



## Legal Protection for Minority Shareholders in Joint Venture Cooperation in Public Companies According to Indonesian Positive Law

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### ABSTRACT

This writing aims to explore the Legal Protection of Minority Shareholders. Legal Protection for Minority Shareholders in Joint Venture Cooperation in Public Companies According to Positive Law in Indonesia. The research method that the author uses is the normative legal research method normative research method that focuses on understanding the laws and regulations, legal norms and also legal issues related to this writing. The method This method of writing also uses a conceptual approach, namely collecting all sources and primary legal materials and primary legal materials, where the source of this writing comes from books, legal norms and also legal issues related to this writing. Based on the results of this writing, the author obtained the fact that the regulations governing Joint Venture cooperation in Indonesia are still not clearly or explicitly regulated, especially in the protection of the parties. especially in the protection of the parties involved in the joint venture cooperation. the joint venture cooperation including minority shareholders. With the adangan of the Civil Code Civil Code, Law No. 40 of 2007 Concerning Limited Liability Companies and Law Number 25 Year 2007 on Capital Investment can certainly be utilized by the parties involved in joint venture cooperation. utilized by the pharties involved in joint venture cooperation in order to have a strong legal position before entering into a joint venture agreement. before entering into a joint venture agreement

## INTRODUCTION

Currently, the business world is a crucial aspect of society, especially for individuals engaged in entrepreneurship. The development of the business sector is influenced by several factors, one of which is technology. Technological advancements drive business owners to expand their enterprises to remain competitive in the market. This competition naturally leads to business practices aimed at ensuring profitability and financial gains.

Establishing a business requires a strong foundation to ensure its optimal operation. To build a strong business, entrepreneurs often collaborate with other business entities to mutually support and enhance their ventures. Such collaborations typically involve agreements between companies. In general, a company is a capital partnership established based on an agreement, in which business operations are conducted using initial capital that is divided into shares. A company consistently operates to generate profit and revenue from its business activities.

In a company, agreements play a fundamental role as they serve as a legal foundation to ensure certainty in business collaborations. The term "agreement" in legal contract regulations corresponds to the Dutch term *overeenkomst*, which is also known in English as "agreement," meaning "consent" or "mutual assent." According to Article 1313 of the Indonesian Civil Code, an agreement is defined as a legal act involving two parties, where this legal act results in an agreement that establishes the rights and obligations of the involved parties. The agreement must clearly outline the conditions that ensure its validity, meeting both subjective and objective requirements.

In practice, agreements are not only conducted by individuals but also by legal entities such as corporations. Agreements are vital for companies as they facilitate collaborations with other businesses to maintain smooth operations. One type of corporate collaboration is a *Joint Venture*. In economic terms, a Joint Venture refers to a binding contract between two parties, enabling them to engage in activities that produce goods or services while mutually strengthening their businesses to successfully complete a project or specific task.

The definition of Joint Venture is also found in the *Encyclopedia of Economics, Finance, and Trade*, which describes it as an agreement between two or more parties who pool their resources in a specific business entity without forming a structured agreement. Additionally, *Black's Law Dictionary* defines a Joint Venture as a legal entity in the form of a partnership, established to conduct business together for a specific transaction and shared profit. In a Joint Venture collaboration, both parties jointly undertake business activities, sharing both the profits and risks arising from the venture.

In practice, Joint Venture agreements are not explicitly regulated by Indonesian law. However, Law No. 25 of 2007 on Investment acknowledges Joint Ventures in Article 5, Paragraph (3), Letter (a), stating that "Domestic and foreign investments conducted in the form of a limited liability company shall be carried out by acquiring shares at the time of the company's establishment." This regulation explicitly requires Joint Venture companies to have legal standing (a legal entity) and be officially recognized within Indonesia's legal framework.

This provision also allows foreign companies to collaborate with domestic companies for investment purposes. Consequently, Joint Ventures contribute to business growth in Indonesia by expanding business opportunities across various sectors.

Investment is an essential aspect of corporate operations. Companies require capital to sustain and expand their businesses. Capital refers to assets that can be utilized to run business activities, including stocks, services, goods, or external investor funds. To acquire capital, companies often seek external funding or investments. Article 1, Number 7 of Law No. 25 of 2007 on Investment defines investment as assets in the form of money or other economic-value assets owned by investors.

Investment can be categorized into two types: direct investment and indirect investment.

1. **Direct Investment** (*Direct Investment*): Also known as long-term investment, direct investment can be carried out by establishing a Joint Venture company with a local partner, engaging in a joint operation scheme without creating a new company, converting credit into shares, or providing technical and managerial support.
2. **Indirect Investment** (*Indirect Investment*): Also referred to as *portfolio investment*, this involves short-term investments such as stock trading or foreign currency exchange, with relatively quick turnaround times.

In practice, companies often enter into Joint Venture agreements to secure external funding. Joint Ventures must receive approval from business owners (shareholders) to ensure their legal standing. Occasionally, a Joint Venture results in the formation of a new legal entity due to the merger of participating companies.

A merger is a legal action undertaken by one or more companies to integrate with an existing corporation, transferring all assets and liabilities to the surviving company while terminating the legal status of the merged entity. Mergers often lead to conflicts regarding shareholder rights, particularly for minority shareholders, as majority shareholders typically hold greater influence.

Legal protection for minority shareholders in Joint Venture agreements within a limited liability company (*Perseroan Terbatas* or PT) is a significant issue in the business and investment sectors in Indonesia. Minority shareholders frequently encounter difficulties in securing their rights, especially in strategic corporate decisions where majority shareholders have greater control.

From a legal perspective, minority shareholder protection is governed by various regulations, including Law No. 25 of 2007 on Investment. This law provides a legal framework for investment, ensuring transparency and accountability, as well as safeguarding the rights of both majority and minority shareholders. One form of protection includes ensuring adequate information disclosure and granting balanced voting rights in general shareholder meetings (*Rapat Umum Pemegang Saham* or RUPS).

Additionally, corporate governance principles, such as *Good Corporate Governance* (GCG), play a vital role in protecting minority shareholders by

preventing the misuse of authority by majority shareholders and ensuring that strategic decisions in Joint Ventures do not disadvantage minority shareholders. However, in practice, legal protection for minority shareholders in Joint Ventures still faces challenges, particularly in the enforcement of transparency, accountability, and equal voting rights.

## **LITERATURE REVIEW**

### **1. General Overview of Joint Venture Cooperation**

#### **a. Definition of Joint Venture Cooperation**

In general, the definition of a Joint Venture is better known as a partnership business. This partnership business is a business carried out by two or more people, where before this agreement is implemented, both parties, namely business actors, have agreed to conduct business together, referred to as a Joint Venture. In its definition, a Joint Venture can be interpreted as a joint business formed by two or more parties with the aim of jointly carrying out economic cooperation.

The definition of a joint venture is not explicitly regulated in the Law; however, it is explained in Article 5 Paragraph (3) letter a of Law No. 25 of 2007 on Investment: "Domestic and foreign investors who invest in the form of a limited liability company do so by taking shares at the time of the establishment of the limited liability company." Thus, the general definition of a joint venture is formulated as a bond or association or company established to jointly conduct business activities or achieve common goals under joint management by contributing capital or labor and sharing risks, losses, and profits based on mutual agreement.

#### **b. The Process of Establishing Joint Venture Cooperation**

The establishment of a joint venture company begins with preparation or feasibility study, discussion and negotiation (structuring) and non-disclosure agreement, agreement on clauses (non-binding agreement, LoI, MoU), due diligence, negotiation and signing of the joint venture agreement, company establishment, fulfillment of post-establishment obligations, structuring capital, determining the amount of capital for each involved party, signing the joint venture agreement, and ensuring that the joint venture company's operations run smoothly. The general terms and conditions of a joint venture include being established by two or more people (Article 7 paragraph (1) of the Limited Liability Company Law), the business sector of the joint venture being determined based on the KBLI issued by BPS, foreign ownership limits and requirements depending on the business sector of the joint venture company, and for a joint venture company with foreign capital, the paid-up and placed capital must exceed IDR 10 billion.

## **2. General Overview of Legal Protection Instruments for Minority Shareholders in Limited Liability Companies**

### **a. Legal Protection Instruments for Minority Shareholders in Limited Liability Companies**

Legal protection instruments for minority shareholders in limited liability companies are explicitly regulated in Law No. 40 of 2007 on Limited Liability Companies. This law provides a legal standing for minority shareholders, which serves as a legal protection instrument for minority shareholders in the company. These instruments include:

- a) Article 61 paragraph (1), which states that every shareholder has the right to file a lawsuit against the company in the District Court if they suffer losses due to actions of the company deemed unfair and unreasonable as a result of decisions made by the General Meeting of Shareholders (GMS), Board of Directors, and/or Board of Commissioners.
- b) Article 62, which grants every shareholder the right to request the company to buy their shares at a high price if they do not agree with the company's actions that harm shareholders or the company, such as amendments to the articles of association, transfer or collateralization of company assets valued at more than 50% of the company's net assets, or mergers, acquisitions, or separations.
- c) Article 79 paragraph (2), which allows company shareholders to request the holding of a GMS; however, minority shareholders can only propose it without the authority to decide on the meeting.
- d) The Right to Sue: Every shareholder has the right to file a lawsuit against the company through the District Court within whose jurisdiction the company is located if the company's actions harm their interests (Article 54 of the Limited Liability Company Law).
- e) The Right to Access Company Information: Shareholders can conduct an examination of the company and request data or information if there is suspicion that the company or its directors or commissioners have committed unlawful acts that harm shareholders or third parties (Article 110 of the Limited Liability Company Law).

## **3. General Overview of Legal Protection Forms According to Positive Law in Indonesia**

### **a. Definition of Legal Protection**

Law is an instrument that functions to protect rights, freedoms, and interests in human life. In practice, law has three definite purposes: legal certainty (*rechtssicherheit*), utility (*zweckmassigkeit*), and justice (*Gerechtigkeit*). These three legal purposes reflect that law is used as an instrument to protect all interests, including rights and obligations owned by each individual.

According to Philipus H. Hadjon, legal protection is a safeguard of dignity and recognition of the human rights of legal subjects based on legal provisions from arbitrariness or as a collection of rules or norms that can protect something from other things.

According to Satjipto Raharjo, legal protection is defined as an effort to provide protection for human rights that are harmed by others. Such protection

is granted to the community so that they can enjoy all rights provided by law. In his view, Satjipto Raharjo emphasizes legal protection as an instrument to safeguard and protect the rights possessed by an individual, where these rights are granted by law as a form of security, peace, and protection from rights violations by others.

In general, legal protection can also be interpreted as a condition where prevailing regulations or positive laws are used as instruments to compel individuals not to violate regulations that impact the violation of others' rights. Legal protection also includes elements such as:

- a. Protection from the Government for society;
- b. Assurance of legal certainty provided by the government;
- c. Relation to citizens' rights;
- d. The existence of sanctions or penalties for violators.

The above elements also indicate that the government plays a very important role in safeguarding and protecting the rights of every individual through law enforcement. Law enforcement serves as an instrument to ensure that every person/citizen receives equal legal protection without any discrimination. To implement legal protection, preventive measures and law enforcement actions are necessary to create fair legal protection.

#### c. Forms of Legal Protection According to Positive Law in Indonesia

Legal protection is a crucial aspect for society, as it represents an effort by the government to safeguard its citizens from various legal violations. Under positive law in Indonesia, legal protection is realized through the presence of various laws and regulations that govern legal protection for the people. This is intended to ensure that the public is aware of how to obtain legal protection if their rights are violated or harmed by others. Broadly speaking, legal protection can be divided into two categories:

- a) **Preventive Legal Protection** Preventive legal protection is provided by the government to prevent violations before they occur. This is embedded in legislation with the aim of preventing infractions and establishing guidelines or limitations in fulfilling obligations. The existence of objections serves as a preventive measure to avoid disputes. Preventive legal protection is essential in governmental actions based on discretionary authority because it encourages the government to act cautiously when making decisions based on discretion.
- b) **Repressive Legal Protection** Repressive legal protection refers to the final form of protection in the form of sanctions such as fines, imprisonment, and additional punishments imposed after a dispute has arisen or a violation has been committed. The purpose of repressive legal protection is to resolve disputes handled by the General and Administrative Courts in Indonesia. The principle of legal protection against governmental actions is rooted in the recognition and protection of human rights. The second principle underpinning legal protection against government actions is the rule of law. This principle, linked to the recognition and

protection of human rights, holds a primary position and aligns with the objectives of a legal state.

## METODOLOGY

In writing this journal, the author employs the **juridical-normative legal research method**. This research method focuses on understanding and analyzing legal norms, laws, and legal issues relevant to this journal. The research methodology also includes **literature-based data collection**, utilizing books, laws and regulations, court circular letters, and other literature related to the journal. For data analysis, the author applies a **qualitative approach**, integrating primary and secondary legal materials as supporting references for this journal.

## RESULTS AND DISCUSSION

### A. Legal Position of Joint Venture Cooperation According to Positive Law in Indonesia

In Indonesian Positive Law, Joint Venture Cooperation or Joint Venture Agreement is also known as a joint venture company. A joint venture company is a form of cooperation carried out by two or more companies with the aim of jointly gaining profits. Naturally, within this joint venture cooperation, there are capital providers and capital recipients, which is referred to as investment cooperation. In some cases, such cooperation can result in the merger of companies, leading to the dissolution of the original companies and the formation of a new entity. The loss of company status and the birth of a new company will undoubtedly have an impact, particularly on shareholders involved in the joint venture cooperation. Therefore, understanding the legal position of Joint Venture Cooperation or Joint Venture Agreements is crucial before entering into such agreements.

Within the context of the Indonesian Civil Code, Joint Venture Cooperation can be categorized as an agreement made by two or more parties, binding as law upon the involved parties. As a legally binding contract, Joint Venture Cooperation must comply with the provisions of the Indonesian Civil Code, including the requirements for a valid agreement as stipulated in Article 1320 of the Indonesian Civil Code. This article states that a contract must meet four essential elements: consent, competence, a clear object, and a lawful cause. Therefore, for a Joint Venture Cooperation or Joint Venture Agreement to have a valid legal position, it must fulfill the legal requirements prescribed by the law. Joint venture cooperation typically involves parties from companies that bind themselves to one another. This cooperation naturally gives rise to legal consequences that must be adhered to by all involved parties. Sometimes, a joint venture also results in the establishment of a new company, known as a corporate merger. According to Law No. 3 of 1982 concerning Mandatory Company Registration, a company is defined as a business entity engaged in permanent and continuous business activities, established, operating, and domiciled within the territory of the Republic of Indonesia, with the purpose of generating profit or revenue. Meanwhile, Article 1, Number 1 of Law No. 40 of 2007 on Limited Liability Companies defines a company or a limited liability company as a legal entity formed based on an agreement, conducting business activities with its

capital divided into shares, and meeting the requirements set forth in this law and related regulations. Based on these provisions, it can be concluded that a company or limited liability company must have a strong legal foundation to lawfully engage in cooperation with other companies.

The legal position of a company is crucial and must be considered before engaging in cooperation, especially joint venture cooperation. Regarding a company's legal legitimacy, Article 21 of Law No. 40 of 2007 states that a legal entity is considered valid and legitimate once it receives approval from the Minister of Law and Human Rights, as stated in a Notarial Deed. However, if there is a subsequent amendment to the company's articles of association, it must be reported again to the Ministry of Law and Human Rights in the form of a Notarial Deed. With the enactment of Law No. 40 of 2007 concerning Limited Liability Companies, parties seeking to engage in joint venture cooperation with other companies can feel secure due to the strong legal foundation established under this law.

The existence of the Limited Liability Company Law further strengthens the legal position of companies engaging in joint venture cooperation. However, such cooperation must not contradict the provisions outlined in Law No. 40 of 2007 on Limited Liability Companies. If any deviations from the company's articles of association occur within the agreement, the joint venture agreement will be deemed invalid. In such cases, the aggrieved party may file a legal objection or take other legal measures, such as submitting a lawsuit to the district court.

Investment is a crucial aspect for a company. In practice, investments can be made by both domestic and foreign investors. These investments can take the form of direct investment, indirect investment, capital investment, joint venture cooperation, and other forms. In practice, investment is clearly regulated under Law No. 25 of 2007 concerning Investment, which provides opportunities for foreign investors to invest in Indonesia either directly, indirectly, or through joint venture companies (Joint Venture Agreements). This law specifically provides a legal foundation for parties engaging in joint venture cooperation to ensure legal protection and certainty in conducting joint venture practices. A company involved in joint venture cooperation must have legal entity status in Indonesia, as stipulated in Article 5, Paragraph (2) of Law No. 25 of 2007 on Investment, which requires that companies be in the form of a limited liability company. This means that joint venture cooperation must comply with Indonesian legal regulations.

The enactment of Law No. 25 of 2007 on Investment serves as a strong legal basis for foreign investors to invest in collaboration with national companies through joint ventures. From a legal perspective, this law provides a foundation for parties engaging in joint ventures to obtain legal certainty and protection, as stipulated in Article 32, Chapter XV, regarding dispute resolution among the parties in case of conflict. This law also ensures the protection of investors' rights when entering joint venture agreements.



## **B. Legal Protection Efforts for Minority Shareholders in Joint Venture Cooperation in Public Companies According to Positive Law**

Legal protection is a crucial aspect for shareholders, especially minority shareholders, in a company. This protection aims to guarantee security, certainty, and fairness for shareholders. In a public company, minority shareholders hold a portion of the company's capital and, consequently, voting rights in decision-making processes. One of the key decisions they may influence is a joint venture agreement. Therefore, public companies must consider the position of minority shareholders, as their voting rights allow them to express opinions, reject, or object to agreements that may disadvantage them. These rights can be exercised in the General Meeting of Shareholders (GMS). With this legal position, minority shareholders are legal subjects who must be protected by law.

In general, the legal protection of minority shareholders in a company is explicitly regulated under the Limited Liability Company Law. Minority shareholders in a company have rights that can be categorized into two types:

1. Individual rights inherent in the shareholder
2. Derivative rights derived from the company

These rights highlight the importance of protecting shareholders within a limited liability company.

Law No. 40 of 2007 on Limited Liability Companies explicitly regulates the legal protection of minority shareholders by granting them specific rights. Article 61, Paragraphs (1) and (2) state that "Each shareholder has the right to file a lawsuit against the company for actions deemed unfair and unreasonable as a result of decisions made by the GMS, Board of Directors, and/or Board of Commissioners." Such lawsuits can be filed in the district court where the company is domiciled. Additionally, minority shareholders have the right to an appraisal, allowing them to assess share value. Article 62 of the Limited Liability Company Law states that this right enables shareholders to oppose corporate actions that may harm them, including:

- Amendments to the company's articles of association
- Sale, pledge, or exchange of substantial or all company assets
- Mergers, consolidations, or acquisitions of the company

The Limited Liability Company Law further emphasizes that the position of minority shareholders in a company must be considered, especially in decision-making processes that may impact the company's future. Before executing a joint venture agreement, a public company must first secure approval from all shareholders through the GMS to ensure that all shareholder rights are upheld and that no party is disadvantaged. Article 91 of the Limited Liability Company Law reinforces this by stating, "Shareholders may also make binding decisions outside the GMS, provided that all voting shareholders agree in writing by signing the relevant proposal."

In a limited liability company, the principle of "Good Corporate Governance" is recognized, emphasizing proper, correct, and integrity-based corporate management to ensure the company's optimal operation. This principle is particularly beneficial for minority shareholders involved in joint

venture cooperation, as it mandates corporate transparency, as regulated in Article 75, Paragraph (2) of the Limited Liability Company Law, which grants shareholders the right to obtain company-related information from the Board of Directors and/or Board of Commissioners.

Under the Limited Liability Company Law, the right to file a lawsuit against the company is recognized as the shareholders' right to sue on behalf of the company for unlawful actions committed by the company's management, which result in losses to the shareholders, especially minority shareholders (Derivative Action). This right is also referred to as the Derivative Right, which grants minority shareholders the authority to sue the board of directors and commissioners on behalf of the company. In this context, minority shareholders are given the right and authority to prove whether there have been any errors committed by the board of directors and commissioners.

In addition to the aforementioned Limited Liability Company Law, Law No. 25 of 2007 on Investment also regulates various legal remedies available to minority shareholders in a company. The legal protection referred to is the legal protection in the form of dispute resolution. In a Joint Venture cooperation, there are legal consequences for both the company and its shareholders, for example:

1. The merging of resources, which may lead to imbalances in assets, expertise, and investment.
2. The stronger position of majority shareholders compared to minority shareholders.
3. The loss of minority shareholders' role in corporate decision-making.
4. The emergence of conflicts between investors and minority shareholders.

Given the legal consequences mentioned above, a special legal framework is necessary to provide legal guarantees for shareholders in the company, particularly minority shareholders engaged in Joint Venture cooperation. Law No. 25 of 2007 on Investment explains that, in practice, Joint Venture cooperation can involve both domestic and foreign investors. Therefore, investment practices must be strictly regulated to ensure a strong legal framework and compliance with Indonesia's positive law.

The provisions of Law No. 25 of 2007 on Investment also regulate methods for resolving disputes between investors and the government. The conflict resolution methods are stipulated in Article 32 paragraphs (1), (2), and (3), where the first approach is resolving disputes through deliberation and consensus. However, if deliberation and consensus fail to reach an agreement, disputes may be resolved through arbitration or alternative dispute resolution outside the court system.

Besides dispute resolution between the government and investors, this law also regulates several dispute resolution methods available to minority shareholders in a company engaged in Joint Venture cooperation, namely:

- a) **Dispute Resolution Through Deliberation and Consensus** This dispute resolution process is also known as mediation. Mediation is an alternative dispute resolution method that prioritizes discussions between the disputing parties to reach a mutual agreement or settlement. A neutral

mediator assists the parties in reaching a consensus. This dispute resolution process occurs outside the court, but the mediator's decision has the same legal validity as a court ruling. Once a decision is made, the parties must comply with it.

- b) **Dispute Resolution Through Arbitration** Arbitration is a dispute resolution method involving an independent third party (Arbiter) who remains impartial and assists in resolving disputes outside the court. The decision made through arbitration is final and binding. One advantage of arbitration in investment dispute resolution is its confidentiality. The arbitration process is conducted privately, involving only the disputing parties and the Arbiter, ensuring that sensitive information does not become public.
- c) **Dispute Resolution Through Alternative Dispute Resolution (ADR)** Under this method, the parties agree beforehand to resolve disputes outside the court by using various dispute resolution mechanisms facilitated by a neutral third party. According to Article 1, Number 10 of Law No. 30 of 1999 on Arbitration and Alternative Dispute Resolution, dispute resolution outside the court can take the form of negotiation, mediation, consultation, conciliation, or expert evaluation.
- d) **Dispute Resolution Through Litigation** Litigation is the process of resolving disputes through the court system, where a judge acts as a third party to examine the case, hear the parties involved, and issue a final ruling. Litigation is considered the last resort when non-litigation methods fail. This process begins when a party suffering losses due to unlawful acts by another party files a lawsuit in the relevant district court.

## CONCLUSIONS AND RECOMMENDATIONS

In the context of Indonesia's Positive Law, the legal standing of Joint Venture cooperation is regulated by several legal frameworks that serve as the foundation or legal umbrella for investors engaging in partnerships. These legal frameworks include the Civil Code, Law No. 40 of 2007 on Limited Liability Companies, and Law No. 25 of 2007 on Investment.

According to Indonesia's Positive Law, one of the legal protections for minority shareholders in Joint Venture cooperation is dispute resolution related to investment. Dispute resolution can be conducted outside the court through deliberation and consensus or arbitration. Meanwhile, litigation is the final option when non-litigation methods fail, involving court proceedings where a judge issues a final decision on the dispute.

### Recommendation

Based on the above conclusion, it is essential to establish clear regulations governing Joint Venture cooperation within a company. These regulations should include provisions for legal protection for all parties involved in such cooperation, particularly minority shareholders. Parties should also draft a transparent agreement detailing profit-sharing, decision-making processes, and dispute resolution mechanisms to prevent future legal disputes.

Furthermore, in the dispute resolution process, arbitration should be prioritized as the primary dispute resolution mechanism in Joint Venture agreements to save time and costs.

Under the Limited Liability Company Law, the right to file a lawsuit against the company is recognized as the shareholders' right to sue on behalf of the company for unlawful actions committed by the company's management, which result in losses to the shareholders, especially minority shareholders (Derivative Action). This right is also referred to as the Derivative Right, which grants minority shareholders the authority to sue the board of directors and commissioners on behalf of the company. In this context, minority shareholders are given the right and authority to prove whether there have been any errors committed by the board of directors and commissioners.

In addition to the aforementioned Limited Liability Company Law, Law No. 25 of 2007 on Investment also regulates various legal remedies available to minority shareholders in a company. The legal protection referred to is the legal protection in the form of dispute resolution. In a Joint Venture cooperation, there are legal consequences for both the company and its shareholders, for example:

1. The merging of resources, which may lead to imbalances in assets, expertise, and investment.
2. The stronger position of majority shareholders compared to minority shareholders.
3. The loss of minority shareholders' role in corporate decision-making.
4. The emergence of conflicts between investors and minority shareholders.

Given the legal consequences mentioned above, a special legal framework is necessary to provide legal guarantees for shareholders in the company, particularly minority shareholders engaged in Joint Venture cooperation. Law No. 25 of 2007 on Investment explains that, in practice, Joint Venture cooperation can involve both domestic and foreign investors. Therefore, investment practices must be strictly regulated to ensure a strong legal framework and compliance with Indonesia's positive law.

The provisions of Law No. 25 of 2007 on Investment also regulate methods for resolving disputes between investors and the government. The conflict resolution methods are stipulated in Article 32 paragraphs (1), (2), and (3), where the first approach is resolving disputes through deliberation and consensus. However, if deliberation and consensus fail to reach an agreement, disputes may be resolved through arbitration or alternative dispute resolution outside the court system.

Besides dispute resolution between the government and investors, this law also regulates several dispute resolution methods available to minority shareholders in a company engaged in Joint Venture cooperation, namely:

- a. Dispute Resolution Through Deliberation and Consensus This dispute resolution process is also known as mediation. Mediation is an alternative dispute resolution method that prioritizes discussions between the disputing parties to reach a mutual agreement or settlement. A neutral mediator assists the parties in reaching a consensus. This dispute

resolution process occurs outside the court, but the mediator's decision has the same legal validity as a court ruling. Once a decision is made, the parties must comply with it.

- b. **Dispute Resolution Through Arbitration** Arbitration is a dispute resolution method involving an independent third party (Arbiter) who remains impartial and assists in resolving disputes outside the court. The decision made through arbitration is final and binding. One advantage of arbitration in investment dispute resolution is its confidentiality. The arbitration process is conducted privately, involving only the disputing parties and the Arbiter, ensuring that sensitive information does not become public.
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- d. **Dispute Resolution Through Litigation** Litigation is the process of resolving disputes through the court system, where a judge acts as a third party to examine the case, hear the parties involved, and issue a final ruling. Litigation is considered the last resort when non-litigation methods fail. This process begins when a party suffering losses due to unlawful acts by another party files a lawsuit in the relevant district court.

**Conclusion** In the context of Indonesia's Positive Law, the legal standing of Joint Venture cooperation is regulated by several legal frameworks that serve as the foundation or legal umbrella for investors engaging in partnerships. These legal frameworks include the Civil Code, Law No. 40 of 2007 on Limited Liability Companies, and Law No. 25 of 2007 on Investment.

According to Indonesia's Positive Law, one of the legal protections for minority shareholders in Joint Venture cooperation is dispute resolution related to investment. Dispute resolution can be conducted outside the court through deliberation and consensus or arbitration. Meanwhile, litigation is the final option when non-litigation methods fail, involving court proceedings where a judge issues a final decision on the dispute.

**Recommendation** Based on the above conclusion, it is essential to establish clear regulations governing Joint Venture cooperation within a company. These regulations should include provisions for legal protection for all parties involved in such cooperation, particularly minority shareholders. Parties should also draft a transparent agreement detailing profit-sharing, decision-making processes, and dispute resolution mechanisms to prevent future legal disputes.

Furthermore, in the dispute resolution process, arbitration should be prioritized as the primary dispute resolution mechanism in Joint Venture agreements to save time and costs.

## **ADVANCED RESEARCH**

In writing this article the researcher realizes that there are still many shortcomings in terms of language, writing, and form of presentation considering the limited knowledge and abilities of the researchers themselves. Therefore, for the perfection of the article, the researcher expects constructive criticism and suggestions from various parties.

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