revenue fluctuates dramatically based on consumer demand patterns.

This situation differs significantly from large-scale manufacturing where production volumes are more predictable and can absorb labor costs more efficiently. The practice of "suspending" recruitment during low-demand periods suggests that informal employment arrangements may complement formal hiring, a phenomenon that warrants regulatory attention to prevent worker exploitation.

In addition, the informant also explained that "There is a written employment contract, which starts from the time the employee enters, works, and leaves. The contract is approximately six months to one year, and can be extended according to company rules." The statement shows that the work contract system in convection has referred to the concept of Fixed-Time Work Agreements (PKWT) as stipulated in Law Number 11 of 2020 concerning Job Creation. This shows the company's efforts to provide clarity on employment relations through written documents. Mustofah (2018) explained that the PKWT system in the labor-intensive sector provides flexibility for employers to adjust production needs, although it can affect the economic stability of workers. Therefore, a written employment contract needs to ensure that there are protection components such as minimum wage, leave rights, and basic social benefits.

The contract duration of six months to one year aligns with Article 81 paragraph 15 of the Job Creation Law, which permits PKWT for specific types of work with definite time frames. However, the practice of contract extension "according to company rules" raises questions about whether these extensions are governed by objective criteria or subject to arbitrary management discretion. The Job Creation Law stipulates that PKWT extensions must be based on project completion or business necessity, not merely employer preference. This study's findings suggest the need for clearer guidelines on extension mechanisms in small enterprises where production cycles are irregular. Furthermore, the six-month minimum contract period may be insufficient for workers to qualify for certain BPJS benefits, creating gaps in social protection that disproportionately affect short-term contract workers in seasonal industries.

The results of the interview also confirmed that each worker received a copy of the employment contract as proof of transparency between the management and the workforce. This practice is in line with the principle of fair employment affirmed by Miles, Huberman, & Saldaña (2018), that clarity of employment status and formal documentation can prevent industrial conflicts and increase workers' trust in the company. The distribution of contract copies to workers represents a significant step toward transparency and demonstrates compliance with Article 54 of Law Number 13 of 2003, which remains applicable under the Job Creation Law framework. This practice enables workers to understand their rights and obligations, provides legal evidence in case of disputes, and fosters mutual accountability. However, transparency in documentation must be accompanied by accessible grievance mechanisms to ensure workers can effectively exercise their rights when violations occur.

Labor Protection: Wage, K3, and Social Security

In the aspect of labor protection, the informant explained that "Protection of labor, minimum wage according to working hours, and work safety are provided. For example, K3, if someone has an accident or something unwanted happens while working, they will get medical treatment that has been covered by the company with a monthly salary." This quote

shows that the company has provided basic guarantees for the safety and welfare of workers. Hermawan & Kumar (2024) emphasized that the application of Occupational Safety and Health (K3) principles not only serves to protect workers, but also increases labor efficiency and loyalty in the long run.

In addition, when asked about social security, the informant emphasized that "Yes, there is BPJS Ketenagakerjaan." The implementation of the BPJS Employment and BPJS Kesehatan programs is proof that the company has made efforts to fulfill its obligations as stipulated in Article 15 paragraph (1) of Law Number 24 of 2011 concerning BPJS. However, as identified by Setiawan et al. (2020), the convection sector still faces administrative obstacles in the input of short-term contract worker data, due to the fact that the working period is not always long enough to be fully registered in the BPJS system.

In terms of working time management, the informant also mentioned that "Overtime for employees is calculated from the system of hours and the duration of their work. And leave is also provided." This means that overtime and leave policies have been implemented according to the duration of work, although in conditions of high production, workers often choose to replace leave with additional compensation. This phenomenon reflects the flexibility of the workforce in the garment sector as outlined by Hardinata et al. (2021), who stated that this flexibility arises due to seasonal market pressures, but needs to be regulated so as not to reduce workers' rest rights.

The Impact of the Job Creation Law on Worker Protection

In an interview, the resource person said that "Law No. 11 of 2020 concerning Job Creation brings changes, including the acquisition of workers' rights in accordance with applicable regulations and significant changes in the form of salaries according to contracts, THR, and other benefits. This allowance is given according to the skill and level of the worker." Based on this information, it can be concluded that the Job Creation Law has a positive impact on strengthening the basic rights of workers in the convection sector, especially in wage transparency and the provision of competency-based incentives. According to Hermawan & Kumar (2024), the skill-based wage policy regulated in the Job Creation Law encourages a meritocratic system in the small and medium industry sector.

However, companies still face obstacles in the implementation of regulations as a whole. The informant admitted that "Obstacles in the application of labor rules vary in the field... because marketability is not always stable and is influenced by market factors." This condition shows that the implementation of labor law is still vulnerable to microeconomic dynamics. Lindsey & Butt (2018) argue that labor market flexibility in labor-intensive sectors is indeed important for market fluctuations.

Industrial Relations and Expectations for Government

The results of the interview show that "The relationship between management and workers has been fair and open. For example, if there are employees who are dissatisfied with their salary or there are things related to complaints, the boss will respond well." This statement describes the conditions of healthy industrial relations, where two-way communication between workers and management is well maintained. This is in line with the view of Setiawan

et al. (2020) who stated that transparency and an open complaint system are important elements in creating industrial harmony.

Regarding external support, the informant added the hope that "The government is expected to introduce more local products so that the purchasing power of convection products increases. When the consumption power and market for local products increases, of course this will be useful for employees and the surrounding economy." This hope shows the awareness of business actors to the importance of government support in strengthening the domestic market. Kambuno (2020) emphasized that the protection of local industries through the promotion of domestic products can stabilize the employment structure and improve the welfare of workers in labor-intensive sectors such as convection.

Theoretical Relevance

The *Pancasila* Industrial Relations Theory (HIP) introduced by Umar Tirtarahardja (1985) explains that the working relationship between employers and workers must be based on human values, justice, and deliberation to achieve common welfare. In the context of this research, the theory can be used to understand the dynamics of industrial relations in the convection sector which is characterized by economic limitations and market fluctuations. Based on the results of the interviews, the management tried to implement SOPs in recruitment and employment contracts fairly, although the implementation was not optimal due to limited production and sales. This shows that there is an effort towards a partnership that is in line with the HIP principle, where the interests of the company and workers are tried to remain balanced without harming each other.

The principle of balance between rights and obligations in HIP theory is also reflected in the existence of a written work agreement that is valid for six months to one year. This employment contract serves as a formal guarantee for workers to obtain legal certainty and protection of their basic rights. In practice, companies provide PKWT contracts in accordance with Law Number 11 of 2020 concerning Job Creation, which clarifies the legal position of contract workers. Although not perfect, this policy describes a form of social responsibility based on the principle of humanity as emphasized by Tirtarahardja that industrial relations are not only economic relations, but also moral and social relations that are interdependent.

Furthermore, HIP theory places labor protection and social welfare as the main pillars of healthy employment relations. In the results of the research, the company has implemented protection for the workforce through wages according to working hours, occupational safety guarantees (K3), and participation in the BPJS Employment and Health program. This effort reflects the principle of social justice for all parties, as well as the basic values of the 5th precept of *Pancasila*. Hermawan & Kumar (2024) also emphasized that the implementation of K3 and social security not only increases productivity, but also strengthens the loyalty of the workforce to the company. Thus, the application of the HIP principle has proven to be able to create harmonious industrial relations in the convection sector.

However, the HIP theory also highlights the importance of two-way deliberation and communication in resolving employment problems. Based on the results of the interviews, the convection management has provided an open complaint mechanism for employees who feel dissatisfied with the policy or salary. This shows the application of the value of the 4th precept of *Pancasila*, "Democracy led by wisdom in deliberation/representation." This dialogical

process is in line with the views of Setiawan et al. (2020) who stated that open communication between employers and workers is an important foundation in creating industrial harmony. Thus, industrial relations in convection have fulfilled the basic elements of the HIP theory, namely partnership, deliberation, and equality.

From the perspective of legal implementation, the HIP theory can explain how the implementation of Law No. 11 of 2020 concerning Job Creation can adjust to the socio-economic conditions of the labor-intensive sector. The informant explained that the law brought positive changes to the wage structure, the provision of skills-based benefits, and the clarity of employment contracts. This condition is in line with the HIP principle which requires that every labor regulation not only favors economic efficiency, but also pays attention to human welfare. Lindsey & Butt (2018) added that a balance between market interests and social protection is an important element in maintaining long-term employment stability. Therefore, the Job Creation Law can be seen as a legal instrument that has the potential to strengthen the values of *Pancasila* in industrial practice.

However, the results of the study show that there is still an inequality in implementation in the field due to market fluctuations and sales of convection products. In HIP theory, such conditions are considered a challenge in maintaining industrial harmony, because economic imbalances can disrupt justice in the distribution of labor products. Sales fluctuations that lead to reduced working hours or delays in new hires reflect an imbalance between business stability and worker protection. Therefore, the government has an important role as a facilitator of industrial relations to ensure that workers' rights are still fulfilled even in unstable economic conditions. Tirtarahardja (1985) emphasized that the function of the state is to maintain industrial relations within the corridor of human values and social justice.

Finally, the application of the *Pancasila* Industrial Relations theory in the context of convection shows that the values of justice, partnership, and social responsibility are still important bases in building harmonious working relationships. The open relationship between management and workers, the existence of written employment contracts, and social security indicate that most of the HIP principles have been applied practically. However, to achieve the perfection of the labor system in accordance with the ideals of *Pancasila*, it is necessary to increase support from the government in strengthening the domestic market, expanding labor training, and providing incentives for local industries. Thus, the welfare of workers and the sustainability of the convection business can be achieved in a balanced manner within the framework of *Pancasila* values.

CONCLUSION

This study concludes that implementation of Law Number 11 of 2020 concerning Job Creation in Indonesia's small-scale garment convection industry showed partial compliance amid market volatility and seasonal production, with strengths in written contracts, minimum wages, *K3* measures, and *BPJS* enrollment, but gaps in full protections due to fluctuating demand. While the law enhanced wage transparency and skill-based benefits, and *Pancasila Industrial Relations* principles supported fairness and communication, economic instability persistently hindered comprehensive labor safeguards. For future research, longitudinal multi-site studies across regions and enterprise scales, combined with interdisciplinary analyses from economics, sociology, and policy, could test adaptive regulations, safety nets, and interventions

like subsidies or portable benefits to foster resilient, equitable policies balancing worker welfare and small business viability.

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