



## Settlement of Disputes over Workers' Wage Rights Based on Law No. 13 of 2003 concerning Manpower and Law No. 2 of 2004 concerning the Settlement of Industrial Relations Disputes

**Meliana Fadia Kartika, Jaenudin Umar**

Faculty of Law, Swadaya Gunung Jati University, West Java, Indonesia

Email: [melianafadiak123@gmail.com](mailto:melianafadiak123@gmail.com)

Faculty of Law, Swadaya Gunung Jati University, West Java, Indonesia

Email: [jaenudinumar@gmail.com](mailto:jaenudinumar@gmail.com)

Corresponding Author. Email: [melianafadiak123@gmail.com](mailto:melianafadiak123@gmail.com)

### Abstract

**Background.** Wages are normative rights as well as basic rights of workers that arise as a consequence of the employment relationship between workers and employers. Wages not only serve as a reward for the energy and time that workers have given, but also as a means to guarantee a decent livelihood for workers and their families. Therefore, the state is obliged to provide legal protection for the fulfillment of workers' wage rights through the regulation and mechanism of resolving industrial relations disputes. Although Law No. 13 of 2003 concerning Manpower and Law No. 2 of 2004 concerning the Settlement of Industrial Relations Disputes have regulated wage rights and their settlement mechanisms normatively, in practice there are still frequent wage violations that cause rights disputes.

**Aims.** This study aims to analyze the legal arrangements regarding workers' wage rights based on Law Number 13 of 2003 and examine the mechanism for resolving disputes over workers' wage rights based on Law Number 2 of 2004.

**Methods.** The research method used is normative juridical research with a statutory approach and a conceptual approach. The legal materials used consist of primary, secondary, and tertiary legal materials collected through literature studies and analyzed qualitatively.

**Result.** The results of the study show that the legal arrangements regarding workers' wage rights normatively have provided clear and comprehensive protections, including the obligation of employers to pay wages on time, the prohibition of wage payments below the minimum wage, and the regulation of sanctions against wage violations. However, in the practice of industrial relations, there is still a gap between legal norms and their implementation due to weak labor supervision, low legal awareness of workers, and lack of firmness in law enforcement.

**Conclusion.** The mechanism for resolving wage disputes through bipartite negotiations, mediation, conciliation, and Industrial Relations Courts has been regulated in stages, but has not been fully effective in providing optimal legal protection for workers.

**Implementation.** Therefore, it is necessary to strengthen the role of the state through increased supervision, consistent law enforcement, and legal education for workers to ensure the fulfillment of wage rights fairly and equitably.

**Keywords:** wage rights, workers, dispute resolution, industrial relations, legal protection.



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## INTRODUCTION

Wages are normative rights as well as basic rights for every worker that arise as a consequence of the employment relationship between workers and employers. From the perspective of labor law, wages are not only seen as a reward for the labor and time that has been devoted by workers, but also as a means to ensure the proper survival of workers and their families. Therefore, the state has a constitutional obligation to guarantee the protection of workers' wage rights through clear and unequivocal legal arrangements. This is in line with Asikin's opinion that the protection of labor law aims to ensure the fulfillment of basic rights of workers in order to create social justice in industrial relations <sup>1</sup>.

Law Number 13 of 2003 concerning Manpower has comprehensively regulated the rights and obligations of the parties in the employment relationship, including regulations regarding the wage system.<sup>2</sup> Article 88 of the Labor Law affirms that every worker has the right to earn an income that meets a decent livelihood for humanity. Furthermore, the law also regulates the obligation of employers to pay wages on time and in accordance with employment agreements, company regulations, or collective bargaining agreements. Thus, the delay or non-payment of wages by the employer is a form of violation of the normative rights of workers and has the potential to cause a dispute of rights.

In the practice of industrial relations in Indonesia, disputes over wage rights still occur frequently. This dispute is generally caused by the employer's low compliance with the provisions of laws and regulations, the company's financial condition, and the weak bargaining position of workers. According to Soepomo, labor disputes are the result of an imbalance between workers and employers, so the state must be present to provide legal protection for the weak, namely workers <sup>3</sup>. Wage rights disputes that are not resolved immediately not only harm workers economically, but can also disrupt the stability of industrial relations.

<sup>1</sup> Asikin, Zainal. Indonesian Labor Law. Jakarta: RajaGrafindo Persada, 2010.

<sup>2</sup> Law Number 13 of 2003 concerning Manpower.

<sup>3</sup> Soepomo, Imam. Labor Law in the Field of Labor Relations. Jakarta: Djambatan, 2012.

To ensure legal certainty and justice for the parties, Law No. 2 of 2004 concerning the Settlement of Industrial Relations Disputes provides a mechanism for resolving disputes of rights, including disputes over wage rights. The mechanism includes bipartite negotiations, mediation, conciliation, and settlement through the Industrial Relations Court. However, the effectiveness of the mechanism still faces various obstacles, such as the lack of workers' understanding of legal procedures and the lack of good faith from employers in implementing decisions or agreements.<sup>4</sup>

Based on this description, this study is important to examine more deeply how workers' wage rights are regulated based on Law Number 13 of 2023 concerning employment, and how the mechanism for resolving wage rights disputes is based on Law Number 13 of 2003 concerning Manpower and Law Number 2 of 2004 concerning the Settlement of Industrial Relations Disputes.

This research is expected to make an academic contribution to the development of labor law, as well as an input material for the government and stakeholders in strengthening legal protection of workers' wage rights.

## **RESEARCH METHODS**

This research uses normative juridical research methods, namely legal research conducted by examining and analyzing legal norms contained in laws and regulations, court decisions, and doctrines or opinions of legal experts related to the problems being researched. Normative juridical research was chosen because the focus of this research study is to examine the legal arrangements and mechanisms for resolving disputes over workers' wage rights as stipulated in applicable laws and regulations.

The approaches used in this study include the statutory *approach* and the conceptual *approach*. The legislative approach is carried out by examining legal provisions related to workers' wage rights and industrial relations dispute resolution, especially Law Number 13 of 2003 concerning Manpower and Law Number 2 of 2004 concerning Industrial Relations Dispute Resolution, as well as other implementing regulations. Meanwhile, a conceptual approach is carried out by examining relevant labor law concepts, principles, and theories to strengthen the analysis of the problems being studied.

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<sup>4</sup> Law Number 2 of 2004 concerning the Settlement of Industrial Relations Disputes.

The main source of data in normative law research is literature data. In legal literature, the source of data is called legal material. Legal material is anything that can be used or required for the purpose of analyzing the applicable law. The legal materials studied and analyzed in normative law research consist of:

1. Primary legal material,
2. Secondary legal materials, and
3. Tertiary legal materials.<sup>5</sup>

The technique of collecting legal materials is carried out through library research, which is by tracing and reviewing legal materials that are relevant to the object of research. Furthermore, the legal materials that have been collected are analyzed qualitatively, namely by describing and interpreting legal norms systematically and logically in order to answer the formulation of the problems that have been determined.

## **DISCUSSION**

### **Legal Regulations on Workers' Wage Rights Based on Law Number 13 of 2003 concerning Manpower**

#### **Workers' Rights**

The right to wages; The right to work and a decent livelihood for humanity; The right to freely choose and change jobs according to their talents and abilities; The right to build expertise, vocational, to acquire and add expertise and skills; The right to occupational safety and health protection and treatment in accordance with human dignity and religious morals; The right to rest (leave) and the right to full wages during rest; The right to establish and be a member of a trade union; Right to Social Security

Worker obligations: Doing work for the employer and the company where they work; Comply with government regulations; Comply with the rules of the employment agreement; Comply with the Collective Agreement (SKB) regulations of labor agreements; Comply with the employer's regulations; Maintain company secrets.

Wear equipment for work safety.<sup>6</sup>

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<sup>5</sup> Pedju, Rizaldy "The Fulfillment of the Protection of Workers' Rights According to Law Number 13 of 2003 concerning Manpower," *Journal of Law Lex et Societatis*, Vol. IV No. 8, Year 2016, p.57

<sup>6</sup> Agus Mulya Karsona, Hazar Kusmayanti, and Sherly Ayuna Puteri, "Socialization of Rights Counseling Employment and Dispute Resolution Through Industrial Relations Courts Based on the Law - Law No. 13 of 2003 concerning Manpower", *Journal of Community Service*, Vol. 4, No. 2, Year 2019, p. 43.

Wages are a crucial element in employment relationships. For employees, wages are a means of fulfilling the needs of life, while for entrepreneurs, wages are the cost of production.<sup>7</sup> In Indonesian labor law, wages are positioned as a normative right of workers that must be fulfilled by employers as a consequence of the existence of an employment relationship. This is affirmed in Article 1 number 30 of Law Number 13 of 2003 concerning Manpower which states that wages are the rights of workers that are received and declared in the form of money in return from the employer to the worker determined and paid according to a work agreement, agreement, or laws and regulations.<sup>8</sup>

The regulation of wages cannot be separated from the role of the state in protecting workers as a party that is structurally in a weaker position than the employer. Article 88 paragraph (1) of the Manpower Law emphasizes that every worker/laborer has the right to earn an income that meets a decent livelihood for humanity. This provision shows that wages are not solely a contractual issue, but also contain dimensions of social protection and justice. According to Lalu Husni, state intervention in wage regulation aims to ensure minimum standards of worker welfare and prevent labor exploitation practices by employers.<sup>9</sup>

In addition to regulating workers' rights, the Labor Law also stipulates the obligations of employers in the wage system. Article 90 paragraph (1) expressly prohibits employers from paying wages lower than the minimum wage that has been set by the government. This provision is intended as an instrument of preventive protection so that workers continue to earn a decent minimum income. In addition, Article 95 paragraph (2) of the Manpower Law stipulates that employers who intentionally or due to negligence result in late payment of wages can be fined in accordance with the provisions of laws and regulations.<sup>10</sup>

Although normatively the regulation of workers' wage rights has been regulated clearly and in detail, in industrial relations practice there are still frequent violations. Late payment of wages or even non-payment of wages by employers shows that there is a gap between legal norms (*das sollen*) and the reality of their implementation (*das sein*). According to Imam Soepomo, the inequality of position between workers and employers causes workers to often be in a weak position and reluctant to demand their rights for fear of losing their jobs.

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<sup>7</sup> Dr. H. Jaenudin Umar, S.E., S.H., Mkn, Supervisor : Lecture Teaching Materials. Science Study Program Faculty of Law, Swadaya Gunung Jati University. Not published.

<sup>8</sup> Law Number 13 of 2003 concerning Manpower. Article 1 Number 30.

<sup>9</sup> Then, Husni. Introduction to Indonesian Employment Law, Jakarta: RajaGrafindo Persada, 2015, p. 110.

<sup>10</sup> Law Number 13 of 2003 concerning Manpower, Article 90 and Article 95.

This condition is exacerbated by weak labor supervision and the lack of strict implementation of sanctions against employers who violate wage provisions.<sup>11</sup>

Thus, it can be concluded that Law Number 13 of 2003 has normatively provided legal protection for workers' wage rights. However, such protection is not fully effective in practice, often triggering rights disputes between workers and employers. Therefore, legal arrangements regarding wages need to be supported by consistent law enforcement so that the goal of worker protection can be realized.

### **Mechanism for Dispute Resolution of Workers' Wage Rights Based on Law Number 2 of 2004**

Disputes over workers' wage rights are included in the category of rights disputes as stipulated in Law Number 2 of 2004 concerning the Settlement of Industrial Relations Disputes. Rights disputes arise due to the non-fulfillment of workers' normative rights that have been regulated in laws and regulations, employment agreements, company regulations, or collective bargaining agreements.<sup>12</sup> Therefore, the settlement of wage rights disputes must be carried out through a predetermined legal mechanism to ensure legal certainty and justice.

The first stage of resolving wage rights disputes is through bipartite negotiations between workers and employers. Bipartite negotiations aim to resolve disputes through deliberation and consensus without involving third parties. According to Uwiyono, the bipartite negotiations reflect the principle of Pancasila industrial relations which emphasizes dialogue and cooperation between workers and employers<sup>13</sup>. However, in practice, bipartite negotiations are often ineffective due to differences in interests and an imbalance in bargaining positions between the parties.

If bipartite negotiations do not reach an agreement, the settlement can be continued through mediation or conciliation. Mediation and conciliation are carried out by involving mediators or conciliators from neutral employment agencies. This mechanism is intended to help parties find a fair solution without having to go through the path of litigation. However, the effectiveness of mediation and conciliation is still limited because the results are highly dependent on the good faith of the entrepreneur in implementing the agreement that has been reached.

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<sup>11</sup> Imam, Soepomo. *Labor Law in the Field of Labor Relations*, Jakarta: Djambatan, 2012, p. 45.

<sup>12</sup> Law Number 2 of 2004 concerning the Settlement of Industrial Relations Disputes.

<sup>13</sup> Aloysius, Uwiyono et al., *Principles of Labor Law*, Jakarta: Rajawali Pers, 2014, p. 87.

As a last resort, wage rights disputes can be submitted to the Industrial Relations Court. The Industrial Relations Court has the authority to examine, adjudicate, and decide disputes of rights in a formal juridical manner. The court decision provides legal certainty for workers because it is binding. However, the judicial process often takes a relatively long time and costs a lot of money. According to Asikin, this condition is one of the factors that cause workers to be reluctant to bring wage disputes to court<sup>14</sup>

Based on this description, it can be concluded that the normative mechanism for resolving disputes over workers' wage rights has been regulated in a complete and tiered manner. However, in practice, the mechanism has not been fully able to provide optimal legal protection for workers. Therefore, it is necessary to strengthen law enforcement, increase the effectiveness of labor supervision, and legal education for workers so that wage rights can be fulfilled fairly and equitably.

### **Analysis of the Effectiveness of Legal Protection on the Fulfillment of Workers' Wage Rights**

Legal protection of workers' wage rights is in essence measured not only by the completeness of the legal norms that govern it, but also by the extent to which these norms can be effectively applied in industrial relations practices. Normatively, Law No. 13 of 2003 concerning Manpower and Law No. 2 of 2004 concerning the Settlement of Industrial Relations Disputes have provided a fairly complete legal framework in ensuring the fulfillment of wage rights and the settlement of disputes arising from the violation of these rights. However, the effectiveness of legal protection still faces various structural and cultural obstacles.

One of the main obstacles is the weak supervision of labor. Labor supervisors have a strategic role in ensuring employers' compliance with wage provisions. However, the limited number of supervisors and the lack of optimal enforcement of violations have caused many cases of delay or non-payment of wages not to be acted upon firmly. According to Husni, weak labor supervision has direct implications for low compliance of employers with labor law norms, especially in the wage sector.<sup>15</sup>

In addition to the supervision factor, the level of legal awareness of workers is also a factor that affects the effectiveness of wage rights protection. Many workers do not fully understand the normative rights they have, including the right to pursue a dispute resolution

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<sup>14</sup> Zainal, Asikin. Indonesian Employment Law, Jakarta: RajaGrafindo Persada, 2010, p. 132.

<sup>15</sup> Then, Husni. Introduction to Indonesian Employment Law, Jakarta: RajaGrafindo Persada, 2015, p. 142.

mechanism if wages are not paid. This condition causes workers to often choose to accept violations of wage rights rather than take legal action because they are considered complicated, time-consuming, and risky to the continuity of employment relationships. According to Soepomo, the low legal awareness of workers weakens the bargaining position of workers in industrial relations and opens up opportunities for repeated violations of rights.<sup>16</sup>

In terms of dispute resolution mechanisms, although Law Number 2 of 2004 has regulated the stages of settlement in stages, in practice the settlement of wage rights disputes still does not fully reflect the principle of fast, simple, and low-cost justice. A lengthy and bureaucratic process is often an obstacle for workers to obtain their rights effectively. According to Asikin, the existence of the Industrial Relations Court should be the last means that provides legal certainty, but without consistent law enforcement support, court decisions are often difficult to execute.<sup>17</sup>

Based on this analysis, it can be concluded that legal protection of workers' wage rights is normatively adequate, but empirically it is still not optimal. Therefore, continuous efforts are needed to strengthen the effectiveness of legal protection through increased labor supervision, simplification of dispute resolution mechanisms, and increased legal education for workers. Thus, the goal of labor law to realize justice, legal certainty, and protection for workers can be realized.

### **The Role of the State in Ensuring the Fulfillment of Wage Rights and the Settlement of Industrial Relations Disputes**

The state has a central role in ensuring the fulfillment of workers' wage rights as part of the protection of human rights in the labor sector. This role is not only realized through the formation of laws and regulations, but also through the implementation of supervision, law enforcement, and the provision of effective dispute resolution mechanisms. In this context, Law No. 13 of 2003 and Law No. 2 of 2004 are the main legal instruments that reflect the state's presence in industrial relations.

Theoretically, state intervention in labor law is based on the principle of protection for the weak, namely workers. This is in line with the opinion of Satjipto Rahardjo who stated that the law must be in favor of substantive justice and provide real protection for people who are

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<sup>16</sup> Imam, Soepomo. *Labor Law in the Field of Labor Relations*, Jakarta: Djambatan, 2012, p. 53.

<sup>17</sup> Azikin, Zainal. *Indonesian Employment Law*, Jakarta: RajaGrafindo Persada, 2010, p. 158.

in an unbalanced position.<sup>18</sup> In employment relations, this imbalance is evident in the relationship between employers and workers, especially in the fulfillment of wage rights.

However, the role of the state in practice still faces various limitations. One of the main problems is the weak enforcement of the law against wage violations. Although the Labor Law has regulated administrative and criminal sanctions against employers who violate wage payment obligations, the application of these sanctions is still rarely carried out firmly. According to Uwiyono, the indecisiveness of labor law enforcement has the potential to reduce the authority of the law and encourage employers to ignore their normative obligations.<sup>19</sup>

In addition, the mechanism for resolving industrial relations disputes provided by the state has also not fully provided a sense of justice for workers. The long, bureaucratic process, and lack of effectiveness in implementing the Industrial Relations Court's decision are challenges in itself. This condition shows that it is not enough for the state to provide legal mechanisms, but also to ensure that they are accessible and provide tangible results for workers. According to Asikin, the effectiveness of labor law protection is largely determined by the state's consistency in enforcing the law and protecting the interests of workers.<sup>20</sup>

Therefore, it is necessary to strengthen the role of the state through increasing the capacity of labor supervisors, simplifying dispute resolution procedures, and optimizing the implementation of Industrial Relations Court decisions. With a more active and firm role of the state, it is hoped that the fulfillment of workers' wage rights can be guaranteed and industrial relations disputes can be minimized.

## CONCLUSION

The legal arrangements regarding workers' wage rights normatively have been regulated clearly, completely, and comprehensively. Law Number 13 of 2003 places wages as normative rights and basic rights of workers that must be fulfilled by employers. Provisions regarding the obligation to pay wages on time, prohibition of payments below the minimum wage, and the regulation of sanctions for wage violations show that there is strict legal protection normatively. However, in the practice of industrial relations, there is still a gap

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<sup>18</sup> Satjipto, Rahardjo. *Law and Social Change*, Bandung: Citra Aditya Bakti, 2009, p. 87.

<sup>19</sup> Aloysius, Uwiyono et al. *Principles of Labor Law*, Jakarta: Rajawali Pers, 2014, p. 134.

<sup>20</sup> Asikin, Zainal. *Indonesian Manpower Law*, Jakarta: RajaGrafindo Persada, 2010, p. 176.

between legal norms and their implementation, which is characterized by frequent delays or non-payment of wages by employers.

The mechanism for resolving disputes over workers' wage rights has been regulated in stages and systematically, but it has not been fully effective in providing legal protection for workers. Law No. 2 of 2004 has provided a settlement mechanism through bipartite negotiations, mediation, conciliation, and the Industrial Relations Court. However, in practice, the mechanism still faces various obstacles, such as the weak bargaining position of workers, the lack of good faith of employers, a long settlement process, and weak implementation of decisions. This condition causes legal protection of workers' wage rights empirically to not run optimally.

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