



## Granting of Foundation Management Wage Rights and Dispute Resolution Mechanism Based on Law Number 28 of 2004

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### **Abstract:**

*This study discusses in depth the legal provisions for the provision of remuneration to Foundation administrators in Indonesia and the related dispute resolution mechanisms, based on Law No. 28 of 2004 concerning Amendments to Law No. 16 of 2001 concerning Foundations. As a non-profit legal entity, a Foundation has unique characteristics that emphasize the principle of non-profit, where the use of the Foundation's assets must be fully directed to achieving social, religious, or humanitarian goals. However, in practice, the need for professionalism and high workloads often require Foundation administrators to receive reasonable compensation. This study aims to analyze the legal provisions regarding the provision of remuneration for Foundation administrators in Indonesia and to evaluate the dispute resolution mechanisms that may arise, by referring to Law No. 28 of 2004 concerning Amendments to Law No. 16 of 2001 concerning Foundations. This study uses a normative legal approach with a prescriptive analysis method, and finds that remuneration is permitted as long as the administrator is not a founder, patron, or supervisor; carries out his duties directly and fully; and is regulated transparently in the Articles of Association. In the event of a dispute, the resolution can be reached through deliberation, mediation, arbitration, or court. This study also highlights the importance of accountability, internal supervision, and regulatory intervention from the government in maintaining the integrity of Foundation governance. Thus, the law on foundations in Indonesia needs to be continuously strengthened to remain relevant to social dynamics and the practical needs of professional management of non-profit organizations. Remuneration for Foundation administrators is permitted on the condition that the administrators are not founders, advisors, or supervisors, carry out their duties directly and fully, and are regulated transparently in the Articles of Association. Dispute resolution can be carried out through deliberation, mediation, arbitration, or court, with an emphasis on accountability, internal supervision, and the need for government regulation to strengthen Foundation governance.*

**Keywords:** Disputes, Foundation, Foundation Law, Management Wages, Non-Profit Principle.

### **Abstrak :**

Penelitian ini membahas secara mendalam ketentuan hukum pemberian remunerasi bagi pengurus Yayasan di Indonesia dan mekanisme penyelesaian sengketa terkait, berdasarkan Undang-Undang No. 28 Tahun 2004 tentang Perubahan Atas Undang-Undang No. 16 Tahun 2001 tentang Yayasan. Sebagai badan hukum nirlaba, Yayasan memiliki karakteristik unik yang menekankan pada asas nirlaba, di mana pemanfaatan kekayaan Yayasan harus sepenuhnya diarahkan untuk mencapai tujuan sosial, keagamaan, atau kemanusiaan. Namun dalam praktiknya, tuntutan profesionalisme dan beban kerja yang tinggi seringkali mengharuskan pengurus Yayasan untuk memperoleh kompensasi yang wajar. Penelitian ini bertujuan untuk menganalisis ketentuan hukum mengenai pemberian remunerasi bagi pengurus Yayasan di Indonesia serta mengevaluasi mekanisme penyelesaian sengketa yang mungkin timbul, dengan merujuk pada Undang-Undang No. 28 Tahun 2004 tentang Perubahan atas Undang-Undang No. 16 Tahun 2001 tentang Yayasan. Penelitian ini menggunakan pendekatan hukum normatif dengan metode analisis preskriptif, dan menemukan bahwa remunerasi diperbolehkan sepanjang pengurus bukan merupakan pendiri, pembina, atau pengawas; menjalankan tugasnya secara langsung dan penuh; dan diatur secara transparan dalam Anggaran Dasar. Apabila terjadi perselisihan, penyelesaiannya dapat dilakukan melalui musyawarah, mediasi, arbitrase, atau pengadilan. Studi ini juga menyoroti pentingnya akuntabilitas, pengawasan internal, dan intervensi regulasi dari pemerintah dalam menjaga integritas tata kelola Yayasan. Dengan demikian, undang-undang tentang yayasan di Indonesia perlu terus diperkuat agar tetap relevan dengan dinamika sosial dan kebutuhan praktis pengelolaan organisasi nirlaba secara profesional. Remunerasi bagi pengurus Yayasan diperbolehkan dengan syarat pengurus bukan merupakan pendiri, pembina, atau pengawas, menjalankan tugasnya secara langsung

dan penuh, serta diatur secara transparan dalam Anggaran Dasar. Penyelesaian sengketa dapat dilakukan melalui jalur musyawarah, mediasi, arbitrase, atau pengadilan, dengan penekanan pada akuntabilitas, pengawasan internal, dan perlunya regulasi pemerintah untuk memperkuat tata kelola Yayasan.

**Kata Kunci:** Asas Nirlaba, Hukum Yayasan, Perselisihan, Upah Pengurus, Yayasan.

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## INTRODUCTION

Foundations in Indonesia are recognized as legal entities based on Law Number 28 of 2004 concerning Amendments to Law Number 16 of 2001 concerning Foundations. Foundations obtain status as legal entities after their deed of establishment is approved by the Minister of Law and Human Rights, whose authority can be delegated to the Head of the Regional Office of the Ministry of Law and Human Rights. This study specifically discusses the legal regulations for foundations in Indonesia and the responsibilities of foundation organs, especially administrators who play an important role in managing the foundation and directing the achievement of its goals. In carrying out their functions, administrators are required to uphold the principles of accountability, transparency, and compliance with applicable regulations. However, in practice, there are many challenges faced by foundation administrators, both in terms of implementing authority, conflicts of interest, and difficulties in maintaining the non-profit principle that is the hallmark of a foundation. (Heriyanti & Daulay, 2024)

Law Number 16 of 2001 defines a foundation as a legal entity consisting of separated assets and allocated to achieve social, religious, and humanitarian goals that do not have members. This basic characteristic distinguishes a foundation from other forms of legal entities such as associations or corporations. Foundations in Indonesia have developed in various forms such as educational, religious, health, and social foundations, but not all of them truly apply the principle of non-profit or non-profit oriented as regulated by law. Some foundations are even used for personal or group interests. The principle of non-profit emphasizes that foundations do not aim to seek profit; the activities carried out are more aimed at providing benefits to the community, not to generate profit for their founders. This is reflected in the scope of foundation activities as regulated in Article 3 of Law Number 16 of 2001, which includes social services such as orphanages, schools, hospitals, and humanitarian activities such as assistance for disaster victims, refugees, and marginalized community groups.

In the organizational structure of the foundation, the main organs consist of the patron, management, and supervisors. Each organ has a different role, but complements each other. The patron is the party that provides the mandate through the separation of assets, the management is tasked with running the foundation's operations, and the supervisor is tasked with ensuring that the foundation's management is in accordance with applicable principles, ethics, and laws. In the context of daily operations, the management is the main actor in managing assets and running the foundation's programs. Therefore, the management has a very large legal and moral responsibility. They are required to prepare an annual financial report to be submitted to the patron, and are required to ensure that the foundation's activities run in accordance with the social objectives that have been set out in the articles of association. In the event of bankruptcy caused by the negligence or error of the management, the management can be held jointly and severally liable for the losses incurred. (Putra et al, 2023)

An important issue that often arises in the practice of foundations in Indonesia is the right of administrators to receive compensation or salaries. In principle, because foundations are non-profit legal entities, all forms of use of funds must be returned to the social goals of the foundation itself. However, in reality, administrators who devote their time fully to managing the foundation certainly need appropriate incentives to ensure the sustainability of their work. In this context, the law provides flexibility that administrators can receive compensation as long as it does not conflict with the principle of non-profit, and remains subject to the principle of fairness and does not misuse the foundation's assets for personal gain. Therefore, provisions regarding the provision of wages to administrators need to be adjusted to applicable employment regulations, including paying attention to the Provincial Minimum Wage (UMP) as the minimum standard that is valid according to the law.

As a country based on law, Indonesia provides protection for workers' rights to receive decent wages as stipulated in Law Number 13 of 2003 concerning Manpower and the Job Creation Law Number 11 of 2020 and its derivatives, namely PP Number 36 of 2021 concerning Wages. The UMP in each province is determined by the local government as the basis for calculating the minimum wage. In Gorontalo Province, for example, the 2024 UMP has been set at IDR 3,025,100. This amount should be a reference for foundations when providing honorariums or salaries to administrators who work full time in the foundation's organizational structure. However, the provision of this wage must still be adjusted to the foundation's financial capabilities and must not interfere with the fulfillment of the foundation's social goals. (Alvino & Mairul, 2024) This shows that even though the non-profit principle applies, it does not mean that foundations are prohibited from providing compensation to their administrators, as long as it does not violate the principles of justice and the goals of the foundation.

In order to strengthen the accountability of foundation management and prevent potential abuse of authority, the government has issued Government Regulation Number 63 of 2008 which regulates the implementation of the Foundation Law. This regulation provides more technical guidance regarding the mechanism for establishing foundations, the separation of assets, and the responsibilities of each foundation organ. In practice, financial reporting systems, internal supervision, and transparency of management are important factors that must be built to maintain public trust in the existence of foundations. Moreover, amidst the many findings regarding the misuse of foundation names to collect public funds without clear accountability, the state needs to be present with strict supervision and law enforcement.

Overall, the role of foundation administrators is very vital and complex because it involves the management of public assets that are intended for social purposes. Clarity of regulations related to the rights and obligations of administrators, including regarding compensation or salary, is very important to avoid legal and moral uncertainty. In this case, the existence of the Foundation Law and its derivative regulations have provided a fairly strong legal basis, but its implementation in the field still faces various challenges. Therefore, increasing understanding of foundation law, transparency in financial management, and strengthening the supervisory system are the main keys to creating healthy, professional, and public benefit-oriented foundation governance.

#### **Formulation of the problem**

1. What are the legal provisions regarding the provision of wages for Foundation administrators according to Foundation Law No. 28 of 2004?
2. How is the Dispute Resolution Mechanism for Granting Wages to Foundation Managers in accordance with Foundation Law No. 28 of 2004?

#### **Research Purposes**

1. To find out the legal provisions regarding the provision of wages for Foundation administrators according to the Foundation Law No. 28 of 2004

2. To find out the Dispute Resolution Mechanism for the Provision of Wages for Foundation Administrators according to the Foundation Law No. 28 of 2004

## RESEARCH METHODS

Legal research is an activity that aims to re-expose previously existing legal concepts, facts, and systems to be developed, improved, or modified to suit the needs of society. In addition, legal research is also intended to explore, seek, and discover new values that are beneficial to human welfare, especially in responding to the development of science and technology. In this context, the type of research used by prospective researchers is normative legal research. Normative legal research places law as a complete system of norms, which includes principles, norms, and legal rules contained in laws and regulations, court decisions, agreements, and legal doctrines or teachings that develop in legal practice and theory. With this approach, law is analyzed as something normative, not empirical. (Syarif et al, 2024)

The research approach used in this study consists of two types, namely the statute approach and the conceptual approach. The statute approach is used by examining all laws and regulations related to the legal issues that are the focus of the research. This approach emphasizes the importance of written legal materials as the main reference in the study and formation of legal arguments. Meanwhile, the conceptual approach is used to utilize the views and doctrines that develop in legal science as a basis for building legal arguments. This approach provides a conceptual understanding of relevant legal ideas, principles, and principles, which are very necessary in describing and solving the legal problems being studied.

The legal materials used in this study consist of three types, namely primary, secondary, and tertiary legal materials. Primary legal materials include Law Number 16 of 2001 concerning Foundations, Law Number 28 of 2004 concerning Amendments to Law Number 16 of 2001 concerning Foundations, and Law Number 13 of 2003 concerning Manpower. These primary legal materials serve as the main basis in building the legal framework of the study. Meanwhile, the secondary legal materials used consist of law books, law journals, and other legal research results that are relevant to the topic being studied. These secondary legal materials serve as supporters and complements to the analysis of primary legal materials. The tertiary legal materials used are the Great Dictionary of the Indonesian Language and a legal dictionary, which help clarify the understanding of the legal terms used in this study.

The technique of collecting legal materials in this study was carried out through library research. Library research is a study of written information about the law obtained from various sources that have been widely published. In this process, researchers conduct archival reviews or literature reviews of literature that includes laws and regulations, law books, scientific journals, articles, theses, and works of legal scientists that are relevant to the issues discussed. This technique allows researchers to collect legal data systematically and comprehensively, in order to support normative analysis of the legal problems raised.

After the legal materials are collected, the analysis technique used in this study is a prescriptive analysis. This analysis is intended to provide normative legal arguments against the results of the study obtained from the literature study. In a prescriptive framework, researchers not only explain legal facts, but also provide an assessment of right or wrong, and determine the legal position that should be applied to a legal fact or event. With this approach, researchers can provide prescriptions or legal recommendations that are argumentative and normative, based on the results of interpretations of legal norms, doctrines, and legal concepts studied in the study. This approach also strengthens the main objective of normative legal research, namely to develop a legal framework that is relevant, responsive, and in line with the needs of society and the development of the times.

## DISCUSSION

### 1. Remuneration for Foundation Managers According to Foundation Law No. 28 of 2004

According to Law Number 28 of 2004 concerning Amendments to Law Number 16 of 2001 concerning Foundations, a Foundation is a legal entity that is non-profit and does not have members, but is oriented towards achieving social, humanitarian and religious goals as stated in its articles of association. Provisions regarding the provision of salaries or honorariums to Foundation administrators are not explicitly regulated in certain articles, but there is an exception in Article 5 paragraph (2) which allows for the provision of certain compensation to administrators under strict and limited conditions.

In principle, the Foundation as a non-profit organization focuses all activities and financial management to achieve the noble goals that have been set. Therefore, every form of expenditure from the Foundation must be directed entirely to support social activities, not personal gain. However, in the dynamics of organizational management, it cannot be denied that the Foundation's management plays a very important role in ensuring the sustainability of the Foundation's activities, both from administrative, operational, and strategic aspects. Therefore, the urgency of providing compensation to management is a topic that cannot be avoided, as long as it refers to the legal limitations that have been outlined. (Swara, 2024)

In the legal framework, the provision of salaries to Foundation administrators is regulated in Article 5 paragraph (2) of the Foundation Law, which specifically states that Foundation administrators may receive salaries, wages or honorariums, as long as they are not founders, are not affiliated with the founders, Trustees or supervisors, and truly carry out management duties directly and fully. This provision is a form of compromise that takes into account the need for professionalism in Foundation management while maintaining the basic principles of non-profit.

To prevent abuse, the Law requires that the provisions regarding the provision of salaries must be stated in the articles of association of the Foundation. This means that it is not enough to have an oral agreement or internal decision, but must be included in a formal legal document that has binding force. These articles of association must be legalized by a notary and registered with the Ministry of Law and Human Rights. This indicates that the legality of the provision of salaries to administrators depends on the conformity between the contents of the articles of association and the provisions of the Law.

The first requirement is that the administrators are not the founders of the Foundation and are not affiliated by family or other legal relationship with the founders, Trustees, and supervisors. The affiliation in question includes blood relations or marital relations up to the third degree. This is intended to prevent conflicts of interest that could result in the use of the Foundation's assets for personal or group interests.

The second requirement is that the management carries out management directly and fully. This phrase means that the management is truly active in the operational and administrative activities of the Foundation, not just as a symbol or mere formality. Full implementation of duties includes being actively present at the Foundation office, being responsible for financial reports, decision-making, and involvement in the implementation of work programs. (Sambodeside, 2018) This shows that the compensation received by the management is a form of appreciation for the real work they do to support the Foundation's goals.

The third requirement is that the provision of salary, wages or honorarium to the management must be in accordance with the Foundation's capabilities. This means that it is not permissible to burden the Foundation's finances with unrealistic compensation or that which may disrupt the budget allocation for the Foundation's social activities. Therefore, the Supervisory Board as the highest organ in the Foundation's organizational structure has the authority to assess and determine the amount of management compensation based on the annual financial report prepared in an accountable manner by the management.

In practice, the provision of salaries to Foundation administrators must also consider Law Number 13 of 2003 concerning Manpower. According to Article 1 number 30, salary or wages are the rights of workers or laborers expressed in the form of money as compensation for work or services performed. Therefore, if the Foundation administrators carry out their duties with a high workload and responsibility, then the provision of compensation can be considered as a form of appreciation for the energy and time they devote. However, it is important to remember that the working relationship between the administrators and the Foundation is not a commercial working relationship like in a company, but rather a form of social participation framed in a non-profit organizational structure.

In this context, salary cannot be considered as an inherent right, but rather as an exception that can only be granted if formal and material conditions have been met. The balance between appreciation for the work of the management and compliance with the non-profit principle must be strictly maintained. For this reason, internal and external financial audits and annual reports are very important control tools to prevent deviations. It is also important to note that Article 70 of the Foundation Law provides criminal sanctions for Foundation organs that misuse Foundation assets for personal gain. This emphasizes that providing salaries to managers who do not meet the requirements or are not in accordance with the articles of association can be qualified as a criminal act. Therefore, all administrative and financial procedures related to the provision of compensation must be fully documented and accountable.

In terms of legal theory, this arrangement can be studied through the distributive justice approach as proposed by Aristotle and updated by John Rawls. In distributive justice, public resources must be allocated proportionally based on contributions or needs. In this case, the Foundation's administrators who work actively and fully deserve to be rewarded, but the reward must not exceed the proportion of their contributions or disrupt the Foundation's financial balance. Another perspective can be taken from Nonet and Selznick's responsive legal theory which emphasizes the importance of law to be responsive to social needs, including the need for professionalism in the governance of non-profit institutions. (Pinori, 2018)

International practices also show the same tendency. In some countries such as the UK and the US, non-profit organization administrators can receive compensation on the condition of transparency, accountability, and the absence of conflicts of interest. International standards governing these practices generally refer to the principles of governance and stewardship in the social sector.

Thus, the urgency of providing salaries to Foundation administrators in Indonesia should be viewed proportionally and based on applicable legal parameters. Salary determination must be based on the provisions of the Foundation Law, stated in the articles of association, determined by the Trustees, adjusted to the Foundation's capabilities, and only given to administrators who actually work directly and fully and have no affiliation with the founder, Trustees, or supervisors. This entire process must be recorded in the financial report and audited regularly to create a checks and balances mechanism.

To realize good management of the Foundation, the state through the Ministry of Law and Human Rights must also improve the supervisory function of the existence and activities of the Foundation. One of the policy recommendations is the need for more detailed technical regulations governing the procedures for providing honorariums to Foundation administrators. These regulations can be in the form of Ministerial Regulations that determine the upper limit of compensation, performance indicators of administrators, and annual evaluation mechanisms. This is in line with the spirit of good governance and responsible governance of social institutions.

By examining all of these aspects, it can be concluded that providing salaries to Foundation administrators is not a violation, as long as it is carried out in accordance with the provisions of the Law and the principles of accountability, transparency, and social orientation. The main challenge facing the future is to ensure that each Foundation has strong institutional and

administrative tools to implement these provisions consistently and not deviate from the social mission it carries. This is where the importance of synergy between law, ethics, and institutional management in building the Foundation as a professional, integrated social entity that is able to make a real contribution to society. (Sanjaya, 2016)

Thus, the Foundation's administrators who are not founders, are not affiliated with the Trustees and supervisors, who carry out management duties directly and fully, and have been determined in the articles of association and have received approval from the Trustees, may receive a salary or honorarium according to the Foundation's capabilities, without conflicting with the basic principles of non-profit. The implementation of this provision not only shows compliance with the Law, but also reflects prudence and integrity in managing public trust in the Foundation as a social institution.

## **2. Dispute Resolution Mechanism for Granting of Wage Rights to Foundation Administrators in accordance with Law on Foundations No. 28 of 2004**

The regulation regarding the granting of wages to Foundation administrators in the Indonesian legal system, especially based on Law No. 28 of 2004 concerning Foundations, shows unique and distinctive characteristics compared to other forms of legal entities. The Law does not explicitly provide provisions regarding the granting of wages to Foundation administrators, considering that Foundations are non-profit legal entities that are not intended to seek profit, but rather aim to carry out social, religious, and humanitarian activities. This provision is the philosophical basis that distinguishes Foundations from legal entities such as Limited Liability Companies, which are indeed designed for business activities and distribution of profits to shareholders or directors. Therefore, in the context of Foundation law, administrators basically carry out their duties as part of their moral and social responsibility without expecting compensation in the form of salary or wages, except in cases that are permitted on a limited basis and in accordance with the provisions of the Foundation's Articles of Association itself.

However, in practice, a number of issues arise regarding the right to wages or honorariums for Foundation administrators, especially when the administrators carry out tasks that require high responsibility and professionalism full time. Although the provisions of the Foundation Law do not explicitly regulate wages, the question of fair compensation for administrators becomes relevant in the context of appreciation for complex professional and operational work in managing the Foundation. In this case, resolving differences in interpretation between non-profit idealism and operational reality becomes important, especially in the context of resolving disputes regarding wage rights. (Hekmatiar & Ridwan, 2024)

The dispute resolution mechanism regarding the rights to wages of Foundation administrators is basically not regulated in detail in a particular article in Law No. 28 of 2004. However, normatively, several articles can be important references in handling this problem. Article 22 of the Foundation Law states that a Foundation can be dissolved based on a court decision if it does not fulfill its objectives or carries out activities that are contrary to laws and regulations. This confirms that any deviation that occurs in the management of the Foundation, including in terms of the distribution of wages that are not in accordance with the basic principles of the Foundation, can be the basis for dissolution by the court. Meanwhile, Article 23 of the Foundation Law explains the separation of authority and responsibility of the Foundation administrators and supervisors. This provision is important to ensure that each organ has clear limits of authority in order to avoid internal conflict.

These provisions provide a normative basis for resolving disputes internally first, by referring to the Foundation's Articles of Association or work agreements that may have been drawn up between the management and the Foundation. In this context, the first step in resolving disputes is usually done through a consensus mechanism. Deliberation reflects the deliberative principle in Indonesian law, namely prioritizing the resolution of problems amicably without having to go through formal channels. The parties involved can meet to re-agree on the interpretation or

implementation of the internal agreement regarding the provision of wages. If there is an agreement, the conflict can be considered resolved without the need for third party involvement. (Al Kautsar et al, 2024)

However, if deliberation is unsuccessful, then the mediation mechanism can be used as an alternative dispute resolution. Mediation provides space for the entry of a neutral party, usually a mediator who has legal or mediation qualifications, to help the parties find a middle ground. In this context, it is important to note that the role of the mediator is not to decide the case like a judge or arbitrator, but rather to facilitate communication and negotiation. The results of mediation are usually stated in the form of a morally binding agreement report, and in some cases can also be submitted to the court to obtain executory power.

If mediation fails, arbitration can be the next option. Arbitration is a form of dispute resolution outside the court that is final and binding. In the context of a Foundation, the parties can agree to bring the dispute to an arbitration body, such as the Indonesian National Arbitration Board (BANI). The arbitration process offers legal certainty and time efficiency, as well as maintaining the internal confidentiality of the Foundation. This is important considering that Foundations often operate in the social sector which is highly dependent on public trust. Arbitration decisions are final and binding, meaning they cannot be appealed like court decisions, so the parties must accept the results.

If all non-litigation efforts fail, then the final step is to resolve the dispute through the courts. The district court is an official forum that has the authority to resolve civil disputes, including disputes involving the rights and obligations of the Foundation's management. A lawsuit can be filed by a party who feels that their rights have been violated, be it the management, the patron, or even a third party. In this process, the plaintiff must show evidence that the Foundation's management has acted beyond its authority or that the Foundation has failed to fulfill the normative rights that should be given to the management. The court's decision can contain an order in the form of granting certain wages, restitution of losses, or even dissolution of the Foundation if there is evidence of serious irregularities in its management. (Alliance, 2020)

In the broader legal framework, it is important to understand that the Constitutional Court of the Republic of Indonesia has affirmed in its decision that the prohibition on providing salaries to Foundation administrators and supervisors is constitutional. This emphasizes the position that Foundation organs such as administrators and supervisors may not receive fixed and routine compensation such as salaries. However, in practice, reasonable compensation to Foundation administrators who work full time and have managerial responsibilities can still be given in the form of honorariums, as long as it is expressly regulated in the Articles of Association and does not conflict with the principle of non-profit. In this case, transparency and accountability in financial management are key factors that must be considered.

The responsibility of the Foundation's management in the event of a violation or error in management, including the provision of wages that violate the provisions, is also an important aspect. As explained in the civil law doctrine, a legal entity as a legal subject is responsible for the actions taken by its organs as long as the actions are still within the scope of its authority. However, if the management acts outside its authority and causes losses to the Foundation, then personal liability can also be imposed. This is in line with the principle of unlawful acts (*onrechtmatige daad*) in Article 1365 of the Civil Code. Thus, the management cannot hide behind the status of a legal entity if its actions are proven to be deviant and detrimental to other parties, both internally and externally.

Furthermore, responsibility for extraordinary circumstances such as bankruptcy is also regulated in the Foundation Law. If the Foundation is declared bankrupt, then the management can be held accountable if it is proven that the bankruptcy occurred due to their fault or negligence. If the Foundation's assets are not sufficient to cover losses due to bankruptcy, then the management can personally be held legally responsible. This principle provides protection for

creditors and the public so that the management does not act arbitrarily in managing the Foundation's finances.

In relation to supervision, Article 47 of the Foundation Law states that supervisors who are proven guilty and cause losses to the Foundation or the public, based on a court decision, cannot be reappointed as supervisors within five years after the decision has permanent legal force. This is a form of protection for the integrity of the Foundation and its management. In addition, the supervisor also has the authority to dismiss supervisors who commit serious violations as stated in the Articles of Association. This shows that internal control mechanisms through structural hierarchies within the Foundation are very important to maintain stability and compliance with the law.

In practice, many foundations do not have Articles of Association that specifically regulate the provision of honorariums to administrators, or do not carry out periodic performance evaluations of organs. This causes the potential for disputes to be high, especially when administrators feel that they have worked professionally but do not receive proper compensation. Therefore, it is important for foundations to prepare Articles of Association that are comprehensive and in line with statutory provisions, and clearly regulate the mechanism for providing honorariums, their limitations, and dispute resolution procedures. Weaknesses in the formulation of Articles of Association are often the main source of internal conflict, because they do not provide a sufficiently strong normative basis for resolving differences of interpretation. (Siregar, 2016)

On the other hand, the government and legal authorities also need to provide legal instruments that are more responsive to the operational dynamics of the Foundation. Efforts to revise the Foundation Law or issue more specific implementing regulations regarding the honorarium of administrators can be a long-term solution. Alternative temporary corrections to problematic Foundation structures must also be considered, including the establishment of incidental but effective cross-sectoral monitoring mechanisms to prevent violations early on.

Overall, the dispute resolution mechanism regarding the Foundation's management's wage rights must be viewed within a comprehensive and balanced framework between the Foundation's non-profit principles, compliance with the law, and substantive justice for the managers. Settlement through deliberation, mediation, arbitration, and court must be based on good intentions to maintain the Foundation's sustainability as a responsible social entity. Legal certainty and clarity in the Articles of Association are the main requirements so that the rights and obligations of all Foundation organs can be regulated and enforced fairly and proportionally. Without adequate legal instruments and legal awareness from Foundation managers, the potential for disputes will continue to emerge and disrupt the social mission that is the basis for the establishment of the Foundation itself.

## CONCLUSION

The provision of wages or honorariums to Foundation administrators is not explicitly regulated in Law No. 28 of 2004 on Foundations. However, in principle, Foundations as non-profit organizations still allow compensation to be provided to administrators under certain conditions, such as when the administrator is not a founder, advisor, or supervisor and has no affiliation with them, and carries out his duties directly and fully. The provision of wages must still take into account the financial capabilities of the Foundation and must be regulated transparently in the Articles of Association (AD) and Bylaws (ART) of the Foundation that have been approved by the Minister of Law and Human Rights. This is important so as not to cause misuse of the Foundation's assets for personal gain. In practice, the inclusion of wages in the Foundation's AD/ART is a preventive measure to avoid internal conflict, maintain financial accountability, and ensure that the Foundation remains focused on its social and humanitarian goals. In the event of a dispute regarding the administrator's wage rights, the resolution of the dispute depends more on the

Foundation's internal regulations, the deed of establishment, and the applicable work agreement, and can be pursued through deliberation, mediation, arbitration, and litigation in the district court. In addition, the Foundation's management is also responsible for any legal actions it takes, and can be held personally liable if there are errors or negligence that are detrimental to the Foundation, including in the event that the Foundation is declared bankrupt.

In order to prevent conflicts or irregularities, the Foundation needs to state the provisions regarding the provision of administrators' wages in writing and legally in the Articles of Association, and ensure that these provisions are in accordance with applicable laws. In addition, an evaluation of the Foundation's financial condition before determining the amount of wages is very important so that the provision of compensation does not interfere with the implementation of the Foundation's social programs. Internal supervision by the supervisors and supervisors must also be improved, and supported by accurate documentation and periodic inspections of the implementation of the Articles of Association. Furthermore, the government is expected to play an active role in providing guidance and supervision to the Foundation so that there are no violations of the law, including in terms of the management of administrators' wages. Socialization of the law, counseling, and periodic updating of the Foundation's internal regulations are also important parts of the Foundation's management reform. Ultimately, the resolution of disputes regarding the Foundation's administrators' wage rights must be carried out by upholding the principles of justice, equality, and responsibility, both through non-litigation and litigation mechanisms, in order to maintain the Foundation's existence as a social institution oriented towards the public interest.

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