

# CHAPTER I

## INTRODUCTION

### A. Research Background

Economic development is very important in a country, especially in increasing economic income and improving the welfare of its people. Development will be more advanced if it is supported by entrepreneurs because the government's capacity is very limited. The government will not be able to work on all aspects of development because it requires a lot of budget, personnel, and supervision. Therefore, entrepreneurship is a development potential, both in terms of quantity and quality of entrepreneurship itself. Currently we are facing the fact that the number of Indonesian entrepreneurs is still very small, and the quality cannot be said to be great, so that the problem of developing Indonesian entrepreneurs is an urgent issue for the success of development.

Many psychological factors shape people's negative attitudes so that they are less interested in the entrepreneurial profession, including aggressive, expansive, competitive, selfish, dishonest, stingy, unstable sources of income, lack of respectability, low jobs, and so on. by most of the population, so they are not interested. They do not want their children to enter this field and try to distract their children from becoming civil servants, especially if their children have graduated from college. The food has been impressed deep in the hearts of most of

our people, starting from the colonial era of the Netherlands until several decades of independence. It is this philosophical foundation that causes the Indonesian people to be unmotivated to enter the business world. We are far behind from neighboring countries, which seem to specialize in the business profession. Indonesian people can develop large-scale businesses starting from the upstream industry to the downstream industry, including service businesses, banking, wholesale trade (wholesale), exporters, importers, and various other forms of business in various types of commodities. Community empowerment in the people's economy really needs to be our common concern, especially in these times, where people are increasingly being required to play an active role and work harder to fulfill their daily needs. Both men and women are required to be able to look for opportunities and opportunities to be able to work and be creative, as well as to meet needs. Small and Medium Enterprises (SMEs) are now starting to develop in Indonesia and have grown rapidly since the economic crisis of the 1997's. Where many layoffs occurred by medium and large industries due to the prolonged crisis. Many people who have been laid off eventually develop their own businesses, either opening a sales, processing or service business. Small and Medium Enterprises have been discussed by various parties, even these SMEs are considered the saviors of the Indonesian economy during the crisis period in the

1992-2000 period. These SMEs have the characteristics of small capital, slightly high risk but also high revenue, and bring entrepreneurship to their owners.<sup>1</sup>

In today's era, of course, it is very necessary for economic development, which means that it is very important in a country, especially in improving the economy and people's welfare. Small and medium enterprises are usually known as groups of entrepreneurs who have classifications such as assets, capital, and profits that have a fairly low class.

SMEs with various limitations really need to be facilitated by motivation so that their entrepreneurial instincts will develop with integrated efforts. Limited Company of business development through strengthening SMEs in both the management and capital sectors is expected to be able to answer the needs of the community. Through this activity, SMEs will be assisted in solving their business problems.

In economic development in Indonesia, SMEs are always described as a sector that has an important role, because most of the population has low education and lives in small business activities, both in the traditional and modern sectors. As well as being able to absorb a lot of workers, the role of small businesses is a

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<sup>1</sup> Sri Wahyuningsih, "Peranan UKM dalam Perekonomian Indonesia.", *Mediagro*, Vol 15 No 1 (2014), p. 21.

priority in every planning stage of development which is managed by two Ministries, namely the Ministry of Industry and Trade and the Ministry of Cooperatives and SMEs. Small and micro business actors now no longer need to worry about registering. his business as Limited Company. In the future, the procedure for registering Limited Company is no longer complicated and easier. Thanks to the enactment of Law Number 11 of 2020 concerning Job Creation (Omnibus Law), and there are also the latest implementing regulations, namely, Government Regulation (PP) Number 8 of 2021, making several rules that existed previously underwent changes. established by only 1 (one) person as a shareholder as well as a director who fulfills the provisions of micro and small businesses. The existence of the Job Creation Act, aims to simplify business processes to create business convenience which is expected to be able to create many jobs. Therefore, Government Regulation Number 8 of 2021 is referred to as the Omnibus Law because it aims to make it easier to set up individual businesses that can create jobs. However, creating a Limited Company is not easy, there are many procedures that prospective entrepreneurs must have in opening a Limited Company.

One of the obstacles experienced by prospective founders of Limited Company is in fulfilling administrative requirements. To legalize a Limited Company, several conditions are needed, namely:

1. Prepare Limited Company establishment data
  - a. name of Limited Company
  - b. Limited Company place and position
  - c. The aims and objectives of Limited Company
  - d. Limited Company, structure, and capital
  - e. Limited Company management
2. Make a deed of establishment at a Notary.
3. Ratification of the Ministerial Decree for the manufacture of Limited Company.
4. Have Identity Card (KTP)
5. Have Tax Identification Number (NPWP)
6. Have Business License (SIUP)
7. Have Company Registration Certificate (TDP)
8. Have Business Identification Number (NIB)

Some of the conditions listed above have many obstacles that prospective founders of Limited Company in managing several documents such as SKDP and NPWP, therefore prospective company founders must be careful in making some of these documents because if there is an error in making the document it will have an impact. at the Limited Company that will be established.

A business activity can be reviewed from a legal perspective, there are 2 things that can be reviewed from a legal perspective, namely there are legal entities and also non-legal entities, while examples of legal entities are Limited Company and foundations, not only that, the examples that are not legal entities is a firm, and *commanditaire vennootschap (CV)*.<sup>2</sup>

This type of business in the legal system in Indonesia is more firmly regulated with separate laws and regulations for each type of legal entity, the presence of a Limited Company (PT) as a business entity in everyday life can no longer be ignored. Business practices carried out by business actors, be traders, industrialists, investors, contractors, distributors, bankers, insurance companies, brokers, agents and so on are no longer separated from the presence of a Limited Company. Doing business using a Limited Company, whether on a small, medium or large scale, is the most common and most common model.

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<sup>2</sup> Gofar, Aang Anzal M. (2016). *Studi analisis terhadap ketentuan pendirian perseroan terbatas ditinjau dari aspek fiqih syirkah*. UIN Walisongo: Semarang. p. 4.

Based on the above background, this paper is interested in discussing the legal aspects of Limited Company for SMEs because there is no research that discusses the procedures for establishing and revoking SMEs as legal entities for Limited Company and the legal consequences.

#### B. Research Problem

1. What is the procedure for establishing and revoking a SMEs license as an Limited Company (LC) legal entity?
2. What are the legal consequences for SMEs with legal entity status?

#### C. Research Purposes

1. Understanding the procedure for establishing and revoking a SMEs license as an Limited Company (LC) legal entity.
2. Understanding the legal consequences for SMEs with legal entity status.

#### D. Research Benefit

Theoretically, this research aims to contribute to the development of science, specifically in the context of constitution and business law relating to SMEs

Practically, the research results are expected to provide benefits to the author and academically, as a lesson in legal and food writing by increasing knowledge which includes the community and especially SMEs.