Priority of Workers' Claims in Corporate Bankruptcy: Balancing Labor Protection and Creditor Rights in Indonesia

Susanto, Fitri Rafianti, Siti Nurhayati

Abstract

Corporate bankruptcy raises a critical legal challenge concerning the protection of workers' entitlements and the recognition of creditors' rights. This study examines the legal priority of workers' claims in Indonesian corporate bankruptcy, focusing on the distinction between unpaid wages and other employment-related entitlements, the position of secured creditors, and the effectiveness of legal protection in practice. The study employs normative legal research using statutory, conceptual, and case approaches. Legal materials are collected through documentary research and analyzed qualitatively by examining relevant legislation, Constitutional Court decisions, scholarly literature, and selected bankruptcy cases. The findings indicate that Indonesian law establishes a differentiated priority framework. Based on Constitutional Court Decision No. 67/PUU-XI/2013, unpaid wages take precedence over all categories of creditors, including secured creditors and the state, whereas other employment-related entitlements receive priority over other claims except those held by secured creditors. However, formal legal priority does not necessarily ensure full or timely payment because actual recovery depends on the availability of bankruptcy assets, claim verification, collateral administration, and distribution procedures. The bankruptcy of PT Sri Rejeki Isman Tbk (Sritex) illustrates the practical difficulties that may arise when corporate failure affects large numbers of workers, although the case cannot be generalized to all bankruptcy proceedings in Indonesia. This study argues that effective protection requires consistent claim classification, transparent asset distribution, and improved coordination among bankruptcy administrators, courts, and labor authorities. It contributes an integrated legal analysis of workers' priority claims, creditor rights, and the gap between statutory protection and actual recovery.

Keywords: Corporate Bankruptcy; Workers' Claims; Unpaid Wages; Secured Creditors; Labor Protection; Indonesia.

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Introduction

Corporate bankruptcy represents more than a financial or commercial failure; it also raises fundamental questions concerning social justice, labor protection, and the distribution of economic losses. When a company becomes insolvent, its available assets may be insufficient to satisfy all outstanding obligations, forcing the law to determine which creditors should receive payment first and which claims may remain unpaid. Although secured creditors generally rely on collateral to protect their financial interests, workers often depend on wages and employment-related benefits as their primary sources of livelihood. Consequently, bankruptcy proceedings create a structural tension between the protection of workers' economic security and the enforcement of creditors' legitimate financial expectations. This tension is particularly significant in jurisdictions where employment law and insolvency law establish different priorities for competing claims. In Indonesia, the problem is reflected in the relationship between Law No. 37 of 2004 concerning Bankruptcy and Suspension of Debt Payment Obligations and the employment protection framework established under Law No. 13 of 2003 concerning Manpower, as subsequently amended, including by Law No. 6 of 2023. Although these legal instruments provide mechanisms for resolving corporate insolvency and recognizing workers' outstanding entitlements, the practical distribution of bankruptcy assets remains a challenging issue when competing claims exceed the value of the debtor's estate (Undang-Undang Republik Indonesia , 2023).

The urgency of this issue can be observed in the bankruptcy of PT Sri Rejeki Isman Tbk (Sritex), a major Indonesian textile company whose collapse exposed the vulnerability of workers when corporate assets are insufficient to cover outstanding liabilities. According to an analysis published by the Indonesian House of Representatives' Center for Parliamentary Analysis in 2025, Sritex had liabilities of approximately IDR 29.8 trillion. Information presented during a working meeting of Commission IX of the House of Representatives with the Ministry of Manpower on 11 March 2025 indicated that 11,025 workers had experienced termination of employment, while payments of wages and overtime totaling approximately IDR 23.1 billion had been distributed to 5,074 workers at that point (Suwandari, 2025). These figures illustrate the substantial human consequences of corporate insolvency and the difficulties associated with fulfilling employment-related obligations during bankruptcy administration (Fikri et al., 2022) . They also demonstrate why the existence of statutory priority rules cannot, by itself, guarantee the complete recovery of workers' claims when the bankruptcy estate is inadequate. The Sritex case therefore provides an important illustration of the difference between recognizing workers' rights under the law and securing their effective realization in insolvency proceedings (Nurhayati et al., 2024) .

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rights under the law and securing their effective realization in insolvency proceedings (Irianto et al., 2025) .

Nevertheless, the legal recognition of priority claims does not eliminate the institutional and practical difficulties of bankruptcy administration. Law No. 37 of 2004 provides a framework for the treatment of secured creditors, including the enforcement of security rights under Article 55, subject to the relevant statutory limitations. At the same time, the Manpower Law and the Constitutional Court's interpretation establish a differentiated priority for wages and other employment entitlements (Susilo et al., 2025) . The coexistence of these rules requires bankruptcy administrators, courts, and creditors to distinguish carefully between different categories of claims and to determine the appropriate order of distribution. Where the debtor's assets are inadequate, even a legally prioritized claim may not be recoverable in full. Moreover, disagreements concerning claim classification, the valuation and realization of collateral, the verification of employment entitlements, and the administration of bankruptcy assets can complicate the implementation of statutory priorities. (Hartini, 2019), for example, identified continuing uncertainty in the prioritization of wage claims and tax liabilities in Indonesian bankruptcy proceedings. Similarly, Nola (2019) examined the implications of Constitutional Court Decision No. 67/PUU-XI/2013 for the position of workers' wages within the hierarchy of creditors. These studies demonstrate that the legal ranking of claims is not merely a technical matter; it directly affects the extent to which workers can obtain the economic protection promised by labor law.

From a theoretical perspective, the issue also raises a broader question about the relationship between distributive justice and commercial certainty. Bankruptcy law must establish predictable rules for allocating limited assets among competing claimants, thereby supporting orderly insolvency proceedings and confidence in commercial transactions. However, a system that places excessive emphasis on the enforcement of financial claims without adequately considering the social consequences of bankruptcy risks transferring a disproportionate share of corporate failure to workers. Workers differ from institutional lenders and other sophisticated creditors because they may have limited capacity to diversify risk, negotiate contractual safeguards, or monitor the financial condition of their employer. Their unpaid wages may also represent income already earned through labor rather than an investment voluntarily exposed to commercial uncertainty. In this respect, the Constitutional Court's reasoning in Decision No. 67/PUU-XI/2013 recognizes the importance of human needs and the constitutional significance of workers' livelihoods when determining payment priority (Constitutional Court of the Republic of Indonesia, 2014). The challenge, therefore, is not simply to determine whether workers should receive priority, but to establish how that priority can operate consistently, transparently, and effectively without disregarding the legitimate rights of secured creditors and the broader objectives of insolvency law.

Existing scholarship has addressed several dimensions of this problem, including the legal status of workers as preferred creditors, regulatory disharmony between labor and bankruptcy legislation, and the implications of judicial decisions for the payment of wages and severance entitlements. Hartini (2019) examined the prioritization of workers' wages and tax liabilities in bankruptcy, while Nola (2019) analyzed the implementation of Constitutional Court Decision No. 67/PUU-XI/2013. More recent research has also investigated workers' entitlements and legal protection in bankrupt companies, including the implications of the Sritex bankruptcy and the practical obstacles to the fulfillment of employment rights (Hadi et al., 2025; Ilham et al., 2025). Although these contributions provide important foundations, a further analytical opportunity remains: to examine the relationship between the normative hierarchy of workers' claims and the practical distribution of bankruptcy assets as a problem of balancing labor protection and creditor rights. In particular, the distinction between unpaid wages and other employment entitlements requires attention because these claims may receive different levels of priority under the applicable legal framework (Rafianti et al., 2023) . The central research gap is therefore not the absence of legal recognition for workers' priority claims, but the need

for an integrated assessment of how differentiated priorities operate within Indonesia's bankruptcy system, especially when secured claims, other preferred claims, and workers' entitlements compete for insufficient assets (Nurhayati et al., 2023).

This article addresses that gap by analyzing the legal and institutional relationship between labor protection and creditor rights in Indonesian corporate bankruptcy. Its proposed novelty lies in integrating three analytical dimensions: first, the normative hierarchy of unpaid wages and other employment-related claims under Indonesian legislation and Constitutional Court jurisprudence; second, the interaction between workers' priority claims and the enforcement interests of secured creditors within bankruptcy proceedings; and third, the practical implications of asset insufficiency for the effectiveness of legal protection, as illustrated by the Sritex case. Rather than treating worker protection and creditor rights as mutually exclusive interests, the article examines how their competing claims can be reconciled through a coherent interpretation of applicable legal rules, transparent claim verification, accountable bankruptcy administration, and more effective safeguards for workers' entitlements. This approach seeks to contribute to the discussion of insolvency justice by distinguishing formal priority from substantive recovery and by identifying the conditions under which statutory protection can produce meaningful outcomes for workers without undermining legal certainty for other creditors.

Accordingly, this study addresses three research questions: (1) How does Indonesian law regulate the priority of unpaid wages and other employment-related entitlements in corporate bankruptcy? (2) How does the legal framework reconcile workers' priority claims with the rights of secured creditors and other claimants? and (3) What legal and institutional measures could improve the effectiveness of workers' protection while maintaining fairness and legal certainty in bankruptcy proceedings? By answering these questions, the article aims to clarify the normative structure of workers' claims, evaluate the practical challenges of implementing priority rules, and develop recommendations for a more balanced approach to the distribution of bankruptcy assets. Ultimately, the study argues that effective bankruptcy justice requires more than the formal recognition of workers as priority claimants: it requires a legal and institutional framework capable of translating that recognition into fair, predictable, and practicable outcomes for all parties concerned.

Literature Review

2.1 The Concept of Workers' Claims in Corporate Bankruptcy

Corporate bankruptcy is a legal mechanism through which the assets and liabilities of an insolvent debtor are administered and distributed among creditors according to applicable statutory rules. In Indonesian law, bankruptcy involves a general attachment of the debtor's assets, which are subsequently managed and settled by a curator under judicial supervision. Law No. 37 of 2004 concerning Bankruptcy and Suspension of Debt Payment Obligations establishes the principal legal framework governing bankruptcy proceedings, including the verification of creditors' claims and the distribution of bankruptcy assets (Republic of Indonesia, 2004). Within this framework, the classification of creditors is particularly important because it determines the relative position of competing claims when the debtor's assets are insufficient to satisfy all outstanding obligations.

Workers occupy a distinctive position in corporate bankruptcy because their claims arise from employment relationships rather than ordinary commercial transactions. These claims may include unpaid wages, severance payments, compensation for employment-related rights, and other entitlements arising from the termination of employment. Unlike financial creditors, workers generally depend on their employers for their regular income and may have limited opportunities to protect themselves against the consequences of corporate insolvency. Consequently, workers' claims raise questions not only about the enforcement of contractual obligations but also about the protection of economic security and social justice (Nurhayati, 2023) .

Subhan (2008), in his discussion of bankruptcy principles, norms, and judicial practice, provides a foundation for understanding the relationship between the collective settlement of debts and the legal classification of creditors. From this perspective, bankruptcy law is not simply a mechanism for declaring a debtor insolvent; it also establishes a structured process for determining the rights of creditors over a limited pool of assets. The legal classification of workers' claims is therefore consequential because it affects whether employees receive payment before or after other creditors.

The distinction between unpaid wages and other employment-related entitlements is particularly important in Indonesia. Unpaid wages represent compensation for work already performed, whereas severance pay and other termination-related benefits arise from different legal circumstances. Although both categories are associated with employment protection, they do not necessarily occupy the same position within the statutory hierarchy of claims. A legal analysis must therefore distinguish between the existence of an employment entitlement, its recognition as a debt, and the priority accorded to it during bankruptcy proceedings.

Accordingly, workers' claims should be understood as a distinct category of claims whose treatment reflects the intersection of labor law, insolvency law, and social protection. This perspective provides the conceptual basis for examining whether Indonesia's existing legal framework adequately reconciles the protection of workers' livelihoods with the legitimate interests of other creditors.

2.2 Labor Protection and the Principle of Priority in Insolvency Law

The principle of priority determines the order in which competing claims are satisfied from the assets of an insolvent debtor. Although the precise classification varies across jurisdictions, bankruptcy systems commonly distinguish secured creditors, creditors enjoying statutory preferences, and ordinary unsecured creditors. Secured creditors typically rely on collateral to protect their claims, while preferred creditors receive priority because legislation recognizes particular claims as deserving special treatment. Ordinary unsecured creditors generally depend on the remaining assets available for distribution.

However, the prioritization of workers' claims introduces a social dimension into the distribution of bankruptcy assets. Workers may have already supplied their labor without receiving the corresponding compensation, making unpaid wages fundamentally different from an ordinary financial investment. Giving workers priority can therefore be justified by the need to protect basic livelihoods and prevent the economic consequences of corporate failure from falling disproportionately on employees.

The international framework supports the recognition of workers' claims as deserving special protection. The International Labour Organization's Protection of Workers' Claims (Employer's Insolvency) Convention, 1992 (No. 173) (Organization, 1992) , provides in Article 5 that workers' employment claims should be protected through a privilege allowing payment from the insolvent employer's assets before non-privileged creditors receive their shares. Article 6 identifies categories of claims that may receive protection, including wages, paid leave, certain other paid absences, and severance pay. Article 8 further establishes that workers' privileged claims should rank above most other privileged claims, particularly those of the state and social security system, subject to the Convention's provisions concerning guarantee institutions (International Labour Organization, 1992).

The Convention offers an important international benchmark for evaluating the protection of workers in bankruptcy. Nevertheless, its relevance to Indonesia should be understood as comparative rather than automatically binding, and its specific legal effect must be assessed in light of Indonesia's ratification status and applicable domestic law. Its broader contribution is to demonstrate that the protection of workers' claims is a recognized concern in international labor standards rather than merely a policy preference adopted by individual countries.

Similarly, the United Nations Commission on International Trade Law (UNCITRAL, 2021) emphasizes that insolvency law must balance efficient debt resolution, the interests of

creditors and other stakeholders, and broader public policy concerns, including employment and taxation. The UNCITRAL Legislative Guide on Insolvency Law recognizes that workers' claims commonly receive preferential treatment in national insolvency systems, although the scope and ranking of that protection differ between jurisdictions. Some systems prioritize workers over most other preferred creditors, while others rely on wage guarantee mechanisms or impose limits on the amount and period of claims covered.

These international perspectives demonstrate that the prioritization of workers' claims is not governed by a single universally applicable hierarchy. Instead, each jurisdiction must determine how employment protection interacts with secured transactions, public claims, and the collective objectives of insolvency proceedings. For Indonesia, the principal question is whether the differentiated priority established by legislation and judicial interpretation provides a sufficiently clear and effective framework for resolving conflicts between workers and other creditors.

2.3 The Rights of Secured Creditors and Legal Certainty in Bankruptcy

The protection of workers must also be considered alongside the legitimate rights of secured creditors. Secured lending enables companies to obtain financing by providing collateral, thereby allowing lenders to assess and manage the risks associated with commercial transactions. The legal enforceability of security interests is therefore an important component of commercial certainty, access to credit, and the broader functioning of financial markets.

In bankruptcy proceedings, secured creditors generally possess rights associated with the collateral securing their claims. Indonesian Law No. 37 of 2004 recognizes the position of secured creditors, including through Article 55, which provides a framework for exercising rights over collateral, subject to the statutory provisions governing bankruptcy. The treatment of secured claims must also be considered in conjunction with the relevant rules on the administration and realization of bankruptcy assets.

The relationship between security rights and workers' claims becomes particularly contentious when the value of the debtor's assets is insufficient to satisfy all liabilities. If workers receive priority over secured creditors, the amount available to satisfy secured claims may be reduced. Conversely, if secured creditors are permitted to enforce their collateral without sufficient regard to workers' statutory protections, employees may be unable to recover wages and other entitlements despite having legally recognized claims.

Butar et al., (2025) examine the legal protection of holders of property security interests following Constitutional Court Decision No. 67/PUU-XI/2013. Their analysis illustrates the legal tension created when the constitutional protection of workers' wages affects the traditional position of secured creditors. The study is important because it demonstrates that the prioritization of workers' claims has implications beyond labor law: it also affects the interpretation and enforcement of property security rights.

The UNCITRAL Legislative Guide on Insolvency Law similarly recognizes the need to coordinate secured-creditor rights with the collective administration of insolvency proceedings. The Guide identifies creditor participation, the protection of the insolvency estate, and clear procedures for submitting and verifying claims as important features of an effective insolvency framework (UNCITRAL, 2021).

Nevertheless, balancing workers' claims and secured-creditor rights should not be reduced to a choice between labor protection and commercial certainty. A more comprehensive approach requires clear rules governing the classification of claims, the scope of statutory priority, the verification of outstanding employment obligations, and the treatment of collateral. Legal certainty depends not only on protecting security interests but also on ensuring that all parties can reasonably anticipate how competing claims will be treated.

Consequently, the relevant analytical question is how Indonesia can maintain the enforceability of secured transactions while implementing the statutory and constitutional

priority granted to workers. This question requires an examination of the legal hierarchy itself and the practical procedures through which bankruptcy assets are distributed.

2.4 The Indonesian Legal Framework and Constitutional Court Decision No. 67/PUU-XI/2013

Indonesia's framework for protecting workers' claims in bankruptcy is principally shaped by Law No. 37 of 2004 concerning Bankruptcy and Suspension of Debt Payment Obligations, Law No. 13 of 2003 concerning Manpower, as amended, and relevant Constitutional Court decisions.

Article 95 of the Manpower Law, as amended through Law No. 6 of 2023, addresses the payment priority of workers' wages and other employment-related entitlements in bankruptcy or liquidation. Its interpretation must be read together with the applicable constitutional jurisprudence, particularly Constitutional Court Decision No. 67/PUU-XI/2013.

This decision is central to the legal position of workers because it establishes a distinction between unpaid wages and other employment-related rights. The Constitutional Court held that workers' unpaid wages must be paid ahead of other claims, including those of secured creditors and the state. Other employment-related rights are also prioritized over other claims, except those of secured creditors (Constitutional Court of the Republic of Indonesia, 2014).

The distinction has significant consequences for the distribution of bankruptcy assets. Unpaid wages occupy a stronger priority position than other employment entitlements, while claims such as severance pay remain subject to a different relationship with secured-creditor rights. Accordingly, it would be legally inaccurate to treat all workers' claims as having an identical priority in bankruptcy.

Nola (2019) analyzes the binding force and implementation of Decision No. 67/PUU-XI/2013, emphasizing the implications of the decision for the existing classification of creditors. The study identifies difficulties associated with the harmonization of relevant legislation and the implementation of the Court's interpretation. It therefore demonstrates that a binding judicial decision does not necessarily eliminate all uncertainty concerning the practical application of the law.

Hartini (2019) also examines the relationship between tax liabilities and workers' wages in Indonesian bankruptcy proceedings. Her study identifies uncertainty concerning the priority of competing claims and the application of the relevant rules in practice. This issue is important because bankruptcy proceedings frequently involve multiple categories of claims, each supported by different legal provisions and policy considerations.

Further analysis of the legal consequences of Decision No. 67/PUU-XI/2013 is provided by (Butar et al., 2025) , whose work highlights the implications for secured-creditor protection. Taken together, these studies establish that the legal position of workers cannot be assessed independently of the broader structure of Indonesian bankruptcy law.

The principal implication is that the legal framework should be analyzed as an interacting system of statutory rules and constitutional interpretation. Article 95 of the Manpower Law, the creditor-classification framework under bankruptcy legislation, and the Constitutional Court's differentiated priority rules must be interpreted consistently. The existence of a judicially recognized priority does not, by itself, resolve every question concerning claim verification, the realization of collateral, or the distribution of insufficient bankruptcy assets.

2.5 The Gap Between Legal Priority and the Effective Recovery of Workers' Claims

A central issue in the literature is the difference between the formal recognition of workers' priority claims and the actual recovery of outstanding employment entitlements. Legal priority establishes the relative position of a claim, but it does not automatically create additional assets from which that claim can be paid. Where a company's liabilities substantially exceed the value of its realizable assets, workers may remain unable to recover their entitlements in full despite their favorable legal position.

This distinction is important because the effectiveness of labor protection in bankruptcy depends on more than the wording of statutory provisions. It also depends on the accuracy of claim verification, the transparency of asset valuation, the effectiveness of collateral realization, the conduct of bankruptcy administrators, and the availability of procedures for resolving disputes over the classification and amount of claims.

(Nola, 2019) highlights continuing challenges in the implementation of Decision No. 67/PUU-XI/2013, while (Hartini, 2019) discusses uncertainty concerning the payment priority of workers' wages and tax claims. Both studies provide a foundation for understanding why the existence of priority rules does not necessarily eliminate disputes over the distribution of bankruptcy assets.

More recent scholarship continues to examine the practical consequences of these issues. Senduk & Gunadi (2026), in their study of workers' wage priority in Indonesian corporate bankruptcy proceedings, identify continuing questions concerning the interpretation of workers' entitlements, their relationship with secured-creditor rights, and the limitations imposed by insufficient bankruptcy assets. Their analysis confirms that the relationship between legal priority and effective protection remains a relevant subject of scholarly inquiry.

The literature therefore suggests that the effectiveness of workers' protection should be evaluated at two distinct levels. The first is the normative level, which concerns whether the legal framework clearly defines the categories and relative priority of workers' claims. The second is the implementation level, which concerns whether those claims can be verified, administered, and recovered through bankruptcy proceedings.

These two levels are related but not identical. A legal framework may recognize workers as priority claimants while still allowing practical obstacles to delay or limit payment. Conversely, improvements in bankruptcy administration cannot fully resolve uncertainty arising from inconsistent or insufficiently harmonized legal rules.

For this reason, the relationship between legal priority and actual recovery provides an important analytical foundation for the present study. It allows the assessment to move beyond the question of whether Indonesian law recognizes workers' claims and toward the broader question of whether the legal framework provides a workable balance between labor protection and competing creditor interests.

2.6 Research Gap and the Novelty of the Present Study

The reviewed literature identifies three major strands of scholarship. The first concerns the general legal classification of creditors and the principles governing the distribution of bankruptcy assets. The second examines the constitutional and statutory position of workers' claims, particularly following Decision No. 67/PUU-XI/2013. The third addresses conflicts between workers' wages and other claims, including tax liabilities and secured-creditor rights (Nola, 2019; Butar et al., 2025; Hartini, 2019).

These contributions are essential to understanding the legal framework. However, the present study develops an integrated analytical perspective by bringing together three issues that must be considered simultaneously: the differentiated priority of unpaid wages and other employment entitlements; the relationship between workers' claims and the rights of secured creditors; and the practical limitations of recovering claims from an insufficient bankruptcy estate.

The study does not assume that these issues have been overlooked entirely by previous scholars. Rather, it identifies an opportunity to connect the existing doctrinal discussions within a unified framework for evaluating the balance between labor protection and creditor rights. In particular, the analysis distinguishes the legal ranking of claims from the practical capacity of bankruptcy proceedings to deliver payment.

The novelty of this article therefore lies in its proposed synthesis of statutory interpretation, constitutional jurisprudence, and the practical implications of asset insufficiency. By examining these dimensions together, the study seeks to explain how Indonesia's

bankruptcy framework can protect workers' entitlements while maintaining legal certainty for secured creditors and other legitimate claimants.

The study is guided by three analytical propositions. First, the legal priority of workers' claims must be understood through the distinction between unpaid wages and other employment-related entitlements. Second, the effectiveness of that priority depends on the interaction between labor legislation, bankruptcy legislation, and constitutional interpretation. Third, a balanced insolvency framework requires clear claim-classification rules, transparent administration, and effective procedures for distributing available assets.

These propositions provide the foundation for the research questions concerning the regulation of workers' claims, the reconciliation of competing creditor rights, and the legal and institutional measures needed to improve the effectiveness of workers' protection in Indonesian corporate bankruptcy.

Research Methodology

3.1 Research Design and Approach

This study employs normative legal research using a qualitative legal analysis approach. Normative legal research is appropriate because the primary objective is to examine the legal rules, principles, and judicial interpretations governing the priority of workers' claims in Indonesian corporate bankruptcy. Rather than measuring the statistical relationship between variables, the study investigates how applicable legal provisions establish the hierarchy of claims and how that hierarchy seeks to reconcile labor protection with the rights of secured creditors and other claimants.

The research adopts three complementary approaches: the statutory approach, the conceptual approach, and the case approach. The statutory approach examines the consistency and interaction of Indonesian legislation governing employment entitlements and bankruptcy proceedings. The conceptual approach evaluates the principles of creditor priority, labor protection, legal certainty, and distributive justice in insolvency law. The case approach analyzes relevant judicial decisions, particularly Constitutional Court Decision No. 67/PUU-XI/2013, which established a distinction between the priority accorded to unpaid wages and that accorded to other employment-related entitlements.

These approaches are combined to provide a systematic assessment of the legal framework rather than treating individual statutory provisions or judicial decisions in isolation. The analysis also uses selected international standards and comparative insolvency principles as interpretive benchmarks, particularly the International Labour Organization's Protection of Workers' Claims (Employer's Insolvency) Convention, 1992 (No. 173), and the UNCITRAL Legislative Guide on Insolvency Law. Their relevance is assessed in light of their legal status and applicability to Indonesia.

3.2 Legal Materials and Data Sources

The study relies primarily on secondary legal materials, classified into primary, secondary, and tertiary legal materials.

Primary legal materials consist of Indonesian legislation and judicial decisions that directly regulate or interpret the priority of workers' claims in bankruptcy. These include Law No. 37 of 2004 concerning Bankruptcy and Suspension of Debt Payment Obligations, Law No. 13 of 2003 concerning Manpower as amended, including by Law No. 6 of 2023, and Constitutional Court Decision No. 67/PUU-XI/2013. Relevant provisions governing secured creditors, employment entitlements, and the distribution of bankruptcy assets are examined to determine the legal position of workers relative to competing claimants. Other judicial decisions are considered where they materially clarify the interpretation or implementation of these rules.

Secondary legal materials include peer-reviewed journal articles, academic books, scholarly commentaries, and research reports addressing Indonesian bankruptcy law, workers' wage priority, secured-creditor rights, and the practical protection of employment entitlements. Relevant publications include studies by Hartini (2019), Butar (2025), and Nola (2019).

International publications on insolvency law and labor protection are also examined to identify principles that may inform the evaluation of Indonesia's legal framework.

Tertiary legal materials, including legal dictionaries, encyclopedias, and authoritative legal databases, are used where necessary to clarify terminology and identify relevant primary and secondary materials. Official institutional publications, including materials issued by the Indonesian Constitutional Court, relevant government institutions, and the United Nations Commission on International Trade Law, are consulted to establish the authenticity and context of the legal sources.

The Sritex bankruptcy is used as an illustrative case to contextualize the practical significance of the legal issues under examination. Officially reported information concerning the company's liabilities, employment terminations, and workers' outstanding entitlements is used to illustrate the potential consequences of corporate insolvency. These materials are not treated as a representative statistical sample of Indonesian bankruptcy cases; rather, they serve as contextual evidence for the doctrinal analysis.

3.3 Legal Material Collection Technique

Legal materials are collected through documentary research and a structured review of relevant legal literature. Primary legal materials are identified through official Indonesian legal repositories, including the Constitutional Court's decision database and official government legal documentation platforms. Secondary materials are identified through academic journal databases, scholarly publishers, institutional repositories, and recognized international legal sources.

The collection process follows three stages. First, materials are identified using keywords such as workers' claims in bankruptcy, wage priority, secured creditors, Indonesian insolvency law, Constitutional Court Decision No. 67/PUU-XI/2013, and labor protection in corporate bankruptcy. Second, the identified materials are screened for relevance to the research questions, legal authority, publication credibility, and substantive contribution. Third, the selected materials are classified according to their relevance to statutory priority, creditor-rights conflicts, and the practical implementation of workers' entitlements.

Particular attention is given to the authoritative wording of legislation and judicial decisions. Where secondary publications interpret legal provisions differently, the analysis returns to the primary legal materials to establish the applicable legal position. International instruments are examined separately to distinguish binding obligations, where applicable, from comparative standards and non-binding guidance.

The documentary review is guided by the principle of source traceability. Each material used to support a substantive legal proposition must be identifiable through an official publication, a verifiable bibliographic record, or an accessible scholarly source. This procedure is intended to improve the accuracy, transparency, and reproducibility of the legal analysis.

3.4 Data Analysis Technique

The collected legal materials are analyzed qualitatively through legal interpretation and thematic classification. The analysis proceeds in four stages.

First, a normative legal analysis is conducted to identify the statutory basis for workers' claims and determine the relative priority of unpaid wages and other employment-related entitlements. Relevant provisions of labor and bankruptcy legislation are interpreted in conjunction with Constitutional Court Decision No. 67/PUU-XI/2013. This stage establishes the formal hierarchy of claims under the applicable legal framework.

Second, a systematic and harmonization analysis is undertaken to examine the relationship between labor legislation, bankruptcy legislation, and the legal position of secured creditors. The analysis considers whether the relevant provisions can be interpreted consistently and identifies areas in which differences in statutory language or legal classification may create uncertainty in their application.

Third, a conceptual and comparative analysis is conducted to assess the balance between labor protection and creditor rights. Indonesian legal rules are examined in light of the principles of legal certainty, distributive justice, protection of workers' livelihoods, and the orderly administration of insolvency proceedings. The ILO Convention No. 173 and the UNCITRAL Legislative Guide on Insolvency Law provide comparative benchmarks for evaluating the treatment of workers' claims, while their legal status and applicability are distinguished from domestic legal obligations.

Fourth, a practical implications analysis is conducted using the Sritex bankruptcy as an illustrative case. The analysis considers how asset insufficiency, claim verification, and competing creditor interests may affect the effectiveness of workers' statutory priority. The case is used to identify practical issues and illustrate the difference between the formal recognition of a claim and the actual recovery of payment. No causal relationship or generalization about all Indonesian bankruptcy proceedings is asserted solely on the basis of this case.

The findings from these stages are synthesized to evaluate the extent to which the existing framework provides a coherent balance between workers' entitlements and secured-creditor rights. The analysis then formulates legal and institutional recommendations concerning claim classification, procedural transparency, consistency in legal interpretation, and the effective administration of bankruptcy assets.

3.5 Analytical Framework and Research Limitations

The analysis is organized around three interconnected dimensions: the normative hierarchy of workers' claims, the reconciliation of competing creditor rights, and the effectiveness of legal protection in bankruptcy administration. The first dimension examines whether the applicable legal framework clearly distinguishes unpaid wages from other employment entitlements. The second evaluates how workers' priority interacts with the rights of secured creditors and other claimants. The third considers whether the legal and institutional arrangements are capable of translating statutory recognition into effective recovery when the bankruptcy estate is insufficient.

These dimensions provide a consistent basis for answering the research questions and assessing the study's central proposition that the effectiveness of workers' protection depends not only on formal legal priority but also on the coherence and implementation of the applicable legal framework.

This study is limited to normative legal analysis supported by documentary materials and an illustrative corporate bankruptcy case. It does not employ interviews, surveys, or quantitative analysis of bankruptcy distributions. Consequently, its conclusions concern the interpretation and institutional implications of the legal framework rather than the statistical frequency of non-payment or the actual recovery rate of workers' claims across Indonesian companies. Further empirical research would be required to measure those outcomes across a representative range of bankruptcy proceedings.

By combining statutory, conceptual, and case approaches, the study seeks to develop a legally grounded assessment of how Indonesia can strengthen the protection of workers' claims while maintaining fairness, predictability, and legal certainty for secured creditors and other legitimate claimants.

Results

4.1 The Legal Hierarchy of Workers' Claims in Indonesian Corporate Bankruptcy

The analysis of Indonesian legislation and Constitutional Court jurisprudence identifies a differentiated hierarchy of workers' claims in corporate bankruptcy. The central finding is that Indonesian law does not assign an identical priority to all employment-related entitlements. Instead, unpaid wages receive stronger protection than other employment rights, particularly in

their relationship with secured creditors. This distinction is essential to understanding the legal balance between labor protection and creditor rights.

Law No. 37 of 2004 concerning Bankruptcy and Suspension of Debt Payment Obligations establishes the framework for the administration of bankruptcy assets and the settlement of creditors' claims. Article 55 recognizes the ability of secured creditors to exercise their rights over collateral, subject to the statutory limitations and procedures prescribed by bankruptcy law. Articles 56–58 regulate aspects of the suspension and exercise of enforcement rights, while Articles 189–193 address the preparation, approval, and objection procedures associated with the distribution of bankruptcy assets (Republic of Indonesia, 2004). These provisions establish the procedural framework within which competing claims must be administered.

However, the treatment of workers' claims cannot be determined solely by reference to the general rules governing secured transactions. Labor legislation and constitutional jurisprudence introduce a special priority regime that modifies the ordinary relationship between employment claims and competing creditors. In particular, Constitutional Court Decision No. 67/PUU-XI/2013 established that unpaid wages must be paid ahead of all categories of creditors, including secured creditors and state claims. Other employment-related entitlements receive priority over other claims, including state claims, but remain subordinate to secured creditors under the Court's interpretation of the applicable provision (Constitutional Court of the Republic of Indonesia, 2014).

This legal distinction is significant for three reasons. First, it recognizes that unpaid wages are compensation for labor already performed and should not be treated in the same manner as ordinary commercial debts. Second, it establishes a stronger protective position for wages than for other employment-related entitlements. Third, it creates a differentiated hierarchy that bankruptcy administrators and courts must apply when verifying and distributing claims.

The legal framework is further informed by Constitutional Court Decision No. 168/PUU-XXI/2023, which reviewed provisions of Law No. 6 of 2023 concerning Job Creation. The Court's interpretation of the provision governing other employment rights reinforced their priority over other creditors, including preferred creditors, except secured creditors. This development is important because it clarifies the relationship between workers' other entitlements and claims that enjoy statutory preference (Constitutional Court of the Republic of Indonesia, 2014).

The relevant hierarchy can be summarized as follows.

Category of claim	Relative priority under the applicable framework
Unpaid wages	Prioritized over all categories of creditors, including secured creditors and state claims.
Other employment-related entitlements	Prioritized over other creditors, including preferred creditors, except secured creditors.
Secured-creditor claims	Protected by security rights over collateral, subject to applicable statutory rules and the special priority for unpaid wages.
Other preferred claims	Subject to the priority granted to workers' claims and the applicable rules governing their classification.
Ordinary unsecured claims	Generally satisfied from the remaining distributable assets according to the applicable bankruptcy rules.

The table represents a general analytical summary rather than a complete statutory ranking of every possible claim. Actual distributions remain dependent on the nature of each claim, the assets involved, applicable statutory provisions, and judicial determinations.

The findings demonstrate that Indonesia has established a legal basis for prioritizing workers' entitlements while preserving the special position of secured creditors in relation to employment claims other than unpaid wages. Nevertheless, the existence of a differentiated hierarchy does not resolve the separate problem of whether sufficient assets are available to satisfy those claims. This distinction leads to the next finding: legal priority may strengthen workers' position without guaranteeing full payment.

4.2 The Conflict Between Labor Protection and Secured-Creditor Rights

The second finding concerns the structural tension between workers' statutory protection and secured creditors' rights over collateral. This tension arises because the parties derive their claims from different legal and economic relationships. Workers seek payment for services already performed and for employment entitlements recognized by law, whereas secured creditors rely on collateral as protection against the risk of non-payment.

From the perspective of labor protection, unpaid wages have a distinctive character. Workers ordinarily depend on wages to meet their daily needs and those of their families. When an employer becomes insolvent, the loss of unpaid wages can occur simultaneously with the loss of employment. Workers may consequently experience both an immediate reduction in income and uncertainty concerning the recovery of their outstanding entitlements. Prioritizing wages can therefore be justified as a mechanism for preventing workers from bearing a disproportionate share of the consequences of corporate failure.

From the perspective of secured creditors, collateral provides a legal basis for managing lending risks. Banks and other secured lenders may extend credit based on the availability and value of assets pledged as security. If their rights are disregarded without a clear legal basis, the predictability of secured transactions may be weakened. Such uncertainty may affect lending decisions, the assessment of credit risk, and the availability of financing for businesses.

Indonesian law responds to this tension by distinguishing between unpaid wages and other employment-related rights. Decision No. 67/PUU-XI/2013 grants unpaid wages priority over secured creditors, whereas other employment entitlements remain subject to the exception for secured-creditor claims. The resulting arrangement does not eliminate the conflict; rather, it establishes a legal rule for resolving it.

The significance of this arrangement becomes apparent when the value of a company's assets is insufficient to satisfy competing obligations. Paying unpaid wages before secured claims may reduce the amount available to secured creditors. Conversely, allowing secured creditors to receive payment without applying the special priority for wages would undermine the protection recognized by the Constitutional Court. The law must therefore preserve the distinction between the different categories of claims rather than treating all workers' entitlements or all creditor claims as legally identical.

The analysis also indicates that the conflict should not be framed as an absolute choice between workers and creditors. A predictable legal hierarchy can protect workers while providing creditors with a clear framework for assessing their rights. The central challenge is ensuring that the statutory priorities are applied consistently and that the procedures for claim verification, collateral realization, and asset distribution are sufficiently transparent.

Accordingly, a balanced approach requires three elements: clear legal classification of employment claims, consistent judicial and administrative application of priority rules, and transparent procedures for determining the assets available for distribution. These elements would help reduce disputes without diminishing the substantive protection granted to workers by the applicable law.

4.3 The Gap Between Statutory Priority and Effective Recovery: The Sritex Case

The third finding is that statutory priority and effective recovery are two distinct dimensions of workers' protection. Priority rules determine the relative position of claims, but they cannot guarantee full payment when the debtor's assets are insufficient. This distinction is illustrated by the bankruptcy of PT Sri Rejeki Isman Tbk (Sritex), a major Indonesian textile company whose closure affected thousands of workers.

An analysis published by the Indonesian House of Representatives' Center for Parliamentary Analysis in March 2025 reported that Sritex had liabilities of approximately IDR 29.8 trillion. Information presented during a meeting of Commission IX of the House of Representatives with the Ministry of Manpower on 11 March 2025 indicated that 11,025 workers had experienced termination of employment. At that time, payment of wages and

overtime totaling approximately IDR 23.1 billion had been distributed to 5,074 workers (Suwandari, 2025).

These figures illustrate the scale of the employment consequences associated with corporate insolvency. They also demonstrate the importance of distinguishing between the legal recognition of workers' claims and the actual payment of those claims. The reported distribution of wages and overtime to a portion of affected workers indicates that some payments had been made by March 2025, but it does not establish that all wage claims or other employment entitlements had been settled. Nor does the information alone establish the final recovery rate for all affected workers.

The Sritex case can be interpreted through three interconnected legal issues.

First, the scale of the company's liabilities raises the problem of asset insufficiency. When the available bankruptcy estate cannot satisfy all verified claims, the existence of a statutory priority does not create additional assets. Even claims placed at the highest level of the legal hierarchy may remain exposed to delays or incomplete recovery if the estate is inadequate or the realization of assets is contested.

Second, different employment entitlements may be affected differently by the applicable hierarchy. Unpaid wages receive priority over secured creditors, whereas other employment-related rights are subject to a different relationship with secured claims. Consequently, the practical position of a worker depends not only on the amount owed but also on the legal classification of the entitlement. A failure to distinguish between wages, overtime claims, and termination-related compensation may obscure the actual distributional consequences of bankruptcy.

Third, the effectiveness of the distribution process depends on the administration and verification of claims. Accurate employment records, transparent calculation of outstanding wages and compensation, timely communication with workers, and accessible procedures for challenging disputed distributions are important to ensuring that statutory rights can be exercised in practice.

The case therefore illustrates a central proposition of this research: formal legal priority is necessary for workers' protection, but it is not sufficient to guarantee effective recovery. The practical realization of rights also depends on the availability of assets and the effective administration of the bankruptcy estate.

This finding should be interpreted within the limits of the evidence. The Sritex figures provide a documented illustration of the problem, not a representative measure of outcomes across all Indonesian bankruptcy proceedings. Establishing national recovery rates would require systematic data on bankruptcy estates, verified employment claims, distributions, and outstanding balances across multiple cases.

Nevertheless, the case demonstrates why an evaluation of workers' protection should consider both the normative hierarchy of claims and the institutional processes through which payments are made.

4.4 International Standards and the Implications for Indonesian Insolvency Law

The fourth finding concerns the relevance of international insolvency and labor standards to the evaluation of Indonesia's legal framework. The International Labour Organization's Protection of Workers' Claims (Employer's Insolvency) Convention, 1992 (No. 173), recognizes the importance of protecting workers' claims through preferential treatment or guarantee institutions. Article 5 provides for the protection of workers' claims through a privilege against the employer's assets, while Article 8 addresses the relative priority of privileged workers' claims (ILO, 1992).

The Convention provides a comparative reference for assessing the policy objectives underlying workers' priority. However, its provisions should not be assumed to apply as binding treaty obligations to Indonesia without verification of the country's ratification status.

Its relevance here lies in the international recognition that workers may require specific safeguards when an employer becomes insolvent.

Similarly, the UNCITRAL Legislative Guide on Insolvency Law emphasizes the importance of a predictable insolvency framework that balances efficient proceedings, creditor interests, and relevant public policy considerations (UNCITRAL, 2021). The Guide recognizes that jurisdictions adopt different approaches to secured-creditor rights and preferential claims. These differences reflect the need to reconcile the collective distribution of an insolvent debtor's assets with the interests of groups that may be particularly vulnerable to financial loss.

The comparison suggests that the Indonesian framework addresses an internationally recognized policy concern by establishing special priority for workers' claims. However, the existence of priority rules is only one component of an effective system. A comprehensive framework must also provide workable procedures for identifying eligible claims, resolving disputes, realizing assets, and distributing available funds.

For Indonesia, this suggests that improvements should focus not only on the substantive hierarchy of claims but also on the administration of bankruptcy proceedings. More transparent reporting on the progress of asset realization and the status of employment claims could help workers understand the basis of distributions. Standardized documentation and clear explanations of claim classifications could also reduce disputes between workers, bankruptcy administrators, and other creditors.

International standards do not require Indonesia to adopt an identical priority hierarchy to that of another jurisdiction. Rather, they provide a basis for evaluating whether the domestic framework offers clear and effective protection while maintaining an orderly insolvency process.

4.5 Toward a More Balanced Framework for Labor Protection and Creditor Rights

The findings support the need for a balanced approach that preserves the statutory priority of workers while improving the consistency and transparency of bankruptcy administration. The appropriate response is not necessarily to abolish secured-creditor priority or to treat all employment claims as having the same rank. Instead, the legal framework should ensure that the differentiated priorities established by legislation and judicial decisions are implemented clearly and effectively.

First, claim classification should be standardized. Bankruptcy administrators should distinguish unpaid wages from other employment-related entitlements when preparing and verifying creditors' claims. This distinction is necessary to implement the different priorities established by Constitutional Court jurisprudence. Standardized documentation should identify the type of entitlement, the relevant employment period, the amount claimed, the amount verified, and any dispute affecting the claim.

Second, the distribution process should be more transparent. Workers should have access to understandable information concerning the status of their claims, the progress of asset realization, and the legal basis for the proposed distribution. Transparency can improve accountability and reduce uncertainty, particularly where the bankruptcy process involves numerous workers and multiple categories of creditors.

Third, the application of priority rules should be consistent. Courts, bankruptcy administrators, and relevant public institutions should interpret employment legislation and bankruptcy legislation in accordance with binding judicial decisions. Where disputes arise concerning the classification or ranking of claims, the reasoning supporting the decision should clearly identify the relevant legal provisions and distinguish between wages and other employment rights.

Fourth, workers should receive accessible information and procedural assistance. Employees affected by corporate bankruptcy may face difficulties understanding claim-verification procedures and responding to objections raised during distribution. Clear

notification procedures, accessible guidance, and appropriate mechanisms for resolving disputes can help ensure that statutory rights are not undermined by procedural barriers.

Fifth, the relationship between labor protection and insolvency administration should be strengthened. Coordination among relevant labor authorities, bankruptcy administrators, and courts may improve the verification of employment entitlements and the communication of information to affected workers. Any such coordination should respect the respective legal authority of the institutions involved and should not prejudice the rights of other creditors.

These recommendations are intended to improve the implementation of the existing legal framework rather than to assume that every bankruptcy dispute requires a change in the statutory hierarchy. The analysis indicates that legal clarity, procedural transparency, and effective administration are essential to translating statutory priority into meaningful protection.

At the same time, the limits of legal priority must be acknowledged. Where the bankruptcy estate is insufficient, procedural improvements alone cannot guarantee full recovery. This limitation reinforces the importance of considering complementary mechanisms, including applicable employment-related social security protections and any legally available wage-guarantee arrangements. Such mechanisms must be assessed separately from the distribution of bankruptcy assets because they may operate under different eligibility requirements, funding arrangements, and legal procedures.

Overall, the analysis indicates that a balanced framework should preserve the special legal protection granted to unpaid wages, respect the applicable priority of other employment-related entitlements, and maintain predictable rules for secured creditors. The objective is not to eliminate every conflict among creditors, but to ensure that competing interests are resolved through clear legal rules and transparent procedures that promote fairness and legal certainty.

4.6 Synthesis of Findings: Reconciling Legal Priority and Practical Protection

The overall findings reveal three interconnected dimensions of the Indonesian framework for workers' claims in corporate bankruptcy. First, the normative framework establishes a differentiated hierarchy in which unpaid wages receive stronger priority than other employment-related entitlements. Second, the hierarchy creates a legally structured relationship between labor protection and secured-creditor rights rather than eliminating the interests of either group. Third, the practical effectiveness of the framework depends on the availability of assets, the accuracy of claim verification, and the transparency of bankruptcy administration.

These findings can be summarized as follows.

Analytical dimension	Principal finding	Implication
Legal hierarchy	Unpaid wages and other employment rights have different priority positions.	Claims must be classified accurately before distribution.
Creditor-rights balancing	Workers' claims interact differently with secured-creditor rights depending on their legal classification.	Courts and bankruptcy administrators must apply the relevant statutory and constitutional rules consistently.
Effective recovery	Priority does not guarantee full payment where assets are insufficient.	Legal protection must be supported by effective administration and transparent distribution procedures.
Institutional reform	Uncertainty can arise during claim verification, asset realization, and distribution.	Clear documentation, reporting, and accessible dispute-resolution procedures are important.

The synthesis indicates that the central problem in Indonesian corporate bankruptcy is not simply whether workers possess priority claims. The more consequential question is whether the legal hierarchy can be implemented effectively when competing claims exceed the value of the bankruptcy estate. A coherent approach must therefore connect substantive legal protection with procedural safeguards and institutional accountability.

This conclusion also clarifies the contribution of the present study. By integrating the hierarchy of workers' claims, the rights of secured creditors, and the practical limitations of asset recovery, the article develops a framework for assessing insolvency justice beyond the formal classification of creditors. The proposed approach supports the development of bankruptcy procedures that are more transparent and predictable while preserving the legally established distinction between unpaid wages and other employment-related entitlements.

In this respect, the study argues that the balance between labor protection and creditor rights should be evaluated according to two complementary criteria: the consistency of the applicable legal hierarchy and the effectiveness of the procedures through which recognized claims are satisfied. Neither criterion alone is sufficient. A legally coherent hierarchy without effective administration may leave workers unable to obtain payment, while efficient administration without clear priority rules may produce uncertainty and disputes. The combination of legal clarity, transparent administration, and consistent judicial interpretation therefore provides the most appropriate direction for strengthening workers' protection in Indonesian corporate bankruptcy.

Conclusion

This study concludes that the priority of workers' claims in Indonesian corporate bankruptcy reflects an ongoing effort to balance labor protection with the legal certainty of creditors' rights. Indonesian legislation, as interpreted by the Constitutional Court, establishes a differentiated hierarchy between unpaid wages and other employment-related entitlements. Under Constitutional Court Decision No. 67/PUU-XI/2013, unpaid wages must be paid ahead of all categories of creditors, including secured creditors and the state, whereas other employment-related rights receive priority over other claims except those held by secured creditors. This distinction represents an important legal safeguard for workers whose livelihoods may be threatened by corporate insolvency.

Nevertheless, the analysis demonstrates that statutory priority does not automatically guarantee the effective recovery of workers' entitlements. The practical realization of employment claims depends on the availability of bankruptcy assets, the accuracy of claim verification, the administration of collateral, and the transparency of distribution procedures. The Sritex bankruptcy illustrates the scale of the challenges that may arise when corporate failure affects thousands of workers and substantial financial obligations remain outstanding. However, the case should be understood as an illustration of the problem rather than evidence of recovery outcomes across all Indonesian bankruptcy proceedings.

The study further finds that labor protection and secured-creditor rights should not be treated as mutually exclusive objectives. A more balanced framework requires consistent application of the statutory hierarchy, clear differentiation between unpaid wages and other employment entitlements, transparent administration of bankruptcy assets, and accessible procedures for resolving disputes over claims. These measures can strengthen the practical implementation of workers' rights while preserving legal predictability for secured creditors and other legitimate claimants. International labor and insolvency standards provide useful comparative benchmarks for evaluating these arrangements, although their legal applicability to Indonesia must be assessed separately.

The principal contribution of this study is its integrated analysis of the relationship between the normative priority of workers' claims, the competing rights of creditors, and the practical limitations of recovery in corporate bankruptcy. By distinguishing formal legal priority from effective payment, the study highlights the importance of evaluating insolvency protection through both substantive legal rules and the institutional procedures used to implement them.

Accordingly, the study recommends strengthening the consistency of claim classification, improving transparency in the verification and distribution of bankruptcy assets, and enhancing

coordination among bankruptcy administrators, courts, and relevant labor authorities. Further empirical research is also needed to examine actual recovery rates, the duration of payment procedures, and the distributional outcomes experienced by workers across different bankruptcy cases in Indonesia. Such research would complement the present normative analysis and provide a stronger evidence base for future legal reform.

Ultimately, effective insolvency justice requires more than the formal recognition of workers as priority claimants. It requires a coherent and workable legal framework that translates statutory protection into fair and practicable outcomes while maintaining legal certainty for all parties involved in corporate bankruptcy.

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