

IMPLEMENTATION OF REGISTRATION OF INDIVIDUAL COMPANIES THROUGH THE GENERAL LEGAL ADMINISTRATION SYSTEM ONLINE

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Abstract

This study aims to analyze the implementation of Sole Proprietorship registration through the Online General Legal Administration System (AHU) in Pekanbaru City, identify obstacles encountered in its implementation, and examine efforts made to overcome these obstacles. Sole Proprietorship is a form of legal entity intended for Micro and Small Enterprises (MSEs) as regulated in Law Number 6 of 2023 concerning the Stipulation of Government Regulation in Lieu of Law Number 2 of 2022 concerning Job Creation into Law and Government Regulation Number 8 of 2021. This study uses a sociological legal research type with an empirical approach. Data were obtained through interviews with officials from the Riau Province Ministry of Law Regional Office, the Pekanbaru City Investment and One-Stop Integrated Service Office, and Micro and Small Enterprises, supported by literature studies. Data analysis was conducted qualitatively using descriptive methods. The results of the study indicate that the implementation of Sole Proprietorship registration through AHU Online in Pekanbaru City has been running in accordance with the provisions of laws and regulations and provides convenience in the form of a fast, simple, affordable process, and can be done electronically. However, its implementation has not been optimal due to various obstacles, including low understanding of MSEs regarding Sole Proprietorships (Private Partnerships), limited ability to use information technology, and suboptimal socialization and mentoring activities. Efforts made to overcome these obstacles include increasing socialization to the community, providing technical assistance to MSEs in the registration process through AHU Online, and strengthening coordination between relevant agencies to improve the effectiveness of policy implementation. Thus, continuous synergy is needed between the government and business actors so that the goal of establishing a Sole Proprietorship as a legal business instrument for MSEs can be optimally realized.

Keywords: Sole Proprietorship, Online General Legal Administration System (AHU), Micro and Small Enterprises

INTRODUCTION

The development of business law in Indonesia over the past decade has shown an increasingly adaptive direction to the needs of the dynamic business world, particularly for Micro and Small Enterprises (MSMEs). This transformation is marked by the birth of the sole proprietorship concept, which introduces a new, simpler, more flexible, and digital-based legal entity form through the Online General Legal Administration System (AHU) managed by the Ministry of Law and Human Rights. In the context of Pekanbaru City, the implementation of this policy is an interesting phenomenon to study because it is directly related to the effectiveness of technology-based legal services, the level of public legal literacy, and the readiness of digital infrastructure to support legal bureaucratic reform.

The emergence of sole proprietorships can be explained through the welfare state theory, which emphasizes the state's responsibility to facilitate economic access to the public, including the establishment of business entities. From this perspective, law functions not only as a regulatory instrument but also as an empowering instrument for the community to improve economic well-being. This concept aligns with the thinking of Gustav Radbruch (1950), who positioned law as a means of achieving justice, certainty, and social benefits in a balanced manner.

In corporate law literature, Ridwan Khairandy (2018) emphasized that one of the important elements in modern corporate law is ease of doing business, which includes simplifying the procedures for establishing a business entity without eliminating the legal aspects and legal protection. In this context, sole proprietorship through AHU Online can be seen as the state's effort to create a more friendly business climate for MSMEs, especially in the aspect of business legalization.

The theory of legal certainty, proposed by Hans Kelsen (1961) and developed within Indonesia's positive legal system, serves as a crucial basis for regulating sole proprietorships. Legal certainty requires clear, enforceable rules with simple yet legally valid administrative mechanisms. In this context, the AHU Online System is an important instrument in ensuring that the registration process for sole proprietorships is no longer manual and bureaucratic, but rather based on a transparent and measurable electronic system.

From a corporate law perspective, this change represents a significant deviation from the classic principle of a Limited Liability Company as stated by various experts, that a PT is essentially a legal entity separate from its shareholders formed by at least two legal subjects to create a separation of responsibilities (limited liability). According to Munir Fuady (2017), a PT is a legal entity that has assets separate from its shareholders and is formed through strict formal procedures to ensure legal certainty in the business world. However, through the concept of a sole proprietorship, this construction has been simplified, where the separation of legal subjects is maintained but the company's organ structure is made simpler.

Article 109 of the Republic of Indonesia Law Number 6 of 2023 concerning the Stipulation of Government Regulation in Lieu of Law Number 2 of 2022 concerning Job Creation to Become Law states that every person who carries out business and/or activities without having:

- a. Business Licensing or approval from the Central Government or Regional Government as referred to in Article 24 paragraph (5), Article 34 paragraph (3), or Article 59 paragraph (4);
- b. approval from the Central Government or Regional Government as referred to in Article 20 paragraph (3) letter b; or
- c. approval from the Central Government as referred to in Article 61 paragraph (1), which results in victims/damage to health, safety and/or the Environment, shall be punished with imprisonment for a minimum of 1 (one) year and a maximum of 3 (three) years

and a fine of at least IDR 1,000,000,000.00 (one billion rupiah) and a maximum of IDR 3,000,000,000.00 (three billion rupiah).

Article 2 of Government Regulation Number 8 of 2021 concerning the Authorized Capital of Companies and Registration of the Establishment, Amendments, and Dissolution of Companies that Meet the Criteria for Micro and Small Enterprises provides the technical operational basis for the establishment of a sole proprietorship, as follows:

- (1) Companies that meet the criteria for micro and small businesses consist of:
 - a. A company founded by 2 (two) or more people; and
 - b. A sole proprietorship founded by 1 (one) person
- (2) The establishment, amendment of the articles of association and dissolution of the Company as referred to in paragraph (1) letter a shall be carried out in accordance with the provisions of laws and regulations concerning Companies.

Article 2 of the PP stipulates that a sole proprietorship must be established by a single founder who also acts as both shareholder and director. This provision legally strengthens the flexibility of establishing a business entity without eliminating its legality as an independent legal entity.

Meanwhile, technical implementation through the Online General Legal Administration System (AHU) is regulated by Article 1 Paragraph 3 of the Regulation of the Minister of Law and Human Rights Number 21 of 2021 concerning the Requirements and Procedures for Registration of the Establishment, Amendments, and Dissolution of Limited Liability Companies that the Legal Entity Administration System, hereinafter abbreviated as SABH, is an electronic information technology service for Companies organized by the Directorate General of General Legal Administration. Article 2 of the Regulation of the Minister of Law and Human Rights Number 21 of 2021 concerning the Requirements and Procedures for Registration of the Establishment, Amendments, and Dissolution of Limited Liability Companies, as follows:

- (1) The company consists of:
 - a. Capital partnership companies; And
 - b. Sole proprietorship.
- (2) The capital partnership company as referred to in paragraph (1) letter a is a capital partnership legal entity established based on an agreement and carrying out business activities with authorized capital which is entirely divided into shares.
- (3) The sole proprietorship as referred to in paragraph (1) letter b is a legal entity that meets the criteria for micro and small businesses as regulated in laws and regulations concerning micro and small businesses.

In practice, particularly in Pekanbaru City, the implementation of sole proprietorship registration through the AHU Online system still faces various challenges. Based on the author's observations, some MSMEs still lack an understanding of the digital registration mechanism, limited internet access in some areas, and low legal literacy regarding this new business entity form. These conditions indicate a gap between legal norms (*das sollen*) and the reality of implementation (*das sein*).

The growth of micro and small businesses in Pekanbaru City has shown significant growth over the past five years. According to data from the Cooperatives and SMEs Office, thousands of new businesses have emerged in the trade, culinary, and digital services sectors. However, most of them still operate informally without a clear legal entity. This limits access to financing, legal protection, and sustainable business development. The introduction of sole proprietorships should be a solution to this problem, but adoption remains relatively low.

Lawrence M. Friedman's legal system theory is also relevant for analyzing this phenomenon. According to Friedman (1978), the legal system consists of three main components: legal structure, legal substance, and legal culture. In the context of sole

proprietorships, the legal substance is quite progressive, with regulations supporting the ease of establishing a business. However, the legal structure, in the form of the AHU Online service, still requires capacity building, while the community's legal culture still exhibits traditional administrative tendencies that have not yet fully transitioned to digital systems.

The implementation of this policy in Pekanbaru City demonstrates a gap between legal norms and social reality. Empirically, although the number of micro and small businesses in Pekanbaru continues to increase, the registration rate for sole proprietorships through the AHU Online system remains relatively low. This indicates that the existence of progressive regulations has not been fully followed by public adoption of the new legal system. Analyzing it from a corporate law theory perspective, M. Yahya Harahap (2016) states that the effectiveness of corporate law is determined not only by the existence of written regulations, but also by the readiness of the legal infrastructure and the legal awareness of business actors in understanding the consequences of establishing a legal entity. Thus, the low utilization of sole proprietorships in Pekanbaru may be caused by a lack of legal understanding, limited digital access, and minimal assistance from relevant agencies.

In the context of Pekanbaru City, the implementation of the AHU Online system is also inseparable from digital infrastructure challenges. Although internet access in the city is generally quite good, a digital divide still exists between urban and suburban areas. This impacts the level of public participation in electronically registering sole proprietorships. Furthermore, the availability of business advisors from the local government has not been fully optimal in providing legal and technical education to MSEs. As Jeremy Bentham (1789) stated, the law must be able to provide the greatest possible benefit to the greatest number of people (the greatest happiness principle). When applied to sole proprietorships, this policy has, in normative terms, provided extraordinary convenience for small businesses in obtaining legal entity status. However, if its implementation is not supported by community readiness and infrastructure, these benefits will not be optimally achieved.

In Pekanbaru City, the development of MSMEs is one indicator of the high potential for the use of the Sole Proprietorship scheme. According to data from the Pekanbaru City Cooperatives and SMEs Office, the number of registered MSMEs will reach approximately 26,000 business units by 2025. Of this number, only a fraction of business actors choose to establish Sole Proprietorships. The number of registered Sole Proprietorships in Pekanbaru City is around 6,000, indicating that many MSMEs still operate as sole proprietorships or other business models.

RESEARCH METHODS

This study uses a sociological (empirical) legal research method with the aim of examining the implementation of Sole Proprietorship registration through the Online General Legal Administration System (AHU) in Pekanbaru City and linking legal provisions with their implementation practices. The approaches used include a statutory regulatory approach to examine the legal basis of Sole Proprietorships, a conceptual approach to analyze corporate legal theory and doctrine, and an analytical approach to interpret the relationship between legal norms and their implementation in the field.

Pekanbaru City was chosen as the research location because it is one of the regions with rapid micro and small business development and has implemented the AHU Online service for legal entity registration. The research data consisted of primary data obtained through interviews. This data was supported by secondary data in the form of laws and regulations, books, and scientific journals, as well as tertiary data in the form of legal dictionaries and encyclopedias.

Respondents were selected using purposive sampling, resulting in eleven informants deemed to possess the knowledge and experience relevant to the research focus. Data

collection was conducted through observation, in-depth interviews, and literature review. All data were then analyzed descriptively and qualitatively, linking empirical findings to applicable legal provisions. Conclusions were drawn inductively, formulating generalizations based on the facts discovered during the research.

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RESULT AND DISCUSSION

A. Implementation of the Sole Proprietorship policy for micro and small business actors in Pekanbaru City

The Sole Proprietorship (Private Liability Company) is a form of corporate law reform in Indonesia that emerged as a consequence of regulatory reform through Law Number 6 of 2023 as a replacement for the substance of Law Number 11 of 2020 concerning Job Creation. This policy changes the paradigm of establishing a limited liability company, which previously required a minimum of two founders as stipulated in Article 7 paragraph (1) of the Limited Liability Company Law, to allow it to be established by one person as long as it meets the criteria for Micro and Small Enterprises (MSEs). These provisions are then further regulated in Government Regulation Number 8 of 2021 and Regulation of the Minister of Law and Human Rights Number 21 of 2021.

In the perspective of the legal development theory put forward by Mochtar Kusumaatmadja (2006), law must function as a means of social renewal (law as a tool of social engineering). Through this theory, it can be understood that the formation of a Sole Proprietorship does not merely produce new legal norms, but also aims to change the behavior of society to be more orderly in administration, professional in running a business, and able to adapt to modern economic developments.

The Sole Proprietorship Policy is essentially a legal instrument aimed at facilitating ease of doing business while enhancing legal protection for micro and small businesses. Prior to this policy, most MSMEs operated as sole proprietorships without legal entity status, thus ensuring the owner's responsibilities were not separated from their personal assets. Consequently, all business risks were directly borne by the business owner. The introduction of the Sole Proprietorship changed this situation by granting legal entity status that separates the company's assets from the personal assets of its founder, as stipulated in Article 109 point 1 of Law Number 6 of 2023.

According to Munir Fuady (2017), a legal entity is a legal subject that has its own rights and obligations so that its existence provides legal certainty regarding legal relations between company owners, creditors, and third parties. The concept of separate legal entity is a key characteristic of modern legal entities, as it provides protection to company owners as long as business activities are conducted in accordance with statutory provisions. This view demonstrates that sole proprietorships are not simply a simplification of administrative procedures but also a renewal of the corporate law concept, which previously only recognized companies with at least two founders.

The implementation of the Sole Proprietorship policy in Pekanbaru City is inseparable from the city's position as a center of economic growth in Riau Province. As the provincial capital, Pekanbaru has a relatively large number of MSEs operating in diverse business sectors, ranging from trade, culinary, services, home industries, to the creative economy. This situation makes Pekanbaru a potential area for implementing the policy of legalizing businesses through Sole Proprietorships.

Article 153A of Law Number 6 of 2023 stipulates that a company that meets the criteria for a micro and small business can be established by a single person through a statement of establishment in Indonesian. This provision is an exception to the conventional Limited Liability Company establishment mechanism, which requires a notarial deed. Thus, the lawmakers provide procedural simplification while reducing the costs of establishing a business entity, making it more affordable for MSMEs.

In practice, this policy is implemented in Pekanbaru City through the electronic General Legal Administration (AHU) system. The entire establishment process is conducted online, from filling in founder data and submitting the declaration of establishment to issuing the Sole Proprietorship Registration Certificate. This digitalization of services is intended to expedite public service delivery, increase transparency, and reduce cumbersome bureaucratic processes.

The digitalization of these services reflects the implementation of the principles of effective, efficient, accountable, and accessible public services. According to Ridwan HR (2020), good governance requires simple, fast, and transparent public services that provide legal certainty to the public. Therefore, the AHU Online system is a concrete implementation of the principles of good governance in legal administration services.

In Pekanbaru City, the implementation of the Sole Proprietorship policy also received support through outreach activities conducted by the Riau Regional Office of the Ministry of Law, in conjunction with the local government and various stakeholders. These outreach activities aimed to increase MSEs' understanding of the benefits of legal entity status, the procedures for establishing a Sole Proprietorship, and the legal consequences of obtaining legal entity status. This educational activity is considered crucial given that many MSEs still lack understanding of the differences between a regular sole proprietorship and a Sole Proprietorship.

In the perspective of the public policy implementation theory put forward by George C. Edwards III (1980), the success of implementing a policy is influenced by four main variables, namely communication, resources, implementer disposition, and bureaucratic structure. When this theory is applied to the implementation of Sole Proprietorships in Pekanbaru City, it is apparent that communication has been implemented through various forms of outreach, seminars, legal counseling, and electronic media publications. However, the effectiveness of this communication still faces challenges in the form of low legal literacy among MSEs, resulting in incomplete understanding of the information conveyed.

The resource aspect is also a crucial factor in implementing this policy. Although the AHU system is electronic, some businesses still experience difficulties using information technology, particularly those who are older or have limited education. This situation means

that some MSEs still require assistance from legal services officers, business organizations, or legal consultants to ensure the process of establishing a sole proprietorship (Public Company) runs smoothly.

On the other hand, a simpler bureaucratic structure compared to the conventional Limited Liability Company (LLC) establishment mechanism is a factor contributing to the successful implementation of the policy. Previously, the establishment of a PT required a notarial deed, ministerial approval, and various other administrative requirements. Now, for MSEs, this process has been streamlined by submitting the establishment statement electronically, significantly reducing costs and time.

Most MSMEs are still focused on production and marketing, so business legality is not a top priority. They tend to believe that as long as the business continues to operate and generate profits, having a legal entity is not an urgent need. This view indicates that public legal awareness regarding the importance of legal entities is still relatively low. According to Soerjono Soekanto (1982), legal awareness is a value embedded in society regarding the importance of obeying the law and utilizing the law as a means to achieve order and justice. If public legal awareness is still low, then no matter how good the quality of a regulation is, it will not necessarily be implemented effectively.

The implementation of the Sole Proprietorship policy also has a positive impact on legal certainty for business activities. With legal entity status, MSEs in Pekanbaru City gain a more credible business identity, making it easier to establish contractual relationships with business partners, financial institutions, and the government. This legality also increases consumer trust because the business is run by an officially registered legal entity.

Results from various community service and outreach activities in Pekanbaru indicate that many MSEs have not yet registered their businesses as sole proprietorships, despite the availability of regulations. This is due to a lack of understanding of the benefits of legal entities, the perception that legalization will increase administrative burdens, and a lack of knowledge about electronic registration procedures.

The government has provided a clear legal basis, simplified procedures, electronic services, and ongoing outreach programs. However, the effectiveness of its implementation is still influenced by the public's level of legal literacy, their ability to utilize information technology, and business actors' awareness of the importance of business legality. Therefore, the success of this policy is determined not only by the quality of the regulations but also by the synergy between the government, legal service officials, business organizations, universities, and MSEs in building a legal culture that encourages compliance with corporate legal administration.

The enactment of the Sole Proprietorship policy represents a legal reform in the area of ease of doing business undertaken by the Indonesian government in order to increase national investment competitiveness while simultaneously facilitating Micro and Small Enterprises (MSMEs) to obtain legal entity status. Prior to the regulation on Sole Proprietorships, businesses seeking to obtain Limited Liability Company legal entity status were required to fulfill the provisions stipulated in Law Number 40 of 2007 concerning Limited Liability Companies, namely being established by at least two individuals based on an agreement. In practice, these provisions often become obstacles for micro and small businesses, which generally operate independently or as family businesses, making it difficult to fulfill the formal requirements for establishing a legal entity.

This paradigm shift was then realized through Law Number 11 of 2020 concerning Job Creation, which was further refined through Law Number 6 of 2023 concerning the Stipulation of Government Regulation in Lieu of Law Number 2 of 2022 concerning Job Creation into Law. Through this provision, the state provides space for MSEs (Micro, Small, and Medium Enterprises) to establish Limited Liability Companies (LLCs) that are

established by a single founder without requiring a notarial deed, but simply by completing a Statement of Establishment electronically through the Ministry of Law's legal entity administration system. Further regulations regarding this mechanism are regulated in Government Regulation Number 8 of 2021 concerning Company Authorized Capital and the Registration, Establishment, Amendment, and Dissolution of Companies that Meet the Criteria for Micro and Small Enterprises.

This separation of assets is one of the main characteristics of a Limited Liability Company, including a Sole Proprietorship. In business practice, this separation provides protection for business owners because their liability is, in principle, limited to the amount of capital contributed to the company. This concept is known as the limited liability principle, which is the main characteristic of a Limited Liability Company legal entity. According to Ridwan Khairandy (2014), the limited liability principle is a legal instrument aimed at providing shareholders with certainty regarding the limits of risk they must bear in carrying out business activities. Thus, a sole proprietorship provides better legal guarantees than a regular sole proprietorship, where the owner can be held accountable for all of his assets if a business loss occurs.

Based on research results, the existence of Sole Proprietorships is essentially already known by some micro and small business owners, especially after the government conducted outreach through agencies responsible for cooperatives and micro businesses, regional offices of the Ministry of Law, and electronic media. However, the level of public understanding of the concept of this legal entity still varies. Some business owners understand that Sole Proprietorships are a form of business legality that provides legal protection, while others still believe that business legality is limited to a Business Identification Number (NIB). These differences in perception indicate that the transformation of legal policy has not been fully accompanied by an increase in public legal literacy.

This situation is actually a common problem in the implementation of new legal policies. According to Soerjono Soekanto (2014), legal effectiveness is not only determined by the substance of the legislation but also influenced by law enforcement officials, facilities and infrastructure, the community, and the evolving legal culture. Thus, the successful implementation of Sole Proprietorships is not sufficient by simply providing regulations, but also requires ongoing efforts to increase public understanding of the benefits of legal entities.

When analyzed from the perspective of legal certainty theory, the existence of a Sole Proprietorship provides certainty regarding the legal status of business actors. Prior to this policy, most micro-enterprises conducted their business activities informally, thus making their legal standing unclear in various civil relations. After obtaining legal entity status, a Sole Proprietorship has a legal identity recognized by the state, allowing it to undertake various legal actions, including entering into cooperation agreements, opening accounts in the company's name, obtaining financing facilities, participating in certain procurements of goods and services, and developing its business through investment.

According to Gustav Radbruch (1950), one of the main objectives of law is to create legal certainty (*rechtssicherheit*), namely a situation in which society clearly knows its rights and obligations based on applicable law. In the context of Sole Proprietorships, this legal certainty is realized through state recognition of the legal entity established by MSEs. This recognition provides a sense of security for business actors in conducting their economic activities, as every legal relationship they enter into is protected under statutory provisions.

In addition to providing legal certainty, sole proprietorships also offer significant benefits to micro and small businesses. Jeremy Bentham's (1907) theory of utilitarianism states that the law should maximize the benefits to society. The Sole Proprietorship Policy is in line with this theory because it provides procedural convenience, cost efficiency in establishment, and broader opportunities for MSMEs to develop into more professional

business actors.

The research also shows that the ease of establishing a sole proprietorship is a factor driving the increasing interest of some business owners in obtaining legal entity status. Previously, the cost of notarial deeds and the relatively lengthy administrative process were often the main reasons businesses did not establish a limited liability company. Following the implementation of the electronic Declaration of Establishment mechanism, the establishment process has become simpler and can be completed in a relatively short time as long as administrative requirements are met. This simplified procedure implements the principles of effective, efficient, transparent, and accountable public service.

However, the ease of procedures has not been fully followed by a significant increase in the number of Sole Proprietorships. Research shows that some business owners are still reluctant to convert their business into a legal entity, believing that the tax administration process, reporting, and changing company data will increase their business burden. This view suggests that some people still view legality as merely an administrative obligation, rather than as an instrument for legal protection and business development. Therefore, a shift in mindset is needed through more intensive legal education so that the benefits of Sole Proprietorships are fully understood.

From the perspective of legal development theory, the existence of Sole Proprietorships is part of the state's efforts to build a legal system responsive to societal needs. Satjipto Rahardjon (2009) argues that law must adapt to societal developments and not become bogged down in mere formalities. Good law is law that provides solutions to emerging social problems within society (2009). In this context, a Sole Proprietorship is a legal form that is adaptive to the reality that most business actors in Indonesia are micro and small businesses run by one person or family.

Article 5 of the Regulation of the Minister of Law and Human Rights Number 30 of 2021 stipulates that registration of a sole proprietorship through AHU Online must meet the following administrative requirements: (1) a sole proprietorship registration form that has been filled out completely and clearly; (2) supporting documents in the form of a photocopy of the identity card of the sole proprietorship owner; (3) documents proving ownership or control of the business premises; (4) proof of deposit of at least twenty-five percent of the capital stipulated in the deed of establishment; and (5) other supporting documents in accordance with the nature and type of business to be carried out.

After completing the form and submitting supporting documents electronically, the AHU Online system will automatically verify the data and documents through a pre-programmed validation mechanism. The third step is payment of the registration fee, which can be made through various provided digital payment channels, such as bank transfer, credit card, or digital wallet. The use of this electronic payment mechanism has increased the efficiency of administrative financial transactions and reduced the possibility of fee calculation errors.

The fourth stage is a substantive examination by an administrative officer on duty at the Pekanbaru City Company Registration Office. During this stage, the officer will conduct further checks to ensure the data entered matches the original supporting documents uploaded digitally. Article 8 of the Minister of Law and Human Rights Regulation Number 30 of 2021 stipulates that the substantive examination must be completed within a maximum of five working days from the time the documents are received through the system. The examining officer will prepare an examination report containing the results of the evaluation of the completeness and validity of the documents.

The fifth stage is the validation and issuance of digital proof of registration of a sole proprietorship. If all requirements are met and the document is declared valid, the AHU Online system will automatically generate a digitally signed proof of registration document

for the sole proprietorship by an authorized official. According to Article 11 of Regulation of the Minister of Law and Human Rights Number 30 of 2021, proof of registration of a sole proprietorship issued through the AHU Online system has the same legal force as proof of registration issued in paper form. Applicants can download this digital document directly from the AHU Online portal and store it in their personal account.

Pekanbaru City has prepared comprehensive technical infrastructure to support the implementation of the AHU Online system. The Pekanbaru City Company and Industry Registration Office, under the coordination of the Investment and One-Stop Integrated Services Agency (DPM-PTSP), has been equipped with hardware and software that meets the technical specifications set by the Ministry of Law and Human Rights. This infrastructure includes a local server connected to the AHU Online central server in Jakarta via a high-speed, encrypted internet connection.

Ongoing training has been provided to all company registration officers in Pekanbaru City to ensure a thorough understanding of the operational mechanisms of the AHU Online system. According to data obtained from the Pekanbaru City DPM-PTSP, forty-two registration officers participated in technical and procedural training on the use of the AHU Online system organized by the Ministry of Law and Human Rights during the 2021-2023 period. This training covered material on verifying the identity of individual company owners, document validation, handling complaints and administrative disputes, and technical problem-solving procedures.

In its implementation, Pekanbaru City has also developed community assistance services through a service center at the DPM-PTSP (Directorate General of Public Works and Public Housing). Public service officers are available to provide consultations to prospective applicants regarding requirements, procedures, and how to use the AHU Online system. This customer-centered approach has been proven to increase the success rate of first-time registrations and reduce the number of application rejections due to incomplete documents.

An analysis of the implementation's effectiveness shows that the average processing time for sole proprietorship registration through the AHU Online system in Pekanbaru City is three business days, significantly faster than the traditional manual registration system, which previously took up to two weeks. This increased speed has positively impacted the local investment climate and encouraged more entrepreneurs to formally register their businesses through the more efficient system.

The substantive requirements for registering a sole proprietorship are those related to the legal aspects and validity of the registered business entity. Based on Articles 5 to 7 of Law Number 8 of 1997 concerning Company Documentation, a sole proprietorship must have several substantive elements, as follows: First, a clear sole proprietorship name that has not been previously registered. According to Article 3 of the Regulation of the Minister of Law and Human Rights Number 30 of 2021, the name of a sole proprietorship cannot be the same as the name of another sole proprietorship, limited liability company, or cooperative already registered in the national registration system. The AHU Online system is equipped with a name search feature to ensure the unique identity of the business entity to be registered.

Second, the location of the head office or domicile must be clear and verifiable. According to Article 4 of the Minister of Law and Human Rights Regulation Number 30 of 2021, the domicile of a sole proprietorship must indicate a complete address, including the street name, house number, sub-district, district, city, province, and postal code. In the implementation of AHU Online in Pekanbaru City, the domicile address can be verified using data from a geographic information system and an address database integrated with the national registration system.

Third, the type of business activity or business sector to be undertaken must be described by referring to the Indonesian Standard Classification of Business Fields (KBLI).

Article 6 of the Minister of Law and Human Rights Regulation Number 30 of 2021 stipulates that users must select a business sector from the KBLI list available in the AHU Online system. This selection is necessary for economic statistics and sector-specific business regulations, which may require additional requirements.

Fourth, proof of approval and validation from the authorized agency for a specific business sector. According to Article 7 of the Minister of Law and Human Rights Regulation Number 30 of 2021, if the type of business activity to be carried out falls into the category of businesses that require special permits or approval from other agencies, applicants must attach the approval documents to the AHU Online system. For example, for businesses in finance, trade, or industry, permits from the Financial Services Authority, the Ministry of Trade, or the Ministry of Industry may be required.

Fifth, proof of initial capital deposit as stipulated in the sole proprietorship's founding documents. Article 5 of the Minister of Law and Human Rights Regulation Number 30 of 2021 states that sole proprietorships must provide proof of capital deposit of at least twenty-five percent of the stipulated capital. This evidence can be in the form of a bank statement, deposit receipt certificate, or other accounting document showing the allocation of funds to the sole proprietorship.

Based on the research results, the implementation of the Sole Proprietorship policy shows that the government has attempted to simplify all stages of establishing a legal entity through the use of an electronic system managed by the Ministry of Law. This simplification is evident in the elimination of the requirement for a deed of establishment by a notary for Sole Proprietorships that meet the criteria for micro and small businesses. Founders simply need to complete a Statement of Establishment through the Legal Entity Administration System (SABH), complete the required data, and then obtain a Certificate of Establishment as proof of legal entity status. This mechanism represents a significant change compared to the provisions of Law Number 40 of 2007 concerning Limited Liability Companies, which requires an agreement between at least two founders, outlined in a notarial deed.

The simplification of these procedures demonstrates that the state is beginning to implement the principles of fast, simple, transparent, and community-oriented public services. From the perspective of state administrative law, effective public services are one indicator of the realization of the general principles of good governance. The convenience provided through electronic systems also demonstrates the digital transformation of government administration, eliminating the reliance on lengthy and complicated bureaucratic procedures.

Based on the author's observations in the field, the implementation of the Sole Proprietorship policy for micro and small business actors in Pekanbaru City has provided convenience in terms of regulations and registration procedures through the General Legal Administration System (AHU Online). However, its implementation has not run optimally because many MSE actors still do not know the benefits of Sole Proprietorship, do not understand the electronic registration mechanism, and still consider that business legality is not an urgent need. In addition, some business actors still experience difficulties in using the AHU Online system and require assistance from related agencies.

The research results show that the majority of MSMEs responded positively to the ease of the procedures for establishing a Sole Proprietorship (Private Ownership). They believe the process has become much simpler than before, eliminating the relatively high cost of notarial deeds. For micro-entrepreneurs with limited capital, this reduction in administrative costs is a key factor driving interest in obtaining legal entity status. Furthermore, the use of an electronic system allows the registration process to be completed without having to visit a government service office in person, saving time and money.

However, research also shows that not all MSMEs are taking advantage of these facilities. Some entrepreneurs still choose to operate their businesses as individuals without

forming a sole proprietorship. The most common reasons cited are a lack of understanding of the benefits of a legal entity, the perception that business legality does not directly increase revenue, and concerns about new administrative obligations, such as reporting changes to company data and tax obligations. This situation indicates that regulatory simplification has not fully changed public perception regarding the importance of business legality.

When examined using the theory of legal effectiveness put forward by Soerjono Soekanto (2018), this situation shows that the success of implementing a regulation does not only depend on the quality of legal norms, but is also influenced by five factors, namely legal substance, law enforcement officers, facilities and infrastructure, society, and legal culture. In the context of Sole Proprietorships, the legal substance has provided quite progressive facilitation, but societal factors and legal culture remain major challenges. Many MSEs prioritize the continuity of their daily business activities over managing their legal entity, believing that legality doesn't provide direct economic benefits.

In addition to the theory of legal effectiveness, the implementation of Sole Proprietorships can also be analyzed using the legal systems theory proposed by Lawrence M. Friedman. According to Friedman (1975), the functioning of a legal system is influenced by three main elements: legal structure, legal substance, and legal culture. These three elements must work harmoniously so that a legal policy can be implemented effectively.

From a legal perspective, the government has established institutions to support the implementation of Sole Proprietorships, including the Ministry of Law, the Directorate General of General Legal Administration, the Office of Cooperatives and MSMEs, and various agencies that provide assistance to business actors. The presence of these institutions demonstrates that the institutional foundation for the implementation of Sole Proprietorships is adequate.

From a legal substantive perspective, regulations regarding Sole Proprietorships (Private Partnerships) have provided certainty regarding the requirements for establishment, data changes, dissolution, and shareholder responsibilities. These regulations provide legal certainty for the public regarding the procedures for obtaining legal entity status. However, the relatively recent development of these regulations means that many business owners still do not fully understand their rights and obligations as shareholders and directors of Sole Proprietorships.

Meanwhile, from a legal culture perspective, there is still a tendency for people to operate businesses informally. This family-owned business culture, which has persisted for years, has led some MSMEs to feel they don't need a legal entity. They prioritize trusting relationships with customers over business legality. This legal culture presents a challenge because regulatory changes are not necessarily accompanied by changes in societal behavior.

The research also shows that government outreach has a significant impact on increasing MSEs' understanding of Sole Proprietorships. Business owners who have participated in legal counseling, entrepreneurship training, or mentoring from relevant agencies generally have a better understanding of the benefits of legal entities than those who have not received such information. This suggests that the success of policy implementation is significantly influenced by the intensity of communication between the government and the public, the target group of the policy.

On the other hand, the implementation of Sole Proprietorships also has a positive impact on increasing third-party trust in MSEs. The legal status of Sole Proprietorships enhances business credibility by demonstrating that the business has been officially registered with the government. In business practice, business legality is often a requirement for establishing partnerships with other companies, participating in procurement of goods and services, or obtaining financing from financial institutions. Therefore, Sole Proprietorships not only provide legal protection but also increase business actors' competitiveness in

economic activities.

Another benefit is the separation of assets between the owner and the company. Before obtaining legal entity status, all business assets are commingled with company assets, so the risk of business losses can directly impact personal wealth. After becoming a sole proprietorship, this separation of assets provides legal protection to shareholders under the principle of limited liability. This principle is a key characteristic of a limited liability company, which aims to provide certainty regarding the limits of the company owner's liability (Khairandy, 2014).

B. Obstacles in implementing the registration of sole proprietorships through the online general legal administration system (AHU) in Pekanbaru City

The implementation of the Sole Proprietorship policy is essentially a concrete manifestation of the state's role in providing ease of doing business to Micro and Small Enterprises (MSEs). This policy is not only intended as an administrative change in establishing legal entities, but also as an instrument of national economic development aimed at increasing the capacity of business actors to develop professionally, obtain legal protection, and have broader access to financing sources and markets. Therefore, the success of the Sole Proprietorship implementation is not only measured by the number of legal entities established, but also by the extent to which the policy is able to provide tangible benefits to MSEs in carrying out their business activities.

1. Low Knowledge and Understanding of Micro and Small Business Actors Regarding Sole Proprietorships

The first obstacle encountered in implementing Sole Proprietorship registration through the General Legal Administration System (AHU Online) in Pekanbaru City is the still-low level of knowledge and understanding among micro and small business owners regarding the existence and benefits of Sole Proprietorships. Research shows that many business owners have been operating for years but are unaware that they can now establish a Limited Liability Company with just one founder without the need for a notarial deed as previously stipulated.

This lack of understanding leads some business owners to believe that a Business Identification Number (NIB) is sufficient for business legality. They fail to understand that a Sole Proprietorship (Public Corporation) is a legal entity with a distinct status from a regular sole proprietorship. Consequently, business owners are discouraged from registering through AHU Online, believing their business already has a permit and can operate as usual.

Furthermore, many business owners are still unaware of the legal benefits of a sole proprietorship. Most only perceive that establishing a legal entity will increase administrative work and tax obligations. However, legal entity status offers various advantages, such as separating personal and company assets, increasing consumer and business partner trust, facilitating access to financing from financial institutions, and providing legal protection for conducting business activities.

This low level of awareness is influenced by the government's uneven outreach. Outreach activities are generally only conducted among specific business groups, while many MSEs have never participated in outreach regarding Sole Proprietorships or the registration procedures through AHU Online. As a result, information about the new policy has not been widely received by the public.

When analyzed using Soerjono Soekanto's theory of legal effectiveness, this condition is related to societal factors. A regulation will not be effective if the public, the target of the law, does not understand its content or purpose. Therefore, the successful implementation of Sole Proprietorships is determined not only by the existence of regulations but also by the level of public understanding of the benefits of such legal entities (Soekanto, 2014).

According to the man as an Employee of the Riau Regional Office of the Ministry of Law and Human Rights who handles the AHU Online service, he said that the obstacle in implementing the registration of sole proprietorships through the General Legal Administration System (AHU) Online in Pekanbaru City is the still low understanding of micro and small business actors regarding the existence and benefits of Sole Proprietorships. Many business actors do not yet know that the establishment of a Sole Proprietorship can be done by one founder through an electronic system without having to make a notarial deed. As a result, the interest of business actors in registering is still relatively low because they do not understand the legal and economic benefits obtained after having legal entity status.

According to Mr., an employee of the Riau Regional Office of the Ministry of Law and Human Rights who handles the AHU Online service, he said that the obstacle in implementing the registration of sole proprietorships through the General Legal Administration System (AHU) Online in Pekanbaru City is the limited ability of business actors to use the AHU Online system. Some business actors are not yet accustomed to using electronic-based administration services and therefore often experience difficulties when filling in data, uploading documents, or completing the registration process. Therefore, many business actors still need assistance so that the registration process can run smoothly.

According to the man as an employee of the Riau Regional Office of the Ministry of Law and Human Rights who handles the AHU Online service, he said that the obstacle in implementing the registration of sole proprietorships through the General Legal Administration System (AHU) Online in Pekanbaru City is that the implementation of socialization has been carried out periodically, but its reach has not been able to cover all micro and small business actors in Pekanbaru City. There are still business actors who have never participated in socialization activities or received information about Sole Proprietorships. Therefore, closer cooperation is needed between the Regional Office of the Ministry of Law, local governments, and related agencies so that the dissemination of information about Sole Proprietorships can reach all levels of society.

According to the Head of the Pekanbaru City Cooperatives and SMEs Department, the obstacles to implementing sole proprietorship registration through the online general legal administration (AHU) system in Pekanbaru City stem not only from administrative aspects, but also from the mindset of business actors. Most MSMEs still prioritize production and marketing activities over managing business legality. Furthermore, there is still a perception that legal entities are only necessary for large companies, so many small business actors do not feel the need to register their businesses as sole proprietorships.

According to the Chairman of the Indonesian Notaries Association (INI) of Pekanbaru City, the obstacle in implementing the registration of sole proprietorships through the Online General Legal Administration System (AHU) in Pekanbaru City is the lack of legal understanding among the public regarding the importance of legal entity status. Although the establishment procedure has been simplified, many business actors still do not understand the legal consequences, rights, and obligations after becoming a sole proprietorship. According to him, more intensive legal education is needed so that business actors understand that a legal entity is not only to fulfill administrative requirements, but also a form of legal protection and a means to increase business credibility and competitiveness.

According to Mr., a Micro and Small Business Actor who has not yet registered a sole proprietorship (May-June 2026), he said that the obstacle in implementing sole proprietorship registration through the Online General Legal Administration System (AHU) in Pekanbaru City is the lack of information regarding registration procedures. He is aware that the government has made it easier to establish a sole proprietorship, but he does not yet understand in detail the requirements, registration stages, or benefits obtained after having legal entity status. Therefore, he has not dared to register because he is worried that errors will

occur in the application process.

Based on the author's observations in the field, the obstacles in implementing the registration of sole proprietorships through the Online General Legal Administration System (AHU) in Pekanbaru City are still influenced by several factors. The most dominant factors are the low knowledge of business actors regarding Sole Proprietorships, the limited ability of some business actors in using the AHU Online system, and the still low legal awareness regarding the importance of having a legal entity. In addition, there are still business actors who consider that business legality is not a primary requirement because their business can still run without legal entity status. This condition indicates that the successful implementation of the Sole Proprietorship policy does not only depend on regulatory ease, but also requires broader socialization, assistance in using the AHU Online system, and ongoing guidance to increase the legal awareness of micro and small business actors in Pekanbaru City.

C. Efforts to overcome obstacles in implementing the registration of sole proprietorships through the online general legal administration system (AHU) in Pekanbaru City

1. Increase Socialization and Education for Micro and Small Business Actors

The first step to address the lack of business awareness regarding Sole Proprietorships (Private Partnerships) among business owners is to continuously increase outreach and education. Research shows that many micro and small business owners in Pekanbaru City are still unaware of the Sole Proprietorship policy or the registration procedure through the General Legal Administration System (AHU Online). This indicates that information regarding this policy has not yet reached all business owners.

Dissemination needs to be conducted more broadly and not solely centered in government offices. The government can collaborate with the Cooperatives and MSMEs Office, the Investment and One-Stop Integrated Services Office (DPMPTSP), the Regional Office of the Ministry of Law, universities, business organizations, and sub-district and village officials. By involving various parties, information will be more easily accepted by the public.

Furthermore, outreach materials should not only explain the registration procedure but also the benefits of a sole proprietorship for businesses. MSMEs need to be educated on how legal entity status can increase consumer trust, facilitate access to bank financing, provide legal protection for personal assets, and open up opportunities for collaboration with other companies.

The use of social media, government websites, educational videos, and online seminars also needs to be increased to ensure public access to information at any time. With the wider dissemination of information, it is hoped that business actors will improve their legal knowledge and awareness, leading to more MSEs utilizing the Sole Proprietorship facility.

According to Soerjono Soekanto (2014), the success of a legal regulation is greatly influenced by the public's understanding of its content and purpose. Therefore, outreach is a crucial step in ensuring the public understands and understands the benefits of a legal policy.

2. Improving Assistance and Ease of Online AHU Services

The second effort is to improve services and technical assistance in using the General Legal Administration System (AHU Online). Although this system was designed to make things easier for the public, many business owners still experience difficulties registering independently due to limited information technology skills.

The government needs to provide more accessible support services to the public, for

example through helpdesks, AHU service corners at the DPMPTSP, and consultation services at the Cooperatives and MSMEs Office. With this support, businesses can receive assistance if they encounter difficulties entering data, uploading documents, or completing the registration process.

In addition to direct assistance, the government can also provide guidebooks, video tutorials, and simple instructions for using AHU Online so that they are easy for the public to understand. The guides should be written in simple language and include illustrations for each registration step so that business owners can follow the process independently.

Furthermore, continuous improvements to the quality of the AHU Online system are also necessary. The system must be easy to use, have a simple interface, and minimize technical glitches during registration. A well-functioning system will ensure faster, more efficient service delivery, and provide greater certainty to the public.

According to Lawrence M. Friedman (1975), the effectiveness of a legal system is greatly influenced by the legal structure that supports its implementation. Therefore, easily accessible administrative services supported by adequate facilities will increase the success of legal policy implementation.

3. Increasing Legal Awareness and Administrative Culture of Business Actors

The third effort is to raise legal awareness among micro and small business owners regarding the importance of having a legal entity. Research shows that some business owners still believe that business legality is not a primary requirement because businesses can still operate without legal status. This mindset needs to be changed through ongoing development.

The government needs to provide an understanding that sole proprietorships (Public Companies) are not merely a means of fulfilling administrative requirements but also a form of legal protection for business owners. Having a legal entity separates the owner's personal assets from the company's, preventing business risks from directly burdening the owner's entire personal assets. Furthermore, a legal entity enhances business credibility, making it easier to obtain financing, investors, and business partnerships.

Entrepreneurship development also needs to focus on the importance of orderly business administration, such as financial record-keeping, business reporting, and the separation of personal and company finances. These habits will help entrepreneurs manage their businesses professionally and support future growth.

In practice, the government can provide various incentives to MSMEs that already have sole proprietorships, such as easier training, government assistance, access to financing, and other empowerment programs. These policies can motivate other businesses to quickly register their legal entities.

According to Mochtar Kusumaatmadja (2006), law must be a tool of social engineering. Therefore, the existence of Sole Proprietorships is not only intended to change legal regulations, but also as a means to establish a more orderly, professional, and competitive business culture.

Based on this description, it is clear that efforts to overcome obstacles to the implementation of Sole Proprietorships must be carried out comprehensively. Regulatory improvements alone are insufficient without increased outreach, assistance in the use of AHU Online, and fostering public legal awareness. If these three efforts are implemented continuously, the implementation of Sole Proprietorship registration in Pekanbaru City will be more effective and the government's goal of facilitating business for micro and small businesses can be optimally achieved.

According to Mr., an employee of the Riau Regional Office of the Ministry of Law and Human Rights who handles the AHU Online service, he said that efforts to overcome obstacles in implementing the registration of sole proprietorships through the General Legal

Administration System (AHU) Online in Pekanbaru City are by increasing socialization activities for micro and small business actors on an ongoing basis. Socialization is carried out through legal counseling, seminars, technical guidance, and collaboration with local governments and various organizations that foster MSMEs. According to him, the more business actors understand the benefits of Sole Proprietorships, the greater the public's interest in registering their businesses as legal entities.

According to the man, an employee of the Riau Regional Office of the Ministry of Law and Human Rights who handles the AHU Online service, he said that efforts to overcome obstacles in implementing the registration of sole proprietorships through the General Legal Administration System (AHU) Online in Pekanbaru City are to provide assistance and consultation services to the public who experience difficulties using the AHU Online system. Assistance is provided both directly at the Regional Office of the Ministry of Law and through integrated service activities in the region. With this assistance, business actors can obtain explanations regarding requirements, data entry procedures, and resolution of obstacles that arise during the registration process.

According to the man as an employee of the Riau Regional Office of the Ministry of Law and Human Rights who handles the AHU Online service, he said that efforts to overcome obstacles in implementing the registration of individual companies through the General Legal Administration System (AHU) Online in Pekanbaru City are improving the quality of AHU Online services, which is also one of the ongoing efforts. The administration system continues to be improved to be easier to use, faster in processing applications, and able to provide effective services to the public. In addition, the public is also given access to information through social media, the official website, and consultation services so that they obtain correct information regarding Individual Companies.

According to the Head of the Pekanbaru City Cooperative and SMEs Office, efforts to overcome obstacles in implementing sole proprietorship registration through the Online General Legal Administration System (AHU) in Pekanbaru City are carried out through ongoing coaching and mentoring for MSMEs. The Cooperative and SMEs Office collaborates with the Riau Province Regional Office of the Ministry of Law in providing education on the importance of business legality, the benefits of legal entities, and procedures for registering a sole proprietorship through AHU Online. In addition, business actors are also given training on business administration management, financial records, and business development to be better prepared to become legal entities.

According to the Chairman of the Indonesian Notaries Association (INI) of Pekanbaru City, the effort to overcome obstacles in implementing the registration of sole proprietorships through the Online General Legal Administration System (AHU) in Pekanbaru City is to increase legal education to the public regarding the functions and benefits of legal entities. According to him, although the establishment of a Sole Proprietorship no longer requires a notarial deed, notaries still have a role in providing legal consultations to the public regarding the rights and obligations of shareholders, governance of Sole Proprietorships, and changes in legal entity status if the business develops in the future. He also believes that synergy between the government, professional organizations, and business actors needs to be continuously strengthened so that the Sole Proprietorship policy can be implemented optimally and provide real benefits for the development of micro and small businesses in Pekanbaru City.

According to Mr., as a Micro and Small Business Actor who has not yet registered a sole proprietorship (May-June 2026), he said that efforts to overcome obstacles in implementing sole proprietorship registration through the Online General Legal Administration System (AHU) in Pekanbaru City are that the government needs to conduct more direct outreach to business actors. According to him, so far there are still many MSME actors who do not understand the benefits of a Sole Proprietorship or the registration

procedures. Therefore, the government is expected to provide counseling down to the sub-district and village levels so that information can be received by all business actors.

According to Mr., as a Micro and Small Business Actor who has not yet registered a sole proprietorship (May-June 2026), he said that efforts to overcome obstacles in implementing sole proprietorship registration through the Online General Legal Administration System (AHU) in Pekanbaru City are to provide assistance during the registration process through AHU Online. According to him, not all business actors have the ability to use electronic systems so officers are needed who can help explain each registration stage. With this assistance, business actors will be more confident in managing their business legality independently.

According to Mr., as a Micro and Small Business Actor who has not yet registered a sole proprietorship (May-June 2026), he said that efforts to overcome obstacles in implementing sole proprietorship registration through the Online General Legal Administration System (AHU) in Pekanbaru City are that the government needs to create a simpler and easier-to-understand registration guide. According to him, the instructions for using AHU Online should be written in simple language and equipped with examples of filling out the form so that the public does not experience difficulties when registering independently.

According to Mr., as a Micro and Small Business Actor who has not yet registered a sole proprietorship (May-June 2026), he said that efforts to overcome obstacles in implementing sole proprietorship registration through the Online General Legal Administration System (AHU) in Pekanbaru City are to improve consultation services for business actors. According to him, if there is an easily accessible consultation place, either directly or through online services, then business actors can ask various things they do not understand about Sole Proprietorship without having to worry about making mistakes in the registration process.

According to Mr. as a Micro and Small Business Actor who has not yet registered a sole proprietorship (May-June 2026) said that Efforts to overcome obstacles in implementing sole proprietorship registration through the Online General Legal Administration System (AHU) in Pekanbaru City is that the government also needs to provide motivation to business actors by explaining the real benefits of having a legal entity. According to him, if business actors know that a Sole Proprietorship can facilitate access to financing, increase consumer trust, and expand business cooperation opportunities, then the community will be more encouraged to immediately register through AHU Online.

According to the man as a Micro and Small Business Actor who has not yet registered a sole proprietorship (May-June 2026) said that Efforts to overcome obstacles in implementing sole proprietorship registration through the Online General Legal Administration System (AHU) in Pekanbaru City is cooperation between the government, the Cooperatives and SMEs Service, and business actor organizations need to be continuously improved so that information regarding Sole Proprietorships can reach all MSME actors in Pekanbaru City. According to him, the more parties involved in providing education and assistance, the easier it will be for business actors to understand the importance of business legality and utilize the facilities provided by the government.

Based on the author's observations in the field, efforts to overcome obstacles in implementing the registration of individual companies through the online general legal administration system (AHU) in Pekanbaru City require synergy between the government, related agencies, and micro and small business actors. Efforts that need to be made include increasing continuous socialization regarding Individual Companies, providing assistance and consultation services for business actors who experience difficulties using AHU Online, improving the service system to make it more accessible to the public, and increasing

guidance on the importance of business legality and orderly administration. In addition, collaboration between the Regional Office of the Ministry of Law of Riau Province, the Pekanbaru City Cooperatives and SMEs Office, professional organizations, universities, and MSME communities needs to be continuously strengthened so that the implementation of the Individual Company policy can run more effectively. With these efforts, it is hoped that more micro and small business actors will have legal entities so that they can obtain legal certainty, legal protection, and wider opportunities to develop their businesses.

CONCLUSIONS

The implementation of the Sole Proprietorship policy for micro and small businesses in Pekanbaru City has not been fully optimized because some businesses still have not utilized this facility due to a lack of understanding of the benefits of legal entities. As stipulated in Law Number 6 of 2023 concerning Job Creation and Government Regulation Number 8 of 2021, this policy facilitates the establishment of legal entities through the AHU Online system, with simpler procedures, lower costs, and no longer requires a notarial deed for businesses that meet the criteria for micro and small businesses. The existence of a Sole Proprietorship provides legal certainty, protection of the personal assets of business actors through the principle of limited liability, and opens wider access to financing, business cooperation, and business development.

Obstacles in implementing sole proprietorship registration through the Online General Legal Administration (AHU) system in Pekanbaru City are: First, the still low knowledge and understanding of micro and small business actors regarding Sole Proprietorships and the legal benefits obtained after having legal entity status. Second, there are still limitations in the ability of business actors in using the AHU Online system, both due to lack of information technology capabilities and limited supporting facilities. Third, the still low legal awareness of business actors regarding the importance of business legality so that most still choose to run their businesses informally and have not made a legal entity a necessity in developing their businesses.

Efforts to overcome obstacles in the implementation of sole proprietorship registration through the Online General Legal Administration System (AHU) in Pekanbaru City are carried out through increasing socialization and education regarding Sole Proprietorships to micro and small business actors, improving the quality of services and assistance in using the AHU Online system so that it is more easily accessible to the public, and increasing legal awareness through ongoing guidance regarding the importance of legal entities and orderly business administration. If these three efforts are implemented consistently by involving the government, universities, business organizations, and the community, the implementation of Sole Proprietorships in Pekanbaru City will be more effective and able to encourage the development of micro and small businesses that have legal certainty, competitiveness, and better business governance.

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