

SUSTAINABILITY BUSINESS IN FAMILY COMPANIES THROUGH GOOD CORPORATE GOVERNANCE PRACTICES RELATED TO ASPECTS OF BUSINESS LEGALITY IN THE DIGITAL ERA

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Abstract-The purpose of this study is to provide insight and education to family business actors to pay attention to the legality aspects of their business in the digital era by focusing on good corporate governance in order to create a sustainable business. This research uses the Quasi-Qualitative method to examine more deeply related to the improvement of Sustainability Business in Family Companies through Good Corporate Governance Practices and Aspects of Business Legality in the Digital Era. The object of research is the family company PT Tiana Pottag Group. Sample research using purposive sampling technique, namely family business owners (Owners), Directors of companies, and Representatives of the company's Legal Department. The data collection method uses in-depth interviews. The validity of data collection used the Triangulation technique. The analysis method uses the theory of Sustainability Business and the 5 main principles of GCG, namely fairness, transparency, accountability, responsibility, and stakeholders. As a result, Sustainability Business is an important factor because of the form of a company that can survive from time to time. Protection related to the legality of the business to get legal protection because of the frequent overlapping authority of the family company. The implementation of GCG principles in a family company helps the company to act professionally.

Keywords: *Business Sustainability, Family Business, Good Corporate Governance, Business Legality, Digital Era*

1. Introduction

The digital transformation era in Indonesia requires business actors to be able to adapt quickly to increase productivity and creativity. This is supported by the existence of the Ease of Doing Business (EoDB) and the establishment of the Job Creation Law, including the simplification of the business licensing system. This situation makes companies have to achieve Good Corporate Governance (GCG) with the principles of accountability, transparency, fairness, independency, and responsibility. Good Corporate Governance in the digital era must go through processes related to Sustainability Business and Business Legality Aspects. The legality of a family company's business is very necessary to develop and innovate, because currently licensing has used online system, so it is appropriate for family companies to have business legality. Therefore, this research focuses on synergizing organizational aspects and legality aspects in family business to achieve good corporate governance in the digital era.

2. Literature Review

2.1 Previous Research

In research Arum Tarina (2020) showed that the urgency requires MSE business licenses in PMSE to receive guidance, supervision, obtain facilities for conveniences, and avoid the imposition of an administrative penalty by the government. Muthia Susan Fadillah Bulolo (2021) proves legal protection for business actors through a PT license with OSS so as not to lose money when entering into ties with third parties. Jonas Soluk (2021) finds family influences and dynamic abilities weaker than reinforced by environmental dynamism. Amin Purnawan (2020) showed that the problem of implementing the legality registration of MSME businesses through the OSS System was caused by a lack of socialization and education. Raden Isma Anggraini (2019) provides guidelines covering the design of vocational training, such as curriculum and infrastructure.

2.2 Theoretical Foundations

2.2.1 Business Sustainability

According to Narayanadp (2018) Business Sustainability is a business effort to inhibit negative effects on the environment and social so that the descendants of the successors adequate resources to meet their needs.

2.2.2 Family Business

A company can be said to be a family company if there are two or more family members who supervise the financial part of the company (Ward & Aronof, 2006, in Nirwanto, 2016).

2.2.3 Good Corporate Governance

Good Corporate Governance (GCG) is a trusted company management practice that is also guaranteed through a balance aspect in meeting the needs of stakeholders (Hindarmojo, 2021).

2.2.4 Business Legality

According to the Big Dictionary of Indonesian (Setiawan, 2017), a business license is an approval that is used in carrying out activities in the commercial sector to make a profit.

2.2.5 Digital Era

The Digital Era is a time or era where almost all fields in the order of life have been assisted by digital technology (Lev Manovich 2021).

3. Research Framework

3.1 Analysis Models

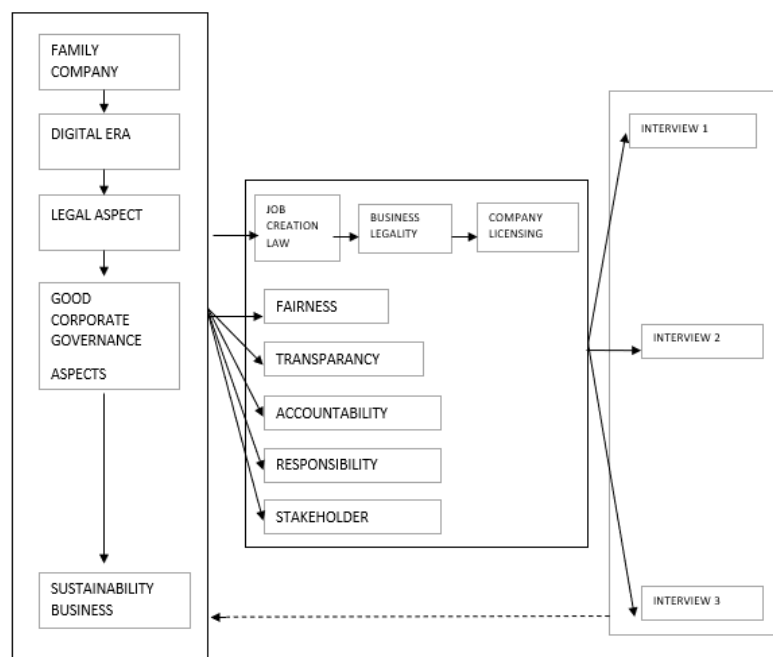


Figure 3.1 Quasi-Qualitative Data Analysis Strategy Model

Source: Processed from Burhan Bung (2021)

4. Research Methods

4.1 Types of Research, Data Collection and Analysis Methods

This research uses a Quasi-Qualitative approach. Subjek and the object of study using purposive sampling technique. The object of research is a family company, namely PT. Tiana Pottag Group. The research subjects are as follows:

Table 4.1. Subject of Research

No.	Subject	Criterion
1.	Owner	Owning a family company
2.	Management	Directors or organs of a family company that have the authority and are fully responsible for the management of a family company for the benefit of a family company
3.	Legal Department	The head of the legal department within the family company.

Source: Data Processed

The method of collecting research data using in-depth interview method. Validity using the data collection technique Triangulation.

5. Results and Discussion

5.1 Informant

Table 5.1 Informant Profiles

Status	Code
Owners and founders	M
Employees - Directors	Bc
Employees - Legal	Da

Source: Data Processed

5.2 Data Presentation

The data is grouped into three, namely: (1) Law as a Frame in Business in the Digital Age (2) Good corporate governance practices in Family Companies (3) Sustainability Business in Family Companies. The three aspects are presented based on the data processed by the interview, triangulation of data sources, described descriptively, and using coding in the presentation of results.

5.3 Analysis and Discussion

5.3.1 Law as a Frame in Business in the Digital Age

This family company was initially established without legality and a legal umbrella, so it encountered several problems related to its legal aspects, after that the company began to take care of all the legalities of the company (M-2 | C-1). If there is a change in regulations, the company has a significant impact on its business sector. This requires the company to always update every change in regulation (M-7 | C-4). The publication of the 2020 KBLI requires the company to divide the sector into wholesale trade under the PT Tiana Pottag Group and small trade under the auspices of subsidiaries. Every business actor who has not adjusted to the new rules, especially KBLI 2020, is required to immediately update their data and licensing form (MF-15 | C-30). The trade of PT Tiana Pottag Group also includes exports and imports, so the company must take care of legality at the Ministry of Trade (DA-7 | C21). The Licensing Office provides evaluation and verification so that the requirements are fulfilled according to the needs of business actors (SM- 5 | C-13 | DA – 6 | C-20). The existence of licensing as a form of legality, the company obtains benefits including: (1) Legal protection facilities; (2) Means of promotion; (3) Proof of compliance; (4) Make it easier to get a project; (5) Facilitate business development. According to the owner of this family company, the legality of the business is a long-term investment for the company (M-6 | C-3). So, it is appropriate that business should be framed with law.

5.3.2 Practice of Good Corporate Governance in Family Companies

GCG is very important in managing the company, by carrying out GCG practices that have a good impact on corporate governance. This is reflected in the duties and obligations in each existing department (SM-7 | C-14). At the start of the establishment, the company was not yet familiar with a good management system and in the end, it was decided to reorganize the business based on the rules that had been passed in the form of a legal entity, not even more so after the entry of the second generation of this family company (M-3 | C-2). Running a business according to applicable regulations is already a form of GCG implementation by upholding the principles contained in GCG every day (M-12 | C-6). Based on this description, the implementation of GCG Principles at PT Tiana Pottag Group is as follows:

1. Transparency

The information on the subject of this study is already very easily accessible to employees, through the company's website or written official announcements. PT. Tiana Pottag Group supports this by providing trainings, information related to business legality, and online licensing arrangements. The delivery of internal information is carried out openly. This is reflected that the director also has rights and obligations and the legal department carries out information to subordinates by providing explanations and knowledge regarding business licensing (SM -2 | C-8 – C-9). The transparency can also be seen in decision-making which is carried

out by deliberation and discussion through scheduled meetings. The research subjects have applied GCG principles by socializing the company's vision and mission on every occasion or forum in the company.

2. Accountability

Based on the results of the interview, it was found that this family company already has a clear organizational structure according to their respective job descriptions. Accountability on the subject of research is to have a legal team prepared to deal with all licensing reforms from conventional to online. The implementation of the principle of accountability in this study is to have rules that regulate all rules and implementation related to the behavior of company employees both inside and outside (SM-3 | C-10 – C-11 – C-12).

3. Responsibility

Based on the results of interviews and observations, it is known that the research subjects have carried out responsibilities related to the company's legal protection by applying the 3P principle, namely predict, provide, dan protect (DA-8 | C-22). PT Tiana Pottag Group has predicted that there will be changes to the company, therefore the company chose a legal entity form of business. This proves the company's commitment to be consistent with compliance with applicable regulations. These commitments are a form of the company's responsibility to relations and communities who want to work with the company, in order to feel safe and protected by the law.

4. Independency

Based on the results of the interview, it shows that there is no overlapping authority between departments. The company has a clear job desk and its own function. This is a form of implementation of the principle of independency of family companies to meet the commitment of GCG principles (SM -2 | C-8 – C-9). Family members in the company always try to take part in decision making by obeying the elements of labor regulations, so this is an important factor so that there is no overlapping of duties and authorities (SM-8 | C-14 – C-14 – C-16 – C17).

5. Fairness

PT Tiana Pottag Group reports that the company is obliged to share comparable treatment. Hal it is reflected in this family company which in addition to employing part of the family also employs a team of professionals outside of the family (SM- 8 | C-14 – C-14 – C-16 – C17). The family company also shared opportunities for input and opinions on the company's needs (M-10 | C-5). These efforts were made to achieve GCG, despite the obstacles and the company tried to provide the best so that management remained on track (SM -2 | C-8 – C-9). The company's GCG practices are good enough by implementing the principles of GCG and 3P, then the legal department can contribute to the governance of this family company (DA-8 | C-22).

5.3.3 Sustainability Business in a Family Company

Business is dynamic, so you have to keep up with the times to be able to stay exist (M-14 | C-6 – C-7). This family company can survive and remain exist until now because it is always innovating and exploring opportunities according to the progress of the times and the help of experts in their fields (M-4 | C-2 – C-3). That is, there are determinants of the success or defeat of a family business, including: (1) Strategic intent; (2) Application of good

corporate governance; (3) Funding; (4) Business plan; (5) Management team; (6) Execution; and (7) Timing. According to the DA, by implementing the 3P principle (Predict, Provide, and Protect), especially Protect, it is an urgent part of this family company so that the business develops and runs with the protection of applicable law. The sustainability of these efforts is influenced by various aspects, one of which is the presence of the validity factor of the effort (DA-9 | C-22 – C-23). The position of the owner as a successful survivor and manager of the company in making the company sustainable, is a realistic matter. Based on the results of the research, the company of PT Tiana Pottag Group is currently entering the second generation, the sustainability of the family business has been continued by the daughter of the company's founder. The succession process is a manifestation of this family company to be able to sustain to this day and continue to grow.

5.4 Managerial Implications

5.4.1 Family Company PT Tiana Pottag Group

Table 5. 2 Table of Implications for The Family Company PT Tiana Pottag Group

Aspects	Before Research	After Research
Law as a frame in business in the Digital Age	The legality of a company's business is usually taken care of after the company is running, this causes many problems in the future, especially in this digital era where all licensing is tried to be done online. Business Licensing has been carried out on a conventional basis. There are many perspectives that consider that if you already have a NIB, you already have a business license, causing misunderstanding for business actors.	It is better to take care of the legality of the business when the company is established, this is to provide legal protection for the company. Because Business Legality is a form of long-term investment for the company. Business licensing is not enough only with NIB, but there are other business legalities, namely the Deed of Establishment, Decree of the Ministry of Law and Human Rights, NPWP, and NIB. In addition, it is also necessary to take care of business licensing for commercial and operational purposes. This business licensing is carried out online through the RBA OSS and adapts to the latest Risk-based KBLI.
GCG Practices in Family Companies	GCG practices in Family Companies are very important to be carried out, especially in implementing the principles of GCG itself in the management of family companies.	The existence of GCG in a family company gives its own color in the management of corporate governance. So that in the future the implementation of the GCG principle ² is not only limited to certain sectors, but can go to more outside sectors related to the legality aspects of the company's business, this is a form of responsibility from the company to provide legal protection for its business in accordance with applicable regulations, as well as a form of protection for the company.
Sustainability Business in a Family Company	Sustainability Business in a Family Company is a form of company in maintaining its business. In this family company, it can survive and remain exist until now this right because this company always innovates and	Sustainability Business in a Family Company is a form of implementation of the company's strategy, which is carried out in maintaining the sustainability of the company, including by utilizing technology and

	explores the potential of the company to be able to meet the demands of the times.	innovating. In addition, it is also necessary to pay attention to the condition of the company and which business is indeed time to be developed and explored further according to the development and needs of the times. Of course, by conducting various research, analysis and audits for the success of the company's sustainability. In the implementation of the sustainability ability of the family company's business, it is also necessary to note that this company can develop also because the company already has complete legality and is incorporated, making it easier for companies to explore, cooperate and partner with other companies.
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Source: Data processed

5.4.2 Family Companies in General

Table 5. 3 Table of Implications for Family Companies in General

NO	Discovery
1.	Business licensing is carried out online through the RBA OSS by taking into account the classification of business risks.
2.	Application of the 3 P Principles (Predict, Provide, and Protect) in implementing corporate governance
3.	Business Legality is an investment for the company for the long term
4.	The sustainability of a family company can be influenced by the legality element of the business itself and must also continue to innovate and explore the company's potential to further develop in the future.

6. Conclusions and Suggestions

6.1 Conclusion

Sustainability of family companies can occur by utilizing technology, innovation, analysis, and auditing so that they know the potential developed. Family companies need to pay attention to the legality of the business for legal protection in the future, so that there is no overlapping of authority and there is clarity of rules so that they can act professionally. The existence of the Job Creation Law has a significant impact on business actors, because of the ease of regulation for the implementation of licensing in the digital era on an online basis through the RBA OSS. There are business legality makes the company have legal protection and can cooperate with other parties without hesitation. The application of GCG principles helps family companies act professionally which is reflected in the owner's willingness to employees, managing business activities based on applicable rules, being a stakeholder with regular duties/authorities, and upgrading skills to work more professionally. The process is a form of GCG implementation, accountability, and commitment.

6.2 Suggestion

6.2.1 Suggestions For More Research

Researcher suggests looking at and examining more deeply the findings, namely further examining the application of 3P to family corporate governance and the development of ease of online business licensing through the RBA OSS.

6.2.2 Advice for family companies

For family businesses that are taking care of business legality, they are expected to pay attention to their business sectors and needs first so that the company obtains appropriate legal protection, so that the company can develop better based on the company's vision and mission. This is accompanied by the implementation of GCG technical principles to regulate corporate governance.

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