



ISSN 2810-0182 (Online)
ACITYA WISESA: Journal of Multidisciplinary Research

<https://journal.jfpublisher.com/index.php/jmr>

Vol. 4, Issue 4 (2025)

doi.org/10.56943/jmr.v4i4.853

A Juridical Analysis of Employee Credit Rights in the Bankruptcy of PT. Kertas Leces (Persero)

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ABSTRACT

This study examines the juridical position of employee wage claims in the bankruptcy of PT. Kertas Leces (Persero) to determine how Indonesian law reconciles creditor equality with constitutional principles of social justice. Using a normative juridical method, the research analyzes primary legal materials, including Law No. 37 of 2004 on Bankruptcy, Law No. 11 of 2020 on Job Creation, and Constitutional Court Decision No. 67/PUU-XI/2013, supported by comparative references from the International Labour Organization (ILO), UNCITRAL, and the World Bank. The findings reveal that the Constitutional Court transformed wage protection from a statutory privilege into a constitutional entitlement, asserting that employees' wages represent part of the right to life and human dignity guaranteed by the 1945 Constitution. This interpretation was subsequently codified in Article 95 of the Job Creation Law, which prioritizes the payment of wages above all other unsecured debts. The PT. Kertas Leces case demonstrates the practical application of this principle, establishing employees as preferred creditors within the bankruptcy distribution hierarchy. Comparative analysis shows that Indonesia's approach aligns with international standards advocating limited wage priority as a legitimate social-policy exception to pari passu. The study concludes that the prioritization of wage claims embodies a balance of justice, legal certainty, and utility, transforming Indonesia's bankruptcy framework into a moral and constitutional instrument for protecting human dignity and promoting equitable economic governance.

Keywords: Bankruptcy Law, Constitutional Justice, Creditor Hierarchy, Employee Wage Claims, PT. Kertas Leces (Persero)

INTRODUCTION

Bankruptcy law occupies a central place in the architecture of modern economic regulation (Iskandar Prasetyo et al., 2024). It provides an orderly mechanism for resolving insolvency, balancing the rights of debtors and creditors, and ensuring that the liquidation or restructuring of assets proceeds in accordance with justice and legal certainty. In Indonesia, the concept of bankruptcy (*kepailitan*) has undergone a long historical evolution from the Dutch colonial *Faillissementsverordening* (Staatsblaad Nomor 23 Tahun 1847 Tentang Burgerlijk Wetboek Voor Indonesië (Disingkat BW), n.d.) to the contemporary framework under Law No. 37 of 2004 on Bankruptcy and Suspension of Debt Payment Obligations (the Bankruptcy Law). According to Article 1 paragraph (1) of this statute, bankruptcy constitutes “a general seizure over all assets of the bankrupt debtor whose management and settlement are carried out by a curator under the supervision of a supervisory judge.” This definition embodies the principle of *sita umum* (general execution) that underpins the equitable treatment of creditors and the supervised administration of the debtor’s estate. As Hartini (2017) and Subhan (2007) observe, the essential purpose of this legal regime is to ensure that every creditor receives satisfaction in proportion to their lawful claims while preventing arbitrary enforcement actions that could disrupt economic order.

Yet, the theoretical symmetry between debtors and creditors often encounters practical and moral dilemmas when insolvency affects the rights of workers. In the Indonesian context, employees are not merely economic actors but also bearers of constitutional rights to livelihood, social security, and human dignity (Widhijanto Santjoko et al., 2024). When a company becomes insolvent, the unpaid wages of its employees transform from contractual obligations into urgent humanitarian claims. The failure to satisfy these claims can result not only in legal uncertainty but also in social dislocation and moral injustice. This problem was dramatically illustrated in the bankruptcy of PT. Kertas Leces (Persero), a state-owned enterprise once regarded as a pillar of the national paper industry. The company’s persistent failure to pay employee wages for several consecutive years, combined with its inability to implement a confirmed peace agreement (*perjanjian perdamaian*), led to a sequence of judicial determinations culminating in its declaration of bankruptcy. Through Decision (Putusan Nomor 01/Pdt.Sus Pembatalan Perdamaian/2018/PN.Niaga.Sby Jo. Perkara Nomor 5/Pdt.Sus PKPU/2014/PN.Niaga.Sby Jo. Perkara Nomor 43PK/Pdt.Sus-Pailit/2019, 2019), the courts confirmed that PT. Kertas Leces’s default justified the annulment of the composition and the opening of bankruptcy proceedings. This sequence of rulings raised a recurring doctrinal question: in the hierarchy of creditors *separatis*, *preferen*, and *konkuren* how should workers’ wage claims be prioritized relative to those of secured creditors, tax authorities, and other stakeholders? (Fuady, 2002; Jono, 2009; Rahayu & BUMN PERSERO, 2017)

The challenge arises partly from structural ambiguities within Indonesia's insolvency framework. Law No. 37 of (2004) codified modern procedural standards for bankruptcy petitions, verification, and distribution, yet it did not establish a detailed hierarchy of claims beyond general references to privileged creditors (*kreditur preferen*) and secured creditors (*kreditur separatis*). In practice, this omission led to conflicting interpretations among curators, judges, and policymakers regarding the ranking of labor claims. The absence of explicit prioritization for workers generated cases in which employee entitlements were subordinated to tax liens or collateralized debts, thereby undermining the principle of social justice enshrined in the 1945 Constitution. This legal uncertainty prompted the Constitutional Court to issue Decision No. 67/PUU-XI/2013, which clarified that workers' wages constitute privileged debts that must be settled before other claims. The Court grounded its reasoning in Article 28A, guaranteeing the right to life, and Article 28I (1), recognizing that certain human rights including the right to work and to receive remuneration cannot be reduced under any circumstances. The decision thus elevated labor protection from a statutory privilege to a constitutional mandate.

Despite this landmark ruling, the interaction between bankruptcy, tax, and labor legislation remained unsettled. The Constitutional Court's interpretation prioritized social justice but did not automatically amend the textual hierarchy in the Bankruptcy Law, creating interpretive tensions in subsequent cases. Recognizing this gap, the legislature enacted the Job Creation Law (Law No. 11 of 2020), which reaffirmed and codified the constitutional principle. Article 95 explicitly stipulates that in the event of bankruptcy or liquidation, "wages and other rights of employees shall be paid prior to other debts, except those secured by collateral rights." This statutory clarification restored harmony between *lex specialis* and *lex posterior* norms, positioning wage claims above unsecured and tax obligations while preserving the rights of bona fide secured creditors. Scholars such as Khairandy (2007) and Mahadi (1989) interpret this development as a synthesis between the principles of *paritas creditorium* and the moral imperative to protect vulnerable creditors, ensuring that justice (*gerechtigheit*), legal certainty (*rechtszekerheid*), and utility (*zweckmäßigkeit*) coexist within the Indonesian legal order.

Comparatively, Indonesia's reforms correspond to international best practices. The International Labour Organization has consistently urged member states to recognize wage claims as preferred debts or to establish guarantee funds that secure at least three months of unpaid wages upon insolvency (Nuryanto et al., 2024). The United Nations Commission on International Trade Law (UNCITRAL, 2020; 2021) similarly identifies employee entitlements as legitimate grounds for limited priority within equitable insolvency frameworks, emphasizing that clarity and predictability in ranking rules enhance overall creditor confidence (Block-Lieb & Halliday, 2006). The World Bank's (2021a) *Principles for Effective Insolvency*

and Creditor/Debtor Regimes and the OECD (2022) guidelines echo this view, noting that explicit wage priorities contribute to macroeconomic stability by sustaining household consumption and mitigating social unrest. These global perspectives reinforce the normative logic of Indonesia's Constitutional Court and its subsequent legislative alignment through the Job Creation Law.

The PT. Kertas Leces case therefore serves as an instructive lens through which to evaluate the coherence of Indonesia's bankruptcy regime with both constitutional and international standards. It demonstrates that insolvency law cannot be confined to the technical administration of debts; it must also function as a moral and constitutional safeguard for social welfare. Workers, unlike other creditors, lack the bargaining power or asset diversification to absorb non-payment risks; their livelihood depends directly on the enforceability of wage entitlements. The recognition of employees as preferred creditors, therefore, transcends procedural fairness it embodies the state's commitment to protect human dignity and promote distributive justice in economic life. Radbruch's (1973) triadic theory of law justice, legal certainty, and expediency captures this equilibrium: without justice, law degenerates into coercion; without certainty, it collapses into chaos; and without expediency, it loses practical relevance. Applying this framework, prioritizing employee wages in bankruptcy represents not only legal correctness but also moral necessity and social prudence.

Consequently, this study seeks to examine the juridical position of employees as preferred creditors within the Indonesian bankruptcy system and to evaluate the adequacy of legal protection afforded to their wage claims. It aims to demonstrate that the prioritization of workers' wages is a logical and ethical imperative consistent with the Constitution, national statutes, and evolving global standards. By situating the PT. Kertas Leces bankruptcy within both domestic and international contexts, the study contributes to scholarly and policy debates on aligning Indonesia's insolvency framework with principles of social justice, economic rationality, and rule-of-law governance.

RESEARCH METHODOLOGY

This research employs a normative juridical approach, which emphasizes the study of law as a system of norms rather than as empirical behavior. The normative juridical method is particularly appropriate for this study because the issue under examination the prioritization of employee wage claims in bankruptcy proceedings concerns the interpretation and harmonization of statutory provisions, judicial decisions, and constitutional norms. As Marzuki (2008) explains, normative juridical research seeks to identify, interpret, and evaluate legal principles and doctrines that govern a specific legal problem. In this case, the research explores how Indonesia's bankruptcy and labor laws regulate the legal standing of employees as preferred creditors, as well as how judicial interpretations have reconciled potential conflicts between statutory law and constitutional mandates.

The primary data sources consist of primary legal materials, including the 1945 Constitution of the Republic of Indonesia, the Civil Code (*Burgerlijk Wetboek*), Law No. 37 of (2004) concerning Bankruptcy and Suspension of Debt Payment Obligations, Law No. 13 of (2003) concerning Manpower, and Law No. 11 of 2020 concerning Job Creation, particularly Article 95 (*Undang - Undang Nomor 11 Tahun 2020 Tentang Cipta Kerja*, 2020). Additionally, Constitutional Court Decision No. 67/PUU-XI/2013 serves as a vital interpretive reference because it establishes a constitutional framework for prioritizing labor rights within bankruptcy contexts. These primary sources are supported by secondary legal materials, which include legal textbooks, journal articles, commentaries, and prior studies that provide doctrinal and theoretical perspectives on bankruptcy law, labor protection, and constitutional interpretation (Fuady, 2002; Jono, 2009; Khairandy, 2007; Rahayu, 2017; Subhan, 2007). Meanwhile, tertiary legal materials, such as legal dictionaries and encyclopedic references, were used to clarify technical terminology and ensure terminological precision (Kansil et al., 2009).

The analytical technique applied is qualitative juridical analysis, which involves systematic interpretation, evaluation, and synthesis of legal norms. The interpretation follows three main methods: (1) *grammatical interpretation*, to understand statutory language based on its ordinary meaning; (2) *systematic interpretation*, to situate specific legal provisions within the broader legal order; and (3) *teleological interpretation*, to discern the purpose and policy objectives underlying the law (Mertokusumo, 2009). These interpretive techniques allow the researcher to construct a coherent understanding of how different legal instruments bankruptcy law, labor law, and constitutional law interact to regulate the protection of employees' wage claims in insolvency.

This study also employs comparative legal analysis to contextualize Indonesia's legal framework within international standards. References from the International Labour Organization, the United Nations Commission on International Trade Law (UNCITRAL), and the World Bank (2021) were analyzed to identify how wage claims are treated in insolvency systems of other jurisdictions. The comparative dimension provides normative insights for evaluating whether Indonesia's current framework aligns with global best practices in balancing creditor equality and social protection.

Finally, the research is descriptive-analytical in character. It does not merely restate legal norms but critically examines their consistency, coherence, and adequacy in achieving justice and legal certainty. The analysis draws upon Radbruch's (1973) triadic conception of law justice (*gerechtigheit*), legal certainty (*rechtszekerheid*), and utility (*zweckmäßigkeit*) as the philosophical foundation for evaluating the effectiveness of Indonesia's bankruptcy regime in protecting workers. The integration of doctrinal and philosophical reasoning ensures that the study not only identifies positive law but also assesses its moral and constitutional underpinnings. Through this methodology, the research achieves a comprehensive

understanding of employee protection within Indonesia's bankruptcy system, highlighting both its normative strength and areas for further reform.

RESULT AND DISCUSSION

The analysis of the bankruptcy of PT. Kertas Leces (Persero) demonstrates that Indonesia's legal system faces a continuous challenge in reconciling the formal hierarchy of creditors with the moral and constitutional imperatives of protecting workers' rights. The case embodies both the technical operation of bankruptcy law and its deeper constitutional dimension, in which the protection of human dignity through the payment of wages becomes an expression of the rule of law. The doctrinal tension between creditor equality (*pari passu prorata parte*) and labor privilege (*hak istimewa umum*) stands at the heart of this debate. Accordingly, this section elaborates the juridical findings, interpretive reasoning, and comparative insights that clarify the legal status of employee wage claims in Indonesia's bankruptcy system.

The PT. Kertas Leces Case and the Problem of Creditor Hierarchy

The starting point of this analysis lies in the concrete dispute that led to the bankruptcy declaration of PT. Kertas Leces (Persero). For several years the company failed to pay the wages of its employees and defaulted on its obligations under a confirmed *perjanjian perdamaian* (composition plan). These violations prompted creditors primarily its employees to petition for the annulment of the composition before the Commercial Court of Surabaya. The court, through (Putusan Nomor 01/Pdt.Sus Pembatalan Perdamaian/2018/PN.Niaga.Sby Jo. Perkara Nomor 5/Pdt.Sus PKPU/2014/PN.Niaga.Sby Jo. Perkara Nomor 43PK/Pdt.Sus-Pailit/2019, 2019), found that the company's failure to pay salaries constituted material breach, thereby justifying the reopening of insolvency proceedings. This ruling reaffirmed the doctrinal premise that curators and judges are obligated to reopen bankruptcy where the debtor violates the terms of a confirmed peace agreement (Rahayu, 2017; Subhan, 2007).

Yet the case did more than confirm procedural rules; it exposed the fragility of legal certainty regarding the ranking of wage claims. While the Bankruptcy Law (Undang-Undang Republik Indonesia Nomor 37 Tahun 2004 Tentang Kepailitan Dan Penundaan Kewajiban Pembayaran Utang, 2004) empowers the court to administer all debtor assets, it offers little guidance on the relative order among secured, preferential, and concurrent creditors. Articles 1131–1132 of the Civil Code introduce the principle of *paritas creditorium* that all creditors shall share equally in the proceeds but they also allow exceptions where the law grants specific privileges. Thus, as Fuady (2002) and Jono (2009) argue, the legal basis for wage preference derives not from contractual security but from legislative policy designed to protect vulnerable creditors. The absence of explicit statutory hierarchy,

however, historically produced inconsistent judicial practices and competing interpretations between labor authorities and bankruptcy courts.

Constitutional Interpretation and Transformation of Workers' Rights

The decisive turning point arrived with Constitutional Court Decision No. 67/PUU-XI/2013. In that case, the Court examined the relationship between the Manpower Law (Undang - Undang Nomor 13 Tahun 2003 Tentang Ketenagakerjaan, 2003) and the Bankruptcy Law. It held that the non-payment of wages undermines the constitutional right to life under Article 28A and the right to work and to receive fair remuneration protected by Article 28I (1) of the 1945 Constitution. Accordingly, the Court interpreted the relevant provisions to require that wage debts be satisfied ahead of other obligations except those secured by real collateral rights. This interpretation elevated workers' claims from a statutory privilege to a constitutional entitlement a profound jurisprudential shift toward a rights-based conception of insolvency law (Rahayu, 2017).

The Court's reasoning reflected Indonesia's evolving constitutionalism, in which economic regulation must be interpreted through the lens of social justice. As Khairandy (2007) explains, the Constitution mandates the state to balance private economic freedoms with social welfare obligations. By treating wage protection as a manifestation of human dignity, the Court aligned domestic insolvency doctrine with global human-rights principles and ILO standards. From that moment, curators and judges could no longer regard wages as ordinary debts; they became obligations that reflect the moral foundations of the Republic.

Harmonization through Statutory Reform

Despite the transformative effect of the Constitutional Court's ruling, its practical enforcement required statutory confirmation. Because Law No. 37 of 2004 remained silent on explicit ranking, the potential for normative conflict persisted. To resolve this, the legislature enacted the Job Creation Law (Undang - Undang Nomor 11 Tahun 2020 Tentang Cipta Kerja, 2020), whose Article 95 codifies the Court's interpretation: "In the event that a company is declared bankrupt or liquidated, the wages and other rights of workers shall be paid prior to other debts, except for those secured by collateral rights." This reform operationalized the principle of *lex posterior derogat legi priori* the later statute overrides the earlier one and harmonized labor protection within the broader framework of bankruptcy law. At the same time, it preserved the *lex specialis* status of the Bankruptcy Law by clarifying, not abolishing, its procedural mechanisms (Siahaan, 2011).

The convergence of these doctrines exemplifies Indonesia's pragmatic legal pluralism, where consistency is achieved through interpretive integration rather than wholesale replacement. By recognizing that constitutional decisions possess *erga omnes* effect, the Job Creation Law transformed moral interpretation into binding positive law. For curators, this meant that verification of wage claims must

precede tax and unsecured obligations. For courts, it established a clear reasoning path grounded in constitutional authority. Consequently, Indonesia's bankruptcy regime now embodies a dual mandate: ensuring creditor equality and safeguarding social justice.

Implementation and Remaining Challenges

Since 2018, several bankruptcy decisions have reflected this normative alignment. Curators have increasingly listed wage arrears as priority debts, and judges have confirmed distributions consistent with the Job Creation Law and the Constitutional Court's guidance. Nevertheless, implementation challenges remain. Verification delays, incomplete employment records, and disputes between curators and tax authorities often hinder prompt payment. In addition, the absence of a centralized wage-guarantee mechanism means that employees in insolvent companies with heavily encumbered assets may still receive partial or delayed payments. Hartini (2017) notes that the practical success of wage protection depends less on statutory hierarchy than on administrative efficiency and inter-institutional coordination among courts, curators, and labor agencies.

To address these gaps, scholars have proposed the establishment of a Wage Guarantee Fund similar to systems in France and Germany, where public agencies advance wage payments to employees and later claim reimbursement from the estate. Such a mechanism would institutionalize social protection without undermining market discipline, as contributions could be financed through modest employer premiums. Indonesia's ongoing labor-law reforms provide an opportunity to integrate this model within its national social-security architecture.

Comparative and international Context

From a comparative perspective, Indonesia's post-2020 framework aligns closely with international best practice. The International Labour Organization's Convention No. 173 1992 on the Protection of Workers' Claims in the Event of the Employer's Insolvency recommends that unpaid wages and severance be given either preferential status or covered by guarantee institutions. Similarly, the UNCITRAL Legislative Guide on Insolvency Law 2021 recognizes wage protection as a legitimate exception to the *pari passu* rule, provided that priority categories are transparent and limited to socially justified claims. The World Bank's Principles for Effective Insolvency and Creditor/Debtor Regimes affirm that clear ranking rules reduce litigation and improve investor confidence by ensuring predictability. OECD 2022 research likewise suggests that well-defined employee-priority rules contribute to macroeconomic resilience by sustaining household income during business failures.

Regionally, several ASEAN members have adopted comparable reforms. The Philippines' Financial Rehabilitation and Insolvency Act 2010 grants wage claims privileged status, while Malaysia's Companies Act 2016 and Thailand's

Bankruptcy Act amendments incorporate ILO principles. In Singapore, although the Insolvency, Restructuring and Dissolution Act 2018 limits preference duration to five months of salary, the mechanism achieves a similar balance between fairness and credit certainty. Ariqah 2022 shows that these jurisdictions successfully protect workers without deterring secured lending, demonstrating that wage priority, when clearly delimited, enhances rather than weakens economic trust. Hence, Indonesia's integration of Article 95 of the Job Creation Law situates it within this global trajectory of socially responsible insolvency regulation.

Theoretical Justification: Justice, Certainty, and Utility

The prioritization of workers' wage claims finds strong philosophical grounding in Gustav Radbruch's (1973) triadic theory of law. First, from the standpoint of *justice* (*gerechtigkeits*), wage protection fulfills the moral duty of the state to safeguard human dignity. Employees represent the most vulnerable stakeholders in insolvency; their income directly sustains life, family, and social stability. Second, in terms of *legal certainty* (*rechtszekerheid*), codifying wage priority in Article 95 of the Job Creation Law eliminates ambiguity and guides curators and courts toward consistent application. Third, regarding *utility* (*zweckmäßigkeit*), protecting wages yields tangible economic benefits: it maintains consumer purchasing power, prevents poverty escalation, and reduces the fiscal burden on social-assistance programs. Thus, the principle of wage preference embodies a synthesis of moral, legal, and economic rationality.

Nevertheless, as Nuryanto (2024) cautions, the pursuit of justice must not disregard the economic realities of credit markets. An excessively broad definition of privileged claims could reduce loan availability or increase borrowing costs. For this reason, the UNCITRAL Guide 2020 recommends limiting the scope of wage priority to a defined monetary cap or temporal period. Indonesia's framework implicitly follows this recommendation by confining priority to unpaid wages and specific employment entitlements. This balanced approach preserves credit discipline while achieving distributive fairness.

Institutional Implications and Best-Practice Recommendations

The PT. Kertas Leces precedent illuminates several institutional lessons. First, curators must assume an active role in verifying, calculating, and documenting wage arrears immediately after the bankruptcy declaration. A clear methodology for quantifying wage debts supported by payroll records and employment contracts reduces disputes and accelerates payment. Second, courts should articulate detailed reasoning in judgments that involve competing priorities between secured, tax, and labor claims, thereby producing authoritative guidance for future cases. Third, labor inspectors and the Ministry of Manpower should collaborate with curators to verify worker data and ensure that dismissed employees

are properly notified of their rights. These procedural refinements will transform constitutional guarantees into effective remedies.

Fourth, judicial education remains crucial. As Ali (2002) and Rato (2010) observe, legal reasoning in Indonesia is transitioning from formalistic positivism toward purposive interpretation. Training judges and curators in constitutional and human-rights jurisprudence can strengthen this transformation. Fifth, the Supreme Court could issue a circular (*Surat Edaran Mahkamah Agung*) codifying uniform standards for the application of Article 95 of the Job Creation Law, thereby minimizing inconsistent decisions across jurisdictions. Lastly, public transparency including online publication of distribution lists and curatorial reports would enhance trust in insolvency administration and reduce perceptions of unfairness among workers and creditors alike.

Broader Normative and Policy Synthesis

At the normative level, the prioritization of employee wages embodies the Indonesian Constitution's social-state (*welfare state*) philosophy. Article 27(2) of the Constitution affirms that "every citizen has the right to work and to a decent living," and Article 28D (2) guarantees fair remuneration and equal treatment in employment. By giving legal force to these principles within bankruptcy law, Indonesia transforms abstract constitutional commitments into enforceable rights. The PT. Kertas Leces case thus becomes a concrete expression of constitutional morality illustrating how economic law serves not only efficiency but also humanity. As Mahadi (1989) and Hartini (2017) emphasize, the legitimacy of law depends on its ability to reconcile the material with the moral dimensions of social life.

From a policy perspective, the case underscores the necessity of integrating economic regulation with social-protection systems. Bankruptcy should not only allocate loss among creditors but also mitigate harm to the most vulnerable. In this sense, the Indonesian experience contributes to comparative scholarship by illustrating that legal modernization need not entail moral neutrality. Instead, it demonstrates that constitutional courts can shape market institutions to reflect national values of justice and solidarity.

Synthesis of Findings

Drawing together these discussions, several conclusions emerge:

1. Employee wage claims constitute general privileged rights under Indonesian law, elevated to constitutional status by the Constitutional Court and codified in Article 95 of the Job Creation Law.
2. The integration of *lex specialis* (Bankruptcy Law) and *lex posterior* (Job Creation Law) has produced a harmonized system that ensures both procedural efficiency and social justice.

3. Judicial and curatorial practice increasingly reflects these principles, though implementation challenges verification delays and data limitations persist.
4. Comparative analysis confirms that Indonesia's approach is consistent with international and regional norms recognizing limited wage priority as a legitimate social-policy exception to *pari passu*.
5. Normative justification lies in Radbruch's triad: justice through human-dignity protection, certainty through codification, and utility through social-economic stability.

These findings collectively demonstrate that Indonesia's bankruptcy system, as applied in the PT. Kertas Leces case, has evolved from a purely procedural mechanism into a substantive instrument of constitutional justice. The ongoing challenge is to ensure that the normative ideals articulated by the Constitutional Court translate into consistent administrative practice. Sustained legislative refinement, institutional coordination, and judicial professionalism will be essential to realizing a bankruptcy regime that is not only economically rational but also morally and socially legitimate.

CONCLUSION

The findings of this study affirm that employees' wage claims in the bankruptcy of PT. Kertas Leces (Persero) occupy a privileged legal position and must be prioritized above other unsecured debts. This conclusion is derived from a coherent interpretation of Indonesia's legal framework, which integrates statutory provisions, constitutional guarantees, and judicial precedent. The Constitutional Court Decision No. 67/PUU-XI/2013 established that workers' rights to wages are inseparable from the constitutional right to life and human dignity as enshrined in Articles 28A and 28I(1) of the 1945 Constitution. This jurisprudence was later reinforced and codified in Article 95 of the Job Creation Law (Law No. 11 of 2020), which explicitly places employees' wage claims before other creditors in cases of insolvency. The harmonization of these legal instruments demonstrates Indonesia's commitment to embedding social justice and moral responsibility within its bankruptcy regime.

The PT. Kertas Leces case exemplifies how insolvency law operates not merely as a technical mechanism for debt repayment but as an instrument of constitutional and moral governance. The prioritization of wage claims ensures fairness, prevents social harm, and upholds the legitimacy of the legal system in protecting vulnerable groups. From a doctrinal standpoint, this reflects the synthesis of *lex specialis* and *lex posterior* principles, which together sustain both legal certainty and progressive adaptation. Internationally, the Indonesian approach aligns with global standards recommended by the ILO, UNCITRAL, and the World Bank, affirming that the protection of workers' claims is an integral part of

sustainable and humane economic governance. To strengthen this framework, policymakers should consider establishing a national wage guarantee fund, enhancing curator training in labor law, and improving judicial consistency through Supreme Court guidelines. Ultimately, ensuring the enforceability of wage priorities in bankruptcy is not only a legal obligation but also a manifestation of justice, humanity, and the state's constitutional duty to protect its citizens.

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