

THE IMPACT OF LAW ON PRIVATE COMPANY IN THE PERSPECTIVE OF MANDATORY ENTERPRISE REGISTRATION (*WAJIB DAFTAR PERUSAHAAN*) IN PEKANBARU CITY

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ABSTRACT

The common problem of micro and macro levels of business is the implementation of Mandatory Enterprise Registration as the consequence of lack of Law knowledge. Such a situation has raised certain issues of neglecting the regulations of Enterprise Registration. The present study aimed to analyze the enforcement of Mandatory Enterprise Registration for the micro and macro levels businesses in Labuh Baru Barat, Pekanbaru. The research method used in the present study was the sociology of Law study in which the study focused on the problems of Law and the practice in the society. It was field research in which the researcher conducted the study directly in the field. The study found that the Mandatory Enterprise Registration in the area of Pekanbaru was still under no condition. The majority of business owners had lack of Law knowledge and tend to neglect the regulations. The findings showed that the business owners had minimum knowledge of Enterprise Registration. It could be concluded that the Mandatory Enterprise Registration of the owners of micro and macro levels businesses in Pekanbaru needs to be a serious concern from the government agencies to expect they have good knowledge on enterprise registration. For the recommendations, the campaign should be sustained to promote the enterprise registration especially for the micro and macro business levels. The output of the enterprise registration is essential in the business competitions. Therefore, the follow-up actions of the present study are expected to give contributions to the researcher and the small and middle-level business owners, especially for the enterprise registration. This article is also can be taken as students' object in studying the small and middle-level businesses in Pekanbaru.

INTRODUCTION

The implementation of Law Number 3 the Year 1982 concerning the Mandatory Enterprise Registration requires all enterprises in the territory of the Republic of Indonesia to register. It covers the micro and macro level enterprises which are operated in a sustained and profit based that can be categorized as a firm (Ridwan Khairandy, 2010). The obtained data in Pekanbaru city was found that some firms were not registered. The business owners' perceptions showed that the small enterprises were not necessary to register.

In the decree of the Ministry of Industry and Commerce, there are some circumstances where firms do not need to be registered (I.G. Rai Widjaya, 2005):

- a. The small firm is in the category of exceptions of mandatory enterprise registration. It is defined as any business run by the enterprise's owner in which two or more family members are involved.
- b. The firms with no necessarily required to have a business permit or license issued by the authorities of government agencies, or a kind of small firm to meet the owner's daily basis needs only.

The problem was found that the enterprises/firms located in Pekanbaru cannot be classified as the exceptions of the regulation of the Ministry of Industry and Commerce mentioned above since the firms are not run by the owners only but have employed and recruited non-family member staffs. For examples; the owners of restaurants, goods retailers, and printings have expanded their business branches to get more profits and hires not less than 15 non-family member staffs. Therefore, they are excluded from the exceptions and should have enterprise registration for their own businesses. Since the business is not run for the owners' daily basis needs and employ non-family staffs, so the business does not fulfill the criteria of exceptions.

Further investigation needs to be done about the enterprise registration for the micro and macro level businesses in Pekanbaru city. The enterprise registration will impact the company additional capital assets inviting investors or bank loans to grow the business, or even the firms can be imposed sanctions (Isna Rohmatin, the paper was presented on the theme of enterprise registration, blogspot.co.id, Sunday, May 4, 2014). Some benefits of registering a business are establishing the prospect of private equity investment, wide protection of rights, and registered to keep business data records for micro and macro level training for business competitions.

Based on the problems above, the research questions are formulated as follows:

1. What are the factors affecting the firms not to have mandatory enterprise registration in Pekanbaru city?
2. How are the firms located in Pekanbaru city registered?

B. Literature Review

The research on the mandatory enterprise registration has been conducted investigating the registration fee, the imposed sanctions for non-firm registration, and the place where firm registration is carried on (Hendramardika, the paper was presented on the theme of enterprise registration, hendraadika.wordpress.com, November 20, 2010). According to Hendramardika, enterprise registration is an essential point for the business owners to monitor the business growth. Other researchers (Isna Rohmatin, the paper was presented on the theme of enterprise registration, blogspot.com/2014/05) studied the responsibilities and the points of registration. The process of enterprise registration helps the owners to know the business growth and gives protection from breaking the law and open to inspection. In line with the previous findings above, Ilma Syahida Arofi (blogspot.com/2013/05/softkill-

wajib Daftar Perusahaan.html), finds that the enterprise registration is very important for partnership and corporation among the business owners.

Moreover, the researcher of the present study discussed the micro and macro level firms with no-mandatory enterprise registration in Pekanbaru city, for examples: restaurants, printings, and supermarkets. The firms cannot be categorized as small companies anymore since the business has expanded and hired non-family member staffs. Therefore, the firms are needed to be registered. It intends to provide accurate information about the business and to educate the business owners to be an actively honest restoration business owner and open to providing information. It also provides an authorization to operate the business with a guarantee of honesty. The regulation is stated in Laws of the Republic of Indonesia No. 3 of 1982 concerning enterprise registration to be registered in company registration office. Moreover, it is stated in the regulation of the Ministry of Industry and Commerce number 12/MPP/Kep./1998 mentioning the essential of enterprise registration as a formal record of the registered company.

Enterprise registration is an essential consideration for the business owners and government agencies. Having a good partnership between the owners and government agencies give benefits for the company to have fair and good business competitions. In addition, enterprise registration is also useful for government agencies to record the information for the provisions of regulations concerning enterprise registration.

According to the regulation of enterprise registration (the provisions of Article 8 of Law No. 3 of 1982), the classification of companies under the provisions of Law is drawn as follows:

- a. Cooperation
- b. Legal Entity
- c. Partnership
- d. Proprietorship
- e. Other companies than as mentioned above.

RESEARCH METHOD

In collecting the accurate and relevant data for the study, the method was used in the present study.

1. Design

The research design used in the present study was the sociology of Law in which the focus of the study was the problems of government regulations practiced by the society. It was a field research.

2. Setting

The setting of the present study was the micro and macro level business owners in Pekanbaru city which covers restaurants, retailers, and printings.

3. Population and Sample

a. Population

The target population in this study were:

1. The Regional House of Representatives in Pekanbaru (10 representatives)
2. The official Head of Indonesia Industry and Trade Service Offices (1 person)
3. The official Head of Local Revenue Offices (1 person)
4. The non-registered micro and macro level firms business owners in Pekanbaru city (10 representatives)

b. Sample

From the target population, the samples were chosen using census for the Regional House of Representatives in Pekanbaru (5), The official Head of Indonesia Industry and Trade Service Offices (1 person), The official Head of Local Revenue Offices (1 person), and The non-registered micro and macro level firms business owners in Pekanbaru city (5).

DATA SOURCE

The source of data collected in the present study was:

1. Primary data is the data collected by the researcher from the respondents of the micro and macro level business owners in Pekanbaru and some other relevant data pertaining the problems of the study.
2. Secondary data is the data collected by the researcher from the literature study in relating to the research problems. It is collected from the literature of theses, dissertations, journals, newspapers, research articles, proceedings, brochures, and etc.
3. Tertiary data is the data collected by the researcher from the dictionary, encyclopedia, research papers, and other relevant data supporting the primary and secondary data collection.

THE TECHNIQUE OF DATA COLLECTION

The relevant data is needed to answer the formulation of the problems. Therefore the techniques used for data collection in the present study were:

1. Observation
It was done to collect the data by doing a direct observation of the research objects in relating to the micro and macro level businesses in Pekanbaru.
2. Interview
It was done by direct interview with the respondents to gather information related to the problems faced by the micro and macro level business owners in Pekanbaru.
3. Literature review
It was done to collect the data from a literature review relating to the problems of the present study.

DATA ANALYSIS

To analyze the data gathered from data collection, the researcher classified the problems and doing the analysis. It was analyzed qualitatively and presented in a description to discuss the problems and potential solutions using a systematic procedure. The conclusion was drawn inductively (reasoning that makes specific information and makes a broader generalization).

RESULTS

The expansions of micro and macro level businesses in Pekanbaru is achieving the growth, as stated by M. Jamil as the official Head of Investment Service and Integrated One-Stop Service (interviewed on March 23, 2017). He mentioned that the awareness of business owners was still low and affirmed the regulations for the business owners who get the profits from running the business and hired non-family member staffs need to register the firms.

The results of the research field showed that the micro and macro business owners have not registered the firms for certain reasons. One of the participant (Ade Hasibuan) who is successful in expanding restaurant business in Pekanbaru mentioned that he has no information and knowledge on the regulations to register his own business.

DISCUSSION

1. The problems of Mandatory Enterprise Registration for private company or proprietorship in Pekanbaru.

The micro and macro level business owners in Pekanbaru do not register the businesses as the owners do not have knowledge about the regulations concerning enterprise registration (according to Emy Rustam, the Indonesia Business' Women Association for Pekanbaru/IWAPI, April 4, 2017). She mentioned that the business owners do not have information pertaining to the regulations of enterprise registration, the requirements of registration for the company which hiring staffs to help run the business, how and where to register the business. Surprisingly, worry about paying taxes concerned was becoming another reason for participants not to register their business. The factors contributing on the business owners' problems had no firm registration for their own businesses. Meanwhile, the information and knowledge about enterprise registration are very important for the business owners to get governmental supports to build and grow the solid business, for example; having bank loans to fund the business. By having these kinds of information could minimize the problems of registering the business.

2. The efforts for the proprietorship's firm registration in Pekanbaru.

An official staff of Indonesia Industry and Trade Service Offices in Pekanbaru, Hasan Basri mentioned in an interview on April 23, 2017, that monitoring, over-viewing, and supervising the micro and macro level businesses are their main duties. But the reality is not so, the majority of businesses were not registered which finally affect the process of monitoring and supervising. The initiation of the researcher of the present study and teams to socialize the regulations for the micro and macro level business owners was considered as a positive action. It was done to change the business owners' mindset on firm registration that having Enterprise Registration is important for their businesses. The researcher and teams in partnership with the Indonesia Business' Women Association for Pekanbaru/IWAPI conducted a community service to campaign and socialize the enterprise registration which motivates the business owners positively to have an interactive discussion. The program was successful and effective to improve the business owners' understanding on enterprise registration. The program was also effective for the business owners' understanding to have enterprise registration especially for running the businesses by hiring non-family member staffs. The program was appreciated by the Indonesia Industry and Trade Service Offices in Pekanbaru as the program helps the activities of monitoring and supervising the numbers of non-enterprise registration. In sum, having enterprise registration is effective for micro and macro level business owners to provide accurate information for society.

CONCLUSIONS

From the discussion above, some conclusions are drawn:

1. The lack of information and knowledge about Enterprise Registration of the micro and macro level business owners contributes to the problems of monitoring and supervising conducted by Indonesia Industry and Trade Service Offices.
2. The efforts done to cover the problems is done through campaign or socialization of Enterprise Registration by having collaboration with academic practitioners and government agencies to ease the society access the information needed pertaining to a business.

SUGGESTIONS

1. The micro and macro level business owners need to have open-minded on the importance of a sense of justice. It will change the business owners' perspectives on providing information about the business which finally contribute to the awareness of Enterprise Registration.
2. The micro and macro level business owners, government agencies, and academic practitioners need to collaborate to socialize the awareness of Enterprise Registration through community service programs as an effort to give accurate and important information which finally creating a social life in harmony.

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