Journal of Social Science Studies Vol. 4, No. 1, January 2024, pages 237 – 248

Law on the Resolution of Minority Shareholder Conflicts in Public Companies Based on the National Regulatory System

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ARTICLE INFO

Article history:
Received 18 December 2023
Revised 16 January 2024
Accepted 22 January 2024

Key words:
Ownership conflicts,
Minority shares,
Public companies,
Normative legal,
Appraisal rights,
Transparency,
Resolution mechanisms.

ABSTRACT

This study discusses the legal characteristics and normative legal mechanisms for resolving conflicts over minority share ownership in publicly listed companies in Indonesia. The study is based on the Limited Liability Company Law, capital market regulations, and various provisions of the Financial Services Authority and the Indonesia Stock Exchange, which prescriptively protect minority rights, particularly through appraisal rights, pre-emptive rights, and tender offers. Protection is reinforced by governance based on independent commissioners and audit committees, and supported by disclosure requirements so that every shareholder has an adequate basis for decision-making and is not ignored in any corporate action. In the event of a change of control, material transactions, or dilution of ownership, the legal system provides an exit route at a fair price, a room for objection, and the right to file an examination or civil lawsuit in the event of a violation. Thus, the conflict resolution mechanism is not only formal, but also actual and substantive in maintaining the balance of interests of all shareholders of public companies. This study emphasises the need for consistent enforcement of regulations and the empowerment of minority shareholders through education and the strengthening of participation procedures to ensure optimal legal protection.

INTRODUCTION

The capital market has become an important pillar in the development of the modern economy, including in this country, which has experienced significant growth in the public company sector. Through public offerings, public companies have the opportunity to access fresh funds that drive business expansion and innovation. However, the process of going public also presents new complexities in ownership relationships, particularly regarding the position and protection of minority shareholders. Every corporate decision, whether related to management or strategic policy, is often monopolized by majority shareholders, giving rise to potential conflicts of interest that are detrimental to the position of minority shareholders (Dianne, 2018). The legal and social consequences of this imbalance are a major concern in the dynamics of business law today.

The journey of public company regulation is also inseparable from the issue of fair treatment of minorities (Aji et al., 2020). Although the legal framework has provided space for all parties to play a role, the enforcement of rights and protection of minority shareholders is sometimes eroded by the abuse of power, manipulation of shareholder meeting results, and the removal of access to material information. This situation occurs not only in domestic companies, but also in multinational companies listed on the stock exchange. Many of them find that the main challenge lies in the substance and implementation of laws that balance the interests of the majority and minority proportionally. According to a World Bank report (2019), the quality of minority protection is one of the main indicators of investor confidence in emerging market capital markets.

Empirically, minority shareholders often face obstacles in pursuing their aspirations due to their limited voting rights in strategic decision-making, such as the appointment of directors, the approval of corporate actions, or amendments to the articles of association. In a number of cases, differences in interests have even led to forced takeovers, unfair affiliate transactions, and discriminatory dividend policies. This reality indicates that the implementation of the principle of equal treatment

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and legal protection for minorities in public companies is not yet fully effective. Such conflicts generally give rise to corporate disputes or class action lawsuits.

The importance of this ownership conflict issue is reflected in the widespread attention of regulators, academics, and practitioners to the design of rules that can accommodate the dynamics of shareholder interests. Legal protection for minority shareholders has been provided through a series of regulations, ranging from the Limited Liability Company Law, Financial Services Authority (OJK) regulations, to corporate governance guidelines. As emphasized by Rojak and Al Hakim (2023), consistent implementation of these regulations is very important to improve the transparency and sustainability of companies in the global market. However, the existence of regulations does not automatically provide substantive protection if enforcement mechanisms and resolution mechanisms are not fully robust. There is a need for harmonization between legal norms and business practices to avoid legal vacuums in the resolution of shareholding conflicts.

Amidst the tide of globalization and pressure from international capital markets, the sustainability of public companies is greatly influenced by legal certainty that protects all stakeholders (Husein et al., 2016). However, mechanisms for resolving conflicts over minority share ownership have not been fully able to guarantee procedural and substantive justice, especially at the stage of strategic decision-making that directly affects share value and dividends. Other factors such as transparency, information disclosure, and access to effective justice are also sources of problems for minority investors who wish to claim their rights or resolve disputes. The complexity of protecting minority investors in the capital market requires a multidimensional approach, including strengthening broader aspects of competition law. In line with this, efforts to create a fair investment climate are not limited to capital market law, but also include the enforcement of competition law that prevents monopolistic practices and unfair competition that can harm all market participants, including minority investors (Firmansyah et al. 2023).

The complexity of this issue is increasing due to advances in information technology, which accelerate data flow but also have the potential to widen the information access gap between majority and minority shareholders. Ironically, technological advances that should encourage innovation and market efficiency can actually exacerbate inequality if not managed with the right strategies for sustainability and fairness, as discussed in the technology strategy discussion (Mardikaningsih & Hariani, 2023). On the one hand, information disclosure has been enforced through regulations, but in practice, asymmetry of knowledge and control of resources still persists. This further reinforces the importance of improving governance, quality law enforcement, and innovation in dispute resolution mechanisms for minority shareholders to avoid financial and legal losses for the more vulnerable parties.

Conflicts over minority share ownership in public companies remain a regulatory and implementation problem, especially when minority rights are suppressed by majority decisions that tend to favor their own interests (Sari et al., 2023). The problem becomes complex when companies adopt controversial policies that harm minorities, such as non-transparent mergers or business integrations, or setting share sale prices that do not reflect fair value in affiliate transactions. Power imbalances also weaken the position of minorities in demanding accountability for company decisions or strategic steps. The dynamics of this structural conflict essentially stem from power imbalances and the failure to create fair mechanisms, a fundamental problem that is also examined in the conflict management literature. As analyzed by Nuraini et al. (2021), the essence of effective conflict management in various settings is the recognition of these imbalances and the development of strategies to achieve justice and harmony.

Minority shareholders often face suboptimal conflict resolution due to a lack of access to material information and limited legal representation in shareholder forums (Al Aqib et al., 2023). Internal corporate dispute mechanisms are frequently slow or biased, while commercial litigation is costly and time-consuming, placing a disproportionate burden on minorities and increasing the risk of rights violations without efficient, fair resolution channels. Consequently, the collaboration between normative regulations and effective law enforcement remains unbalanced, marginalizing minority shareholders in their efforts to claim rights or seek damages, and leaving the protection system offered by corporate law largely textual rather than substantively beneficial for small investors.

The issue of minority share ownership conflicts in public companies is currently closely related to the rapid development of the digital economy, the transformation of the capital market, and the need to

strengthen corporate governance. The dynamics of this transformation, which are also reflected in fundamental changes in management and labor relations within companies in the era of digitalization as explored by Darmawan et al. (2023), also influence the corporate landscape where these conflicts of interest arise. Increasingly dynamic corporate policy changes, cross-border transactions, and capital market convergence give rise to increasingly complex potential conflicts of interest between majority and minority shareholders. This issue has also received serious attention in the context of improving the investment ecosystem, protecting investor rights, and increasing confidence in the capital market. The complexity of conflicts within corporate structures is not only vertical (between majority and minority shareholders) but also reflects horizontal challenges in managing differences within the organization itself. As studied by Mardikaningsih (2023), multigenerational management in organizations with conflict dynamics, collaboration needs, and adaptive leadership demands reflects similar complexities that need to be overcome to create robust governance. The resolution of share ownership conflicts also requires a legalistic approach to understand organizational dynamics and adaptive leadership in managing diverse interests, both at the shareholder level and within the company's management.

The examination of this topic is increasingly relevant in line with the national commitment to building a transparent and accountable capital market industry. Regulations protecting minority shareholders are an important milestone in attracting long-term investment and strengthening the competitiveness of public companies in the global arena. A critical study of the resolution of minority ownership conflicts will support the renewal of regulations and more effective dispute resolution mechanisms. Ultimately, the effectiveness of these new regulations and mechanisms depends heavily on the capacity of the people who implement them at the corporate level. This capacity is not only in the form of technical skills, but also broader adaptive competencies. At the organizational level, as emphasized by Abdulah et al. (2021) and Mardikaningsih et al. (2021), global competitiveness requires innovation in human resource management to build an ethical, transparent, and competent corporate culture for sustainability and adaptive global citizenship.

This study aims to provide a comprehensive understanding of the legal characteristics and procedures for resolving minority share ownership conflicts in public companies in Indonesia. This study is expected to contribute to theoretical and practical analyses to strengthen the legal protection of minority investors, encourage transparency in the governance of public companies, and contribute to the harmonization of regulations and the implementation of national business law.

RESEARCH METHOD

This study uses a normative juridical approach with qualitative literature study as the main framework for analysis. A systematic literature search was conducted on applicable laws and regulations related to public companies and the protection of minority shareholders, as well as relevant academic documents such as scientific journals, business law books, and court decisions. The emphasis was on examining substantive and procedural legal norms and their relevance in the practice of resolving minority share ownership conflicts. The inclusion criteria in this study included documents or sources published in the last two decades, in Indonesian or English, and with academic merit. Exclusion criteria include sources that lack academic legitimacy, popular literature, and documents with unverifiable or secondary and unofficial data.

Thematic synthesis was used to identify patterns, main themes, and sub-themes that emerged from the results of the primary and secondary literature search. Each document reading result was manually coded based on the research topic. This coding process facilitated the classification of issues, data processing, and the identification of commonalities and disparities between theory and practice. The coded data were then analyzed comparatively and interpretatively, ensuring that each finding had an accurate source basis in accordance with the principles of business law research (Darmawan, 2015). All coded findings and themes are presented in a thematic matrix to facilitate continuous interpretation between subheadings and research variables.

Quality assurance is carried out in layers, starting from the data extraction process, source validation, to cross-checking the synthesis results. An intersubjective review mechanism and cross-verification between the synthesis results and positive legal provisions are also applied to maintain objectivity. For accountability purposes, the entire process of recording findings and compiling final results always refers to the scientific research methodology standards as described by Darmawan (2015).

RESULT AND DISCUSSION

Legal Characteristics of Resolving Conflicts over Minority Shareholdings in Public Companies

In the ownership structure of public companies, the relationship between majority and minority shareholders often contains potential conflicts of interest. Majority shareholders have significant potential to disproportionately control and dominate the company's assets, thereby risking the rights, economic interests, and legal position of minority shareholders in the company's ownership structure and decision-making (Gyapong et al., 2021). Conflicts over minority share ownership in public companies are mapped normatively through substantive rights protection provisions in the Limited Liability Company Law, disclosure requirements and corporate action protection in capital market law, and corporate governance safeguards by the OJK and the Indonesia Stock Exchange. The objective is clear: to ensure that majority decisions do not coerce or dilute minority shareholders without a fair process, adequate information, and exit options at a fair price. This framework works through appraisal rights, fair GMS mechanisms, material/affiliate transaction and conflict of interest regimes, tender offer obligations in the event of a takeover, pre-emptive rights protection in capital increases, and administrative and civil enforcement tools (Kohar & Dewi, 2021). This regulatory system forms a set of preventive and repressive instruments designed to control the dominance of majority shareholders while providing effective and fair legal protection for minority shareholders.

Protection for minority shareholders is one of the important pillars of sound and fair corporate governance. Law No. 40 of 2007 concerning Limited Liability Companies (LLC Law) provides core guarantees for minorities (Al Aqib et al., 2023). The PT Law provides protection to shareholders who have the right to vote in accordance with the number of shares they own in the company. The PT Law provides protection to minority shareholders. In this case, minority shareholders still have a stake in the company due to the one share, one vote principle (Mada, 2023). The appraisal right in Article 62 of the PT Law gives shareholders who disagree with fundamental changes (e.g., mergers, consolidations, demergers, amendments to the articles of association on certain matters, or transfers/guarantees of significant assets) the right to demand that the company buy back their shares at a fair price. This right facilitates a fair "exit" if the company's policy direction is detrimental to the minority. The PT Law also regulates the right to information and access to documents (Articles 75–91 concerning the GMS), as well as the scope for derivative lawsuits by shareholders on behalf of the company against directors/commissioners who violate their fiduciary duties (including Article 97 paragraph (6) and Article 115 paragraph (6)), which is important when conflicts arise from actions by corporate bodies that reduce the value of the company and, indirectly, harm minority shareholders. Derivatives are rights for minority shareholders to file lawsuits on behalf of the company against commissioners or directors. Minority shareholders have the right to defend the interests of the company through the judicial system by demonstrating negligence or misconduct on the part of the board of commissioners or directors (Amalia & Nefi, 2023). In addition, Article 61 of the PT Law grants shareholders the right to file for a judicial review of the company if it is suspected that the company has committed an unlawful act that harms shareholders and third parties. The PT Law establishes a comprehensive protection framework that combines participation rights, exit rights, and law enforcement mechanisms to protect the position of minority shareholders in the dynamics of corporate power.

Transparency of information is the main foundation in creating a fair and efficient capital market, particularly in protecting the interests of investors, including minority shareholders. Law No. 8 of 1995 on Capital Markets (Capital Market Law), which was strengthened and updated by Law No. 4 of 2023 on Financial Sector Development and Strengthening (PPSK Law), emphasizes the obligation of issuers to disclose material information. At the OJK regulatory level, POJK Number 31/POJK.04/2015 concerning Disclosure of Material Information or Facts by Issuers or Public Companies requires complete, accurate, and timely announcements related to events that could potentially affect share prices or investment decisions (e.g., corporate action plans, changes in control, material/affiliated transactions). Violations of disclosure can trigger administrative sanctions and open the way for civil lawsuits for minority losses due to misleading information. The information disclosure regime is not only an instrument of market supervision, but also serves as a legal protection mechanism for minority investors from manipulative practices and information asymmetry. For this protection mechanism to function optimally, the demand side of the information also needs to be considered.

This means that the availability of transparent information must be balanced with the capacity of investors to understand and use this information effectively in making investment decisions (Mardikaningsih & Darmawan, 2023).

Strengthening the role of minority shareholders in strategic decision-making is an important part of accountable corporate governance. For transactions with a significant impact, POJK Number 17/POJK.04/2020 concerning Material Transactions and Changes in Business Activities requires the approval of the GMS, disclosure, and a fairness opinion from an independent appraiser when the transaction exceeds the material threshold or changes the business activities. For transactions with affiliated parties or those involving conflicts of interest, POJK No. 42/POJK.04/2020 requires special procedures: a fairness opinion by an independent appraiser and the approval of independent shareholders at the GMS, excluding the votes of interested parties. This mechanism places minority (independent) shareholders as the determining factor in the validity of transactions that have the potential to be biased towards the majority/controlling shareholders. This regulation strengthens the bargaining position of minority shareholders in maintaining the integrity of corporate decisions that have a significant impact on the direction and structure of the company.

Changes in control of a public company may give rise to conflicts of interest between controlling shareholders and minority shareholders, thus requiring special protection mechanisms. When a change in control occurs, minority protection is activated through a tender offer obligation. POJK Number 9/POJK.04/2018 concerning Takeovers of Public Companies requires the acquirer to make a mandatory tender offer to all public shareholders at a minimum price (referring to the highest price paid or the average price in a certain period prior to the takeover), so that minority shareholders have the option to exit at a reasonable price. This regime also regulates the "sell-out" rights for shareholders who do not participate in the tender but wish to sell after the takeover within a specified period, as well as procedures if the controller achieves very high ownership that has the potential to lead to a "squeeze-out", while maintaining a fair price and procedural compliance. These provisions prevent changes in control from marginalizing minority shareholders through the exploitation of power asymmetries. These regulations serve as a preventive instrument to ensure that changes in control are not carried out in a manner that is detrimental or marginalizes the interests of minority shareholders.

To prevent ownership conflicts due to dilution, capital market regulations emphasize the protection of shareholder rights, particularly those of minority shareholders. Ownership conflicts often arise from dilution. POJK Number 32/POJK.04/2015 concerning Capital Increase by Granting Pre-emptive Rights (HMETD) places pre-emptive rights as a safeguard so that shareholders, including minority shareholders, have a proportional opportunity to maintain their ownership when capital is increased. For capital increases without HMETD (PMTHMETD), POJK No. 14/POJK.04/2019 regulates the requirements, limitations, disclosure, and approvals necessary, especially if there is a material impact, to prevent practices that secretly transfer control or harm minority shareholders. Both regimes require comprehensive disclosure, the use of independent appraisers when necessary, and decision-making through the GMS in accordance with POJK No. 15/POJK.04/2020 concerning the Plan and Implementation of the GMS of Public Companies and POJK No. 16/POJK.04/2020 concerning the Implementation of the GMS of Public Companies Electronically (e-GMS), so that minority participation is guaranteed both physically and electronically. This regulatory framework is an important instrument in maintaining a balance of interests and preventing detrimental shifts in control.

The protection of minority investors is strengthened through the regulation of corporate governance and transparency of issuers. The OJK operationalizes minority protection through the corporate governance structure of issuers. POJK No. 33/POJK.04/2014 concerning the Board of Directors and Board of Commissioners of Issuers or Public Companies requires the presence of independent commissioners and an audit committee, which play a role in assessing the fairness of strategic transactions and safeguarding the interests of independent shareholders. On the stock exchange side, Indonesia Stock Exchange Regulation No. I-A concerning the Listing of Shares and Equity Securities Other than Shares Issued by Listed Companies sets standards of eligibility and ongoing obligations that affect the scope of corporate actions; while Indonesia Stock Exchange Regulation No. I-E on Information Disclosure Obligations emphasizes the immediate reporting of material information. Both regulations promote transparency so that minority shareholders can react in a timely manner to ownership dynamics. With a combination of internal governance and information disclosure obligations, this regime

forms a sustainable structural protection for minority shareholders.

Legal protection for minority shareholders in the context of procedurally flawed GMS decisions is a crucial aspect of maintaining corporate governance integrity. In the event that a GMS decision is suspected of being procedurally flawed or violating the provisions of the Limited Liability Company Law/articles of association, minority shareholders may request an examination and cancellation of the decision through the courts (objection and proof of the validity of the GMS decision based on Articles 75–91 of the Limited Liability Company Law). The requirements for minority shareholders to file a lawsuit as referred to in Article 97 paragraph (6) of the Company Law must have at least 1/10 (one tenth) or more of the total number of shares, or the total number of minority shares must be > 10% (exceeding ten percent) or ≥ 10% (read: greater than or equal to 10%) of the total number of shares (Rahmawati et al., 2021). If losses arise from violations of disclosure or transactions that do not comply with POJK 17/2020 or POJK 42/2020, the OJK, based on the Capital Market Law and the PPSK Law, has the authority to impose administrative sanctions (warnings, fines, freezing/revocation of licenses) and order corrective measures. Civil proceedings on the basis of unlawful acts remain available against issuers/controllers/corporate bodies if the minority suffers losses due to misrepresentation, insider abuse, or conflicts of interest that are not processed in accordance with the provisions. For disputes between capital market participants, sectoral arbitration institutions may be used if agreed upon, but for the validity of corporate actions and disclosure violations, the OJK forum and general courts are usually central. Corporate-wise, the duty of care and duty of loyalty of directors/commissioners (Company Law Articles 97 and 108) form the basis of personal accountability when governance deviates and harms minority shareholders. The combination of legal mechanisms, regulatory oversight, and good governance principles are important pillars in guaranteeing the rights of minority shareholders and promoting corporate accountability.

The Indonesian capital market regulatory framework is designed to ensure a balance of power between majority and minority shareholders. The common thread is consistent: appraisal rights (Article 62 of the PT Law) as an "exit" door for fundamental changes; disclosure obligations (POJK 31/2015) so that minorities have complete information; GMS approval and fairness opinions on material transactions (POJK 17/2020); separation of votes and approval of independent shareholders for affiliated/conflict of interest transactions (POJK 42/2020); mandatory tender offers during takeovers (POJK 9/2018); protection of pre-emptive rights and PMTHMETD limits (POJK 32/2015 and POJK 14/2019); and enforcement by the OJK under the Capital Market Law and the PPSK Law. With these instruments, Indonesian law ensures that the majority cannot change the ownership structure or transfer value without providing sufficient information, a fair process, and a reasonable exit price to minority shareholders. If these instruments are violated, administrative and civil enforcement channels are available to recover losses and enforce capital market governance discipline. If these principles are violated, administrative and civil enforcement mechanisms serve as corrective instruments to maintain governance integrity and protect investor interests.

The protection of minority investors as a pillar of a fair capital market is realized through a legal framework that balances corporate decisions and the economic rights of minorities, while preventing majority domination. This principle of balance which is also emphasized in the legal perspective for mitigating innovative investment risks (Sahid et al., 2023) is the foundation for market transparency, accountability and trust. Effective law enforcement by the OJK through sanctions and compensation demonstrates a commitment to maintaining market integrity, which is a concrete manifestation of the principle of sustainable governance for a reliable and responsible long-term system (Hariani et al., 2022). This effectiveness is an integral part of the evolution of Indonesian corporate law, which aims to create certainty and fairness for all stakeholders (Sujito et al., 2023).

Legal Mechanisms for Resolving Minority Shareholder Conflicts in Public Companies

Conflicts over ownership in public companies are inevitable, but they can be managed fairly through a structured and complementary system of legal protections. The resolution of minority share ownership conflicts in public companies in Indonesia operates through a network of interrelated protections: substantive minority rights in company law, disclosure requirements and control over corporate actions in capital market law, and issuer governance that ensures decisions affecting ownership are processed with independence and accountability (Somadiyono, 2020). From a

normative legal perspective, the main mechanisms are the right of appraisal to exit at a fair price when fundamental changes occur; separation of interests through the approval of independent shareholders for affiliated transactions or those involving conflicts of interest; tender offer obligations when control changes occur; protection of pre-emptive rights to prevent unfair dilution; and access to administrative and civil enforcement forums if the protection mechanisms are violated. Above all, disclosure of material information prevents conflicts by providing minority shareholders with sufficient information to act. This system not only protects the economic rights of minorities but also strengthens the legitimacy of corporate decisions and maintains confidence in the capital market as a whole. The effectiveness of this legal system is highly dependent on its alignment with the ethical values and governance culture within the organization itself. As analyzed by Khayru et al. (2021), ethical values and organizational cultural structures serve as constructive internal instruments for preventing and resolving conflicts.

As the main foundation for the legal protection of minority shareholders, the Limited Liability Company Law establishes an internal remediation framework that ensures a balance of power in corporate decision-making. The first framework is Law No. 40 of 2007 concerning Limited Liability Companies (PT Law), which stipulates minority rights and internal corporate remediation channels. The right of appraisal (Article 62 of the Limited Liability Company Law) provides space for shareholders who disagree with fundamental changes (e.g., mergers, consolidations, demergers, amendments to the articles of association on certain matters, or the transfer or pledging of a majority of assets) to demand that the company buy back their shares at a fair price. This is a fair "exit" mechanism when majority decisions are deemed detrimental to minorities. The PT Law also ensures a fair GMS process (Articles 75–91), including the right to notification, meeting materials, and valid decision-making procedures, so that decisions affecting ownership cannot be forced through flawed procedures. For conflicts arising from the actions of company organs, the PT Law allows for derivative lawsuits by shareholders on behalf of the company (Article 97 paragraph (6) and Article 115 paragraph (6)) if the directors or board of commissioners violate their fiduciary duties and cause losses. In addition, Article 61 grants the right to request a court examination of the company if it is suspected that the company has committed an unlawful act that harms shareholders or third parties. This avenue enforces the accountability of management when ownership conflicts are the result of governance that is biased towards the majority (Prisandani, 2021; Yobel, 2022). The PT Law not only establishes formal rights, but also provides substantive mechanisms to enforce accountability and prevent majority domination that is detrimental to the interests of minority shareholders.

In corporate governance, stakeholder protection efforts are carried out through two layers, namely internal and external. As analyzed by Irfan and Al Hakim (2022), risk management optimization serves as a crucial internal protection mechanism to prevent financial losses and maintain company stability. Complementing internal protection in company law, capital market law forms an external layer that emphasizes transparency and public accountability. The second framework is in capital market law: Law Number 8 of 1995 concerning Capital Markets and Law Number 4 of 2023 concerning Development and Strengthening of the Financial Sector (PPSK Law) emphasize the obligations of disclosure and investor protection. At the OJK regulatory level, POJK No. 31/POJK.04/2015 on Disclosure of Material Information or Facts by Issuers or Public Companies requires complete, accurate, and timely disclosure of all material information, such as plans to increase capital, changes in control, material transactions, affiliate transactions, or GMS decisions that have a significant impact so that minority shareholders have the information they need to exercise their voting rights or make decisions to exit. If disclosure is violated, the OJK has the authority to impose administrative sanctions based on the Capital Market Law and the PPSK Law, while civil proceedings based on unlawful acts are open to recover minority losses. Capital market law not only regulates the behavior of issuers, but also functions as a corrective mechanism that ensures that the rights of minority investors remain protected in complex and risky market dynamics. Thus, a synergistic protection system is created between internal mechanisms and external regulations.

Transparency and accountability in corporate strategic decision-making are key to preventing abuse of power by controlling shareholders. For transactions with a significant impact, POJK Number 17/POJK.04/2020 concerning Material Transactions and Changes in Business Activities requires the approval of the GMS, disclosure, and a fairness opinion from an independent appraiser when the transaction value exceeds the material threshold or changes the business activities. If the transaction

involves an affiliated party or contains a conflict of interest, POJK No. 42/POJK.04/2020 concerning Affiliated Transactions and Conflicts of Interest requires stricter procedures for certain transactions: a fairness opinion by an independent appraiser and the approval of independent shareholders at the GMS, excluding the votes of interested parties. This mechanism separates the influence of the controlling party and places independent shareholders, who are essentially a minority, in a position to determine the validity of transactions that could potentially marginalize them. This regulation not only governs formal procedures, but also strengthens the bargaining position of minorities in maintaining transaction fairness and the integrity of public company governance.

Changes in control of a public company are crucial moments that have the potential to cause imbalances of interest between majority and minority shareholders. Ownership conflicts often peak when there is a change of control. POJK Number 9/POJK.04/2018 concerning Takeovers of Public Companies requires the party taking over control to make a mandatory tender offer to all public shareholders at a minimum price set by the norm (referring to the highest price paid or the average price in a certain period before the takeover). This obligation provides a fair price "exit" for minority shareholders when control changes hands. This regime also regulates the time window and follow-up provisions for shareholders who do not immediately participate in the tender but wish to sell after the takeover (sell-out), as well as procedures if the controlling ownership approaches a very high threshold which in practice could lead to a "squeeze-out" subject to fair price protection and procedural compliance so that the remaining minority shareholders are not disadvantaged. POJK 9/2018 serves as an important instrument in maintaining the balance of power and ensuring that the transition of control does not become a loophole for the neglect of minority investor rights.

Shareholder dilution is one of the most tangible forms of structural risk for minority shareholders in public companies. Dilution through capital increases is a common source of conflict. POJK Number 32/POJK.04/2015 concerning Capital Increases by Granting Pre-emptive Rights (HMETD) places pre-emptive rights as a safeguard so that every shareholder, including minority shareholders, has a proportional opportunity to maintain their percentage of ownership when capital is increased. If a company increases its capital without HMETD (PMTHMETD), POJK Number 14/POJK.04/2019 regulates strict limitations, conditions, and disclosure, and requires the approval of the GMS if it reaches a material threshold, in order to prevent covert control transfer practices that are detrimental to minorities. Pre-emptive Rights (HMETD) are rights attached to shares that give the relevant shareholders the opportunity to purchase shares and/or other equity securities, whether convertible into shares or giving the right to purchase shares, before they are offered to other parties. In HMETD, the owner of 1 share is entitled to a number of new shares, which is calculated based on the ratio of the number of new shares to be issued to the total number of existing shares (proportionality principle) (Siswanto, 2019). The GMS process itself is governed by POJK Number 15/POJK.04/2020 concerning the Plan and Implementation of GMS for Public Companies and POJK Number 16/POJK.04/2020 concerning the Implementation of GMS for Public Companies Electronically (e-GMS), ensuring that minority participation is facilitated both physically and electronically, with procedures for convening, quorum, and valid decision-making. Regulations related to capital increases and GMS governance serve as important instruments for maintaining the balance of power and preventing the marginalization of minority shareholders in corporate dynamics.

The effectiveness of investor legal protection does not only depend on the existence of substantive norms, but is also largely determined by the quality of the issuer's governance in implementing and complying with these norms in a consistent and responsible manner. Normative protection is reinforced by the issuer's governance. POJK Number 33/POJK.04/2014 concerning the Board of Directors and Board of Commissioners of Issuers or Public Companies requires the existence of independent commissioners and an audit committee, which function as non-executive supervisors of strategic transactions and guardians of fairness for independent shareholders. At the exchange level, Indonesia Stock Exchange Regulation No. I-A concerning the Listing of Shares and Equity Securities Other than Shares and IDX Regulation No. I-E concerning Information Disclosure Requirements demand standards of eligibility and continuous reporting, including immediate announcements of material information, so that the market, including minority shareholders, is not left in a position of information asymmetry. Non-compliance with exchange obligations has an impact on listing status and market access, which is a strong incentive for issuers to maintain transparency. Good corporate governance is not merely a complementary element,

but a fundamental prerequisite for the effective and comprehensive functioning of the investor protection system in the overall capital market ecosystem.

Legal protection mechanisms will not be effective without the support of adequate, responsive and fair enforcement and remediation channels. Remediation and enforcement channels complement normative mechanisms. If a GMS decision is suspected of being procedurally flawed or violating the Limited Liability Company Law/articles of association, minority shareholders can file an objection and request a review and cancellation of the decision through the courts, based on the GMS regime in Articles 75–91 and the protection of rights in Article 62. For violations of disclosure or non-compliance with POJK 17/2020 and POJK 42/2020, the OJK, based on its supervisory and enforcement authority under the Capital Market Law and the PPSK Law, may impose administrative sanctions (warnings, fines, suspension/revocation of licenses, corrective orders) on issuers or related parties. Civil proceedings based on unlawful acts are available against issuers, controllers, or corporate bodies if the minority suffers losses due to misrepresentation, insider abuse, or conflicts of interest transactions that do not undergo the required procedures. In the capital market ecosystem, dispute resolution can also be pursued through sectoral arbitration such as BAPMI if agreed upon by the parties, but for cases involving the validity of corporate actions and material disclosure, OJK supervision and general courts are usually the main forums. This multi-layered remediation system ensures that violations of investor rights are not left without consequences, while strengthening governance discipline and confidence in the capital market.

Protection for minority shareholders in public companies is not symbolic, but is realized through a prescriptive legal framework that can be implemented in concrete terms. In essence, the normative legal mechanism for resolving minority conflicts in public companies is implemented through a series of prescriptive and proven protections: the right of appraisal in the Limited Liability Company Law as a fair exit; the disclosure obligation in POJK 31/2015 so that minorities can react rationally; and the approval of the General Meeting of Shareholders and fairness opinion for material transactions according to POJK 17/2020. Separation of interests and approval of independent shareholders for affiliated transactions and conflicts of interest according to POJK 42/2020; mandatory tender offers during takeovers according to POJK 9/2018; pre-emptive rights and PMTHMETD limits in accordance with POJK 32/2015 and POJK 14/2019; independent governance in accordance with POJK 33/2014; and IDX obligations regarding listing and ongoing disclosure (Regulations I-A and I-E). When these mechanisms are consistently applied, ownership conflicts arising from changes in control, corporate actions, or transactions that favor the majority can be resolved fairly through meaningful participation, full transparency, and reasonable exit options. If these mechanisms are violated, administrative and civil enforcement channels are available to recover losses and enforce capital market governance discipline. This system not only guarantees procedural and substantive justice, but also plays a strategic role in strengthening the legitimacy of corporate decisions and increasing investor confidence in the integrity and stability of Indonesia's capital market.

The essence of minority shareholder protection lies in the ability of Indonesian positive law to ensure that every corporate decision is subject to the principles of transparency, fairness and accountability. All regulatory instruments that have been developed form a layered protection architecture that prevents abuse of control and avoids value transfers that are detrimental to minority groups. This sound legal protection is intended to ensure that minority shareholders feel that their rights are protected when investing in the Indonesian capital market so that they feel secure and are not afraid to invest (Syarief & Junaidi, 2021). Thus, the resolution of ownership conflicts no longer depends solely on informal negotiations but is placed within a procedural framework that is measurable, objectively tested, and legally and institutionally accountable. The transformation towards this structured process is a fundamental principle in conflict management, because the absence of a clear normative and procedural framework will actually trigger disputes and exacerbate tensions between parties, as analyzed in organizational conflict studies (Irfan, 2023).

The effectiveness of legal protection is not only determined by the formal existence of legal norms, but mainly by the consistency, certainty, and sincerity of their application in actual market practices, including in the enforcement, supervision, and compliance of market participants. At the next stage, effective protection can only be realized if public companies, corporate bodies, and supervisory authorities consistently carry out their legal obligations. Compliance with information disclosure, independent approval procedures, and the fulfilment of appraisal and tender offer rights

create governance discipline that strengthens investor confidence. If all these instruments function simultaneously, the capital market will develop as a stable, competitive investment arena based on equal protection for all shareholders, including those in minority positions. The success of substantive investor protection is largely determined by strong and sustainable synergy between legal norms, supervisory institutions, and the consistent commitment of market participants to placing the law as the foundation of ethics, legal certainty, and the long-term sustainability of the capital market.

CONCLUSION

The resolution of minority share ownership conflicts in public companies in Indonesia is achieved through a comprehensive legal framework and multi-layered protection mechanisms. The legal system, ranging from the Limited Liability Company Law, capital market regulations, to OJK and Indonesia Stock Exchange regulations, provides substantive rights instruments, protection against corporate actions, and certainty of access to both administrative and civil dispute resolution mechanisms. Appraisal rights, information disclosure, pre-emptive rights, mandatory tender offers, governance through independent commissioners, as well as means of litigation and supervision by the OJK are the main defenses to ensure that minority rights are not marginalized in the business dynamics of public companies. Fair and transparent governance accompanied by reasonable exit mechanisms ensure that minority interests are respected and maintained in line with the overall interests of the corporation.

The enforcement of these normative legal instruments has a direct impact on investor confidence, capital market stability, and the health of a public company in the eyes of domestic and global shareholders. An effective, transparent, and accessible conflict resolution system opens up opportunities for credible, competitive corporate management that is able to accommodate the interests of all stakeholders without discrimination. Thus, the protection of minority investors not only fulfils procedural justice but also supports the creation of sound and sustainable governance in the capital market.

The implementation of all minority protection legal instruments requires strong discipline enforcement from the OJK, the Indonesia Stock Exchange, and all company organs. Compliance audits, strengthening transparency, and optimizing participation mechanisms in GMS need to be integrated with technological innovation so that supervision is effective and minority access is not hampered. Furthermore, continuous education for minority shareholders regarding their rights, litigation mechanisms, and issuers' compliance with regulations is important to support the maximum utilization of every resolution channel.

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