



Realizing Easy Business Through Individual Company Legal Entities Post Pandemic Era

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Abstract. With the promulgation of Law Number 11 of 2020 concerning Work Creation, State Gazette of the Republic of Indonesia of 2020 Number 245, Supplement to the State Gazette of the Republic of Indonesia Number 6573 gave birth to regulations on individual companies. The existence of individual companies is expected to provide more business opportunities for micro, small and medium enterprises (MSMEs). Article 109 The fifth part of the Job Creation Act changes several articles in the Limited Liability Company Law. This writing is legal research, with research method legislation. Meanwhile, the problems studied are: 1) What is the legal ratio for the regulation of individual companies; 2) Is the existence of an individual company able to support the development of MSMEs? In order to create a conducive atmosphere of ease of doing business, the government has made legal breakthroughs by regulating Individuals. With the regulation on individual companies, it is hoped that the business activities of MSME actors will increase by providing some bureaucratic convenience to establish an individual company business entity.

Keywords: Ease of Doing Business · Individual Company

1 Introduction

The pandemic has hit the world since the WHO declared the corona virus a Public Health Emergency of International Concern on January 30, 2020. According to estimates by international economic bodies such as the World Bank, the pandemic undermined national economic growth to the range of -3.5% to 2.1% in 2020. Indonesia's economic growth will also decline by only 0.5% in 2020 according to the IMF. As time has passed, 2 years have passed and now the world community is rising from a tiring pandemic.

One of the government regulations that are essentially quite important issued in 2020 is Government Regulation No. 23 of 2020 concerning the Implementation of the National Economic Recovery Program in order to Support State Financial Policy for Handling the Corona Virus Disease 2019 (COVID-19) Pandemic and/or Facing the Threats Endangering the National Economy and/or Financial System Stability and National Economic Embedding (PP PEN Program) that the government runs the National Economic Recovery (PEN program) as a response to the decline in community activities that have an

impact on the economy, especially the informal sector or Micro, Small and Medium Enterprises (MSMEs). Various objectives are stated in the PEN, the main of which are efforts to guarantee, protect, save, strengthen, and develop the economic performance of business actors who are starting businesses during the Covid-19 pandemic. The goal is to be able to maintain the existence of MSMEs and revive the role of MSMEs in the sustainability of the Indonesian economy.

The MSME sector itself has received more attention since the enactment of Law Number 11 of 2020 concerning Work Creation (Law on Work Creation) on November 2, 2020 with the State Gazette of the Republic of Indonesia Number 245 of 2020 and the Supplement to the State Gazette of the Republic of Indonesia Number 6573. This is a step further to bring changes and legal reforms in the field of Corporate Law and Economic Law in Indonesia. There is a vision from the government that wants to make Indonesia one of the 5 (five) largest income countries in the world by 2045. Then in the Government's National Medium-Term Development Plan (RPJMN), which stipulates in the next 5 (five) years, economic growth and development will occur. Rapid growth in gross domestic product. There is also an economic transformation plan that is targeted to occur in 2020 – 2024, with the hope that Indonesia will get out of the *Middle-Income Trap* (MIT) environment in 2036.¹ Due to these things, Indonesia must be ready to face considerable challenges. In order to achieve the predetermined targets, it is necessary to make changes in the economic field which of course affect other related fields. Things that affect the Indonesian economy to be more advanced and taken into account are:²

1. Low Competitiveness;

Based on several studies and world rankings, such as: *S & P Global Ratings*, *Fitch Rating*, *Moodey*, comparing the ease of doing business in Indonesia with several other countries, it proves that Indonesia is still lagging behind in its economy compared to neighboring countries such as: Malaysia, Singapore and Thailand. The government uses the *Easy of Doing Business* (EoDB) method to find out the response of business actors regarding important things in business, such as: licensing, laws and regulations, government services, access to finance, and legal certainty. Input from the business world becomes a benchmark.

2. Slow Economic Growth;

Based on World Bank data for 2010 – 2018, Indonesia's economic growth is still below the Philippines and Vietnam.

3. Economic Growth Between Regions is Uneven;

The highest economic growth was on the island of Java, followed by the islands of Sumatra, Sulawesi, Kalimantan, Bali and Nusa Tenggara, Maluku and Papua.

These three problems are caused by Indonesia's unsupportive business climate, low and uneven investment. On the other hand, Indonesia has a lot of potential that can be exploited by investors, including: (1) Rich Natural Resources (SDA); (2) a very large demographic that is able to provide a very productive workforce; (3) a large population is a large market potential; (4) improvement of infrastructure that is increasingly adequate to reach all regions of Indonesia. To achieve the target that has been set, it is necessary to

¹ Academic Paper on the Draft Law on Job Creation.

² Ibid.

contribute in the form of an increase from the 3 (three) areas mentioned above, namely employment, capital, and *Total Factor Productivity* (TFP). Through the Work Creation Act, the arrangements and procedures are reorganized and improved.

In Law 11 of 2020 concerning Work Creation CHAPTER VI Part Five concerning Limited Liability Companies Article 109 it is stated that several provisions in Law Number 40 of 2007 Limited Liability Companies have changed. One of the contents of the article that is amended is Article 1 paragraph (1) Limited Liability Company Law which states:

Company is a legal entity which is a capital partnership, established based on an agreement, conducting business activities with authorized capital which is entirely divided into shares or individual legal entities that meet the criteria for Micro and Small Businesses as stipulated in the legislation regarding Micro and Small businesses. This is different from the previous definition of Limited Liability Company as stated in Article 1 paragraph (1) of the Limited Liability Company Law which states:

Limited Liability Company, hereinafter referred to as Company, is a legal entity which is a capital partnership, established based on an agreement, conducting business activities with authorized capital which is entirely divided into shares and meets the requirements stipulated in this Law and its implementing regulations.

Based on these things, it can be seen that there is an expansion of understanding about Limited Liability Companies after the enactment of the Work Creation Act. Another interesting thing about the establishment of an Individual Company, based on Article 153A of the Work Creation Act stated that:

- (1) Companies that meet the criteria for micro and small businesses can be established by 1 (one) person;
- (2) The establishment of the Company for micro and small businesses as referred to in paragraph (1) is carried out based on a statement of establishment made in the Indonesian language.

In contrast to the regulation in the previous law, namely the Limited Liability Company Law in Article 7 paragraph (1), it is stated that the Company is established by 2 (two) or more persons with a notarial deed drawn up in Indonesian. Furthermore, according to Article 153 E paragraph (1) (2) of the Job Creation Act, the shareholders in an individual company are individuals. And the founder of the Company can only establish this type of Limited Liability Company for 1 (one) for 1 (one) year.

- Thus, an interesting problem arises for analysis, namely: first, what is the legal ratio for the regulation of individual companies as regulated in the job creation law, second, does the presence of individual companies support the development of SMEs.
- The research method used in this study is a normative legal research method, in the form of a research method that emphasizes the use of secondary data.³In collecting secondary data, it uses the bibliography method with an emphasis on analysis of

³ Sri Mamudji, Et.Al., *Metode Penelitian dan Penulisan Hukum*, Jakarta, Publishing Agency, Faculty of Law, University of Indonesia, 2005 , p. 6.

secondary data sourced from laws and regulations, books, official documents, publications and research results.⁴For the method of data analysis using qualitative analysis methods, namely research methods that produce a form of descriptive analysis research.⁵

2 Discussion

2.1 Legislative Ratio of Individual Companies as Regulated by the Work Creation Act

Discussions about this have emerged since the enactment of the Work Creation Act on November 20, 2020 and became the driving force for changing views on Limited Liability Companies. If you look at the “Considering” section of the Work Creation Law, there are several important reasons why it is necessary to make changes to the relevant laws that have been in effect so far, namely:

a. Part a:

that in order to realize the goal of establishing the Government of the State of Indonesia and realizing a prosperous, just and prosperous Indonesian society based on Pancasila and the 1945 Constitution, the State needs to make various efforts to fulfill the rights of citizens to work and a decent living for humanity through job creation.

b. Part d:

that the arrangements relating to the convenience, protection, and empowerment of cooperatives and micro, small and medium enterprises, improvement of the investment ecosystem, and acceleration of national strategic projects, including increasing the protection and welfare of workers spread across various sector laws are currently unable to meet the needs the law to accelerate work creation so that changes need to be made.

c. Part e:

that efforts to change regulations relating to the convenience, protection and empowerment of cooperatives and micro, small and medium enterprises and businesses, improvement of the investment ecosystem, and acceleration of national strategic projects, including increasing worker protection and welfare, are carried out through changes to sector laws that do not yet support the realization of synchronization in ensuring the acceleration of work creation, so that legal breakthroughs are needed that can solve various problems in several laws into one law comprehensively.

In these sections, it can be seen that the micro, small and medium business sector is getting more attention and it is necessary to make changes to the rule of law. Meanwhile, in the “In view of”, the Work Creation Law is promulgated by remembering and referring to Article 4, Article 5 paragraph (1), Article 18, Article 18A, Article 18B, Article 20, Article 22D paragraph (2), Article 27 paragraph (2) Article 28 D paragraphs (1) and (2), and Article 33 of the 1945 Constitution. Based on these matters, it can be seen that the

⁴ Zainudin Ali, *Metode Penelitian Hukum*, Jakarta, Sinar Graphic, 2010, p. 107.

⁵ Sri Mamudji, *Op.cit.* p. 67.

basic value of the legal development carried out by this law is to achieve: Social justice for all Indonesian people, as mandated in the Fifth Precepts of Pancasila.

The current legal view regarding Limited Liability Companies after the enactment of the Work Creation Act is that currently there are 2 (two) types of Limited Liability Companies. First, a company established by 2 (two) or more persons established based on an agreement to conduct business activities whose authorized capital consists of shares. In this type of company, the company is established on the basis of an agreement made between 2 (two) or more people.

The exception to the requirement that the Company must be established by 2 (two) or more persons, does not apply to:

- Persero which all shares are owned by the State;
- Companies that manage stock exchanges, clearing and guarantee institutions, depository and settlement institutions and other institutions, in accordance with the Capital Market Law;
- Companies that meet the criteria for micro and small businesses (UMK).
- *Second*, a company founded by individuals with micro and small business criteria in accordance with applicable micro and small regulations.
- In the Regulation of the Minister of Law and Human Rights of the Republic of Indonesia Number 21 of 2021 Concerning Terms and Procedures for Registration of the Establishment, Amendment, and Dissolution of a Limited Liability Company Legal Entity.

Article 1 of the PERMENCUMHAM states:

Company is a legal entity which is a capital partnership, established based on an agreement, conducting business activities with authorized capital which is entirely divided into shares or individual legal entities that meet the criteria for Micro and Small Businesses as regulated in the laws and regulations concerning Micro and Small businesses. While the division of the Company is explained in Article 2 paragraph (1) of the Minister of Law and Human Rights Number 21 of 2021 that the Company consists of: Capital Partnership Companies and Individual Companies. Then in the next paragraph in the PERMENCUM it is explained:

Paragraph (2) that Capital Partnership Company: is a legal entity of a capital partnership which is established based on an agreement and conducts business activities with authorized capital which is entirely divided into shares.

Paragraph (3) that Individual Company: is an individual legal entity that meets the criteria for micro and small businesses as regulated in the laws and regulations concerning micro and small businesses.

After the enactment of the Work Creation Law, the provisions regarding the criteria for micro, small and medium enterprises are further regulated in Government Regulation Number 7 of 2021 concerning the Ease, Protection and Empowerment of Cooperatives and Small, Micro and Medium Enterprises. Article 35 of Government Regulation Number 7 of 2021 states:

- (1) Micro, small and medium enterprises are grouped based on the criteria for working capital or annual sales results.
- (2) The criteria for working capital as referred to in paragraph (1) are used for the establishment or registration of business activities.

- (3) The criteria for working capital as referred to in paragraph (2) consist of:
- a. Micro Enterprises have a business capital of up to a maximum of Rp. 1,000,000,000,- (one billion rupiah) excluding land and buildings for business premises;
 - b. Small Business has a business capital of more than Rp. 1,000,000,000,- (one billion rupiah) up to a maximum of Rp 5,000,000,000 (five billion rupiah) excluding land and buildings for business premises; and
 - c. Medium Enterprises have a business capital of more than Rp. 5,000,000,000,- (five billion rupiahs) up to a maximum of Rp 10,000,000,000,- (ten billion rupiah) excluding land and buildings for business premises;

If you look at the terminology, Limited Liability Company is a combination of 2 (two) words, namely 'company' and 'limited', each of which has its own meaning. 'Company' refers to capital which includes holdings or shares.⁶ 'Limited' refers to the liability of the shareholders to the extent of the nominal value of the shares they own.⁷ A Limited Liability Company is basically an association of shareholders created by law and treated as an *artificial person* by the court.⁸ This type of business entity is a legal entity and has assets separate from its founder and can enter into legal relations for the acquisition or transfer of wealth and matters to the court.⁹ Limited Liability Company in Article 1 paragraph 1 of the Limited Liability Company Law is defined that a limited liability company is a legal entity which is a capital partnership, established based on an agreement, conducting business activities with authorized capital which is entirely divided into shares and fulfills the requirements stipulated in laws and regulations. Implementation. A Limited Liability Company is a business entity with limited liability for its shareholders.

If you browse the Academic Papers of the Work Creation Law, it can be seen that this Law is one way to solve problems in terms of investment, regulation or licensing. So that a Limited Liability Company arrangement appears which can be established by 1 (one) person. Individual companies are included in the group of individual companies, which in foreign terms are called *sole proprietorship* or *sole trader*. According to Hendri Raharjo, this company is a company founded by 1 (one) person, capitalized by 1 (one) person and run by 1 (one) person.¹⁰ Actually, the principle of an individual company was known before the existence of a Sole Proprietorship, namely in the form of a Trading

⁶ Ahmad Yani and Gunawan Widjaja, *Seri Hukum Bisnis; Perseroan Terbatas*, Jakarta, Raja Grafindo Persada, 2006, p. 1. In the online Big Indonesian Dictionary (KBBI), the meaning of the word sero is stock. See the Language Development and Bookkeeping Agency of the Ministry of Education and Culture, "Sero", KBBI Online, <https://kbbi.kemendikbud.go.id/entri/sero>, (accessed February 7, 2020).

⁷ Ahmad Yani & Gunawan Widjaja, op.cit.,

⁸ Ibid, p. 2.

⁹ Ibid.

¹⁰ Zainal Asikin & Wira Pria Suhartana, *Pengantar Hukum Perusahaan*, First Edition, Jakarta, Pranada Media Group, 2016, p. 6.

Company (PD) or a Trading Business (UD).¹¹ However, the regulation regarding individual companies is not actually found in the Commercial Code (KUHD) or other legal arrangements.

It has been known from the start that the principle of a Limited Liability Company is established based on an agreement. This means that a limited liability company is established by 2 or more persons based on a notarial deed. If the founding requirements of 2 (two) or more persons are not met, then the consequence of the limited liability of the Limited Liability Company becomes unlimited. This means that all legal actions and losses of the Limited Liability Company are the responsibility of the founders or shareholders personally. This is contrary to the Limited Principle which has been in force so far. The provisions for the establishment of a Limited Liability Company which can now be established by 1 (one) person are not in accordance with the Limited Liability Principle which should be managed and controlled by 2 (two) or more persons. This condition is important for the implementation of *checks and balances* in terms of making strategic decisions related to Limited Liability Companies. In relation to limited liability, the conditions for 2 (two) or more parties need to be applied so that limited liability to the company can be applied.¹²

2.2 The Presence of Private Companies Supports the Development of MSMEs

MSME in Indonesia is one of the fields that is an economic buffer. The government has also tried to encourage MSMEs through the issuance of several policy packages, such as: entrepreneurship training and business capital assistance for novice entrepreneurs with a maximum value of nine percent. The existence of these policy packages can have a positive impact on the growth of Indonesian MSMEs. Data shows that the annual production growth of micro and small industries has remained positive for the last 5 (five) years. The existence of this production growth shows that there is also an increase in production capacity and MSME actors. However, other efforts are still needed so that the MSME sector can develop further. Now with the regulation of individual companies, it is hoped that they can support the growth of MSMEs after a prolonged pandemic. Why is that, there are several advantages and conveniences in establishing this type of Company, namely:

(1) General Understanding of Individual Company

The meaning of an individual company is based on Article 153 A paragraph (1) of the Job Creation Law which partially states that a company or individual legal entity that meets the criteria for micro and small businesses can be established by 1 (one) person. As is of course, this provision raises the question, what kind of business can be categorized as Micro and Small Enterprises? In Article 2 paragraph (1) of Government Regulation Number 8 of 2021 concerning the Authorized Capital of the Company, Registration of Establishment, Change and Dissolution of Companies

¹¹ Hendri Rahardjo, *Hukum Perusahaan*, 1st Printing, Yogyakarta, Yustisia Library Publisher, 2009, p 26.

¹² Munawar Kholil, *Catatan Kritis Perubahan Landscape Hukum Perseroan Terbatas dalam Undang-Undang Cipta Kerja*, Rechtsvinding Journal, Jakarta, October 26, 2020.

that Meet the Criteria for Micro and Small Businesses states, Companies that meet the criteria for micro and small businesses consist of:

- a) Company established by 2 (two) or more persons; and
- b) Individual company established by 1 (one) person.

Then paragraph (2) of this article states, the establishment, amendment to the articles of association and the dissolution of the Company as referred to in paragraph (1) letter a shall be carried out in accordance with the provisions of the legislation concerning the Company.

This means that Micro and Small Business Companies established by 2 (two) or more persons must comply with the principles and rules contained in the Limited Liability Company Law. Meanwhile, a company founded by 1 (one) person follows the principles and rules contained in the Job Creation Act and Government Regulation Number 8 of 2021 mentioned above.

The requirements for the founder of an individual company as referred to in article 2 paragraph (1) of the Government Regulation Number 8 of 2021 above, are explained in article 6 paragraph (1) that the founder of an individual company is an Indonesian citizen by filling out a statement of establishment in the Indonesian language. The criteria for Indonesian citizens referred to in this paragraph are clarified in paragraph (2) of this article, namely: a) at least 17 (seventeen) years old; and b) speak law. The Statement of Establishment as referred to above, is reaffirmed in Article 7 of this Government Regulation that it must be registered electronically with the Minister by filling in the form, which contains:

- a. The name and domicile of the Company;
- b. Period of establishment;
- c. The aims and objectives as well as business activities;
- d. The amount of authorized capital, issued capital and paid-up capital;
- e. Nominal value and number of shares;
- f. Company address;
- g. Full name, place and date of birth, occupation, place of residence, identification number, and tax identification number of the founders as well as directors and individual shareholders of the Company.

In Article 6 paragraph (3) of this Government Regulation, it is emphasized that an individual company will obtain the status of a legal entity after being registered with the Minister of Law and Human Rights and obtaining an electronic certificate. By obtaining the certificate, the individual company in question has obtained the status of a legal entity. After obtaining the status of a legal entity, the said individual company is announced by the Minister on the official website of the directorate general that carries out the duties and functions of general law administration.

(2) Capital

Provisions regarding the capital of an individual company are determined that the company must have capital and the amount of authorized capital of the company is determined based on the decision of the founder of the company. This is based on Article 109 of the Work Creation Law, which changes Article 32 of the Limited Liability Company Law. The description of capital is further clarified in Article 4

paragraph (1) of Government Regulation Number 8 of 2021, that authorized capital must be issued and fully paid up at least 25% (twenty five percent) as evidenced by valid proof of deposit. Then paragraph (2) of the Government Regulation is added, valid proof of deposit must be submitted electronically to the Minister of Law and Human Rights within a maximum of 60 (sixty days) from the date of filling out the Statement of Establishment.

(3) Amendment to Articles of Association

Individual companies whose articles of association are contained in the Statement of Establishment are allowed to make changes. Changes are made by filling in the form for the amendment to the Statement of Establishment in Indonesian. Changes to this Statement of Establishment may be amended more than 1 (one) time through amendments to the statement of change of individual Company. The format for the changes to include:

- a. The name and domicile of the individual Company;
- b. The period of establishment of an individual company;
- c. The purposes and objectives as well as the business activities of the individual company;
- d. The amount of authorized capital, issued capital and paid-up capital;
- e. Nominal value and number of shares;
- f. Address of individual company;
- g. Full name, place and date of birth, occupation, place of residence, identification number, and tax identification number of the founders as well as directors and individual shareholders of the Company.

The changes above are determined by a decision of the shareholders of the individual company which has the same legal force as the general meeting of shareholders. This statement of change is submitted to the Minister of Law and Human Rights electronically to obtain a certificate of declaration of change and the change is effective as of the issuance of the certificate of declaration of change. For individual companies that have been questioned for bankruptcy, they cannot make changes except with the approval of the curator and this approval must be attached to the statement of change. The matters mentioned above are as regulated in Article 8 paragraphs (1) to (9) of Government Regulation Number 8 of 2021.

The status of an individual company is also possible to change into a capital partnership company, if the shareholder becomes more than 1 (one) person and or does not meet the criteria for micro and small businesses as stipulated in the provisions of the legislation on micro and small businesses, as affirmed in Article 9 of the Regulation Government Number 8 of 2021. An individual company must change its legal entity status to a company, if: a) the shareholder becomes more than 1 (one) person and/or; b) does not meet the criteria for micro and small businesses as regulated in the provisions of laws and regulations concerning micro and small businesses. This change in the status of the Company is marked by the making of a deed before a Notary. Then the deed is registered electronically to the Minister of Law and Human Rights in accordance with the provisions on the registration of a capital partnership company to obtain its legal entity status.

(4) Obligation to Make Financial Statements

Another special thing about individual companies is that it turns out that individual companies are required to make financial reports, as stated in Article 10 paragraphs (1) and (2) of Government Regulation Number 8 of 2021. This financial report is reported to the Minister of Law and Human Rights by filling out the format electronic financial report submission no later than 6 (six) months after the end of the current accounting period. The format for the submission of this financial report contains:

(Article 10 paragraph (3) Government Regulation Number 8 of 2021):

- a. Statement of financial position;
- b. Income statement; and
- c. Notes to the current year's financial statements.

This financial report is included in the list of individual companies. Individual companies that do not submit financial reports are subject to administrative sanctions in the form of: (Article 12 of Government Regulation Number 8 of 2021).

- a. Written warning;
- b. Termination of access rights or services; or
- c. Revocation of legal entity status.

2.3 Dissolution

- h. An individual company may also be dissolved, as stipulated in Article 13 paragraph (1) of Government Regulation Number 8 of 2021. The dissolution is determined by a decision of the shareholders of the individual company which has the same legal force as the general meeting of shareholders as outlined in the Dissolution Statement and notified electronically, to the Minister of Law and Human Rights. The dissolution of an individual company may occur due to: (Article 13 paragraph (1) Government Regulation Number 8 of 2021).
 - a. Based on the decision of the shareholders of the individual Company which has the same legal force as the general meeting of shareholders;
 - b. The period of establishment specified in the Statement of Establishment or amendments thereto has expired;
 - c. Based on a court order;
 - d. With the revocation of bankruptcy based on a decision of a commercial court that has permanent legal force, the bankruptcy estate of an individual company is not sufficient to pay the bankruptcy costs;
 - e. Bankruptcy assets of individual companies that have been declared bankrupt are in insolvency as regulated in the law concerning bankruptcy and suspension of debt payment obligations; or
 - f. The revocation of the business license of an individual company, thus requiring the individual company to liquidate by filling out a statement of dissolution.
- i. If the dissolution occurs due to the things in points (a), (b) and (d) above, then the shareholders appoint a liquidator. If the shareholders do not appoint a liquidator, the Board of Directors acts as a liquidator (Article 13 paragraph (3) and (4) Government Regulation Number 8 of 2021).

3 Closing

3.1 Conclusion

From the description of the problems discussed above, the following conclusions can be drawn:

1. In order to create a better atmosphere of ease of doing business in Indonesia, the government is making reforms in the legal and business fields by regulating business entities that can aspire to these needs in the form of Individuals regulated through the Job Creation Act.
2. The presence of individual companies after the promulgation of the Work Creation Act provides a new understanding of Limited Liability Companies. Individual companies have their own advantages so that the existence of this individual company is expected to bring the MSME world to be vibrant and growing after the Covid 19 pandemic. The advantages of individual companies are:
 - a. An individual company can be established by 1 (one) individual by filling out a statement of establishment and registered electronically with the Ministry of Law and Human Rights of the Republic of Indonesia to obtain an electronic certificate. (Article 1 paragraph (1) PERMENKUMHAM Number 21 of 2021).
 - b. capital of the individual company is determined the amount is based on the decision of the founder of the Company. (Article 109 of the Work Creation Act in conjunction with Article 32 of the Limited Liability Company Law).
 - c. Company is required to make financial reports (Article 10 paragraphs (1) and (2) P P Number 8 of 202 1) and the report is reported electronically to the Ministry of Law and Human Rights no later than 6 (six) months after the current accounting period (Article 10 paragraph (3) PP Number 8 of 2021).
 - d. The status of an individual company is possible to change into a capital partnership company, if the shareholder becomes more than 1 (one) person and or does not meet the criteria for micro and small businesses as stipulated in the provisions of the legislation on micro and small businesses (Article 9 PP Number 8 Year 2021).

3.2 Recommendations

Suggestions that can be given to the problems discussed above are:

1. The Indonesian Ministry of Law and Human Rights needs to train human resources to be more professional to support an integrated and modern MSE system.
2. So that the Ministry of Law and Human Rights of the Republic of Indonesia and other related parties carry out more socialization to the public about MSEs, such as regarding the method of establishment, changes and other related matters, for example: preparing financial reports.
3. To anticipate the existing shortcomings, the government should strengthen and equip itself by making basic legal rules and implementing regulations for individual companies in the future.

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