

Assessing the Effectiveness of Corporate Legal Accountability in Ensuring Workers' Rights in Batam City

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Accepted: 15-06-2025 Revised: 16-06-2025 Approved: 09-07-2025 Published: 26-07-2025

How to cite:

Indri Ceria Agustin. (2025) "Assessing the Effectiveness of Corporate Legal Accountability in Ensuring Workers' Rights in Batam City", *De Lega Lata: Jurnal Ilmu Hukum*, Volume 10 (2): p. 298-312

Abstract

This study investigates the effectiveness of corporate legal accountability in upholding workers' rights in Batam City, with specific reference to two case studies: PT. GSW (road construction sector) and PT. SRI (real estate sector). Employing an empirical legal research design with a qualitative approach, data were collected through questionnaires, document analysis, and in-depth interviews, grounded in the relevant labor law framework. The findings reveal that PT. SRI demonstrates stronger compliance with labor regulations through rigorous internal oversight and inclusive employment policies. Conversely, PT. GSW exhibits shortcomings in compensating contract workers, despite fulfilling social security obligations for permanent staff. Key determinants of corporate responsibility in protecting labor rights include the regulatory environment, employee performance, and labor market dynamics. Furthermore, external factors such as market competition, workforce heterogeneity, and inadequate government supervision exacerbate the challenges in labor rights enforcement. This research contributes to the understanding of corporate labor practices in Indonesia and offers policy-oriented recommendations, including enhanced labor law enforcement, improved worker education, stronger trade union advocacy, and tripartite collaboration among the government, employers, and employees to foster a fair and sustainable labor system.

Keywords: *Workers' Rights, Corporate Responsibility, Labor Law, Batam City*

INTRODUCTION

Batam City, located in the Riau Islands Province, has been designated as an industrial and investment zone due to its strategic geographic location and low labor costs.¹ Despite its competitive investment climate, the rapid industrial growth in Batam is frequently accompanied by challenges in ensuring the fulfillment of workers' rights. In practice, many businesses struggle to uphold fundamental labor entitlements, including fair compensation, health insurance, workplace safety, and the protection of basic rights.² These challenges may stem

¹ Ade Parlaungan Nasution, "Potret Tenaga Kerja Kota Batam," *Dimensi* 2, no. 2 (2013), <http://journal.unrika.ac.id/index.php/jurnaldms/article/view/122/118>.

² Bappenas, "Visi Dan Arah Pembangunan Jangka Panjang (PJP) Tahun 2005-2025," *Badan Perencanaan Pembangunan Nasional*, 2005, 142, https://www.bappenas.go.id/files/1814/2057/0437/RPJP_2005-2025.pdf.

from cost-cutting measures, corporate ignorance of labor regulations, or limitations in labor oversight mechanisms.³

This phenomenon raises critical questions regarding the effectiveness of corporate legal responsibility in ensuring that workers' rights in Batam are adequately protected in accordance with prevailing legal standards.⁴ While studies on labor rights and corporate responsibility in Indonesia are abundant, research specifically focused on Batam remains scarce. One notable gap lies in the lack of empirical data concerning the enforcement of labor laws and corporate social responsibility within the context of rapidly growing industrial regions. Few studies have examined the unique obstacles faced by companies in Batam in fulfilling their legal obligations toward employees. Moreover, there is limited research assessing the effectiveness of labor law enforcement in the city, including the role of government supervision in safeguarding workers' rights. Therefore, a focused study on Batam is needed to provide context-specific insights and evidence-based policy recommendations.⁵

Table 1. Previous Studies

Researcher(s) & Year	Title	Methodology
Raihanah Daulay, Efry Kurnia, Irvan maulan - 2019	"Analysis of Factors Affecting Employee Performance in Regional Enterprises in Medan City"	Exploratory Research
Nuraeni Yeni - 2020	Analysis of Indonesian Labor Law in Facing the Challenges of the Industrial Revolution 4.0	Normative Legal Research
R. Pratiwi & S. Hoesin	Protection of Workers' Rights Related to Wages Below the City Minimum Wage	Normative Legal Research
F.Khoe - 2021	Legal Perspective on Workers' Rights Without a Signed Employment Contract Based on Law No. 13 of 2003 on Manpower	Normative Legal Research
M. Basofi, I. Fatmawati - 2023	Legal Protection of Workers in Indonesia Based on the Job Creation Law	Normative Legal Research

The reviewed data indicate that there have been five notable studies conducted in recent years, each addressing evolving themes in labor law and employee protection. However, this study offers a novel perspective by focusing on the dynamics of employment relations within a

³ Hadi Subhan, "Perlindungan Tki Pada Masa Pra Penempatan, Selama Penempatan Dan Purna Penempatan," *Badan Pembinaan Hukum Nasional Kementerian Hukum Dan Hak Asasi Manusia Jakarta*, 2012, 15–17.

⁴ Ade Priangani, "Pengelolaan Wilayah Perbatasan Berbasis Integrated Border Management (IBM) Dalam Meningkatkan Daya Saing Investasi Dan Perdagangan Indonesia," *Kontigensi : Jurnal Ilmiah Manajemen* 2, no. 2 (2014): 108–25, <https://doi.org/10.56457/jimk.v2i2.12>.

⁵ J Beno, A.P Silen, and M Yanti, "URGENSI PENGATURAN PRAKTIK ILEGAL LINTAS BATAS PERDAGANGAN ELEKTRONIK TERHADAP BARANG TERLARANG DAN/ATAU TERBATAS," *Braz Dent J.* 33, no. 1 (2022): 1–12.

strategically industrialized zone such as Batam. One of its key contributions lies in the in-depth analysis of how Batam's unique socio-economic characteristics influence corporate compliance with labor regulations.⁶ Furthermore, this research introduces a more adaptive and proactive model of corporate responsibility that aligns with the specific industrial needs of Batam.⁷ The proposed approach aims to contribute significantly to the development of fairer and more human-centered corporate guidelines, particularly by integrating both legal and social dimensions of corporate responsibility.⁸

This study also seeks to make a meaningful contribution to the improvement of labor rights in Batam from both legal and political standpoints. First, its findings are expected to serve as a foundation for recommending regulatory reforms tailored to the local context of Batam. Second, it provides insights for companies to better understand the critical role of legal compliance as an integral part of corporate responsibility, thereby promoting the formulation of more inclusive internal policies that support employee welfare. Third, the research offers practical input for labor unions and civil society organizations to enhance awareness and advocacy for labor rights in the region.⁹

In summary, this study presents a substantive contribution by addressing a research gap that has not been previously explored in detail. It investigates the effectiveness of corporate legal obligations in protecting workers' rights in Batam through a qualitative case study of two companies: PT. GSW, operating in the road construction sector, and PT. SRI, engaged in the real estate sector. The primary objective is to assess whether these companies' legal responsibilities are aligned with existing labor laws and regulations.

Research Methodology

This study adopts an empirical legal research approach combined with a qualitative methodology to examine the obligations of corporations in protecting workers' rights in Batam City, focusing specifically on two companies: PT. GSW (road construction) and PT. SRI (real estate). The research aims to assess both the effectiveness and inefficiencies of corporate

⁶ Fredi Efendi and Sastra Tamami, "Pengaruh Tingkat Upah, KEsejahteraan, Dan Loyalitas Terhadap Kinerja Karyawan Pada PT. Angkasa Engineers Indonesia," *Equilibiria* 4 (2017): 1–14.

⁷ FUJI KADRIAH ZULAIKA, "Rekontruksi Regulasi Hak Atas Tanah Pemilik Rumah Hunian Di Kawasan Perdagangan Bebas Kota Batam Berbasis Nilai Keadilan," 2024.

⁸ Kata Pengantar, "Program Studi Akuntansi Fakultas Bisnis Univesitas Putera Batam 2018," 2018.

⁹ Isdarmanto Isdarmanto, "Strategi Branding Pengembangan Industri Pariwisata 4.0 Melalui Kompetitif Multimedia Di Era Digital," *Journal of Tourism and Creativity* 4, no. 1 (2020): 1, <https://doi.org/10.19184/jtc.v4i1.14383>.

compliance with labor regulations within an industrial context. Data were collected through structured interviews, questionnaires, and documentation, targeting management and employees of the two companies. Primary data consist of responses related to wages, health insurance, occupational safety, and overall employee welfare, while secondary data include company reports, internal labor policy documents, and Indonesian labor laws. Legal materials are further categorized into primary (e.g., the 1945 Constitution, Law No. 13/2003 on Manpower, Law No. 11/2020 on Job Creation, and Government Regulation No. 36/2021 on Wages), secondary (academic books, prior studies, legal interpretations), and tertiary sources (legal encyclopedias, dictionaries). The data analysis employs a qualitative approach, with primary data analyzed using descriptive statistics to summarize employee perceptions and labor practices, and secondary data used to compare corporate conduct with established legal standards. This combined method allows for a comprehensive understanding of how effectively PT. GSW and PT. SRI fulfill their legal responsibilities, and provides a foundation for offering practical recommendations to enhance labor rights compliance in Batam.

DISCUSSION

Implementation of Corporate Legal Responsibility in Fulfilling Workers' Rights in Batam City

Companies operating in Batam are legally obligated to uphold and protect the rights of their employees. Ensuring workers' rights is crucial not only for promoting justice and welfare but also for enhancing productivity and sustaining business continuity. Since labor constitutes a vital component of operational success, companies must comply with industry regulations that mandate fair treatment of employees, including adequate wages, health protection, and workplace safety.¹⁰

Within the employment context, the employment agreement drafted by the employer and consented to by the employee serves as the legal foundation that determines the entitlements and obligations of both parties. These agreements form legally binding contracts, as recognized in the Indonesian Labor Law, which comprehensively governs all employment phases: pre-employment, during employment, and post-employment.¹¹ Labor equality is thus seen as a means to realize justice in all dimensions of national life, particularly within employment

¹⁰ Nani Kartika, "The Corporate Responsibility of Pt. Kaltim Banua Etam in North Sangatta To Employee Who Caused By Work Accident Based on Law Number 1 of 1970 About Safety," *Jurnal Ilmiah Ilmu Hukum* 26, no. 1 (2020): 438–48.

¹¹ Talitha Zhafirah and H.R. Adianto Mardijono, "Perlindungan Hukum Atas Hak Pekerja Dalam Perjanjian Kontrak Kerja," *Bureaucracy Journal : Indonesia Journal of Law and Social-Political Governance* 3, no. 1 (2023): 215–30, <https://doi.org/10.53363/bureau.v3i1.176>.

relations and other socio-economic domains. The legal framework aims to empower workers in a manner that is both humane and efficient.¹²

The 1945 Constitution of the Republic of Indonesia affirms the right of every citizen to work and to earn a decent living, as stipulated in Article 27(2). Additionally, Article 28D(2) guarantees the right to fair treatment and legal protection in employment settings. Employers are obligated to comply with the provisions set forth in labor legislation, while employees are also expected to adhere to applicable rules and regulations. Article 86(1) of Law No. 13 of 2003 on Manpower asserts that workers have the right to protection in terms of: (a) occupational health and safety, (b) ethics and moral conduct, and (c) dignified and respectful treatment. Furthermore, Article 4(1) mandates the central government to formulate wage policies as part of its responsibility to ensure workers' rights to a humane standard of living.

The wage system itself is further elaborated in Article 7(1), which outlines wage structures, including: (a) base wage without allowances; (b) base wage and fixed allowances; (c) base wage, fixed allowances, and variable allowances; or (d) base wage and variable allowances. Both Law No. 13 of 2003 and Government Regulation No. 36 of 2021 provide comprehensive protection of workers' rights and support equitable labor standards in various sectors.

There are two primary types of employment contracts under Indonesian labor law: fixed-term contracts and indefinite-term contracts. The former generally applies to contract-based and freelance workers, while the latter secures the legal status of permanent employees. These contract types determine the nature of legal entitlements, especially regarding severance, social protection, and job security.

To comply with labor regulations, companies are required to fulfill several essential legal responsibilities, including:

1. **Minimum Wage Compliance:** Employers must pay workers at least the minimum wage as stipulated by the Batam City government. This ensures workers can meet their basic daily needs and maintain a decent standard of living.
2. **Occupational Health and Safety:** Employers are responsible for safeguarding the health and safety of employees by providing personal protective equipment (PPE), conducting safety training, and creating a safe and healthy work environment.

¹² Mokoginta et al., "Perlindungan Hukum Terhadap Hak Pekerja Menurut Undang-Undang Nomor 11 Tahun 2020 Tentang Cipta Kerja," *Lex Crimen* 11, no. 5 (2022): 1–8, <https://ejournal.unsrat.ac.id/index.php/lexcrimen/article/download/42671/37632>.

3. Leave Entitlements: Employees are entitled to maternity leave, sick leave, annual leave, and other forms of leave, in accordance with statutory provisions. Companies are legally bound to grant such leave without penalty.
4. Rest and Holiday Rights: Employees must be granted adequate rest periods and holidays to preserve physical and mental well-being. Employers must ensure regulated working hours and rest schedules as per legal standards.
5. Prevention of Workplace Sexual Harassment: Companies are required to establish a workplace free from sexual harassment by enforcing clear policies and disciplinary procedures to prevent and address such misconduct.
6. .Right to Collective Bargaining: Both employers and employees have the right to engage in collective negotiations regarding wages, occupational safety, and other employment terms. Companies are required to respect and support these rights as part of democratic labor relations.

The Job Creation Law (commonly referred to as the Omnibus Law) repealed the provisions stipulated in Articles 89 and 90 of the Indonesian Manpower Law concerning minimum wage regulations. Article 89 previously defined the minimum wage as the lowest allowable compensation determined by regional governments at the provincial, regency, or city level. It also recognized sectoral minimum wages applicable in specific regions. The intended purpose of the minimum wage, as outlined in paragraph (1), was to ensure a decent standard of living. Governors were authorized to set regional minimum wages based on recommendations from mayors/regents and/or provincial wage councils. In addition, ministerial regulations were issued to specify the elements and implementation phases required to meet basic living standards. Importantly, the law strictly prohibited employers from paying wages below the established minimum.

In cases where employment relationships arise from contracts between employers and employees, the legal framework of the Manpower Law governs the interaction between both parties. As defined by Iman Soepomo, labor law comprises a set of norms both written and unwritten that regulate situations where a person performs work for another and receives compensation in return. Article 156(1) of Law No. 13 of 2003 stipulates that in the event of termination of employment, employers are required to provide severance pay, long-service awards, and compensation for entitlements due to the employee. This means that if an employee is dismissed before the expiration of their term of service, the company must provide severance based on the duration of the employment relationship. Grounds for termination may include,

but are not limited to, serious misconduct, financial insolvency of the company, or other lawful reasons.

Furthermore, Article 164(1) of Law No. 13 of 2003 explicitly states that an employer has the right to terminate an employment relationship if the company is permanently closed due to continuous financial losses over a period of two (2) consecutive years or under urgent circumstances. In such cases, employees are entitled to receive severance pay equivalent to one (1) time the amount stipulated in Article 156(2), a long-service award equivalent to one (1) time the provision in Article 156(3), and compensation for entitlements as outlined in Article 156(4). Additionally, Government Regulation No. 35 of 2021 which governs fixed-term employment agreements, outsourcing, working hours, rest periods, and termination procedures—also outlines specific rules regarding termination of employment in the private sector. These include: (1) employers must notify the employee or labor union at least 14 working days in advance; (2) if the termination occurs during a probationary period, notification must be given at least seven working days in advance; (3) employees who disagree with the termination must submit a written objection stating their reasons within seven working days of receiving the notice; (4) the dismissal process must adhere to the procedures established by the Job Creation Law and may not be executed unilaterally; (5) employers are required to provide severance pay, compensation for rights, and/or financial settlements for any due entitlements; (6) employees may be dismissed without severance pay in cases of serious misconduct, provided valid evidence supports the employer's claim; and (7) all terminations must be formally reported to the relevant government authority, typically the local labor office or the Ministry of Manpower. In accordance with the fifth point mentioned previously, employees who are terminated from employment are entitled to receive severance pay from their employer. Should the employer fail to provide such compensation, the employee has the legal right to file a claim with the Industrial Relations Court to seek severance pay and a formal resolution of the employment termination, in accordance with provisions set forth in the Manpower Law. It is generally emphasized that mutual consultation and consensus must guide the interaction between employers and employees to prevent unfair treatment from either party. If an employee agrees to be dismissed, the termination can proceed based on mutual understanding.¹³

The researcher identified a case at PT. GSW, a company operating in the road construction sector, where contract workers were not provided with compensation. The company justified

¹³ Mochamad Arifinal, Aris Suhadi, and Rani Sri Agustina, "Perlindungan Pekerja Buruh Terhadap Pemutusan Hubungan Kerja Pada Perusahaan Swasta Di Masa Pandemi Covid-19," *Legal Standing Jurnal Ilmu Hukum* 4, no. 2 (2020): 290–300.

this by asserting that the workers had failed to fulfill their contractual responsibilities. However, according to the author, the legal basis for compensation for fixed-term contracts is clearly stipulated in the Job Creation Law, particularly Article 15(1), which obligates employers to provide compensation based on the duration of employment under a PKWT agreement. Despite this legal requirement, PT. GSW's implementation of this regulation remains ineffective. On the other hand, PT. GSW was found to effectively comply with labor regulations in providing social security benefits for its permanent employees. Social security is a critical element of worker protection, offering financial and health safeguards for employees and their families in the face of unforeseen risks during the course of their employment. In both work-related and non-work-related contexts, risk is an inherent factor of uncertainty. Such risks may take the form of pure risks, operational risks, or financial risks. Therefore, the provision of social security is essential and beneficial for workers as a preventive mechanism to mitigate potential future hazards.¹⁴

According to an interview with PT. GSW, the company asserted that every enterprise reserves the right to determine the content of employment contracts for each worker, as long as the provisions remain consistent with the fundamental principles of the Manpower Law. While recognizing the rights of employees, PT. GSW also emphasized that workers have corresponding responsibilities, and that the company promotes a "communal relationship" model of employment. This approach entails open communication and educational efforts to foster a sense of ownership and accountability among employees, thereby enhancing their productivity and efficiency.

In contrast, PT. SRI, which operates in the real estate sector, consistently complies with labor obligations by providing fair wages, ensuring occupational health and safety, and offering adequate employee facilities. These practices have contributed to a protective and comfortable work environment, leading to a harmonious and productive workplace.¹⁵ Moreover, PT. SRI fulfills its severance pay obligations in every instance of termination, in line with labor regulations. Nevertheless, during interviews, respondents at PT. SRI also acknowledged that companies retain the right to define specific terms within employment agreements, provided they align with statutory labor provisions.

¹⁴ Junaidi Abdullah, "Bentuk-Bentuk Jaminan Sosial Dan Manfaatnya Bagi Tenaga Kerja Dalam Hukum Ketenagakerjaan Indonesia," *YUDISIA : Jurnal Pemikiran Hukum Dan Hukum Islam* 9, no. 1 (2018): 121, <https://doi.org/10.21043/yudisia.v9i1.3676>.

¹⁵ Kartika, "The Corporate Responsibility of Pt. Kaltim Banua Etam in North Sangatta To Employee Who Caused By Work Accident Based on Law Number 1 of 1970 About Safety."

Despite such efforts, the implementation of corporate responsibility for workers' rights continues to face significant challenges. Due to intense business competition, some companies reduce production costs particularly labor costs resulting in the neglect of workers' rights. Additionally, government oversight of labor regulation enforcement remains suboptimal, allowing many companies to violate rules with limited consequences. Low levels of legal awareness among workers further hinder efforts to demand their rights. The misuse of fixed-term contracts (PKWT) is especially problematic, as some companies exploit these contracts to avoid providing full employment rights to workers.

It is therefore essential that all employees understand their rights and obligations as stipulated in Law No. 13 of 2003 on Manpower, which outlines several relevant provisions:

- a. Employees have the right to receive social security and wages in accordance with applicable legal standards (Articles 88 and 96).
- b. Employees are entitled to protection in health and occupational safety (Article 87).
- c. Workers are required to comply with labor regulations and the terms of their employment contracts (Article 160).
- d. Every individual has the right to obtain suitable employment and remuneration (Article 4).¹⁶

In light of these findings, several actions are needed to enhance corporate legal responsibility in protecting workers' rights in Batam. First, government labor inspections and regulatory enforcement must be strengthened through routine monitoring and decisive action against violators. Second, legal awareness among workers must be improved, particularly through the empowerment of labor unions, which play a crucial role in educating workers about their rights and dispute resolution procedures. Labor unions also serve as key agents in defending workers' rights, monitoring compliance with labor law, and mediating disputes through tripartite collaboration involving government, employers, and employees.

In the context of the first case discussed PT. GSW's ineffective fulfillment of labor rights it is necessary to revisit and reevaluate the company's practices in light of the Manpower Law and the Job Creation Law. A more rigorous application of legal provisions is required to ensure workers' rights are upheld effectively and fairly.

Factors Influencing Corporate Responsibility in Upholding Workers' Rights in Batam City.

¹⁶ Ralph Adolph, "UPAYA TUGAS SERTA TANGGUNG JAWAB DINAS TENAGA KERJA, DALAM PERUBAHAN UPAH MINIMUM KOTA" 2, no. 1 (2016): 1–23.

One of the main factors influencing corporate responsibility in fulfilling workers' rights is the level of compliance with labor regulations in Indonesia. As discussed earlier, PT. SRI has demonstrated effective implementation of workers' rights, which indicates that internal corporate policies such as those regarding minimum wage, health protection, occupational safety, and working hours are formulated based on labor laws such as Law No. 13 of 2003 on Manpower and relevant provisions under the Omnibus Law. Regulatory pressure in the form of routine inspections and legal sanctions serves as a crucial driver for companies to uphold their responsibilities. Violations of labor regulations can lead not only to legal consequences but also to reputational damage..¹⁷

PT. SRI, as a real estate company, recognizes several key elements that shape its commitment to fulfilling workers' rights:

1. Regulatory Framework and Government Policy

The primary motivator for companies to respect workers' rights is the existence of clear and enforceable labor regulations. According to interviewees at PT. SRI, consistent adherence to labor law is largely dependent on effective enforcement and oversight by the authorities. The company fully complies with all labor-related legal obligations.

2. Workplace Responsibility

To enable employees to contribute meaningfully to the company's goals and functions, the company must fulfill its obligations concerning working hours, wages, health, and overall welfare. In turn, companies are expected to encourage employee responsibility and productivity through proper motivation, creating mutual benefits for both workers and the organization..¹⁸

3. Employee Performance

High-performing employees are expected to receive promotions, take on more challenging assignments, and assume greater responsibility. Conversely, if an employee's performance falls short of expectations, the company is entitled to issue one to three formal warnings, and if necessary, terminate the employment contract. Failure to improve performance may result in salary reductions or non-renewal of

¹⁷ Herdawati and Muannif Ridwan, "Jurnal Indragiri," *Jurnal Indragiri Penelitian Multidisiplin* 2, no. 1 (2022): 10–16, <https://ejournal.indrainstitute.id/index.php/jipm/article/view/558/241>.

¹⁸ Raihanah Daulay, Efray Kurnia, and Irvan Maulana, "Analisis Faktor-Faktor Yang Mempengaruhi Kinerja Karyawan Pada Perusahaan Daerah Di Kota Medan," *Prosiding Seminar Nasional Kewirausahaan* 1, no. 1 (2019): 209–18, <https://doi.org/10.30596/snk.v1i1.3612>.

contracts.¹⁹ Meanwhile, PT. GSW, which operates in the road construction sector, highlights an additional factor affecting corporate responsibility: gender dynamics in the workplace. Given the male-dominated nature of the construction industry, most field workers are men. However, the company acknowledges that women are increasingly participating directly in construction projects. PT. GSW expressed no objection to hiring female workers as long as they are willing to take full responsibility for their assigned duties.²⁰ That said, the contribution of male and female workers differs in terms of working hours. The company's internal analysis shows that, due to maternity leave and related factors, female employees tend to work fewer hours than their male counterparts. For instance, while the legal working hour standard is 40 hours per week, in practice, female employees often clock fewer hours than men. This disparity, although influenced by biological and social factors, also reflects the ongoing challenge of ensuring equal opportunities and treatment within traditionally gender-segregated industries..

Table 2. Comparison of Working Hours at PT. GSW

Type of Work	2020		2021		2023		Percentage	
	Male	Female	Male	Female	Male	Female	Male	Female
Field Activities	1.200 Hrs	-	1.200 Hrs	-	1.200 Hrs	-	100%	0%
Office Activities	1.200 Hrs	1.080 Hrs	1.200 Hrs	1.080 Hrs	1.200 Hrs	1.080 Hrs	100%	90%

The data presented in Table 2 clearly indicates that male employees at PT. GSW recorded higher working hours compared to their female counterparts. This discrepancy is primarily due to the fact that most female workers are assigned to office-based roles rather than fieldwork. The limited access of women to positions equivalent to those held by men contributes significantly to the existing wage gap. As demonstrated in the table, men consistently worked longer hours than women, mainly because female employees are less represented in labor-intensive field operations. This occupational segregation has direct implications on wage disparity within the company.²¹ The inability of women to access equal opportunities whether due to differences in education, training, or professional experience often leads them to choose

¹⁹ Daulay, Kurnia, and Maulana.

²⁰ Rita Dyana Melati, Yulvi Zaika, and Sugeng P Budio, "Di Kota Denpasar" 5, no. 2 (2011): 108–17.

²¹ N D ANDINA, "Analisis Kesenjangan Upah Tenaga Kerja Laki-Laki Dan Perempuan Di Indonesia," 2019, 1–15, <https://repository.unair.ac.id/83101/>.

safer and more comfortable job environments. As a result, their overall income tends to be lower than that of men in similar settings.²²

The gender wage gap is thus a central concern in this study. According to Law No. 13 of 2003 on Manpower, all workers are entitled to report labor violations and to receive fair remuneration from their employers, based on mutually agreed terms. Wages must be paid in accordance with the employment agreement and applicable legal standards, including salary allowances that support both the workers and their families in recognition of the services rendered. The remuneration system examined in this study includes various forms of compensation or incentives provided by the company's management to all employees both male and female based on the nature of their respective job roles.²³

PT. SRI reported that it has implemented a strict internal monitoring system to ensure that all workers' rights are fulfilled in accordance with applicable regulations. However, the company also acknowledged the critical role of external government oversight in ensuring justice and protection for workers. Employee grievances related to labor rights are taken seriously and addressed through both internal company mechanisms and formal labor institutions. One notable case occurred in 2015, as recounted during interviews with company representatives, where approximately 1,000 workers from Java staged a strike, citing discomfort with working in Batam. As a result, the company was compelled to terminate their contracts and repatriate them to Java, providing severance based on half of the agreed wages in accordance with the employment contract.²⁴ In this case, the company exercised its legal right to terminate employees who failed to fulfill their contractual obligations. Such instances commonly arise when workers do not carry out their duties and responsibilities properly.

Workforce diversity in Batam, encompassing employees from a variety of social and regional backgrounds, is another influential factor in how companies approach the fulfillment of labor rights. PT. SRI recognizes the importance of fostering an inclusive and non-discriminatory work environment. The company has adopted policies to ensure that all workers are treated fairly, regardless of their origin or gender. During interviews, managers emphasized the

²² Hennigusnia, "Kesenjangan Upah Antar Jender Di Indonesia: Glass Ceiling Atau Sticky Floor? (Gender Wage Gap in Indonesia: Glass Ceiling or Sticky Floor?)," *Jurnal Kependudukan Indonesia* 9 (2014): 83–96.

²³ Rani Nur Ritmawati, "SISTEM PENGUPAHAN BURUH PEREMPUAN SEBAGAI REPRESENTASI KETIDAKADILAN GENDER DALAM MASYARAKAT (Studi Kasus Industri Genteng Sokka 'Diono' Desa Logede Kecamatan Pejagoan Kabupaten Kebumen)," 2015.

²⁴ Sisilia, Rakrian Ajar Legowo, and Abdullah Sholah Syahadah, "Eksistensi Pengawasan Terhadap Lembaga Pengawasan Sesuai Dengan Peraturan Perundang-Undangan," *Yustisi* 11, no. 2 (2024): 98–111, <https://ejournal.uika-bogor.ac.id/index.php/YUSTISI/article/view/16656>.

importance of diversity training for both managerial staff and employees, with the aim of building a more harmonious workplace that supports the overall well-being of personnel.

From the findings related to factors influencing the fulfillment of workers' rights by companies in Batam particularly those drawn from interviews it is evident that diversity education is seen as crucial for establishing a respectful and inclusive workplace. Despite facing challenges and external pressures that affect corporate decisions, both PT. SRI and PT. GSW have demonstrated commitment to upholding workers' rights through transparent, inclusive, and regulation-compliant policies. This commitment ultimately contributes to mutually beneficial relationships between employers and employees, enhancing workplace effectiveness and employee loyalty.

CONCLUSION

One of the novel contributions of this study lies in its in-depth analysis of how Batam's economic and social characteristics influence corporate compliance with labor regulations. The research introduces a more adaptive and proactive model of corporate responsibility tailored to the unique industrial context of Batam. Firstly, the findings of this study can serve as policy recommendations for the government to revise labor regulations that reflect the specific local conditions of Batam. Secondly, it provides insight for companies to understand the significance of labor law compliance as an essential aspect of corporate responsibility, thereby encouraging the development of more inclusive internal policies that prioritize employee welfare. The study is grounded in direct case analysis through interviews with two companies based in Batam—PT. GSW (road construction) and PT. SRI (real estate)—to gain a practical understanding from the business perspective.

Using an empirical legal method and a qualitative approach, this study evaluates the extent to which companies fulfill their legal obligations to workers in Batam. Data were collected through interviews, documentation, and questionnaires, supported by existing labor laws and regulations. The findings reveal that PT. SRI demonstrates higher compliance in fulfilling workers' rights, while PT. GSW faces significant challenges, particularly in providing compensation to contract-based employees. Factors such as regulatory clarity, employee performance, and the degree of government oversight significantly influence company policies. These insights offer a realistic portrayal of

labor practices and form the basis for recommendations to enhance corporate compliance with labor law in Batam.

The study highlights, particularly in the first case analysis, the ineffectiveness of PT. GSW in fulfilling labor rights, especially in regard to contract worker compensation. In contrast, PT. SRI illustrates stronger adherence to labor law implementation. Improving labor conditions in Batam requires stronger oversight, better legal education for workers, the empowerment of labor unions, and multi-stakeholder collaboration. A stricter implementation of the Manpower Law and the Job Creation Law is essential to ensure the protection of workers' rights.

This research concludes that the main factors influencing corporate responsibility in upholding workers' rights in Batam are government regulation, employee performance, and labor market dynamics. PT. SRI, operating in the real estate sector, consistently fulfills labor obligations through strong internal monitoring and inclusive policies. Meanwhile, PT. GSW, a construction company, continues to face challenges in accommodating female workers and managing working hours but has made efforts to implement a wage system in accordance with Law No. 13 of 2003 on Manpower.

External challenges such as market competition, workforce diversity, and weak regulatory enforcement also affect corporate decisions in ensuring labor rights. Nevertheless, both companies show a degree of commitment to their responsibilities through transparent and regulation-compliant policies. With increased awareness of the importance of workers' rights, companies in Batam are expected to progressively improve their labor systems to ensure fairness and sustainability.

RECOMMENDATIONS

The author recommends that both PT. SRI and PT. GSW consider adopting Corporate Social Responsibility (CSR) initiatives, a strategic approach that has been widely implemented by major companies in Indonesia. Although there is no legal obligation for real estate or road construction companies to carry out CSR programs, the potential benefits of effective CSR implementation are substantial. CSR should not be viewed merely as social assistance or philanthropy; rather, it represents a company's commitment to its responsibilities toward the environment, society, and its workforce, while also promoting long-term sustainability. By integrating CSR into their operational strategies, companies can enhance their public image,

strengthen relationships with local communities, mitigate reputational and operational risks, and ultimately achieve more sustainable and profitable outcomes. Therefore, the adoption of CSR practices may serve as a valuable complement to legal compliance, enabling companies to fulfill both social and economic objectives more effectively.

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