Development of Regulatory Concepts in Legal Aspects for Corporations: Legal Reform and Justice

Setyo Utomo

doctortsetyojpu@gmail.com

STIH Sumpah Pemuda, Palembang, Indonesia

**Article Info**

- Received: 2024-02-12
- Revised: 2024-04-21
- Accepted: 2024-05-31

**Keywords:**
Limited liability company; Regulation; Law Reform;

**Abstract**

This study discusses the formulation of regional policies in the field of conservation-based spatial planning to strengthen tourism districts. The purpose of this study is to identify and analyze the factors that influence spatial planning policies in areas that have agricultural and tourism contours. This research uses a descriptive-analytical method with a qualitative approach. The results of this study indicate that there are several factors that influence conservation and tourism-based spatial planning policies in the regions, including national policies, regional policies, community needs, and regional tourism potential. Based on the results of this analysis, the researcher recommends that tourism-based spatial planning policies in the regions should be prepared by considering these factors and involving various related parties, such as the government, community, and tourism actors. In order to implement effective conservation and tourism-based spatial planning policies, the researcher also recommends forming a team or working group specifically tasked with compiling, supervising, and evaluating these policies. In addition, the researchers also suggested campaigns and outreach to the public to increase awareness and participation in maintaining and developing regional tourism.

I. Introduction

Aaa Globalization is a current issue in various discussions. Because, developments in all aspects moving towards modernization are one of the impacts of the globalization phenomenon itself. Globalization on an international scale, both developed and developing countries all follow the trend of existing progress. These developments are not only limited to technology or lifestyle, but also affect the conditions for fulfilling the life we aspire to.
Fulfillment of the life you aspire to means making every effort to achieve a level or condition of life that is prosperous and peaceful. In line with this, law is also developing to fulfill its duties as a tool of social control (law as a tool of social engineering). Law as a tool of control as theorized by Roscoe Pond means that the law itself is a tool for social renewal in the social sphere. The expected output from this reform tool is that it can play a role in changing social values in society in order to achieve order.

The achievement of order in the dimensions of law and society, according to R. Pound, is where the law can carry out its function as maintaining stability and social balance in society. On that basis, law, apart from being rigid, must also be flexible and responsive. Legal flexibility occurs to adapt to developments in existing situations and conditions. Of course, this is also accompanied by applicable normative efforts. This is intended so that the law resulting from its flexible nature does not conflict with the philosophical, sociological or normative dimensions that apply in the country itself.

Legal developments in the era of globalization are also associated with legal reform. The issue that is currently frequently discussed is the development of corporate law as an effort to reform law and realize justice. This issue is often discussed because global economic conditions are often affected by the international geopolitical turmoil that occurs. Corporations are related to the economy. Both can have mutual effects on society, one of which is efforts to fulfill life's welfare.

The development of corporations and businesses in Indonesia has experienced a significant increase in the last few decades. Indonesia has seen strong economic growth, economic liberalization, and changes in the business environment including legal regulation, technology, and consumer behavior. For this reason, the Indonesian Government is taking strategic steps to improve business growth and the investment climate through legal reform and regulatory updates.

Indonesia has been pursuing legal reform in the corporate sector since the beginning of the 2020 period. The background to this development and reform is to achieve a better economy, open wider job opportunities, increase investment and ease of doing business. This development is contained in the global sweeping regulation which has sparked polemics in Indonesia, the Job Creation Law.

The current Job Creation Law (after various existing politicization processes)

---

is Law Number 6 of 2023 concerning the Determination of Government Regulations in Lieu of Law Number 2 of 2023 concerning Job Creation into Law. The content of the Job Creation Law consists of eleven main clusters. This regulation basically regulates (1) Simplification of business licensing; (2) Investment requirements; (3) Employment; (4) Convenience and protection for MSMEs; (5) Ease of doing business; (6) Research and innovation support; (7) Government administration; (8) Imposition of sanctions; (9) Land acquisition; (10) Investment and government projects; and (11) Economic area.

The eleven clusters discussing the Job Creation Law indicate that the Indonesian Government is trying to realize the development of regulatory concepts in the corporate, investment, employment, spatial planning and economic sectors. Academically normatively, this development was caused by the pandemic situation that hit the entire world, giving rise to an emergency situation for the Indonesian Government to issue special legislation. It is hoped that this legislation can become a tool that can stabilize the Indonesian nation and state from the downturn during the Covid-19 pandemic. Apart from that, the spirit of the movement towards an advanced Indonesia is also the main driving force for the issuance of new regulations which contain developments and updates to regulations in several sectors.

The corporate regulatory corridor in Indonesia through the Job Creation Law has been changed. The revised aspects are regarding the formation, management and management in certain fields (which are regulated by law, the environment for example), capital and shareholders, employment implementation, as well as the regulation of criminal liability imposed by corporations. This is considered to be a significant change.

For example, the establishment of a limited liability company (PT) must initially be established by at least two people with a notarial deed in Indonesian. Currently, the establishment of a PT can be carried out by an individual (one founder) and the legality of the establishment is permitted with a statement letter regarding the establishment of the company without a notarial deed. This will of course be more profitable for micro and small business actors (in accordance with Indonesian Government Regulation Number 7 of 2021) to increase their business and move the pace of the economy.

The development of corporate law for the Indonesian Government is considered important because it concerns economic growth and an effort to improve community welfare. However, the development of corporate regulations does not always benefit all parties. The manifestation of economic development and development in the corporate sector at large will have many impacts, both positive

---

and negative impacts\(^7\).

Departing from the problems that have been described, the problem formulation can be drawn as follows: (1) What is the development of corporate regulations in Indonesia after the Job Creation Law; and (2) How is the development of corporate regulations in Indonesia in the context of ease of doing business? In-depth normative research is needed to answer the problem formulation.

The aim of conducting research regarding the development of regulatory concepts in the legal aspect for corporations is to measure the extent of positive developments in corporate regulations in Indonesia. Apart from that, this research can be an academic presentation regarding the effectiveness of the latest corporate regulations based on the revision of the Job Creation Law in the context of discussing the ease of doing business in Indonesia.

2. Research Method

This research has a normative juridical character because it provides answers to the problem formulation using the law in book conception\(^8\). Normative juridical research is an effort to answer legal issues faced through the process of discovering legal rules, legal principles and legal doctrines.\(^9\) The approach used in this research is a conceptual approach. The type and source of data used is secondary data. In more depth, secondary data was collected through bibliography study techniques in the form of reviewing published legal data from several sources.\(^10\).

3. Results and Discussion

1. Development of Corporate Regulations in Indonesia Post Job Creation Law

Basically, the Job Creation Law or often referred to as the omnibus law/Omnibus Law/Sapu Jagad Law was born in Law of the Republic of Indonesia Number 11 of 2020. This regulation was promulgated on November 2 2020 and contains 1,187 pages. This nomenclature is a medium for tactical regulatory changes to revise several laws at once in one legislative publication.

As time passed, the Constitutional Court decided that Law Number 11 of 2020 was conditionally unconstitutional. This was stated in the Constitutional Court Decision number 91/PUU-XVIII of 2020. Due to the determination of this law as unconstitutional, the government ultimately changed the legal standing of the formation of Indonesian legislation. The government is still carrying out the process of legalizing the Job Creation Law through the Perppu (Government Regulation in Lieu of Law) mechanism. The Job Creation Law was reborn in the form of Perppu


\(^9\) Peter Mahmud Marzuki, Legal Research: Revised Edition (Jakarta: Kencana, 2005).Pg 47

\(^10\) Muhaimin, Legal Research Methods (Mataram: Mataram University Press, 2020).Pg 65
Number 2 of 2023 which was legitimized by Law Number 6 of 2023.

The legal impact that occurs on efforts to defend the constitutionality of the Job Creation Law means that various regulations of Law Number 11 of 2020 remain in effect and cannot be cancelled. Based on this, the matters regulated in the Job Creation Law regarding the economy, investment and corporations to increase employment opportunities remain in effect through derivative regulations. This aims to improve the investment climate and ease of doing business in Indonesia.

Reforming Indonesian corporate regulations through the Job Creation Law is actually aimed at fulfilling the values of justice, legal certainty and usefulness. From an academic perspective, changes to corporate legality regulations in the Job Creation Law are aimed at improving the investment climate and creating jobs in Indonesia. The direction of development of legal concepts in corporations is aimed at realizing economic movement through maximum employment through investment and ease of doing business.

In general, there are 5 (five) points of corporate regulations that have been changed in the Job Creation Law. These changes involve revisions to regulations on limited liability companies, employment, investment, taxation and the environment. The five of them relate to operations and updated corporate criminal liability.

In the corridor for changes to the Limited Liability Company Law, there are three main changes made under the spirit of ease of doing business. First, establishing a limited liability company with more flexible basic capital. In the changes to the establishment of a PT in the Job Creation Law, there is no minimum requirement for authorized capital. This makes it easier for small businesses to set up a PT. Second, the creation of the concept of a legal entity individual company. This concept is new in the development of Indonesian corporate regulations. Therefore, PT founders do not need to look for partners for support in their founding efforts. Third, the licensing process has been streamlined to become simpler through online single submission (OSS). This is accompanied by the government's enthusiasm for bureaucratic effectiveness and community services.

Changes in labor regulations involve two main things, namely work agreements and wages and termination of employment relations. This change is full of polemics because it has a direct impact on workers' lives (in the context of welfare and fulfillment of life). However, from a corporate perspective, changes in this corridor provide flexibility in workforce management. This management is related to work contracts which currently use the terms PKWT (Specified Time Work Agreement) and Daily Work Agreement. The change regarding wage regulations is to use a new minimum wage calculation method that does not take into account the decent living (KHL) component.

Investment regulations have also been changed to meet the development of corporate law. One of the changes is the change from the "Negative Investment List/DNI" to the "Positive Investment List" which has opened up opportunities for
more foreign and domestic investment. Apart from that, the opening of these opportunities is also accompanied by various incentives and facilities. Investor protection is also strengthened through the establishment of this new regulation. This takes the form of, among other things, simplifying the rules or regulations regarding investment itself and increasing transparency and corporate accountability.

In the Taxation sector, the amended regulations cover two main things, namely ease of tax administration and tax incentives. Through the Job Creation Law, the government provides various incentives and simplifies administration to stimulate investment and business growth in Indonesia. Meanwhile, on the scale of small and medium enterprises (SMEs) and sectors that are considered strategic, the government provides tax incentives to participate in national development efforts.

Changes to regulations in the environmental sector in the form of a simplified process for environmental licensing. The method involves eliminating separate environmental permits and integrating them into business permits. However, corporate responsibility towards environmental sustainability is still mandatory. Company operations (both before and after production) must comply with strict environmental standards. Based on existing legal changes from the development of investment-friendly corporate regulations through the Job Creation Law, the Indonesian Government issued at least 11 (eleven) Government Regulations. This PP is a derivative regulation as a result of changes in regulations and regulations concerning corporations and investment. These derivative PPs include:

<table>
<thead>
<tr>
<th>NO</th>
<th>Name of Government Regulation</th>
<th>Main Contents</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Government Regulation no. 5 of 2021 concerning Implementation of Risk-Based Business Licensing</td>
<td>Regulate the implementation of business licensing based on the level of business risk</td>
</tr>
<tr>
<td>2</td>
<td>Government Regulation no. 6 of 2021 concerning the Implementation of Business Licensing in the Regions</td>
<td>Regulates business licensing procedures and procedures implemented by regional governments</td>
</tr>
<tr>
<td>3</td>
<td>Government Regulation no. 7 of 2021 concerning Facilitation, Protection and Empowerment of Cooperatives and Micro, Small and Medium Enterprises</td>
<td>Providing cooperatives and MSMEs with convenience, protection and empowerment in the licensing process and operations.</td>
</tr>
<tr>
<td>4</td>
<td>Government Regulation no. 8 of 2021 concerning Authorized Capital, Issued Capital and Paid-up Capital</td>
<td>Regulate authorized capital, issued capital and paid-up capital for the establishment of PT</td>
</tr>
<tr>
<td>No.</td>
<td>Regulations</td>
<td>Description</td>
</tr>
<tr>
<td>-----</td>
<td>-----------------------------------------------------------------------------</td>
<td>------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>5</td>
<td>Government Regulation no. 9 of 2021 concerning Tax Treatment to Support Ease of Doing Business</td>
<td>Providing tax convenience to support ease of doing business</td>
</tr>
<tr>
<td>6</td>
<td>Government Regulation no. 10 of 2021 concerning Capital Investment</td>
<td>Regulations regarding investment in Indonesia (domestic capital and foreign capital)</td>
</tr>
<tr>
<td>7</td>
<td>Government Regulation no. 11 of 2021 concerning State-Owned Enterprises (BUMN)</td>
<td>Regulations regarding the formation, management and supervision of BUMN.</td>
</tr>
<tr>
<td>8</td>
<td>Government Regulation no. 12 of 2021 concerning Amendments to Government Regulation no. 14 of 2018 concerning Village-Owned Enterprises</td>
<td>Regulate the management and development of BUMDes (change rules)</td>
</tr>
<tr>
<td>9</td>
<td>Government Regulation no. 35 of 2021 concerning Specific Time Work Agreements, Outsourcing, Working Time and Rest Time, and Termination of Employment Relations</td>
<td>Regulates terms of employment and employment relations.</td>
</tr>
<tr>
<td>10</td>
<td>Government Regulation no. 36 of 2021 concerning Wages</td>
<td>Regulate provisions regarding wages and wage policies</td>
</tr>
<tr>
<td>11</td>
<td>Government Regulation no. 37 of 2021 concerning Implementation of the Job Loss Guarantee Program</td>
<td>Arrange a guarantee program for workers/laborers who lose their jobs.</td>
</tr>
</tbody>
</table>

Table 1.1 List of Government Regulations regarding corporations after their issuance Job Creation Law

These various government regulations were issued to support investment and a good economy. This is reinforced by strengthening and facilitating corporate operations in certain fields/corridors. It is hoped that this effectiveness can be used as an initial step in legal reform in the corporate sector to realize justice. Apart from that, it is also hoped that legal development in the corporate sector can realize the
ideals of the Indonesian nation as stated in the Preamble to the 1945 Constitution of the Republic of Indonesia, paragraph 4.

2. Development of Corporate Regulations in Indonesia in the Context of Ease of Doing Business

Good corporate legal regulations can help improve the performance of the business itself. Not only that, good regulations can strengthen public trust in the establishment of corporations and the running of businesses. However, regulations that are too complicated result in declining corporate performance and hinder innovation and business growth. Based on this, the Indonesian Government is making efforts to make legal regulations effective through legal reformation steps.

The legal reforms carried out by the Indonesian Government in the corporate sector are aimed at creating a climate of ease of doing business. The government is trying to create this convenience at the national and regional levels. The real effort that has been made by the Indonesian Government is to issue several government regulations which in essence provide legal efficiency in order to realize ease of doing business.

The establishment of a PT (limited liability company) type corporation is made easy by the Indonesian Government. Currently, PTs established in Indonesia are divided into 2 types, namely PT Persekutuan Modal and PT Perindividuan. The implication of dividing these two types of PT is that it will be easier for small and medium businesses to develop their businesses. This is because the establishment of an Individual PT does not have a minimum capital requirement. Legal processing can also be done online without having to go to a notary. Business actors who intend to establish an Individual PT only need to pay PNBP (Non-Tax State Income) of IDR. 50,000,- (fifty thousand). Meanwhile for PT Persekutuan Modal, the creation must be done through a notarial deed and deposit the authorized capital of at least 25% of the authorized capital determined by the decision of the founder of the PT.

By definition, PT Persekutuan Modal is a capital partnership legal entity established on the basis of an agreement and carrying out business activities with

---

12 The division of types of Limited Liability Companies (PT) is due to changes to Article 1 paragraph (1) of Law Number 40 of 2007 concerning Limited Liability Companies by Article 109 of the Job Creation Law. This has been reaffirmed through Minister of Law and Human Rights Regulation Number 21 of 2021 concerning Requirements and Procedures for Registration of Establishment, Changes and Dissolution of Limited Liability Company Legal Entities.
14 Capital Persekutuan PT is also called “Ordinary PT”, meaning the PT as intended in the Limited Liability Company Law before the changes were made.
15 Article 109 number (2) of the Job Creation Law
authorized capital which is entirely divided into shares. Meanwhile, PT Individual has a definition as an individual legal entity that meets the UMK criteria as regulated in the legislation regarding UMK. If we examine the main differences in definition, PT Persekutuan Modal and PT Perorangan have differences in initial capital investment and scale of business activities. Regulations regarding the scale of business activities related to Individual PTs are regulated in Article 35 PP Number 7 of 2021 concerning Facilitation, Protection and Empowerment of Cooperatives and Micro, Small and Medium Enterprises. This article at least regulates the scale of business types based on business capital in three categories.

a. Micro business category, has business capital up to a maximum of one billion rupiah which does not include land and buildings where the business is located;

b. Small business category, has business capital of more than one billion rupiah to a maximum of five billion rupiah. The amount of capital does not include land and buildings where the business is located;

c. The medium business category has business capital of more than five billion rupiah up to a maximum of ten billion rupiah which does not include land and buildings where the business is located.

The division into three business categories in Article 35 PP Number 7 of 2021 makes business easier for business actors with small capital. Of course, when running a business, business actors cannot immediately grow big, there are stages of capital reduction and addition that are carried out. The ease of business development through PT Individuals and streamlining of determined business capital (in business scale) means that MSME business actors can develop their companies without obstacles.

Thus, the development of the concept of corporate law in legal and justice reform can be realized through the Job Creation Law and several derivative regulations regarding corporations. This is demonstrated through bureaucratic efficiency, ease of business licensing, and is expected to be a stimulus for economic growth in Indonesia. High economic growth can facilitate national development in order to create a just and prosperous society in accordance with the nation's ideals.

4. Conclusion

Based on the research that has been conducted, the conclusion that can be drawn is that corporate regulations in Indonesia after the Job Creation Law have experienced significant developments. This development leads to the creation of an investment-friendly climate and economic growth in order to participate in national development. Corporate regulatory reform was implemented when the Job Creation Law was issued and strengthened through derivative regulations. Strengthening corporations in the development of regulations in the Job

---

16 Article 2 paragraph (2) Minister of Law and Human Rights Regulation Number 21 of 2021
17 Article 2 paragraph (3) Minister of Law and Human Rights Regulation Number 21 of 2021
18 Article 35 paragraph (3) PP Number 7 of 2021
Creation Law regarding revisions to regulations on limited liability companies, employment, investment, taxation and the environment.

The Indonesian government is realizing ease of doing business in the development of corporate regulations. Based on the research that has been carried out, the establishment and investment of PT as a form of corporation is made easier and more efficient. This aims to make it easier for business actors (especially small and medium businesses) to develop their businesses to a better level. It is hoped that this development can improve the country’s economy so that national development can be carried out without obstacles.

Acknowledgments

This research is supported by the STIHPADA Palembang, and the Institute for Research and Community Empowerment as well as the parties who have supported this research.

References


Legislation:
Law Number 6 of 2023 concerning the Stipulation of Government Regulations in Lieu of Law Number 2 of 2023 concerning Job Creation into Law.
Government Regulation Number 7 of 2021 concerning Facilitation, Protection and Empowerment of Cooperatives and Micro, Small and Medium Enterprises.
Regulation of the Minister of Law and Human Rights of the Republic of Indonesia Number 21 of 2021 concerning Requirements and Procedures for Registration of Establishment, Changes and Dissolution of Limited Liability Company Legal Entities.