

Bargaining on Overtime to Address Wage Theft in Indonesia: Analysis on the WageIndicator Collective Bargaining Agreement Database

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Indonesia's Labour Landscape in the Garment, Textile, and Footwear Sector

Employment

The sector employs about 3.8 million workers, representing 20% of Indonesia's manufacturing workforce (Ministry of Industry, 2024).

Impact of COVID-19 and Policies

The sector was hit hard by Covid-19 with layoffs, weakened demand, worsened by new import relaxations of the textiles and garments policy in 2024, and labor rights violations.

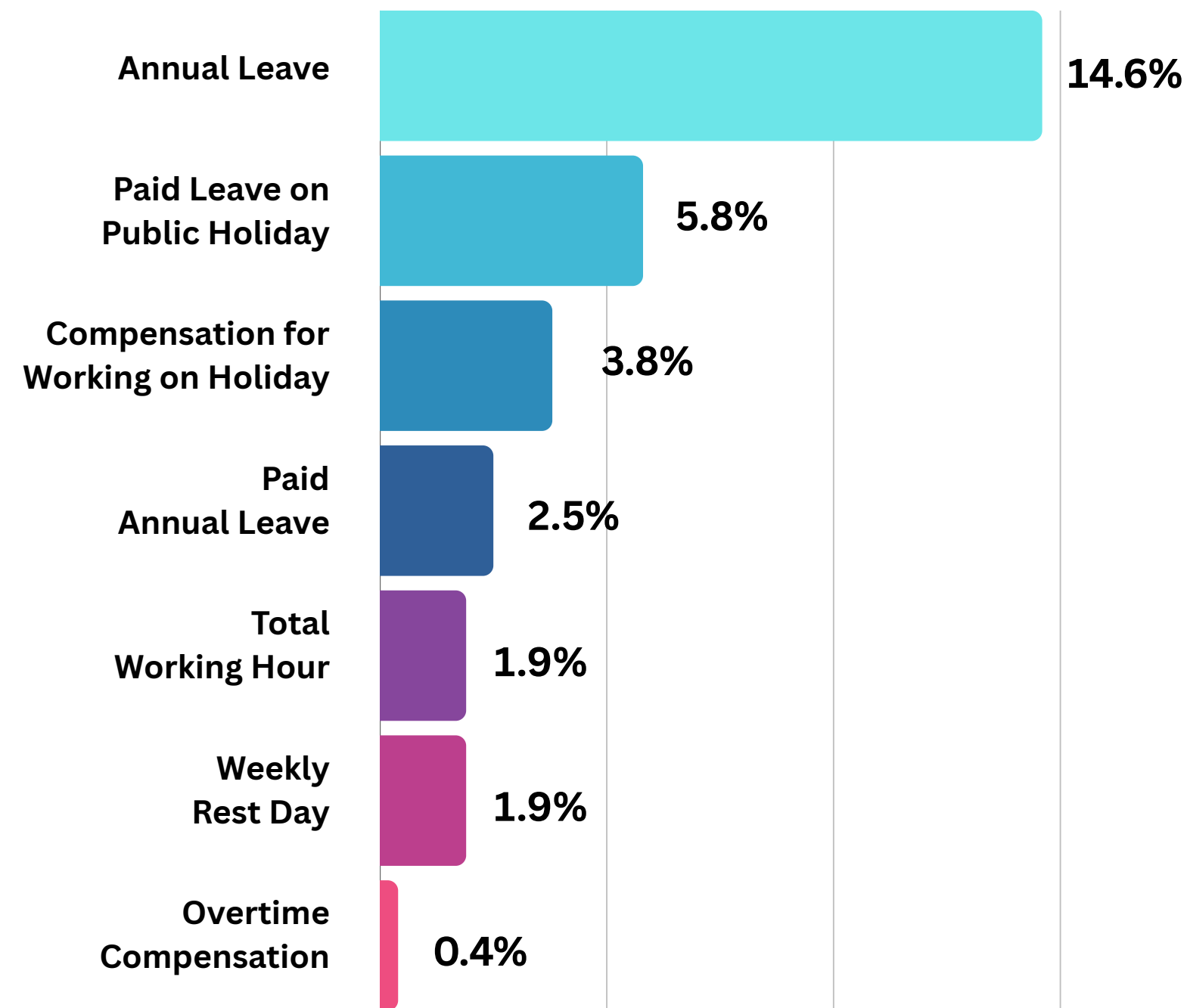
Labor Rights Violations

Key violations include excessive working hours, pressure to meet tight deadlines, and unpaid overtime, especially on rest days or holidays

Wage Theft

These issues reflect broader concerns of wage theft, where workers are denied legal overtime compensation, allowing employers to increase work hours for profit

Indonesia 2022-2024 DecentWorkCheck Survey Result in TGSL Company



Scope of Survey:

11,068 workers across 363 TGSL factories.

Top Areas of Non-Compliance:

- Right to organize: 19.1%
- Job security: 18.3%
- Maternity protection: 15.9%

Working Hours Non-compliance was recorded at 4.4%, encompassing issues such as:

- Inadequate annual leave
- Lack of full wages on legal holidays
- No overtime pay during public holidays and weekdays
- Violations of weekly rest days implementation
- Exceeding legal limit of 58 working hours per week

Collective Bargaining Agreement and Its Systemic Barriers

Low Union Density

Union membership remains low in Indonesia, at only 11.76% (BPS, 2022), limiting collective bargaining power.

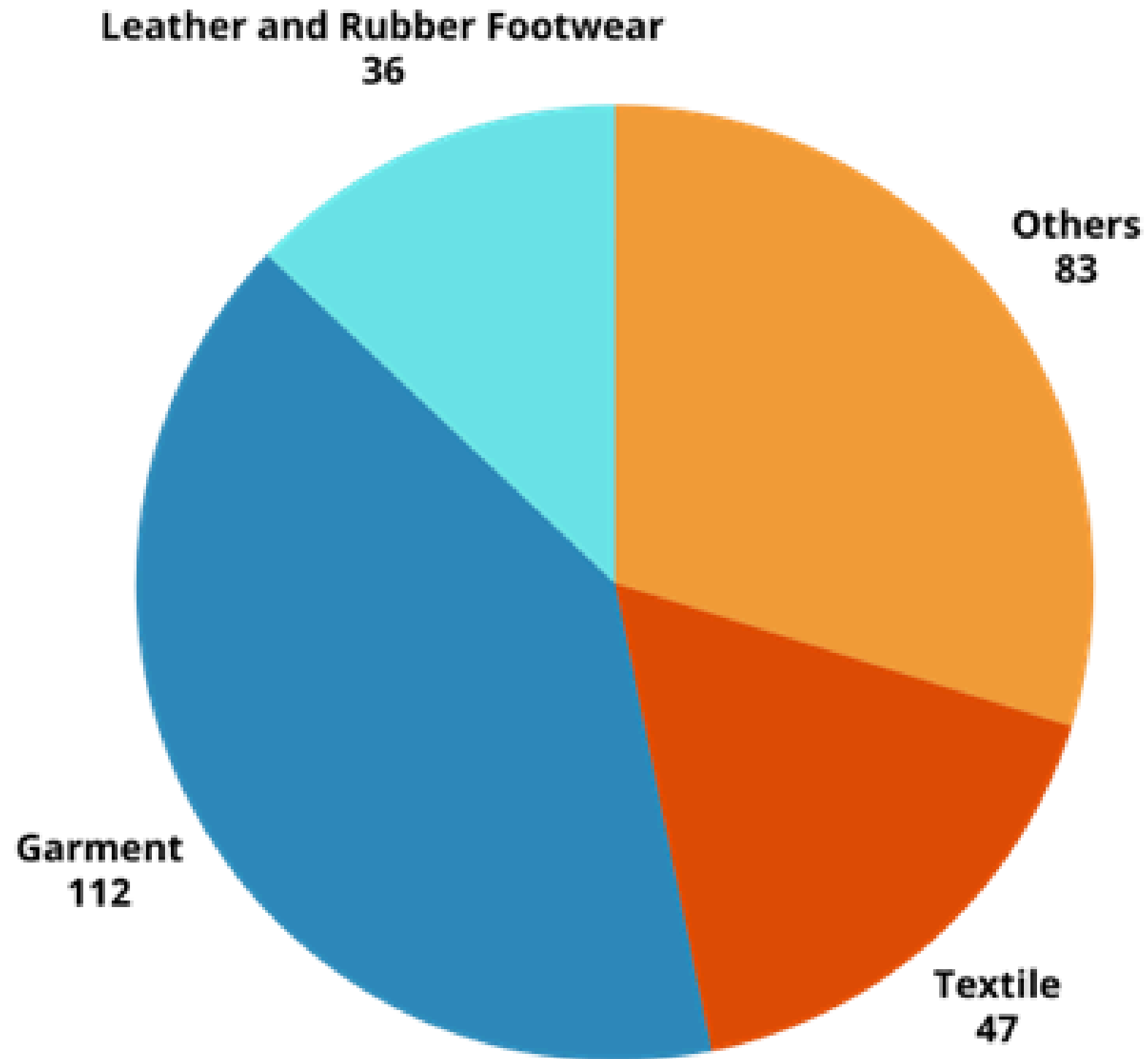
CBA Implementation Challenges

Among 363 TGSL factories surveyed, only 142 (62%) of the 228 companies with unions have established CBAs, highlighting barriers to broader coverage.

Key Obstacles:

- Limited union representation and capacity to negotiate effectively
- Union resistance to negotiating improved provisions due to fears of layoffs or company closures
- The 2021 Omnibus Law, which complicates CBA negotiations: employers seek to align CBAs with new regulations, while trade unions aim to safeguard existing agreements

WageIndicator CBA Database



Data Collection

WageIndicator gathers CBAs through **partnership with unions and local manpower departments.**

Coverage and Sectors

Currently, **278 CBAs** are annotated and accessible within the WageIndicator CBA Database. Of these, **195 CBAs** originate from the **TGSL sectors.**

Focused Analysis

This study specifically examines **16 CBAs (covering 2022–May 2025) with detailed working hours clauses,** analyzed in conjunction with DecentWorkCheck worker survey data from 2022 to 2024.

CBA Clauses Related to Working Hours

	Maximum Working Hours		Maximum Overtime Duration			Voluntary Overtime		Overtime Wage Calculation		All-in Wages		
	40 hours/ week	> 40 hours/ week	3 hours/day or 14 hours/ week	4 hours/day or 18 hours/ week	Not Set	Yes	Not Set	Yes	Not Set	Yes	Yes but Limited	Not Set
Number of CBA N=16	15	16	4	5	7	11	5	15	1	5	1	10

Working Hours

15 CBAs align with the normative standard of a 40-hour work/week, while 1 CBA allows a 48-hour work/week without designated rest days.

Maximum Overtime Duration

- CBAs differ in their specified maximum overtime hours:
- **4 CBAs** refer to older regulations (3 hours/day, 14 hours/week)
 - **5 CBAs** align with newer laws (4 hours/day, 18 hours/week)
 - Others do not specify overtime limits at all

Voluntary Overtime in CBAs

- **11 CBAs** require worker consent for overtime.
- **5 CBAs** do not specify the need for individual worker approval; instead among 3 CBAs mention that overtime is discussed with the union.

Overtime Wage Calculation

Most CBAs state that overtime wages are calculated according to prevailing laws. However, one CBA doesn't detail overtime wage, overtime limits, or workers' consent

All-In Wages

Definition

"All-in wages" refer to a lump sum payment that covers all worker entitlements, meaning no additional overtime pay for extra hours worked.

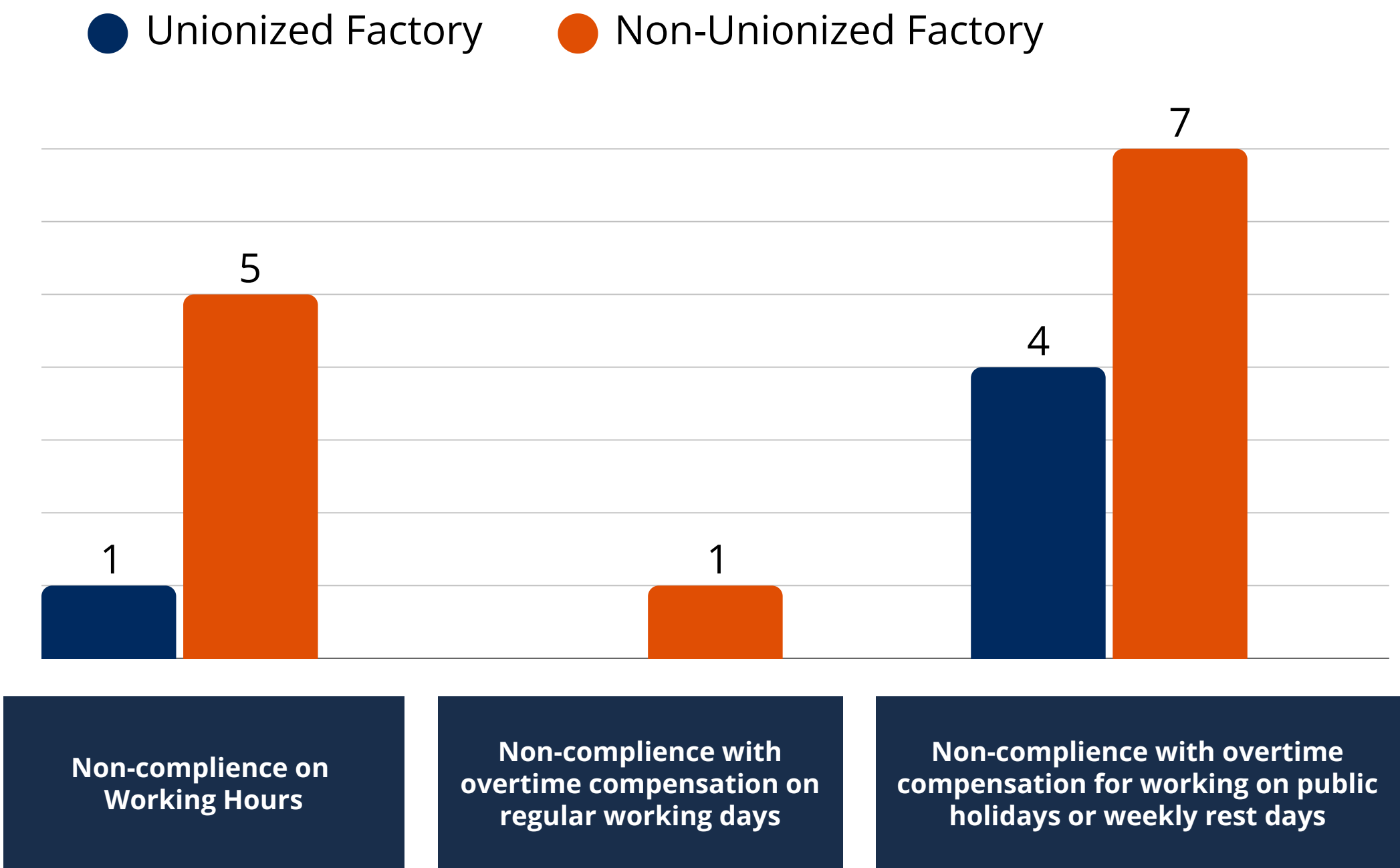
Widespread Use

5 CBAs apply "All-in wages" to all positions without restrictions, violating legal regulations — which permit overtime exemptions only for roles with specific responsibilities, such as planning or controlling operations, and with higher wages.

Impact on Workers

These practices undermine workers' rights by eliminating entitlement to overtime pay and may legitimize wage theft, especially in TGSL companies that operate on target-based work systems during high-demand periods.

DWC Survey Results on the Topic of Working Hours in Unionized/Non-unionized Factory (2022 - 2024)



DWC survey data shows **higher rates of working hours violations in factories without unions**

Highest non-compliance are:

- Unpaid overtime on weekly rest days/public holidays
- Extensive working hours: exceeding the legal limit of 58 work hours/week
- Lack of overtime pay on regular working days

Conclusion & Recommendation

Key Findings

Analysis of CBAs (2022–2025) from the WageIndicator Database shows **some companies exceeding 40 working hours per week, lacking clear overtime limits, and employing all-in wage systems that do not ensure proper pay calculations as a form of wage theft.** These issues are aligned with DecentWorkCheck survey results, particularly in factories without CBAs

Significance of Strong CBA

A well-structured, legally binding CBA can serve as an effective tool to address violations and wage theft

Step Forward !

To effectively address long working hours, unfair pay practices, and all-in wage systems in cost-driven TGSL industries, it is crucial to:

- **Strengthen union capacity and bargaining power**
- **Enforce labour laws more strictly**
- **Support initiatives to improve union presence and negotiation strength**



-  wageindicator.org
-  gajimu.com
-  gajimu.com/garmen

The top image shows a group of people in a meeting room, likely discussing the PKB (Perjanjian Kerja Bersama) process. The bottom image is a collage of various PKB booklets from different companies, including PT. MUARA TUNGGAL, PT. SANSAL, PT. CENTEX, PT. POLA MANUNGKAL SEJATI, PT. LEZAX NESIA JAYA, PT. INDORAMA, and PT. MUARA TUNGGAL. The booklets are titled "PERJANJIAN KERJA BERSAMA (PKB)" and "BUKU PKB".