



The Legal Aspects of Kadin as a Government Partner in Developing and Protecting the Ease of Doing Business

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Abstract

This study aims to analyze the legal aspects of the role of the Chamber of Commerce and Industry (KADIN) as a government partner in developing and protecting the Ease of doing business in Indonesia. In this context, KADIN is expected to contribute in creating a more conducive business climate by providing input to government policies, as well as educating the business world about applicable regulations. The method used in this research is a qualitative approach with literature review and analysis of relevant laws and regulations. The results show that KADIN plays an important role in improving the ease of doing business through policy advocacy, training, and building synergy between the government and the private sector. However, there are challenges related to policy implementation that require strengthening regulations and more consistent law enforcement. Therefore, collaboration between KADIN, the government, and businesses is essential to realize these goals. This research is expected to provide recommendations related to policies that can strengthen the role of KADIN in supporting national economic development.

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1. Introduction

The development of a country's economy is determined by a few factors, including the ability of the country to provide a business climate that is conducive, efficient, and provides legal certainty for business actors. In a global context, the Ease of doing business (EoDB) indicator compiled by the World Bank is one of the benchmarks to assess the level of ease and legal security in doing business in a country. This indicator covers various aspects, such as ease of starting a business, construction licensing, access to credit, investor protection, contract enforcement, and bankruptcy resolution. (BQNK, 2020)

The Indonesian government is actively conducting regulatory and legal governance reforms to improve the EoDB ranking and quality. This is reflected through the enactment of Law Number 11 of 2020 on Job Creation, which carries a deregulation and debureaucratization approach, as well as the implementation of a risk-based licensing system through Online Single Submission (OSS-RBA). This reform implies that the law is no longer positioned as a bureaucratic obstacle, but rather as a facilitative tool in supporting business activities. Within this reform framework, the Indonesian Chamber of Commerce and Industry (KADIN) plays an important role as a strategic partner of the government. Established under Law Number 1 of 1987 on Chambers of Commerce and Industry, KADIN has a mandate to foster and protect the business world, as well as to connect the interests of entrepreneurs with state policy. The Chamber of Commerce and Industry (KADIN) is an organization that covers all Indonesian entrepreneurs within the scope of state, private and cooperative businesses (Dewi, 2024). KADIN functions as a bridge in several processes, starting from the coaching process to the advocacy of Indonesian entrepreneurs. The function of KADIN in this case is not only administrative and representative, but also includes fundamental legal aspects, such as licensing assistance, policy advocacy, and dispute resolution through the BANI arbitration institution. (Harahap, 2020) ^[2]

However, the urgency to examine the legal aspects of KADIN's role academically has not received sufficient attention. In fact, as a non-governmental institutional that has legal standing under the law, KADIN has an important position in filling the space between the business sector and the government.

This study is relevant to understand how legal protection provided by KADIN can contribute to a healthy and measurable business climate, especially in the implementation of EoDB. In the era of digital economy and regulatory decentralization, new forms of business such as startups, platform-based businesses, and foreign direct investment require legal certainty that is accessible, fast, and flexible.

Therefore, it is necessary to conduct an in-depth analysis of the legal dimensions of KADIN's role, both in terms of institutions, regulations, and the practice of legal protection carried out, to see the extent to which KADIN functions as a strategic partner of the government in supporting the achievement of Ease of doing business.

2. Research Methods

This study uses normative legal research methods by using a statutory approach and a legal concept approach. Normative research method is a method used by examining existing library materials. (Soekanto, 2009)^[9]

The legal materials studied are primary and secondary legal materials. Primary legal materials are sourced from legislation, while secondary legal materials are sourced from books, texts, literature and legal journals. The sources of legal materials in this research are laws and regulations related to the legal aspects of the Chamber of Commerce as a government partner in developing and protecting the ease of doing business. The legal material collection technique used in this research is document study. This technique is done by searching, selecting, and analyzing legal materials that are relevant to the legal issues being studied. The data collection technique used in this research is document study. The document study is conducted to collect data on the legal aspects of Kadin as a government partner in developing and protecting the easy of doing business.

3. Result and Discussion

3.1 Function and Purpose of KADIN According to Current Regulations

In comprehensively understanding the role and function of KADIN in the context of its partnership with the government in developing and protecting the Ease of doing business, it is useful to carefully review the legal basis underlying its existence. Law Number 1 of 1987 on Chambers of Commerce and Industry mandates KADIN as a forum for communication, information, representation, consultation, facilitation, and advocacy for Indonesian entrepreneurs. Article 3 of Law No. 1 of 1987 on Chambers of Commerce and Industry explains that, chambers of commerce and industry have the purpose of fostering and developing the abilities, activities, and interests of Indonesian entrepreneurs in the fields of state business, cooperative business, and private business in their position as national economic actors in order to realize a healthy and orderly national economic and business life based on Article 33 of the 1945 Constitution and create and develop a business climate that allows the widest possible participation effectively in national development.² In seeking social welfare, Article 33 of the

1945 Constitution explains that the economy is structured as a funded business based on the principle of kinship, branches of production that are important to the state and that control the lives of many people are controlled by the state, and the land, water and natural resources contained therein are controlled by the state and used for the greatest prosperity of the people.

Furthermore, the purpose of KADIN can also be seen in the Presidential Decree of the Republic of Indonesia Number 18 of 2022. In article 8, it reads that KADIN has the aim of realizing a strong, creative, and highly competitive national business world, in a professional KADIN forum at all levels by, fostering and developing the ability of activities and interests of Indonesian entrepreneurs, and integrating in a balanced manner the interrelationship between national economic potential in the fields of state business, cooperative business, and private business, between sectors and between scales, in order to realize a healthy and orderly economic life and national business world. Second, it is competitive, collaborative, conducive, clean, and transparent which allows the widest possible participation for Indonesian entrepreneurs so that they can participate effectively in national development in a market economy order in the global economy

After the explanations that have been taken from Law Number 1 of 1987 and KEPPRES number 18 of 2022, it can be concluded that, the purpose of KADIN is to accelerate Indonesia's economic development through improving the quality of the business world, which is divided into 3 main points, that is:

1. Creating a Conducive Business Climate

Creating a more conducive business climate by reducing barriers and bureaucracy in the business process, thereby encouraging business actors to be more active and creative in developing their businesses

2. Improving National Welfare

By improving the quality and competitiveness of the business world, KADIN aims to contribute to the improvement of the welfare of the Indonesian people through job creation and contribution to state revenue

To achieve the objectives listed above, KADIN has a function as a forum for communication and consultation between Indonesian entrepreneurs and between Indonesian entrepreneurs and the government on matters relating to trade, industry, and services. Furthermore, it is explained more widely in KEPPRES number 18 of 2022 concerning Approval of Amendments to the Articles of Association and Bylaws of the Chamber of Commerce and Industry regarding KADIN's functions. In CHAPTER IV Article 9 of KEPPRES number 18 of 2022 concerning Approval of Amendments to the Articles of Association and Bylaws of the Chamber of Commerce and Industry, it is explained that KADIN functions as a forum and vehicle for communication, information, representation, consultation, facilitation, and advocacy of Indonesian entrepreneurs, between Indonesian entrepreneurs and the government, and between Indonesian entrepreneurs and foreign entrepreneurs, on matters relating to trade, industry, investment, and services in a broad sense covering all economic activities, in order to form an innovative, competitive, collaborative, conducive, clean, transparent and professional business climate, and realize the synergy of all national economic potential.

In addition, KADIN also functions as an independent strategic partner of the Government in the economic field as determined by the law which, among others, is tasked with providing input to the Government in developing a healthy and conducive business climate, developing and encouraging the widest possible distribution of opportunities for the Entrepreneur community to participate in the implementation of development in the economic field based on Pancasila and the 1945 Constitution. Other functions and roles are (Yudha, 2023):

- Advocacy, Activities to facilitate cross-cutting aspects, while effectively consolidating and synergizing with the interests of associations and associations competent in sectoral aspects.
- Services, Activities of providing/ distributing business information, standardized trade practices (certificates of origin, etc.) accreditation, etc.
- Development, Placement of processing activities that are sustainable, professional and have a direct effect on improving human resources, SMEs, business financing and marketing facilities and others.

With these clear functions and objectives, KADIN is one of the important elements in Indonesia's economic structure that supports government policies to improve the business climate and increase national economic growth.

3.2 The Role of KADIN In Participating in Government from The Perspective of Ease of Doing Business

Ease of Doing Business (EoDB) is an indicator related to the convenience of doing business created by the World Bank. Ease of doing business is an efficient system that makes it easier for businesses/investors to start and develop their businesses efficiently, transparently and implement in a simple way. (E.J, 2017).

The contribution of the Indonesian Chamber of Commerce and Industry (Kadin) in promoting economic development is said to continue to increase. Kadin plays a role in building an inclusive, collaborative and sustainable economy. There is a role of KADIN in developing an inclusive and sustainable industrial ecosystem (Sutrisno, 2024) ^[1], namely:

1. Improved Access to Financing
2. Capacity Building, training and Standardization
3. Encouraging Innovation and New Technology
4. Policy Advocacy
5. Promotion of Sustainable Business Practices
6. Encouraging Collaboration, Synergy and Empowerment.

The Indonesian Chamber of Commerce and Industry (KADIN) has a very important role in advancing the business climate in Indonesia, one of them is through its participation in improving the Ease of doing business (EoDB). EoDB refers to how easy and efficient a country is for businesses to conduct their business, covering various aspects such as regulation, access to markets, and transparency. KADIN has a significant role in participating with the government in improving the Ease of doing business in Indonesia. KADIN's role in improving the Ease of doing business in Indonesia can be seen from several sides, namely:

1. Strategic Partner of the Government

KADIN is the government's strategic partner in encouraging business movement in Indonesia. KADIN has the responsibility to encourage the improvement of the economic investment climate in Indonesia. In this way, KADIN is often involved in the process of formulating government policies

related to the business world. By providing advice or input, KADIN can help produce policies that are in line with the needs and conditions of the private sector. In this case, KADIN creates a strong structure and composition of the Indonesian KADIN organization at the central and regional levels to become a strategic and effective partner for the government and the business world. (KADIN, 2025)

2. Communication and Consultation Platform

KADIN serves as a forum for communication and consultation between Indonesian entrepreneurs and the government on issues of trade, industry, and services. In this case, it allows entrepreneurs to convey aspirations, problems, and suggestions to the government regarding regulations and policies that affect the business world. As such, KADIN assists the government in understanding the needs and challenges faced by the private sector.

3. Encouraging Investment

KADIN is active in promoting investment opportunities in Indonesia, both domestically and abroad. With an extensive network, KADIN helps bring together investors with businesses to increase investment and economic growth.

4. Policy Advocacy

KADIN actively provides input to the government in the formulation of policies and regulations that relate to the business world and encourage ease of doing business.¹⁶ They act as a bridge between the business world and the government to ensure that the policies implemented do not burden the business sector and support the creation of a conducive and competitive business climate. In this regard, KADIN participates in voicing the importance of improving regulations that accelerate the licensing process and the processing of other business documents. (Bank, 2012) KADIN serves as a bridge between entrepreneurs and the government. They advocate for policies that support ease of doing business, such as the reduction of complicated regulations, simplification of the licensing process, and the removal of barriers that hinder investment. Here, KADIN plays a role in conveying information about global economic developments and government policies to every entrepreneur. It is through this policy advocacy that KADIN creates a conducive business climate, including encouraging the simplification of regulations and licensing procedures.

5. Providing Facilities and Guidance

In this case, KADIN acts as a forum and vehicle for guidance, information, representation, consultation, facilitation, and advocacy for every entrepreneur in Indonesia. It can be interpreted that KADIN oversees business associations that cover all business sectors.

In summary, KADIN's role is crucial in creating a better business environment in Indonesia. By forging a strong partnership with the government, KADIN contributes to improving Indonesia's global competitiveness and creating a more efficient and competitive business environment.

3.3 Legal Protection Provided by KADIN Against Business Actors in the Implementation of Ease of doing business

The Indonesian Chamber of Commerce and Industry (KADIN) has an important role in providing legal protection for business actors in the implementation of Ease of doing business (EoDB) in Indonesia. The implementation of the Ease of doing business concept in Indonesia is not only a

strategy to improve the investment climate and economic growth, but also a systemic effort in creating legal certainty for business actors. One of the important actors in supporting the success of this agenda is the Indonesian Chamber of Commerce and Industry (KADIN) which is an independent organization based on Law Number 1 of 1987 concerning Chambers of Commerce and Industry.

As the representation of the national business world, KADIN has the mandate to guide and protect the interests of business actors, including through legal and institutional approaches. The legal protection provided by KADIN can be viewed from several main aspects:

1. Policy Advocacy and Business Representation

KADIN acts as an advocate for businesses in the process of making and evaluating economic and legal policies that affect the business world. KADIN routinely provides input on draft laws and regulations related to ease of doing business, including in the preparation of Law Number 11 of 2020 concerning Job Creation and its implementation through the OSS-RBA system. This is a form of preventive legal protection through the function of representation of business interests. KADIN has a strategic function in overseeing the preparation of business policies so that they are aligned with the principle of ease of doing business and do not put business actors at a disadvantage. (R.Nugroho, 2021) ^[6]

2. Facilitation of Legality and Administration of Business Licenses

KADIN also provides administrative services that are legal in nature, such as the issuance of Certificates of Origin (SKA) needed in export-import, as well as letters of recommendation and business clarification which are part of the completeness of business legality documents. This service acts as a form of administrative protection that facilitates business actors to obtain legal certainty in transactions, both domestically and across national borders. KADIN's function in facilitating business legality documents directly improves ease of doing business, especially for exporters. (R.Haryanto, 2022)

3. Alternative Dispute Resolution Through BANI

Under the umbrella of KADIN, there is the Indonesian National Arbitration Board (BANI) which provides an alternative out-of-court resolution of business disputes. This mechanism is important because it provides fast, efficient, and confidential procedural legal protection for business actors, especially in dealing with contractual disputes. Arbitration also provides a sense of security in contracting because there is a neutral and professional forum to resolve conflicts. BANI as part of the Indonesian business law system is an important pillar in providing dispute resolution guarantees that favour efficiency and legal certainty. (Harahap, 2020) ^[2]

4. Empowerment of MSMEs and Regional Business Actors

Through various training programs, legal assistance, and access to financing, KADIN helps protect small and medium enterprises (MSMEs) from legal risks, especially in terms of licensing, business contracting, and understanding of basic business laws. This protection is substantive because it touches the root of the problem of legal ignorance that is common in the informal sector.

KADIN is committed to strengthening the legal capacity of

MSME actors, as part of economic justice and inclusive legal protection (Setiawan, 2023). For example, KADIN DKI Jakarta has developed a legal protection strategy for MSMEs and cooperatives in the face of ASEAN free trade (AEC) (KADIN, KADIN Jakarta akan Bahas Perlindungan Hukum UMKM, 2014).

5. Cross-Sector Collaboration in Business Law Reform

In various forums, KADIN is officially involved by the government and international institutions (such as the World Bank) to design legal instruments and technical policies that support Ease of doing business indicators, such as starting a business, getting credit, and enforcing contracts. This strengthens KADIN's position as a non-governmental legal actor that can ensure the involvement of businesses in the design of the national legal system.

4. Conclusion

The Chamber of Commerce and Industry (KADIN) has a strategic legal role as a government partner in improving the Ease of doing business (EoDB) in Indonesia. Based on legal foundations such as Law No. 1 of 1987 and Presidential Decree No. 18 of 2022, KADIN functions as a bridge between the government and businesses in aspects of communication, consultation, representation, facilitation, and advocacy. This role is reinforced by concrete tasks such as providing policy input, facilitating training, and supporting business development and dispute resolution.

KADIN plays an important role in creating a conducive, inclusive, and sustainable business climate through policy advocacy, empowering business actors, improving access to financing, and encouraging innovation and technology. However, challenges still arise in the aspect of policy implementation that requires strengthening regulations and consistency in law enforcement.

Therefore, close collaboration between KADIN, the government, and business actors is key to strengthening legal certainty and supporting the achievement of national economic development goals through improving the ease of doing business.

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