

Article

Simplification analysis of labour policy and regulation as an effort to increase micro and small enterprises' growth in Indonesia

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Abstract: This research aims to examine in more depth the changes resulting from the Job Creation Law, which impact the level of business friendliness in Indonesia, and how to analyze these changes to improve the business environment to be more conducive to carrying out business activities. This research uses normative legal research methods and is analytical descriptive research. There have been several changes since the emergence of the Job Creation Law, such as the establishment of a limited liability company. Changes to the Job Creation Law could improve the Indonesian economy. However, juridically, this regulation gives authority to the central government to manage micro and small businesses, contrary to the principle of decentralization, which prioritizes the provision of resources to local governments.

Keywords: individual company; micro and small business; ease of doing business

1. Introduction

Ease of doing business plays an essential role in economic development in Indonesia (Mudhoffir and A'yun, 2021). Ease of Doing Business seeks to create a conducive environment for business actors to invest and develop their businesses at home and abroad. Ease of doing business is one of the determining factors in increasing a country's competitiveness in the global market (Hooks et al., 2022). Business actors will be increasingly motivated to invest, create jobs, and increase production. This condition will increase the competitiveness of Indonesian products in the international market export growth so that it will positively impact the national economy and provide space for creativity and innovation in the business world. In this way, there will be economic growth, increased national income, and reduced poverty.

Ease of business is related to licensing and regulations, including easy access to quality human resources (Njuguna and Nnadozie, 2022). Ease of doing business is essential to provide legal certainty and incentives for companies to train, develop, and employ skilled and competent workers (Tandrayen Ragoobur and Narsoo, 2022). This ease of doing business can also contribute to improving community welfare. In a supportive business environment, companies can create more jobs, pay better wages, provide social security, and provide other benefits to workers. That way, people can benefit directly from the economic growth generated through business convenience.

The Job Creation Law changes several provisions in Law No. 40 of 2007 concerning Limited Liability Companies (Rifqi and Wardhani, 2022). Article 109 of the Job Creation Law adds regulations to meet the criteria for micro and small businesses (Ariani et al., 2021). There are at least four changes. The first is granting shares in a Limited Liability Company, which previously had a minimum of two people, so only one shareholder could be. Second, the deed of establishment of a

Limited Liability Company is in the form of a notarial deed (Butabutar, 2022). However, Article 109 of the Job Creation Law, which regulates the establishment of individual companies, requires the statement of establishment made in Indonesian (Arifin, 2021). Third, this is also related to shareholders. Previously, the founder of a limited liability company could be a person or a legal entity, but for an individual company, it has to be a person. Fourth, the capital previously had to be IDR 500,000,000.00, but after changes in capital, it can be adjusted according to the decision of the founder of the limited liability company. The Job Creation Law is an ease of doing business if seen from the purpose of enacting this work.

The Job Creation Law was valid when the COVID-19 pandemic hit all countries, including Indonesia. As times change, some norms are no longer relevant to the situation and conditions of Indonesia, so there is an urgency to trim and simplify laws. The presence of Job Creation Law outlines dozens of regulations into one particular Law to become a shortcut to policy harmonization and simplification of regulations in Indonesia. The government hopes that passing the Job Creation Law can help economic growth in Indonesia. Previously, business actors had to deal with overlapping laws and regulations related to licensing implementation. The World Bank and International Finance Corporation (IFC) ranked Indonesia 166th in ease of business, considering the process is very strict and lengthy.

MSEs (Micro and Small Enterprises) are the most prominent economic actors in the Indonesian economy. They are a safety valve for the Indonesian economy and a dynamic driver of economic growth after the financial crisis (Srimulyani and Hermanto, 2022). MSEs play an essential role in economic development because they are the backbone of the country's economy (Geremewe, 2018). The MSEs are supported by the number of business actors, which reached 99.99%, their contribution to gross domestic product, which reached 61.07%, and the absorption of Indonesian workers, which reached 97%. MSEs also have better resilience to crises because the workforce and organizational structure are more flexible in adapting to current conditions, so individual companies can help MSEs and provide a way out for people with limited capital. The government also believes that each company can provide a breakthrough and legal umbrella for MSEs and cooperatives with the convenience, protection, and empowerment provided.

Based on the background above, the author realizes the need to conduct a comprehensive study of any changes resulting from the ratification of the Job Creation Law, which affects the level of a business-friendly environment in Indonesia, and how to analyze these changes in the context of change increasing the ease of doing business in Indonesia. After this introduction, the second part will discuss the literature review relating to job creation law. Then, the third section will discuss the research methods that will be used in this research. The fourth section analyzes phenomena related to the implications of Law Number 6 of 2023 concerning the Stipulation of Government Regulation in Lieu of Law Number 2 of 2022 concerning Job Creation Become Law. Section four, point two, discusses the Juridical Analysis of the Ease of Doing Business Strategy with the Enforcement of Minimum Micro Small Business Based Limited Liability Company Regulations. Finally, the fifth part is the conclusion.

2. Literature review

Recent legal developments in Indonesia have introduced a new legal entity for companies, specifically individual companies, as outlined in Article 109 of the Job Creation Law, which amends several provisions of Law Number 40 of 2007 on Limited Liability Companies (the “Limited Liability Company Law”) (Ahsany et al., 2020). Individual companies, also recognized in the common law system, refer to single trade business organizations where only one-party acts as the trader. Article 109 of the Job Creations Law modifies the provisions of the Limited Liability Company Law, with Article 1, number 1, stating that a limited liability company (“Company”) is a legal entity formed as a capital partnership based on an agreement, conducting business activities with virtual money, divided into shares, or as individual legal entities meeting the criteria for small and micro businesses.

There is no exact definition of an individual company in Indonesian laws and regulations. However, according to Article 6, paragraphs (1) and (2) of Law Number 20 of 2008 concerning Micro, Small, and Medium Enterprises, as amended by the Job Creation Law, the criteria for these enterprises can include various factors, such as business capital, net worth indicators, annual sales proceeds, or investment of value. Additionally, the criteria may encompass incentives and disincentives, the application of environmentally friendly technology, local content, or the amount of workforce energy in accordance with the specific business sector. The criteria for micro and small businesses are further regulated in government regulations.

According to Article 35 paragraph (3) of Government Regulation Number 2 of 2021 concerning the Facilitation, the Protection, and the Empowerment of Cooperative and Micro, Small, and Medium Enterprises, the criteria for business capital are as follows: Micro businesses have business capital up to a maximum of IDR 1,000,000,000.00 (one billion rupiah), excluding the land and buildings in the area of the business’ location, while small businesses have business capital exceeding IDR 1,000,000,000.00 (one billion rupiah) up to a maximum of IDR 5,000,000,000.00 (five billion rupiah), also excluding the land and buildings in the area of the business’ location. Furthermore, paragraph (5) of the same regulation outlines the criteria for annual sales: micro businesses have annual sales up to a maximum of IDR 2,000,000,000.00 (two billion rupiah), and small businesses have annual sales exceeding IDR 2,000,000,000.00 (two billion rupiah) up to a maximum of IDR 15,000,000,000.00 (fifteen billion rupiah).

The concept of the omnibus law is well-established in countries that follow the common law system, such as the United States and England (Sihombing and Hamid, 2020), but it is relatively new in Indonesian legislation. The term “omnibus” comes from Latin, meaning “for everything”. In legal context, an omnibus law is a single piece of legislation that can address a wide range of issues or incorporate multiple regulations into one comprehensive code (Bar-Siman-Tov, 2021). Essentially, an omnibus law is a regulatory approach that consolidates various rules with different substantive provisions by simultaneously amending and repealing multiple laws (Sukma et al., 2020).

Several experts have written about this. Izzati (2022) has examined the impact of the deregulation of labor laws in Indonesia and explored whether this approach is the

right for labor policy in this country. These findings suggest that the government is actively pursuing a deregulatory agenda, which could adversely impact workers due to reduced labor protections mandated by Law. To navigate the post-Job Creation Law era, workers must strengthen their position through collective bargaining and strengthening trade unions. Izzati (2022) concluded that passing the Job Creation Law opened a new era in Indonesian employment policy. Although aimed at facilitating business performance and improving the investment climate, deregulation of labor laws raises worker concerns. Workers must proactively protect their rights and interests through collective bargaining and strengthening unions to adapt to the changing employment landscape. Izzati's (2022) article also emphasizes the need for workers to improve their position through collective bargaining and strengthening trade unions to face the post-employment copyright era.

On the other hand, Widjaja (2021) also examines the views of legal experts regarding omnibus law in Indonesia in various articles that raise legal and human rights issues. Based on research findings and discussions by Widjaja (2021), most legal experts view the omnibus Law as a significant legal reform. However, many experts still question its effectiveness and implementation, especially considering the recent court decision that deemed the creative economy law unconstitutional due to its conditional application. Widjaja's (2021) findings could influence the review of Indonesia's legal landscape and show the importance of the international context in assessing the omnibus Law.

Widjaja (2021) provides a comprehensive examination of legal experts' perspectives on the omnibus law in Indonesia, highlighting its significance in legal reform and its implications for human right. While Widjaja's study is valuable for understanding the broader legal context and international perspectives on the omnibus law, it does not specifically address the impact of these legal reforms on the growth of small and medium enterprises (SMEs). There is a lack of analysis regarding how legal reforms aimed at simplifying labor policies can potentially enhance the growth and operational efficiency of SMEs, which are crucial for Indonesia's economic development. Widjaja's study does not provide sector-specific insights or recommendations for labor policy improvements tailored to the needs and challenges of SMEs. Although Widjaja raises concerns about the effectiveness and implementation of the omnibus law, there is the need for focused research on how these implementation issues specifically impact SMEs and their growth potential.

The proposed article aims to fill this research gap by conducting an in-depth analysis of how the simplification of labor policies and regulations can foster the growth of small and medium enterprises in Indonesia. This focus on SMEs will provide targeted insight and practical recommendations that are currently need to be included in the broader legal discussions presented by Widjaja (2021).

3. Materials and methods

According to Soerjono Soekanto, legal research is a scientific endeavor that relies on specific methods, systems, and ideas to examine legal phenomena through analysis (Wiratraman, 2019). The research method utilized in this study is normative legal research, which focuses on investigating the application of principle or norms within

positive law (Negara, 2023).

Normative legal research involves the examination of library materials. In this type of research, secondary data includes primary and secondary legal sources, gathered by exploring research subjects through an approach based on legal principles and rules found in statutory regulations and relevant literature, guided by the researcher's problem formulation.

This research is descriptive-analytical, focusing on describing the secondary data obtained by the author. The secondary data used in this study is classified into primary and secondary legal materials. Primary legal materials are binding legal documents, such as laws, jurisprudence, treaties, and other relevant legal texts. The primary legal material referenced includes the 1945 Constitutions of Republic of Indonesia, Law Number 40 of 2007 concerning Limited Liability Companies, and Law Number 6 of 2023 regarding the stipulation of Government Regulation in Lieu of Law Number 2 of 2022 concerning Job Creation. Secondary legal materials are those that explain and interpret primary legal materials, comprising business law theory books by scholars or expert, official documents, and research result pertinent to this article.

The author collected data using library research. A literature study examines documents related to research by collecting legal materials and information in the form of books, scientific essays, statutory regulations, and other written materials. Researchers search for, study, record, and interpret information related to the research object. In addition, researchers conducted interviews to obtain secondary data supporting information.

The research data obtained will be analyzed qualitatively. The qualitative analysis method is used to investigate, discover, describe, and explain the characteristics or traits of social phenomena that cannot be captured, measured, or described using a quantitative approach. The qualitative method is a research method that produces descriptive-analytical data to formulate accountable conclusions. Therefore, researchers will study and sort current legal documents and literature related to the research object, such as books and journals.

Researchers use a deductive mindset in determining conclusions. The deductive mindset method is a way of concluding by applying general things first and then connecting or applying them to certain parts. The examination of this overarching concept will specifically analyze the relevant law, which is Law Number 6 of 2023 regarding the Stipulation of Government Regulation in lieu of Law Number 2 of 2022 concerning Job Creation.

4. Results and discussion

4.1. Implications of Law Number 6 of 2023 concerning the Stipulation of Government Regulation in Lieu of Law Number 2 of 2022 concerning Job Creation Become Law

Establishing and developing the business world in Indonesia significantly affects the country's economic growth (Rachmania et al., 2012). Establishing a Limited Liability Company is one form of business in great demand. However, apart from limited companies, there are also individual limited companies, which are an option

for individuals who want to start their business with limited capital. Although individual limited liability companies have the potential to contribute to the ease of doing business in Indonesia (Anie, 2022), several obstacles and challenges still need to be overcome to maximize their benefits. Ease of doing business is the main focus in improving Indonesia's investment and business climate.

There are several implications of changes to the Job Creation Law for the ease of business in Indonesia. First, the change will allow one person to become a shareholder in a limited liability company (Koto and Hanifah, 2021). These conditions enable business actors to establish limited liability companies flexibly without requiring a minimum of two shareholders. Thus, individuals can become sole shareholders, which effectively gives individuals independence in making business decisions and controlling the company without sharing ownership with other parties. This condition can encourage the emergence of independent entrepreneurs. When individuals have a clear vision of the business they want to run and do not want to involve other parties in decision-making, this change provides convenience—and reduces the complexity of setting up a limited liability company.

The second implication is a change in the regulations for establishing individual companies, which require statements in Indonesian. Before the amendment to Limited Liability Company Law, the requirement was a notarial deed requiring additional time and costs. The elimination of this requirement means that the need to involve a notary disappears. Also, establishing an individual limited liability company is faster because it does not include a notary, which requires additional time. By eliminating this notarial deed requirement, individuals wishing to establish a sole proprietorship can save on costs previously associated with notary services. Based on the results of Focus Group Discussion interviews, business actors have to pay IDR 1,500,000.00 to IDR 1,600,000.00 to process a notarial deed. This condition, of course, is burdensome for business people.

The third implication is the adjustment of Limited Liability Company capital. Before the enactment of the Job Creation Law, business founders needed a minimum model of IDR 50,000,000.00. This condition is an obstacle for micro or small businesses with limited capital. However, with this change, limited liability company founders have greater freedom to adjust initial capital according to their business needs. With the possibility of capital adjustments, limited liability company founders can avoid disproportionate financial obligations in the early stages of the business. They can determine the initial capital according to their business needs and financial capabilities without meeting rigid limits.

Capital adjustments enable micro and small businesses to start and develop their businesses (Prijadi et al., 2022). Capital tailored to the financial capabilities of individuals or groups of micro and small businesses can minimize risks and provide more significant opportunities for success (Howorth and Westhead, 2003). Capital adjustments will encourage many individuals or groups of micro and small businesses to access the establishment of limited liability companies. This condition will create new jobs, increase production and productivity, and encourage broader investment. Apart from that, more and more micro and small businesses developing can boost the sector (Kaya, 2014).

Changes to the Omnibus Law are a new legal norm that has become part of the

country's legal system. Based on the positive legal theory by Hans Kelsen, laws apply with the authority of Authorised legal officials, namely the government or legislative body that passes the Law. Positive legal theory assumes that Law is a structured and coherent system. Changes to the Omnibus Law also reflect adjustments to the existing legal structure.

The Job Creation Law (Omnibus Law) in Indonesia, despite its potential benefits, presents several challenges and drawbacks for various stakeholders. One primary concern is the potential erosion of labor rights and job security. Critics argue that the law weakens labor protections by easing regulations on layoffs and reducing severance pay, leading to increased job insecurity for workers. Additionally, the law allows for greater flexibility in hiring contract and outsourced workers, which could result in more precarious employment situations with fewer benefits and protection.

Environmental concerns are also significant, as the law simplifies many business-related regulations, including those related to environmental protection. This simplification might lead to environmental protection. This simplification might lead to environmental degradation due to weaker oversight and enforcement, as well as increased deforestation and resource exploitation from more accessible land use permits and reduced bureaucratic hurdles.

Legal and regulatory uncertainty is another issue, with the broad scope and rapid implementation of the law creating confusion about regulatory applications and potentially inconsistent enforcement. Numerous lawsuits and judicial reviews against the law could lead to parts being struck down, adding further instability. For small and medium enterprises (SMEs), the law poses challenges such as increased competition from larger corporations and difficulties in understanding and complying with the new regulations, especially if they lack resources to adapt quickly.

One of the most visible benefits of changing the law is that it makes it easier for business people to build companies. It is evident in the increase in small and medium enterprises (SMEs) in Indonesia, as demonstrated by the following data: the number of SMEs has steadily increased from 63.3 million in 2019 to 66.5 million in 2023. The contribution of SMEs to Indonesia's GDP has risen from 57.3% in 2019 to 61.0% in 2023. Additionally, employment provided by SMEs has grown from 116.9 million in 2019 to 119.8 million in 2023. This data illustrates the significant role that SMEs play in Indonesia's economy and highlights the positive effects of regulatory changes aimed at supporting and empowering these enterprises.

There are several differences between Job Creation Law in Indonesia and other countries. For example, the Employment Act in Malaysia.

The Job Creation Law in Indonesia and the Employment Act in Malaysia have fundamental differences in approach and objectives. The Job Creation Law in Indonesia, also known as the Omnibus Law, is designed to increase investment and improve the business climate in the country. The main goal is to create new jobs and improve community welfare through simplifying various regulations. In contrast, the Employment Act 1955 in Malaysia focuses more on protecting workers' rights and ensuring fair and decent working conditions, with the main aim of protection for workers rather than creating an investment climate.

In terms of worker protection, the Job Creation Law in Indonesia makes several significant changes, including more flexible minimum wage settings and changes to

the severance pay system which is considered to be more lenient for employers but has drawn criticism from labor unions. This law also provides flexibility in granting leave and working hours. On the other hand, the Employment Act 1955 in Malaysia sets out more detailed regulations regarding working hours, overtime, leave policies, and protection against unfair dismissal, with a primary focus on worker safety and welfare.

In terms of labor market flexibility, the Job Creation Law in Indonesia provides more flexibility to employers in managing employment relationships, including in terms of employment contracts and outsourcing. Meanwhile, Malaysia, with the Employment Act 1955, has stricter regulations regarding work contracts and the use of outsourced labor, with the aim of providing higher job security for workers.

The implementation of the Job Creation Law in Indonesia involves various implementing regulation that must be drawn up by the government, which are still ongoing and often face challenges and resistance from trade unions and civil society groups. In Contrast, the Employment Act in Malaysia is well established and has a more structured oversight mechanism through the Department of Manpower.

The public response to these two laws is also different. The Job Creation Law in Indonesia has received strong reactions from various groups, including trade unions, NGOs and academics, who are concerned about its impact on workers' rights and the environment. Meanwhile, the Employment Act 1955 in Malaysia is generally accepted as the basis for worker protection, although there are criticisms and demands for reform in several aspects to better adapt to current developments.

4.2. Juridical analysis of the ease of doing business strategy with the enforcement of minimum micro small business based limited liability company regulations

The researcher held a focus group discussion to get some input from the informants to get an overview of the ease of doing business strategy by applying the minimum wage-based individual limited liability company rules. The background to the enactment of Law Number 11 of 2020 concerning Job Creation lies in the Indonesian government's efforts to increase the ease of doing business and encourage investment in the country (Sembiring et al., 2020). This change is part of economic policy reforms to create a more conducive business climate and support better economic growth. Law Number 6 of 2023, concerning the Stipulation of Government Regulation in lieu of Law Number 2 of 2022 concerning Job Creation Become Law, also has the same purpose.

The Job Creation Law stipulates new Micro, Small, and Medium Enterprises provisions, especially regarding a single database and integrated management of micro and small businesses. From the formulation of Articles 87, 88 and 89 of the Job Creation Law, there are efforts to centralize the control of a single database and the integrated management of micro and small businesses. According to the provisions of the Job Creation Law, the authority to coordinate and evaluate the integrated management of micro and small enterprises in cluster structuring belongs to the central government. This centralization effort needs to be consistent with the principle of decentralization adopted in the Indonesian constitution.

Regarding company status, several provisions of the Limited Liability Company Law have been amended in the Job Creation Law. Article 7 Paragraph (7) of the Limited Liability Company Law has been modified to exempt companies meeting the criteria for micro and small business from the requirement to be founded by two or more people. According to Article 153 of the Job Creation Law, a company that qualifies as a micro or small business can be established by a single person, with its formation documented through a statement of establishment in Indonesia. It differs from the general requirement for companies to be established by a notarial deed in Indonesia. For a company to legally conduct its business activities, it must have legal entity status, which necessitates compliance with relevant laws, regulations, requirements, procedures, and provisions. Consequently, the legal status of companies has also been altered.

Article 7 paragraph (4) of the Limited Liability Company Law states, “The company obtains the status of a legal entity on the issuance date of the Minister’s decision regarding ratification of the company’s legal entity.” Then, there was a change in Article 7 paragraph (4), which just became “the company obtains legal entity status after being registered with the Minister and obtaining proof of registration.” It is clear that the difference in obtaining the company’s legal entity status, which was initially based on a Minister’s decision, was changed to only being registered with the Minister. Then, it was reaffirmed in Article 6, paragraphs (3) and (4) of Government Regulation No. 8 of 2021, which reads, “Individual companies can only obtain legal entity status after being registered with the Minister and obtaining an electronic registration certificate.” The Minister will issue a deed of registration as a deed of establishment based on Article 14 of the Minister of Law and Human Rights Regulation Number 21 of 2021. By obtaining legal entity status, the founder of an individual company is no longer personally responsible for agreements made in the name of a particular company and is not responsible for the company’s losses on the value of the shares it takes because the company concerned has become a separate legal subject.

The legal standing of a limited liability company is the juridical identity (*persona standing in judicial*) for each company (Salsabila and Putra, 2023). The legal status is the status given by Law to the existence of a company (Johnson, 2012). As a legal umbrella for corporations in Indonesia, changes to the new limited liability company law grant “Legal Entity” status to companies formed based on Indonesian Law. Through the Job Creation Law, the government makes it easy for micro and small entrepreneurs to set up a limited liability company by one person and get relief for establishing a legal entity.

Regarding capital, Article 32 paragraph (1) of the Limited Liability Company Law has changed so that company founders can determine the size of the company’s basis. Previously, Article 32 paragraph (1) of the Limited Liability Company Law stated that the minimum official capital of a company was IDR 50,000,000.00. As an implementing rule, Article 3 paragraph (2) of Government Regulation Number 8 of 2021 concerning Company Authorised Capital and Registration of the Establishment, Changes, and Dissolution of Companies that Meet the Criteria for Micro and Small Enterprises also regulates the amount of the company’s Authorised capital based on the approval of the founders. The absence of minimum authorization money

provisions in the Law has the potential to be unable to protect the company's capital and, therefore, cannot guarantee the ability to pay third parties.

This provision contradicts the philosophy of protecting company capital and assets in Article 32, paragraph (1) of the Limited Liability Company Law. Before the change, the philosophy was to unify and maintain the integrity of the company's assets so that the payment of dividends and interim dividends to shareholders or those entitled to profits did not disturb the company's capital reserve funds. Under the conditions regulated in the Job Creation Law, establishing a company by one person is possible, and there is no minimum capital, so the risk of default by the company is very likely to occur because there is no collateral capital to pay off creditor debts.

This provision is disturbing to all parties because the formulation of Article 153 E paragraph (2) of the Job Creation Law states that "The founder of a company can only establish a limited liability company for micro and small businesses, amounting to one company for small and micro businesses in one year". Based on the formulation of the article, individual micro and small business actors can set up a company every year. The condition is that the article only regulates the minimum limit for establishment per year, not the minimum limit per individual. This provision can give rise to new problems, namely the risk of creditor branching and providing opportunities for individuals with limited actual ability to continue to establish new companies every year, seek profits, and rely on the nature of limited liability companies.

Even though the argument is that efforts to empower micro and small businesses in Indonesia are easy, it is worth questioning its effectiveness in creating jobs and improving people's welfare, which is inseparable from the philosophy of the Job Creation Law. There is no guarantee that the efforts made by the government will be able to create jobs or absorb the existing workforce. Capital uncertainty and one founder needs more confidence in the company's sustainability, especially in employment.

The changes brought by the Job Creation Law have significant and tangible impacts on employers in Indonesia. One of the primary benefits is the simplification of business establishment processes, particularly for micro and small enterprises, which can now be founded by a single individual using a statement of establishment in Indonesian, by passing the need for a notarial deed. This change reduces administrative burdens and costs, encouraging more entrepreneurs to start businesses. Additionally, the law introduces a risk based licensing system, streamlining the acquisition of necessary permits based on the risk level of business activities. This results in quicker and more efficient permit processing, enabling businesses to commence operations more swiftly.

Moreover, the new regulations offer greater labor management flexibility, including more adaptable working hours, the ability to outsource more efficiently, and less restrictive employment contracts. These changes help employers better align their workforce with business demands, thereby enhancing operational efficiency. The law also provides substantial support for micro, small, and medium enterprises (MSMEs), offering more accessible access to financing, training, and business advisory services. This support aims to foster the growth and competitiveness of MSMEs, which are crucial to Indonesia's economic landscape.

Furthermore, the Job Creation Law improves legal certainty and the investment climate by reducing bureaucratic obstacles and offering clear regulations. It encourages both domestic and foreign investments, contributing to economic growth. Additionally, logistical costs are anticipated to decrease due to infrastructure improvements and the elimination of bureaucratic hurdles in goods distribution, further enhancing business efficiency. Overall, the Job Creation Law creates a more favorable business environment, promoting entrepreneurship, increasing job opportunities, and bolstering Indonesia's economic competitiveness.

5. Conclusion

The Job Creation Law presents several changes that impact the ease of doing business in Indonesia. Some of these changes include expanding the definition of a limited liability company to have individual companies that can be established by one founder, granting personal company legal entity status after being registered with the Minister, and determining the essential capital by the founders of the company.

Juridically, changes to the Job Creation Law, which gives authority to the central government to manage micro and small businesses, are contrary to the principle of decentralization, which prioritizes regional government control. This centralization can impact the need for a lot of local government participation in making decisions on managing and developing micro and small businesses in their regions. Therefore, it is essential to reconsider central and regional governments' role and authority in improving micro and small business management. Good coordination between the central and provincial governments and the application of decentralization principles are needed to ensure the success and effectiveness of managing micro and small business clusters in achieving the goals of inclusive economic development in Indonesia.

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