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Legal Certainty of Artificial Intelligence-Driven Dismissals after Indonesia's Manpower Protection Law

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ABSTRACT
Artificial intelligence (AI) is increasingly taking over routine work in Indonesia, raising a practical question for labour law: on what legal basis may an employer dismiss workers whose tasks are performed by software? For nearly six years, such dismissals were channelled through the "efficiency" ground of the Job Creation regime, which Government Regulation No. 35 of 2021 extended to efficiency "to prevent losses" without clear parameters. Law No. 27 of 2026 on Manpower Protection, promulgated on 28 October 2026, removed efficiency from the list of dismissal grounds and tightened dismissal procedures. This article examines whether the new law provides legal certainty for workers facing AI-driven dismissals and what protection its implementing regulations should contain. Using normative legal research with statutory, conceptual, and case approaches, it analyses the text of the new law and five court decisions issued between 2022 and 2026. The decisions reveal inconsistent standards of proof: efficiency claims were rejected when unsupported, shifted between loss-based and preventive grounds, and accepted on thin operational indicators. The new law closes this route but leaves three gaps: it does not state whether its list of grounds is exhaustive, officials have described its commencement inconsistently, and dismissals may move to less visible routes such as the non-renewal of fixed-term contracts, mutual separation, and dismissals framed as disciplinary breaches.

INTRODUCTION

Artificial intelligence (AI) has entered Indonesian workplaces, and the jobs it replaces are no longer confined to the factory floor. Studies of Indonesian labour law note that AI takes over routine work most quickly, leaving workers in these positions most in need of protection and retraining (Anisah et al., 2025). The impact is also uneven: routine administrative jobs, which are the easiest to automate, are disproportionately held by women (Widiastiani, 2025). Meanwhile, dismissals have not declined. Data from the Ministry of Manpower's Satu Data portal recorded 63,789 workers dismissed between January and September 2026 (CNN Indonesia, 2026). These developments bear directly on Article 27(2) and Article 28D(2) of the 1945 Constitution, which guarantee the right to work and to fair treatment in employment relations.

For nearly six years, dismissals driven by changes in production methods were processed through the "efficiency" ground of the Job Creation Law and Government Regulation (GR) No. 35 of 2021. This framework drew sustained criticism. Izzati (2024) concluded that the labour cluster of Law No. 6 of 2023 failed to deliver legal certainty, while Saragih and Rasji (2023) and Kelen and Indrayanti (2022) showed that the parameters and legal consequences of efficiency-based dismissals were unclear. The landscape changed on 28 October 2026, when Law No. 27 of 2026 on Manpower Protection was enacted and promulgated in response to Constitutional Court Decision No. 168/PUU-XXI/2023. The new law repeals Law No. 13 of 2003 and the labour cluster of Law No. 6 of 2023 (Article 311), no longer lists efficiency as a ground for dismissal (Article

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231), and tightens dismissal procedures (Article 228). At first glance, the efficiency problem appears to have been solved. Yet the law contains no provision on AI or automation, even though Indonesia's AI regulation remains fragmented and vague, particularly in the field of employment (Rahman, 2024; Basir et al., 2026; Suryana & Sentosa, 2026).

Previous research falls into three strands. The first examines the post-Job Creation labour regime, which gave employers greater flexibility at the expense of job security (Aryani et al., 2022; Izzati, 2022; Nugroho et al., 2024). Within this strand, several studies address efficiency specifically, from the implementation of Constitutional Court Decision No. 19/PUU-IX/2011 (Widiastiani, 2021) to judges shifting between Article 43(1) and Article 43(2) of GR No. 35 of 2021 (Basri & Rasji, 2024) and the tendency of efficiency dismissals to disregard workers' rights (Prasetyo et al., 2025). The second strand concerns dismissals in the era of automation and AI. Adhyne (2022) examined efficiency-based dismissals caused by automation, while others called for regulatory reform, retraining obligations, and stronger protection of workers' privacy (Ardhan & Lie, 2026; Atmari & Sudjai, 2026; Mulyono & Santoso, 2025; Purba & Silalahi, 2025). The third strand addresses the legal status of digital platform workers (Aminuddin & Kusumawati, 2023; Rahman et al., 2024).

All of these studies predate Law No. 27 of 2026. None has examined how AI-driven dismissals will be processed once efficiency is removed, whether the new list of dismissal grounds closes the door to such dismissals, or where the practice is likely to move. Abolishing a dismissal ground does not abolish the business need behind it, which may simply find routes that are harder to supervise.

The analysis draws on two theoretical frameworks. Legal certainty theory treats certainty as a basic value of law that requires clear norms, so that legal subjects can anticipate the consequences of their actions (Julyano & Sulistyawan, 2019). Hadjon's (1987) theory of legal protection distinguishes preventive protection, which operates before a decision becomes final, from repressive protection, which operates after a dispute arises.

This article addresses two questions: first, to what extent Law No. 27 of 2026 provides legal certainty for workers facing dismissal due to AI automation, compared with the earlier practice of the efficiency norm; and second, what protection should be included in the law's implementing regulations and in collective labour agreements (*perjanjian kerja bersama*, PKB). Its contribution lies in an early analysis of Law No. 27 of 2026 from the perspective of AI-driven dismissals, a mapping of how efficiency was proven in five decisions, and four judicial tests and a two-tier protection model to inform implementing regulations.

RESEARCH METHOD

This study is normative (doctrinal) legal research that examines law as norms through library materials (Muhaimin, 2020). It applies three approaches. The statutory approach was used to analyse Law No. 27 of 2026, Law No. 6 of 2023, GR No. 35 of 2021, Law No. 2 of 2004 on Industrial Relations Dispute Settlement, and Law No. 27 of 2022 on Personal Data Protection, including the relationship between the old and new rules. The conceptual approach framed the analysis around legal certainty, preventive and repressive protection, and just transition. The case approach was used to examine judicial reasoning in efficiency-based dismissal disputes. Cases were selected purposively based on three criteria: they were decided after GR No. 35 of 2021 took effect, efficiency was argued and considered by the court, and the decision or its reasoning was traceable through the Supreme Court's official website or a verifiable published source. Five cases decided between 2022 and 2026 met these criteria. Primary materials were legislation and court decisions; secondary materials were books and journal articles; credible

news reports and a law firm analysis served as non-legal materials on recent developments. The article also includes one factual illustration drawn from the authors' direct observation in a workplace in October 2026; the identities of the company and the worker are withheld, and the illustration is not intended as generalisable empirical data. Materials were collected through library research up to 6 November 2026 and analysed qualitatively using grammatical, systematic, and historical interpretation.

RESULTS

The Efficiency Ground under the Job Creation Regime

Before Law No. 27 of 2026, Article 154A(1)(b) of Law No. 13 of 2003, as amended by Law No. 6 of 2023, permitted dismissal where "the company carries out efficiency, followed or not followed by closure of the company, caused by the company suffering losses." None of the listed grounds referred to the replacement of workers by technology. Dismissals actually triggered by automation were therefore usually framed as efficiency, the most flexible ground available (Adhyne, 2022).

GR No. 35 of 2021 widened this flexibility. Article 43 split efficiency into two categories: efficiency because the company suffers losses (paragraph 1) and efficiency "to prevent losses" (paragraph 2). The standards of proof were unequal. For paragraph 1, the Elucidation required losses to be proven through an internal or external audit (Basri & Rasji, 2024). For paragraph 2, the Elucidation stated only that preventive efficiency is "marked by, among others, a potential decline in company productivity or a decline in profit affecting company operations." Two problems followed. First, the regulation extended the statutory requirement of actual losses to losses that had not yet occurred, contrary to the principle of *lex superior derogat legi inferiori*; a similar mismatch was found in the regulation's rules on compensation for fixed-term workers (Poernamadjaja & Hufron, 2022). Second, the phrase "among others" left the indicators open, "potential" had no measure or time frame, and no authority was designated to assess it (Saragih & Rasji, 2023). Kelen and Indrayanti (2022) add that the legal consequences of efficiency dismissals without company closure were also unclear.

The direction of change is clearer against the earlier regime. In Decision No. 19/PUU-IX/2011, the Constitutional Court held Article 164(3) of Law No. 13 of 2003 conditionally unconstitutional unless "company closure" was interpreted as permanent closure. Even so, many efficiency dismissals during the Covid-19 pandemic were carried out without closure (Widiastiani, 2021). The Job Creation regime reopened the space that the Court had narrowed, while reducing severance compared with Law No. 13 of 2003 (Zulfikar & Saparudin, 2022). Table 1 summarises these changes up to Law No. 27 of 2026.

Table 1. Development of Efficiency as a Ground for Dismissal

Aspect	Law No. 13/2003 and Constitutional Court Decision No. 19/PUU-IX/2011	Law No. 6/2023 and GR No. 35/2021	Law No. 27/2026
Status of efficiency	Ground for dismissal only if the company closes permanently	Efficiency due to losses (Art. 43(1)) or to prevent losses (Art. 43(2))	No longer a ground for dismissal (Art. 231)

Standard of proof	Fact of permanent closure	Audit for Art. 43(1); "among others" potential decline in productivity or profit for Art. 43(2)	Fact of closure or two years of continuous losses
Severance	Two times the statutory amount	0.5 times (Art. 43(1)); one time (Art. 43(2))	One time; service pay one or 1.5 times (Arts. 237–238)
Procedure	Determination by the industrial relations dispute settlement body	14 working days' notice; bipartite negotiation if the worker objects	Ten preventive steps, mandatory bipartite negotiation, final and binding decision; otherwise null and void (Art. 228)

Source: compiled from legislation, Constitutional Court Decision No. 19/PUU-IX/2011, and Basri and Rasji (2024).

Efficiency in Five Court Decisions

Table 2 summarises five efficiency-based dismissal cases decided after GR No. 35 of 2021 took effect. They remain relevant because Article 300 of Law No. 27 of 2026 provides that claims registered with the Industrial Relations Court before the new law took effect are settled under Law No. 13 of 2003 as amended by Law No. 6 of 2023.

Table 2. Application of the Efficiency Norm in Court Decisions after GR No. 35 of 2021

No.	Case	Legal basis considered	Evidence assessed	Outcome on efficiency
1	Supreme Court No. 1345 K/Pdt.Sus-PHI/2022 (11 September 2022)	Lower court applied Art. 43(2); Supreme Court corrected it to Art. 43(1)	2019 and 2020 financial statements	Severance reduced from one time to 0.5 times
2	Palu IRC No. 1/Pdt.Sus-PHI/2024/PN Pal (16 May 2024)	Efficiency argued by employer without reference to Art. 43	No evidence of losses or declining income	Efficiency rejected; dismissal found unilateral
3	Palu IRC No. 4/Pdt.Sus-PHI/2024/PN Pal (22 August 2024)	Art. 43(2) argued by worker; court applied Art. 52(1)	No audited data on losses	Dismissal requalified; severance 0.5 times
4	Palu IRC No. 10/Pdt.Sus-PHI/2024/PN Pal (26 August 2024)	Art. 36(b); Elucidation of Art. 43(1) and (2)	Declining student numbers; no audit or proof of profit decline	Efficiency rejected; dismissal found unilateral; severance one time
5	Central Jakarta IRC No. 35/Pdt.Sus-	Elucidation of Art. 43(2)	Audited statements set aside; headcount	Efficiency accepted;

	PHI/2026/PN Jkt.Pst (18 June 2026)		fell from 201 to 164; units closed	severance one time

Note: IRC = Industrial Relations Court. Source: compiled from Palu IRC decisions (Supreme Court JDIH), Basri and Rasji (2024), and Satrio (2026).

Three patterns emerge. First, courts rejected efficiency claims when employers offered no evidence of losses or declining performance, as in Decisions No. 1/Pdt.Sus-PHI/2024/PN Pal and No. 10/Pdt.Sus-PHI/2024/PN Pal; in Decision No. 4/Pdt.Sus-PHI/2024/PN Pal, the court applied a different ground altogether. Second, the standard of proof shifted between paragraphs. In Supreme Court Decision No. 1345 K/Pdt.Sus-PHI/2022 of 11 September 2022, the Bandung Industrial Relations Court applied Article 43(2) and awarded one-time severance, but the Supreme Court corrected the basis to Article 43(1) on the strength of the 2019 and 2020 financial statements, halving the workers' severance. Basri and Rasji (2024) criticised the absence of audit results. Third, the threshold for preventive efficiency was low. In Decision No. 35/Pdt.Sus-PHI/2026/PN Jkt.Pst, the court set aside the audited financial statements because they lacked a sworn translation, yet upheld the dismissal based on a fall in headcount from 201 to 164 and the closure of several units, which it found satisfied the Elucidation of Article 43(2) (Satrio, 2026). A similar tendency to disregard workers' rights was noted in Supreme Court Decision No. 411 K/Pdt.Sus-PHI/2024 (Prasetyo et al., 2025). None of the five cases involved the replacement of workers by technology.

What Law No. 27 of 2026 Changes

Law No. 27 of 2026 was enacted and promulgated on 28 October 2026 (State Gazette 2026 No. 179) and entered into force on the date of promulgation (Article 313). Article 231 lists fifteen dismissal grounds, and efficiency is not among them. The remaining economic grounds are closure due to continuous losses for two years, permanent closure by decision of the owner, force majeure, suspension of debt payment obligations, and bankruptcy. Article 228 requires ten preventive steps, mandatory bipartite negotiation, and, where negotiation fails, a final and binding decision of the industrial relations dispute settlement body before dismissal; a dismissal without agreement or such a decision is null and void (Article 228(7)), and refusal to reinstate is a criminal offence (Article 294). The Elucidation of Article 228(1) lists "improvement of work methods" as one of the efforts to prevent dismissal.

Other provisions are relevant to automation. Article 228(2)(e) lists the non-renewal of expired fixed-term contracts as a preventive step, and Article 229(b) exempts the end of a fixed-term contract from bipartite negotiation. Fixed-term contracts may not be used for permanent work (Article 87(2)) and are converted into permanent employment if they breach this rule (Article 87(5)). Article 12(3) allows productivity improvement, including the application of technology, to form part of a PKB, and Article 19 makes employers responsible for developing workers' competence. Article 252 delegates detailed rules on dismissal to a government regulation, and Article 312 requires implementing regulations within one year of promulgation. Article 310 keeps earlier implementing regulations, including GR No. 35 of 2021, in force insofar as they do not conflict with the new law. No provision refers to AI or automation.

DISCUSSION

Legal Certainty after the Removal of Efficiency

The five decisions show what legal uncertainty looks like in practice. Outcomes depended on the type of evidence an employer happened to submit and on the paragraph a judge chose, not on parameters fixed by the norm. In the terms of legal certainty theory, workers and employers could not anticipate the legal consequences of their actions (Julyano & Sulistyawan, 2019). The

low threshold also explains why no case involved technology. As long as efficiency could be proven through operational indicators such as headcount reduction, an employer replacing workers with AI never needed to mention technology, because automation itself produces those indicators. The technological motive stayed hidden behind the efficiency label.

Law No. 27 of 2026 substantially strengthens protection: in Hadjon's (1987) terms, a dismissal can no longer be imposed unilaterally before it is tested. Notably, the ground of permanent closure by the owner in Article 231(c) mirrors the Constitutional Court's interpretation in Decision No. 19/PUU-IX/2011, returning economic dismissal grounds to the standard the Court set more than a decade earlier. The half-multiplier of Article 43(1) GR No. 35 of 2021, criticised for reducing workers' entitlements (Zulfikar & Saparudin, 2022), no longer appears. The Elucidation of Article 228(1) is particularly significant for AI. Adopting AI is, in essence, an improvement of work methods, and the law treats such improvement as a reason to reorganise work, not to terminate it.

Three uncertainties nevertheless remain. The first concerns whether Article 231 is exhaustive. The article reads "dismissal may occur for the following reasons," followed by items (a) to (o), and its Elucidation says only "sufficiently clear." Grammatically, the list is not introduced by "among others," unlike the Elucidation of Article 43(2) GR No. 35 of 2021. Systematically, the nullity rule in Article 228(7) and the prohibited grounds in Article 230 show an intention to limit dismissals. Both readings point to an exhaustive list. Officials, however, have spoken inconsistently. The Presidential Special Adviser on Labour stated that "if a company carries out efficiency, there is no longer 0.5 times" severance (Fauziah, 2026), implying that efficiency dismissals remain possible with higher severance. A law firm analysis of the bill reached the opposite conclusion: efficiency was not retained, so employers may need to rely on mutual separation agreements where no unilateral ground applies (Restiono, 2026). Such divergence among policymakers is itself evidence of legal uncertainty.

The second uncertainty concerns commencement. Article 313 states that the law took effect on promulgation, and Article 312 only sets a one-year deadline for implementing regulations. Before promulgation, however, the Ministry's Director General of Industrial Relations and Social Security stated that the law would not take effect immediately upon approval (CNBC Indonesia, 2026). Because efficiency is no longer a ground for dismissal, Article 36(b) and Article 43 of GR No. 35 of 2021 conflict with the new law and should no longer apply under Article 310. Until this is officially confirmed, employers and workers may read these provisions differently.

The third uncertainty is subtler: AI-driven dismissals may move to routes that are harder to supervise. The first route is non-renewal of fixed-term contracts, which Article 228(2)(e) even lists as a preventive step. Article 87 restores the conversion of unlawful fixed-term contracts into permanent employment, which the Job Creation regime had removed (Haidar, 2022), but routine jobs most exposed to automation are often held by contract workers whose positions can be transferred to AI simply by not renewing their contracts. The second route is mutual separation. The law sets no minimum safeguards for such agreements, such as disclosure of the real reason or union assistance, while workers lack access to the employer's technology plans. The third route is the closure of a unit rather than the company; Article 231(b) and (c) refer to company closure, leaving the closure of, for instance, a customer service division replaced by an automated system in a grey area. The fourth route is outsourcing, because outsourced workers are employed by the service provider (Pramudia et al., 2026). Platform workers, for whom algorithmic management matters most, remain outside the dismissal regime altogether, since their partnership-based

relationship is left to a separate law (Articles 102–103), so the status problem identified earlier persists (Aminuddin & Kusumawati, 2023; Rahman et al., 2024).

A fifth route is dismissal framed as a disciplinary breach. One of the authors observed an incident on 15 October 2026 at a private company that had introduced an AI system into its work processes. A worker made an error because they did not use the system, and the error caused a financial loss. The company dismissed the worker unilaterally and immediately, without any warning letter, and then filled the position with AI-based automation. The duty to use the AI system was not set out in the employment contract, the company regulations, or a PKB. The incident reveals a pattern that does not appear in the five decisions: the formal reason was the worker's error, but the replacement of the position by an automated system indicates that automation was also a motive.

Because the dismissal occurred before 28 October 2026, it falls under the old regime. Article 154A(1)(k) of Law No. 13 of 2003, as amended by Law No. 6 of 2023, and Article 52(1) of GR No. 35 of 2021 permitted dismissal for breach of the employment contract, company regulations, or PKB only after first, second, and third warning letters. Dismissal without warning was possible only for an urgent breach regulated in those instruments (Article 52(2) of GR No. 35 of 2021). An error causing loss cannot simply be treated as gross misconduct either, since Constitutional Court Decision No. 012/PUU-I/2003 declared the gross misconduct ground in Article 158 of Law No. 13 of 2003 without binding legal force. Article 52(2) of GR No. 35 of 2021 has itself been criticised for resembling the annulled provision, and industrial relations court decisions on urgent breaches have been inconsistent (Mahalini & Antari, 2024; Salsabila et al., 2024). Article 151(2)–(4) of Law No. 13 of 2003, as amended, also required notification, bipartite negotiation if the worker objected, and settlement through the industrial relations dispute mechanism. With no written rule on the use of AI and no warning letters, there was no valid breach on which to rely, so the dismissal was in substance a unilateral dismissal without a lawful ground. The case also exposes a transitional gap. Article 300 of Law No. 27 of 2026 covers only claims registered before the new law took effect; it is silent on disputes arising before 28 October 2026 but filed afterwards. Under the principle of non-retroactivity, the parties' rights should be assessed under the law in force when the dismissal occurred, but the absence of an express rule leaves room for divergent readings. Had the same dismissal occurred after 28 October 2026, Article 231(k) would likewise require three warning letters, and a dismissal without agreement or a final decision would be null and void (Article 228(7)). Yet the phrase "unless otherwise provided in the employment contract, company regulations, or collective labour agreement" in Article 231(k) creates a new vagueness, since it is unclear whether only the validity period of warning letters or also their sequence may be varied. Moreover, a duty to use AI can reasonably ground a finding of breach only if it is written down and the worker has received adequate training, consistent with the employer's responsibility under Article 19(1).

The impact did not end with the dismissed worker. In the authors' observation, other workers at the same company experienced psychological pressure, reading the dismissal as a signal that a single error in using AI could lead to their replacement. This is consistent with a study of millennial employees in Medan showing that the threat of AI disruption increases technology insecurity (Prayitno et al., 2025), and with a study of Generation Z workers finding that job insecurity significantly increases emotional exhaustion (Nurhasanah et al., 2023). The concern has a basis, because the AI system can be connected to data on work computers and laptops, allowing administrative tasks to be performed automatically. Two legal issues follow. First, psychological pressure caused by the threat of automation is not yet recognised as a risk to be managed. Article 46(8) of Law No. 27 of 2026 does require employers to provide protection

covering, among other things, personal data, the prevention of bullying, workload management, counselling services, and an internal complaints mechanism, with administrative sanctions for failing to provide the last three (Article 46(9)). The provision, however, is not linked to technological transition, even though job insecurity caused by automation is one of the most relevant sources of pressure to address through counselling and internal complaints. Second, when an AI system accesses data on work devices, workers' personal data are processed as well. Such processing may qualify as high-risk under Article 34(2) of Law No. 27 of 2022, for instance because it uses new technology or involves systematic evaluation and monitoring, so the data controller must carry out a personal data protection impact assessment. Digital workplace monitoring of this kind has not been matched by adequate protection of employee privacy (Atmari & Sudjai, 2026). Without it, workers do not know what data are accessed or whether those data are used to assess their performance.

The law also contains no AI-specific provision. Article 10(1) of Law No. 27 of 2022 gives data subjects the right to object to decisions based solely on automated processing, but it covers AI as a decision-maker, not AI as a substitute for workers, and employee privacy remains weakly protected because labour law and data protection law operate separately (Atmari & Sudjai, 2026). Law No. 27 of 2026 thus strengthens repressive and procedural protection, but preventive protection against technological displacement is still missing.

Until implementing regulations are issued, industrial relations judges can apply four tests derived from Articles 228 and 231. The first is a ground test: a dismissal must rest on a ground in Article 231, and replacement by technology cannot be repackaged as another ground, including a disciplinary breach. The second is a prevention test: the employer must prove that the steps in Article 228(2), including the improvement of work methods, were genuinely taken. The third is a voluntariness test: a separation agreement must be examined to determine whether the worker was adequately informed of the automation plan. The fourth is a redeployment test: the employer must show that alternative positions and training were offered, consistent with the competence development duty in Article 19(1).

Reconstructing Protection: A Two-Tier Model

At the macro level, the government regulation on dismissal required by Article 252, due by 28 October 2027 under Article 312, should contain three elements. First, it should state expressly that replacing workers with technology is not a ground for dismissal outside Article 231, thereby settling the question of exhaustiveness. Second, it should require a technology impact assessment from companies planning to adopt AI systems that will eliminate or substantially change a significant number of positions, for example ten per cent of the workforce within twelve months. The assessment should identify affected positions, redeployment and training plans, timelines, and transition costs borne by the employer, including counselling and complaint channels for remaining workers as required by Article 46(8); it should be discussed in the Bipartite Cooperation Institution, which Article 171 makes mandatory for companies with ten or more workers but which many companies have neglected (Azriyal et al., 2025); and dismissals or non-renewals linked to automation without an assessment should be deemed a failure of the preventive duty in Article 228(1). The assessment could be prepared together with the personal data protection impact assessment that Article 34 of Law No. 27 of 2022 requires for high-risk processing, so that companies need not produce two separate documents. It would also give judges a concrete document to examine and give workers the information they lack. Third, the ministerial regulation under Article 19(3) should make AI adoption one of the conditions that trigger a mandatory retraining duty, filling the gap Ardhan and Lie (2026) identified. These measures matter because the Job Loss Guarantee programme, although framed as legal

protection for dismissed workers (Widanarti et al., 2022), excludes many workers and offers modest benefits (Silitonga et al., 2022), and it addresses frictional rather than structural unemployment. Such rules should form part of broader AI governance that harmonises labour, data protection, and AI law (Suryana & Sentosa, 2026), protects workers explicitly (Rahman, 2024), and balances certainty with innovation (Basir et al., 2026).

At the micro level, Law No. 27 of 2026 offers a firmer basis for collective bargaining than its predecessor. Article 12(3) recognises productivity improvement, including the application of technology, as a possible subject of a PKB, and Article 195 sets only the minimum content of a PKB. For companies without a PKB, the government's approval of company regulations (Articles 175, 178, and 181) can be used to require minimum content on technological transition. A technology clause should cover advance notice of technology adoption, consultation, priority redeployment, employer-funded retraining, additional compensation for those who must leave, and a joint monitoring committee. The clause rests on the idea of just transition, which in Indonesia has been discussed mainly in the context of the green economy and is not yet a union priority (Syahwal, 2024); its logic, that workers should not bear the cost of structural change alone, applies with greater force to AI, because automation is usually a private decision whose benefits accrue to the firm. Collective bargaining remains the most effective way to strengthen workers' position (Izzati, 2022), and unions can use PKBs to protect those most affected, including women (Widiastiani, 2025). Breaches of a technology clause can be litigated as rights disputes under Article 1(2) of Law No. 2 of 2004. Table 3 summarises the model.

Table 3. Two-Tier Protection Model for Workers Affected by Automation

Tier	Instrument	Basis in Law No. 27/2026	Enforcement
Macro	Confirmation that replacement by technology is not a ground for dismissal	Arts. 231 and 252 (government regulation on dismissal)	Dismissal outside Art. 231 is null and void (Art. 228(7))
Macro	Mandatory technology impact assessment through the Bipartite Cooperation Institution	Art. 228(1) and its Elucidation; Art. 171	Without an assessment, the preventive duty is deemed unmet
Macro	Retraining duty triggered by automation plans	Art. 19(2) and (3)	Ministerial regulation; evidence before the court
Micro	Technology clause in PKB and company regulations	Arts. 12(3), 175, 178, 181, and 195	Rights dispute (Art. 1(2) of Law No. 2/2004) and dismissal dispute

Source: authors' analysis.

CONCLUSION

Law No. 27 of 2026 corrects many weaknesses of the previous regime. Removing efficiency as a dismissal ground and requiring preventive steps, bipartite negotiation, and a final decision before dismissal close the route that the vague efficiency norm had opened, as shown by the inconsistent standards of proof in the five decisions analysed. Legal certainty for workers facing replacement by AI, however, has not been fully achieved. The law does not state whether

its list of grounds is exhaustive, officials have described its commencement inconsistently, and AI-driven dismissals may shift to less visible routes such as the non-renewal of fixed-term contracts, mutual separation, unit closure, outsourcing, and dismissals framed as disciplinary breaches. The impact also reaches remaining workers in the form of psychological pressure, while AI access to data on work devices adds risks to workers' personal data. Because the law says nothing about AI, the protection available remains largely repressive.

Effective protection therefore requires two tiers. At the macro level, implementing regulations should confirm that replacement by technology is not a ground for dismissal, require a technology impact assessment, and link the training duty in Article 19 to automation plans. At the micro level, PKBs and company regulations should contain technology clauses that can be enforced through rights disputes.

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