

Protection of Creditors' Rights and Minority Shareholders in the Company Dissolution Process Based on Indonesian Positive Law

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ABSTRACT

This study analyses the regulations governing the dissolution of companies and the mechanisms for distributing assets to creditors, as well as the protection of the economic rights of minority stakeholders under Indonesian positive law. Based on a normative legal literature study, it examines the harmonization between Law No. 40 of 2007 on Limited Liability Companies and Law No. 37 of 2004 on Bankruptcy and PKPU. It emphasizes the mechanism of payment order through liquidation or bankruptcy and the pari passu prorata principle that guarantees fairness among creditors. On the other hand, minority shareholders are protected both substantively in the form of residual rights after debt repayment and procedurally through appraisal rights, information, and access to remedies such as the cancellation of GMS decisions that are detrimental to them. This study highlights the importance of transparent governance and the active role of minorities in protecting their economic rights. The final conclusion affirms that the national positive law system has provided a comprehensive set of tools to deliver justice and legal certainty in corporate dissolution, although its success remains dependent on the quality of governance implementation and the integrity of legal actors.

INTRODUCTION

The process of closing a company is a strategic step that has legal and economic implications for creditors and minority stakeholders. In the Indonesian legal system, a company may be dissolved for various reasons, such as a shareholder decision, a court ruling, or other reasons stipulated in corporate legislation. Legal arrangements regarding dissolution have become an integral part of creating order and justice for interested parties, particularly in dividing the remaining assets of a dissolved company. Various international studies highlight that asset distribution mechanisms are indicators of legal certainty and corporate governance. Transparent asset distribution is considered a key factor in building the confidence of foreign investors and protecting domestic stakeholders (Kraakman & Armour, 2017). At the same time, the protection of creditors' rights and minority shareholders has emerged as a central concern in Indonesian corporate law, emphasizing the need for clear regulations and responsible corporate practices to prevent abuse during the dissolution process (Firmanto et al., 2024; Sulistiono et al., 2024).

In practice, the dissolution process often invites controversy when faced with differences in interests between creditors as parties with claim rights and minority stakeholders who are often vulnerable groups during asset distribution. This vulnerability creates a need for regulations and a legal framework that can guarantee distributive justice and procedural equity. Conflicts and delays in the distribution of assets after dissolution are often triggered by a lack of legal certainty and weak authoritative supervision, leaving room for negotiation that is open and prone to abuse (Potamitis & Paparrigopoulos, 2023). Research has shown that customer satisfaction and trust in corporate management can influence perceptions of fairness in financial transactions, which indirectly affects how stakeholders respond to company dissolution and asset allocation (Darmawan, 2019; Sahid et al., 2023).

The involvement of creditors and minority stakeholders in dissolution forums and court proceedings is often disproportionate. The dominance of majority votes in determining distribution policies can lead to the

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marginalization of minority parties in determining the rights and portions of remaining assets. In addition, the disparity in bargaining power between creditors and minority stakeholders creates an asymmetrical relationship, both in financial negotiation forums and litigation forums, thereby increasing the potential for violations of minority economic rights (Sari et al., 2017). Moreover, the authority and responsibilities of company directors play a key role in ensuring compliance with corporate governance and legal obligations, highlighting the importance of clearly defined duties to protect all stakeholders during the winding-up process (Nugroho et al., 2024).

Apart from challenges in the normative realm, implementation in the field shows weak oversight mechanisms and alternative dispute resolution instruments after company dissolution. Many minority business actors and creditors in Indonesia have not yet gained fair access to dispute resolution forums that can protect their economic and social rights when facing company dissolution. The importance of contractual instruments and a stable legal framework to prevent the escalation of business disputes, as analyzed by Wibowo et al. (2021), is also relevant in this context to build certainty and create effective settlement mechanisms. This situation opens up a new discourse on the need to evaluate and refine company dissolution regulations as instruments for more accountable and equitable corporate governance in the future (Nurudin, 2020). Analytical frameworks that integrate production cost considerations and financial accountability further support transparent decision-making during dissolution, ensuring that asset allocation reflects both legal compliance and operational realities (Sinambela et al., 2022).

The main problem in the process of company dissolution often stems from inconsistencies between various applicable regulations, such as between the Limited Liability Company Law, bankruptcy law, and implementing regulations governing the distribution of assets after the closure of a company. This complexity has a direct impact on the position of creditors, an aspect that is also addressed in Priyanto et al. (2023) research on legal protection for creditors in bankruptcy proceedings. This inconsistency increases the scope for debate over interpretation at the judicial and administrative levels, so that creditors and minority stakeholders are often caught in prolonged uncertainty. In some cases, the distribution of assets tends to be based on political power or majority pressure, rather than on the

principles of substantive justice and proportionality (Lubis, 2018).

The struggle between the preferential rights of creditors and the protection of the economic rights of minorities often ends in a deadlock that is detrimental to both parties. The lack of clarity regarding the rules on the order of debt repayment, the distribution of the remaining liquidation proceeds, and the legal position of the parties often leads to disputes that are difficult to resolve in a short period of time. The importance of risk management in anticipating legal and financial uncertainty, as studied by Irfan and Al Hakim (2022), is relevant in preventing wider losses and maintaining the stability of business entities. Almost every case of dissolution of a large company in Indonesia indicates differences in perception between creditors, liquidators, and minority shareholders regarding the interpretation of applicable regulations (Wardhany & Suparno, 2022).

The next obstacle is evident in the weakness of supervisory institutions that oversee the implementation of asset distribution in an objective and accountable manner. Litigation or settlement procedures through the district court are not always able to respond flexibly to the dynamics of interests, especially given the disparity in access to information and the limited legal resources available to minority stakeholders. The potential for abuse of power by the majority is even greater when it is not balanced by an effective monitoring system and responsive complaint mechanisms.

The interest of academics and practitioners in the issue of company dissolution and asset distribution has recently intensified due to the acceleration of business dynamics, globalization, and the growth of cross-jurisdictional transactions. Company closures are no longer a singular phenomenon resulting from business failure, but also a strategy for corporate restructuring and consolidation in anticipation of regulatory and market changes. In this regard, the importance of effective law enforcement in preventing corrupt practices and protecting the integrity of business transactions is also raised in the study by Saputra et al. (2021). In the realm of business law, this issue is increasingly relevant because it involves the interrelationship between the enforcement of substantive justice and the protection of the rights of parties amid rapid changes in financial and investment sector regulations.

The study of the legal aspects of dissolution and asset distribution in companies is an important

domain for providing applicable and contributory legal literacy to the business world. With the increasingly complex dynamics of company ownership, attention to the rights of minority shareholders and creditors is imperative in civil law and governance practices. The urgency of discussing this issue is increasingly felt with the growing public demand for transparency, accountability, and fairness for all parties involved in the business environment.

This study aims to provide a comprehensive analysis of the legal basis for the dissolution and distribution of company assets according to Indonesian positive law, while offering theoretical and practical contributions to the development of corporate governance and legal protection for parties, particularly creditors and minority stakeholders. Integrating legal provisions with practical mechanisms for stakeholder protection is essential to ensure that dissolution processes are carried out fairly, transparently, and responsibly. By providing a thorough understanding of both normative and practical aspects, this study ultimately aims to strengthen legal certainty, safeguard the rights of all stakeholders, and support the development of more accountable and equitable corporate governance frameworks in Indonesia

RESEARCH METHOD

This research was conducted using a normative legal approach through qualitative literature study, focusing the analysis on norms in legislation, court decisions, as well as doctrines and opinions of business law experts. This method was chosen to gain a systematic understanding of the regulations governing the dissolution and distribution of company assets, particularly those relating to creditors and minority stakeholders under applicable positive law. Thematic synthesis was used to explore substantive and procedural aspects by identifying, organizing, and analyzing relevant main themes from academic sources. This approach allows researchers to highlight the intersection of normative issues and actual practices in the field, as well as to find gaps between regulations, jurisprudence, and their implementation in the dissolution of companies.

The literature search was conducted using a systematic strategy using national and international legal databases such as Google Scholar, the National Library of the Republic of Indonesia, and academically recognized university journal databases. The inclusion criteria covered primary literature published in the last 20 years, directly

relevant to the topics of company dissolution, asset distribution, and the protection of creditors and minority rights, and verifiable through DOI or ISBN. The exclusion criteria included publications that were opinion-based, non-academic, or did not meet the standards of accuracy and bibliographic verification. Only valid, tested sources that have undergone peer review were used in the thematic synthesis of this study.

To maintain the validity and quality of the analysis, coding was performed manually to mark and group key issues based on specific themes, which were then arranged in a thematic matrix so that patterns could be identified objectively. The coding results were verified through internal triangulation using cross-checking between literature and limited peer debriefing with academic colleagues in business law. The entire process was aimed at improving the reliability, consistency, and depth of the synthesis, while ensuring that the research findings were truly based on scientifically verified sources (Smyth, 2004; Creswell, 2012).

RESULT AND DISCUSSION

Arrangements for Dissolution and Distribution of Assets to Creditors

In Indonesia, the dissolution of a company is a form of termination of the legal status of a corporation that is explicitly regulated by Law No. 40 of 2007 concerning Limited Liability Companies and Law No. 37 of 2004 concerning Bankruptcy and Suspension of Debt Payment Obligations (PKPU). These regulations provide a strong and procedural basis for the orderly termination of legal entities, particularly for the protection of the economic interests of creditors and other stakeholders. Based on Law No. 40 of 2007 (PT Law), the dissolution of a company can occur as a result of a decision by the General Meeting of Shareholders, the expiry of the term stated in the articles of association, a court decision, or the revocation of a business license by the competent authority. After the dissolution process has been legally ratified, the liquidation process becomes a mandatory stage led by an officially appointed liquidator or curator, whose main task is to settle all obligations still attached to the company entity (Bintoro, 2023).

From a legal perspective, Law No. 37 of 2004 concerning Bankruptcy and Suspension of Debt Payment Obligations provides a clear legal basis for creditors to file for bankruptcy if the debtor is unable to meet their financial obligations. This petition is submitted to the Commercial Court, which has absolute jurisdiction in handling bankruptcy cases,

thereby ensuring that there is a specialized and authorized forum. Once the petition is granted, the court appoints a trustee as an independent official responsible for settling the bankrupt estate. The trustee has the authority to inventory assets, assess liabilities, and carry out distributions according to the hierarchy of creditors (Fernando & Djaja, 2023). Thus, the existence of a trustee ensures that the bankruptcy process is not carried out by parties with a direct interest, but by officials who have legal legitimacy and professional credibility.

Furthermore, the mechanism for the liquidation of bankruptcy assets by the trustee is strictly regulated to ensure legal certainty and protection of the rights of all parties involved. The trustee is required to compile a list of assets and debts and report the results of the liquidation to the supervising judge and creditors through a debt reconciliation meeting. This process emphasizes the principle of transparency, as every creditor has the right to object to the list of debts compiled. In addition, the trustee must carry out the sale of assets through an open auction mechanism so that the value of the assets can be maximized in the interests of the creditors. The independence of the trustee is also maintained through the supervision of the supervisory judge, so that every action of the trustee can be controlled legally (Absi & Utoyo, 2023). With this mechanism in place, creditors are assured that their rights will not be arbitrarily reduced, while debtors continue to receive fair treatment in accordance with the law.

In the bankruptcy legal structure, the trustee acts as a neutral supervisor who prevents conflicts of interest in the distribution of assets. The trustee must not have any affiliation with the debtor or creditors, so that their position is truly independent. The principles of neutrality and integrity in the application of positive law to prevent fraud and losses are also emphasized in the research by Setiawan et al. (2023). This is important because the distribution of assets must be carried out based on the *pari passu prorata parte* principle, whereby all concurrent creditors receive a proportional share after separate and preferential creditors have been satisfied. The trustee is also obliged to prevent the transfer of assets below fair value or transactions that are detrimental to the bankruptcy estate. Thus, the trustee is not only a technical executor but also a guardian of the integrity of the bankruptcy process. The existence of trustees within the framework of Indonesian positive law reflects the state's commitment to protecting the economic interests of all stakeholders, while upholding the

principles of justice and legal certainty in the settlement of corporate debts.

Within the framework of bankruptcy law in Indonesia, the distribution of assets resulting from the liquidation or bankruptcy of a company to creditors is based on the principle of *pari passu prorata parte* as stipulated in Article 1132 of the Civil Code. This principle affirms that all concurrent creditors have equal standing with regard to the debtor's assets, unless there are specific provisions that grant preferential rights or collateral to certain creditors. This principle reflects the principles of fairness and legal certainty, as each creditor receives a share in proportion to their claim without discrimination. However, exceptions apply to separate creditors such as mortgagees, fiduciaries, or pawnbrokers, as well as preferential creditors such as the state for taxes and workers for unpaid wages. Thus, the structure of asset distribution in bankruptcy not only emphasizes equality but also accommodates the legally established hierarchy.

The initial stage of asset distribution begins with an inventory process conducted by the curator or liquidator, as stipulated in Article 148 of the Limited Liability Company Law and Article 16 of the Bankruptcy Law. Inventory includes recording all company assets, whether movable, immovable, or uncollected receivables. This process has a legal function as a central instrument to ensure that no assets are hidden, illegally transferred, or overlooked in the settlement. The curator is obliged to compile a transparent list of assets and debts, which is then announced to creditors through a debt reconciliation meeting. This transparency provides an opportunity for creditors to raise objections if there are discrepancies in the list of debts or assets recorded. Thus, inventory is not merely an administrative record, but a legal mechanism that ensures the integrity and accountability of the bankruptcy process.

Subsequently, asset inventory constitutes the primary basis for trustees to conduct asset distribution in accordance with the statutory order of creditor priority as regulated under Indonesian Bankruptcy Law. The trustee is required to ensure that secured creditors (*separatist* creditors) are satisfied first from the proceeds of their collateral, followed by preferred creditors who receive payment based on specific statutory privileges, while concurrent creditors are paid proportionally from the remaining bankruptcy estate in accordance with the principle of *pari passu prorata parte* (Pratama & Hidayat, 2021). Asset distribution is generally carried out through open auction

mechanisms in order to maximize asset value for the collective benefit of all creditors and to prevent discriminatory treatment (Sari & Nugroho, 2020).

In addition, trustees are legally obliged to submit comprehensive reports on the results of asset liquidation and distribution to the supervisory judge, allowing every action taken during the settlement process to be subject to juridical oversight (Wibowo, 2019). Such supervision functions as a control mechanism to ensure that the trustee's actions comply with legal norms and creditor hierarchy, thereby preventing abuse of authority or deviation from procedural fairness (Putri & Kurniawan, 2022). Through this layered oversight, asset distribution fulfills not only substantive justice but also legal certainty and creditor rights protection. Accordingly, the combination of the *pari passu prorata parte* principle, transparent asset inventory, and continuous juridical supervision over trustees establishes a comprehensive legal protection system within corporate liquidation and bankruptcy proceedings in Indonesia.

The debt repayment mechanism is carried out based on the hierarchy of creditors as outlined in the law. Separate creditors, namely parties holding collateral such as mortgages, trusts, or pawns, are given first priority when the assets are auctioned or sold. The position of separate creditors has been recognized in Indonesian law in order to provide certainty and protection in collateral-based financing practices so that the stability of the financial system is maintained. Next, preferential creditors such as tax authorities, employees with wage rights, and parties with legal costs receive certain priority, based on public interest and social justice to reduce the impact of collective losses resulting from a company's failure to meet its obligations (Nurudin, 2020).

Concurrent creditors are parties that have unsecured claims and no special privileges. They receive payments from the remaining assets after the needs of separate and preferential creditors have been met. The *pari passu prorata parte* principle ensures that each concurrent creditor receives a proportional share of the total claims that have been recognized through a debt verification meeting, thereby ensuring that fair treatment is realized in practice. If the value of the assets cannot cover the total debt of this group, the distribution is carried out proportionally so that there is no discrimination. In this context, fairness is not only a legal requirement but also reflects ethical accountability in business practices, as emphasized in studies on corporate responsibility and ethical obligations in Indonesia (Darmawan, 2022).

The sale of assets, generally through an auction process, is a strategic part that must be carried out by the curator or liquidator. The proceeds from the auction are fully allocated systematically according to the order of priority of creditors. Auctions are conducted openly through official auction institutions to maintain transparency and maximize the sale value of assets. This step also serves to prevent price manipulation or conflicts of interest among parties with an interest in the liquidation results. The ethical integrity and responsibility of the officials involved in this process reinforce the legal framework, ensuring that decisions align with both moral and professional standards (Saktiawan et al., 2021).

All stages, from inventory to asset distribution, are under the supervision of a supervisory judge and must be accounted for in a creditor verification meeting. In this forum, all creditors can check the validity of claims and distributions. The curator must submit periodic accountability reports to prevent potential procedural violations and ensure that all rights have been carefully considered before payments are made to third parties. This oversight also reflects the broader legal implications of corporate and individual company responsibilities, highlighting how Indonesian regulations aim to balance business operations with accountability and liability standards (Hardyansah et al., 2023).

Normatively, asset distribution emphasizes the principles of fairness and legal certainty for all parties. The Limited Liability Company Law, together with the Bankruptcy Law and PKPU, provide a comprehensive legal framework to prevent discrimination among creditors. This is reflected in the affirmation of the creditor hierarchy and payment principles, so that no creditor can be given preferential treatment without a clear and accountable legal basis. Moreover, the system indirectly supports broader economic welfare by ensuring that settlements consider the interests of both formal and informal sectors, which contribute significantly to employment and societal stability (Rojak & Putra, 2021).

The existence of a liquidator or curator as an independent official reinforces the certainty and integrity of the settlement process. The principles of honesty, openness, and accountability inherent in the curator are useful for ensuring that all debt settlement and asset distribution activities fully comply with the applicable regulations. Effective communication and coordination by the curator are also crucial, particularly in managing potential conflicts among stakeholders with diverse interests,

reflecting broader lessons from conflict management in multicultural and multigenerational organizational settings (Marsal & Darmawan, 2022). Thus, all parties, whether separate, preferential, or concurrent creditors, receive equal legal protection and certainty, avoiding potential conflicts of interest and fraudulent practices.

The principle of fairness embodied in this asset distribution system not only meets the normative requirements of the regulations but also builds collective trust in the settlement of corporate cases in Indonesia. By combining clear procedural rules with adaptive leadership and collaborative approaches, the system helps maintain stakeholder confidence and minimizes disputes during liquidation processes. With legal guidelines and authoritative supervision in place, every liquidation and asset settlement action becomes standardized and accountable. This emphasis on fairness and accountability ensures that all creditors perceive the process as legitimate and just, reinforcing trust and supporting the overall integrity of corporate governance in Indonesia.

Ultimately, the dissolution of a company in Indonesia can only take place through an orderly mechanism via a liquidation or bankruptcy process in accordance with the Limited Liability Companies Act and the Bankruptcy Act. The distribution of assets to creditors reflects the implementation of the legal hierarchy, starting with separate creditors, preferred creditors, then concurrent creditors, with the *pari passu prorata parte* principle as the main distribution principle. All of these systems form the foundation of order, legal certainty, and fairness in the settlement of company debts, while also ensuring the continuity of sound modern business governance practices.

Protection of the Economic Rights of Minority Stakeholders in Company Dissolution According to Positive Law

In Indonesian positive law, the protection of minority stakeholders' economic rights during the dissolution phase is based on three pillars: corporate governance in the Limited Liability Company Law (LLC Law), the bankruptcy/liquidation regime that determines the order of payment, and remedial mechanisms for aggrieved parties to ensure fair and proportional economic outcomes. In principle, the economic rights of minorities are protected through the principle of equality among shareholders in receiving the remaining liquidation proceeds in proportion to their ownership after all obligations

to creditors have been settled, accompanied by procedural and substantive protection against majority decisions that have the potential to cause harm or abuse of power (Sari et al., 2017).

Normatively, Law No. 40 of 2007 concerning Limited Liability Companies emphasizes that shareholders, including minority shareholders, are entitled to the remaining assets of the company after all obligations to creditors have been settled in the liquidation process. This position is known as residual claimants, which means that their rights only arise after separate creditors and preferred creditors have been repaid in accordance with the provisions of the law. These rights are proportional to the number of shares owned, so that each minority shareholder still has legal guarantees for a portion commensurate with their ownership. This arrangement also prevents the unlawful transfer of assets from the company to the majority or parties with greater interests (Widjaja, 2022). Thus, the PT Law provides substantive protection so that the economic value of minority shareholders is not eroded by practices that deviate from the principle of fairness.

Furthermore, the legal framework for liquidation establishes the order of payment as an imperative protection instrument. Separate creditors who have collateral such as mortgages, fiduciary rights, or pawns have priority over the collateral, while preferred creditors such as the state for taxes and workers for unpaid wages also have special rights. Only after all these creditors have been satisfied are shareholders, including minority shareholders, entitled to the remaining assets of the company. This order cannot be changed by internal company decisions because it is legally binding, thereby protecting minority shareholders from the possibility of value dilution due to manipulation by the majority. This protection is passive in nature, in the sense that it does not give minorities a higher bargaining position, but it does guarantee that their rights remain intact and cannot be unilaterally revoked (Wardhany & Suparno, 2022). Thus, the principle of *pari passu prorata parte* in the context of creditors is combined with the principle of proportionality in the context of shareholders to maintain a balance in distribution.

Ultimately, the protection of minority shareholders' economic rights in liquidation emphasizes the prevention of unlawful depreciation of value rather than giving priority in the order of payments. Economically, shareholders are always in the last position after creditors, so the legal protection provided is to ensure that their share is not reduced

or transferred unlawfully. The Limited Liability Company Law provides mechanisms such as the right to information, the right to object to GMS decisions that are detrimental, and the right to request an audit of the company if there are allegations of unlawful acts by the company's organs. These instruments strengthen the position of minorities so that they do not become victims in a dissolution process controlled by the majority. Thus, the legal protection of minority shareholders in liquidation is comprehensive: it guarantees their residual rights, upholds the principle of fair distribution, and provides remedial mechanisms in the event of violations of their economic interests.

Procedurally, the dissolution of a company is the authority of the General Meeting of Shareholders (GMS) as stipulated in Law No. 40 of 2007 concerning Limited Liability Companies. The decision must meet the quorum and valid voting mechanism requirements and be recorded in an official minute that has legal force. Minority shareholders are protected through their right to adequate information regarding the condition of the company, including financial reports and asset liquidation plans, so that they can assess the economic implications of the dissolution on the value of their shares. This right to information is fundamental because it allows minorities to monitor the dissolution process and prevent decisions that are detrimental to their interests. Thus, the formal procedures in the GMS not only serve as a decision-making mechanism but also as a legal protection instrument for minority shareholders (Sari et al., 2017).

Furthermore, the liquidator's obligations in the dissolution process are an important instrument for ensuring transparency and accountability. The liquidator is obliged to compile a list of the company's assets, inventory all liabilities, and submit accountability reports to shareholders and creditors. This inventory includes movable assets, immovable assets, and uncollected receivables, so that no company assets are overlooked or concealed. The transparency provided through the liquidator's report gives minority shareholders the opportunity to raise objections if there are discrepancies or indications of asset misuse. With this mechanism in place, the economic value of minority shareholders is protected from practices that could unlawfully reduce their share. Therefore, the liquidator's duties are not merely administrative, but also have a legal function as the guardian of the integrity of the dissolution process.

From a bankruptcy law perspective, the

accuracy and independence of liquidators or bankruptcy trustees are institutionally reinforced through supervision by a supervisory judge appointed by the Commercial Court. The trustee is legally prohibited from having any affiliation with either the debtor or the creditors, ensuring a neutral and impartial position in managing and distributing the bankruptcy estate (Nurudin, 2020; Sjahdeini, 2019). The supervisory judge functions as a legal filter to prevent actions that may disproportionately benefit majority stakeholders or their affiliates at the expense of minority interests, thereby safeguarding procedural fairness in bankruptcy proceedings (Harahap, 2021).

Furthermore, trustees are required to conduct asset liquidation through open auction mechanisms to maximize asset value for the collective benefit of creditors and shareholders, including minority shareholders (Mulyadi & Prasetyo, 2020). Trustees must also report every act of asset management and distribution to both the court and the creditors, enabling juridical control over the liquidation process and ensuring transparency and accountability (Sjahdeini, 2019). The combination of trustee independence and judicial supervision thus provides a crucial legal safeguard for the economic rights of minority shareholders in dissolution and bankruptcy proceedings, while simultaneously reinforcing the principles of justice and legal certainty within Indonesia's corporate law system (Harahap, 2021).

Outside of this general framework, Indonesian corporate law provides specific instruments to prevent minorities from being trapped by the tyranny of the majority. The right of appraisal (the right to sell shares at a fair price) for shareholders who do not agree with certain corporate actions, such as fundamental changes to the articles of association or the transfer of material assets, serves as an economic safety net before or around decisions that have implications for dissolution. The importance of balanced and sustainable governance to maintain organizational stability is also emphasized in the research by Hariani et al. (2022). When corporate actions bring the company closer to insolvency or significantly transfer wealth, appraisal rights allow minorities to exit fairly, normalize bargaining balance and prevent unequal value transfers. This instrument works in conjunction with the right to request a court examination of the company if there are allegations of unlawful acts by the company's organs that have the potential to damage the economic value of the shares, thereby strengthening the position of minority shareholders against

opportunistic management practices.

Judicial remedial mechanisms are also strongly attached to minority protection. GMS decisions that are procedurally flawed or contrary to good faith and the principles of propriety in business can be challenged for annulment by aggrieved shareholders, with a focus on the concrete economic losses incurred. Furthermore, in the event of bankruptcy, shareholders who have receivables from the company (e.g. dividends that have been decided but not yet paid) can act as concurrent creditors and collect in the liquidation process, so that their economic rights are not extinguished but rather shift roles in the distribution scheme. At the practical level, legal studies and reviews in Indonesia emphasize a combination of procedural rights (information, objection, examination) and substantive rights (appraisal, cancellation of decisions) as a line of defense for minorities, especially when dissolution is accompanied by majority decisions that potentially deviate from the principle of the company's best interests (Widjaja, 2022).

The framework of bankruptcy and PKPU also affects the protection of minorities in dissolution. When a company enters bankruptcy, all assets become subject to general seizure, and the order of preference for payment to separate, preferential, and then concurrent creditors is strictly applied. Shareholders are not creditors of capital and are therefore at the residual level. Their economic protection is therefore realized through the integrity of the liquidation process: there must be no transfer of assets below fair value, no affiliated transactions that are detrimental to the estate, and all actions of the curator are subject to supervision and objections from creditors and interested parties. Transparent reporting, open auctions, and the opportunity to file objections are procedural instruments that prevent the erosion of value that will later become the remainder for shareholders, including minority shareholders. Practical studies show that the structuring of governance and the use of appraisal/examination rights prior to the bankruptcy phase are more decisive for the economic outcome of minority shareholders than intervention when the estate is already under a creditor preference regime.

Ultimately, the protection of minority shareholders' economic rights in dissolution is to ensure that they receive a fair share of the remaining assets, free from majority manipulation and unfair practices. Indonesian positive law provides a combination of general norms (proportional equality in liquidation), special rights (appraisal and examination), and remedies for unlawful acts

(cancellation of detrimental GMS decisions) to ensure that there is no unlawful transfer of value from the minority to the majority or affiliated parties. The effectiveness of such protection is highly dependent on the quality of governance, procedural compliance, and the readiness of the minority to proactively use legal instruments before the dissolution decision locks in their economic position.

CONCLUSION

The harmonization between the Limited Liability Companies Act and the Bankruptcy and PKPU Act in Indonesia has created an adequate legal framework to regulate the process of company dissolution, distribution of assets to creditors, and protection of the economic rights of minority stakeholders. Systemically, company dissolution requires professionalism from legal actors, transparency, and accountability, from the decision-making stage of dissolution to the process of asset settlement by liquidators or curators. A clear payment hierarchy mechanism and the enforcement of the *pari passu* prorata parted principle ensure that all creditors receive proportional and fair treatment, while shareholders, including minority shareholders, receive protection of their residual economic rights based on their proportion of ownership.

From the minority's perspective, protection is not only provided substantively in the form of a fair share of the remaining assets, but also procedurally through the right to information, appraisal, objection, and remedial instruments for detrimental actions. The active role of the minority in monitoring, responding to, and, if necessary, challenging potentially deviant decisions is crucial to ensuring that their economic rights are maintained during the dissolution process. The effectiveness of this protection in practice is greatly influenced by the quality of corporate governance, the independence of the liquidator or curator, and the courage and prudence of minority shareholders in using the available legal instruments.

In conclusion, the Indonesian legal system has essentially designed a comprehensive set of protections for creditors and minority stakeholders in the process of company dissolution. Regulations concerning asset inventory, creditor priority, trustee independence, and supervisory judge oversight demonstrate the existence of a legal framework aimed at maintaining a balance of interests among the parties. Normatively, these mechanisms are designed to ensure that asset distribution is carried out fairly, transparently, and in accordance with applicable laws and regulations. This structured

approach not only upholds legal certainty and fairness but also builds collective trust in the corporate liquidation process, ensuring that all parties can rely on the system to protect their rights and interests.

However, the effectiveness of such legal protection is highly dependent on the quality of its implementation in practice. The integrity and professionalism of officials, consistency in law enforcement, and the ability of the legal system to adapt to the dynamics of modern business and

corporate practices are determining factors in the success of protecting the rights of the parties. Without accountable implementation that is responsive to economic developments, legal norms have the potential to lose their effectiveness. Therefore, strengthening governance, effective legal supervision, and updating legal practices in line with the principles of justice, legal certainty, and proportionality are key prerequisites for ensuring that every right is optimally protected.

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