

CHAPTER ONE INTRODUCTION

A. Background

Corona Virus Disease, as known as Covid-19, was declared a Pandemic by the World Health Organization (WHO) in early March 2020.¹ The World Health Organization's designation of Covid-19 as a pandemic has compelled the Indonesian government to implement policies aimed at preventing and responding to the pandemic. President Joko Widodo has issued an official appeal for all agencies, public and private, to avoid crowds and instead work, study, and worship at home. Numerous local governments have begun to implement policies restricting public participation in activities. Additionally, several government and private sector agencies have implemented Work from Home (WFH) policies that include specific criteria.

WFH policy is supported by the Minister of Industry Circular Number 2 of 2020, which details the procedures for temporarily ceasing all office activities, closing operational facilities, and working from home.² Then, in Article 4 Paragraph 1 of Government Regulation Number 21 of 2020 concerning Large-Scale Social Restrictions (PSBB), the government policy states that “Large-Scale Social Restrictions at the very least include the following: a. school holidays and work environment; b. restrictions on religious

¹ World Health Organization, 2020, *Archived: WHO Timeline-Covid-19*, <https://www.who.int/news/item/27-04-2020-who-timeline---covid-19>, (Accessed on 23 September, 2021, 07:24 PM).

² Circular Letter of the Minister of Industry Number 2 of 2020.

activities; and c. restrictions on activities in public places or facilities.”³

Working from home is not an easy policy to implement and cannot be fully implemented by the industry because not all industries and job functions can be performed remotely. As a result, almost every sector of the national economy contracted. This raises concern that Covid-19 will precipitate an economic downturn, resulting in mass layoffs.

According to data from the Ministry of Manpower, Covid-19 affects 29.4 million people. The data set includes those who have been laid off or laid off without pay, as well as those who have had their working hours and wages reduced.⁴ Numerous companies have reduced their workforces since the pandemic began. Termination of employment relationships occurs as a result of business actors' decisions to reduce company expenses and ensure their stability.⁵

Termination of employment as a step taken by national companies is in line with Articles 164 and 165 of Law Number 13 of 2003 on Manpower, which states, in part, that a company has the right to terminate an employee's employment relationship if the company incurs a loss.⁶ Force majeure is

³ Article 4 paragraph (1) Government Regulation of the Republic of Indonesia Number 21 of 2020.

⁴ Danang Triatmojo, 2021, *Kemnaker: 29,4 Juta Pekerja Terdampak Pandemi Covid-19, di-PHK hingga Dirumahkan*, <https://www.tribunnews.com/bisnis/2021/03/27/kemnaker-294-juta-pekerja-terdampak-pandemi-covid-19-di-phk-hingga-dirumahkan>, (Accessed on 23 September 2021, 07:32 PM).

⁵ Bimo Prasetyo and Mohamad Toha Hasan, 2020, *Dapatkah Perusahaan Melakukan PHK Karena Kerugian Akibat Pandemi Covid-19?*, <https://bplawyers.co.id/2020/04/01/dapatkah-perusahaan-melakukan-phk-karena-kerugian-akibat-pandemi-covid-19/>, (Accessed on 23 September 2021, 07:34 PM).

⁶ Article 164 and 167 Law Number 13 of 2003.

frequently used as an excuse for businesses to lay off employees, even when the business is operating normally.

Numerous businesses that terminated employment relationships during the pandemic require clear standards and processes to ensure that businesses do not make unilateral layoffs and also do not violate labor law's rules. This is critical in order to maintain a stable economic situation and state of affairs. Employment terminations can also be avoided if all parties are aware of and understand the legal implications of the Covid-19 pandemic in business contracts.

CV Makmur Mendunia was one of the companies in Yogyakarta that laid off workers. At the start of the pandemic, the food and beverage company laid off at least 17 employees. CV Makmur Mendunia terminates employment agreements between the company and the employee.

According to Zsazsa Dordia Arinanda's 2020 research, "Perspectives of Business Personnel on Force Majeure as a Reason for Terminating Work Relationships in the Pandemic Time Covid-19," layoffs were caused by force majeure caused by the Covid-19 pandemic. 19 may be carried out by the business, but employers must still adhere to workers' rights.⁷

Another pertinent study is Dian Marthin Sitompul Hutapea's "Pemutusan Hubungan Kerja (PHK) Akibat Force Majeure di Perusahaan" in

⁷ Zsazsa Dordia, "Perspectives of Business Personnel on Force Majeure as A Reason for Cutting Work Relationship in The Pandemic Time Covid-19", *JPC*, Volume 4, Number 2 (2020), p. 90-107.

2020, which concluded that legal protection for workers/laborers affected by termination of employment as a result of the Covid-19 pandemic has resulted in many private companies terminating their work relationships, resulting in workers/laborers losing their source of income. To ensure legal certainty, the necessity of legal protection for the rights of workers/laborers affected by layoffs is clarified. So that no further layoffs of workers/laborers occur, and also so that employers can take advantage of this situation.⁸

According to the two studies cited above, the two studies focused on the normative values associated with labor law. This research will be distinct from the previous one in that it will examine empirical values related to labor law that will be observed directly in businesses in Yogyakarta. As a result, the researcher is interested in conducting research on “Covid-19 As Force Majeure Reason in Termination of Employment Relationships at CV Makmur Mendunia Yogyakarta”

B. Problem Formulations

Considering the research background above, the researcher formulated two questions to be answered:

1. How is the Termination of Employment Relationship Procedure at CV Makmur Mendunia Yogyakarta During Covid-19?

⁸ Dian Marthin Sitompul Hutapea, 2020, “Pemutusan Hubungan Kerja (PHK) Akibat Force Majeure di Perusahaan”, (Skripsi Fakultas Hukum Universitas Wijaya Kusuma Surabaya).

2. Does the termination of employment by CV Makmur Mendunia Yogyakarta during the Covid-19 pandemic as force majeure reason justifiable from the perspective of Labor law?

C. Research Objective

This research divided into objective and subjective, the objectives are:

- a. Identify the termination of employment procedure at CV Makmur Mendunia during covid-19 pandemic.
- b. Analyze the termination of employment procedure at CV Makmur Mendunia during covid-19 as force majeure reason in the perspective of Labor Law.

Whereas the subjective of this research is as the graduation requirement to obtain Bachelor of Law in Faculty of Law, Universitas Muhammadiyah Yogyakarta.

D. The Benefit of Research

There are some benefits of this research, namely:

- a. Theoretical Aspect

This research can be used as an illustration of the practice of termination of employment with Covid-19 as a force majeure according to the processes and procedures that applied in Indonesia.

- b. Practical Aspect

Provide an overview of the process of termination of employment due to Covid-19 as a force majeure and provide benefits for companies to find out what efforts must be made before terminating employment.