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Deregulation Policy of Bankruptcy Regulation in Effort To Promote The Indonesian Ease of Doing Business

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Abstract

The resolution of bankruptcy cases is an integral part of supporting ease of doing business in Indonesia. This study aims to analyze the effect of deregulation policies, especially bankruptcy regulations in Indonesia on the ease of doing business. This helps investors determine the ranking of the ease of doing business in Indonesia and if there is a conducive investment climate, which in the end is expected to boost Indonesia's economic growth. This study utilizes primary and secondary data sources. Primary data is obtained from focus group discussions (FGD), while secondary data is gathered from documentation from related institutions. Qualitative methods and NVivo analysis tools were used to analyze the data. The findings demonstrate that in practise, debt settlement issues are resolved through bankruptcy institutions. There are numerous issues, and the Bankruptcy Law is deemed to be overly simplified and excessively easy for debtors to declare bankruptcy. Provisions contained in Law no. 37 of 2004 pertaining to Bankruptcy and PKPU are no longer relevant to the development of business practices, such as those regarding the implementation of bankruptcy, the magnitude of the bankruptcy rate and rules pertaining to the instigators of the bankruptcy. According to the recommendations of this study, implementing adjustments to Law No. 37 of 2004 concerning Bankruptcy and PKPU should be a top priority and should start as soon as possible if they are to be included in a scheduled economic policy package.

Keywords: Bankruptcy, Ease of Doing Business, FGD, NVivo

Introduction

The Resolving Insolvency Rank of the Republic of Indonesia (RI) is in a fairly good position. As of 2019, Indonesia was ranked 36th with a Strength of Insolvency Index of 10.5 (out of a maximum of 16). This is an indication that in terms of the legal framework, Indonesia is already in a relatively good position from an international perspective. This position is achieved mainly due to good economic policies implemented by the Indonesian government. However, this does not mean that the economic policy packages initiated by the government do not require a revision (Silitonga, 2018; Sutmasa, 2021; Wahab, 2008).

In order to ease the process of starting a business in Indonesia, it is still necessary to renew and amend the laws and regulations regarding this economic policy package. This is necessary in light of the fact that numerous decisions and regulations are still believed to impede the simplicity of doing business, such as the Law on Bankruptcy and Suspension of Debt Payment Obligations, which still causes complications in the field (Putra, 2021; Rahman & Redi, 2023; Sihotang, 2021; Wijayanta, 2018).

In line with the Government's program related to the ease of starting a business in Indonesia, there is a need for the alignment of decisions (beschikking) and regulations (regeling), in order for these policies to operate as expected. However, in the effort to harmonize reforms and changes to regulations, they often clash with the provisions contained in Law no. 12 of 2011 concerning the Establishment of Legislation. This has consequences in law enforcement, where lower laws and regulations must not conflict with higher laws (Article 7 paragraph (2) of Law No. 12 of 2011). In order to support the ease of doing business program, the government must not contradict with higher regulations (Kasirzadeh, 2021; Nasrudin, 2020).

In order to increase economic growth, the Government has committed to improve Indonesia's ranking in the annual (Ease Of Doing Business) survey conducted by the World Bank Group (Fadzlurrahman & Abubakar, 2019). In the World Bank report on Ease of Doing Business (EODB) 2020 on 24th October 2019, Indonesia is still ranked 73rd. The Investment Coordinating Board (BKPM) acknowledged that the downgrade of Ease of Doing Business's rating to 73rd from 72nd in the previous year had affected the overall domestic economic growth. However, all policies that have been implemented by the government in order to encourage the investment climate and ease of doing business in Indonesia do not necessarily increase Indonesia's EoDB ranking at the international level. This can be seen from the position of EoDB Indonesia which has remained at the 73rd rank in 2020 (Shubhan, 2020; Purnama et al., 2022).

Likewise, regional economic growth engines cannot rely solely on government fiscal instruments (government spending) and household consumption, they must also rely on new investments. Sustainability and quality of growth is seen, among other things, at the level of elasticity in the creation of job opportunities. It is certainly more secure if the source of growth relies on productive activities involving the mobilization of large input factors through new investments. Furthermore, investments will only come and grow if it is strongly supported by a conducive-competitive business environment (Simanjuntak, 2018). In this context, a number of crucial issues in the investment policy package are placed as objects of evaluation. Among them are the ease of doing business (as seen in a number of derivative issues such as: regulatory framework, transaction costs, and licensing procedures), labor wages and affirmative policies for Micro, Small and Medium Enterprises (MSMEs). Investment attractiveness will appear if the Regional government can facilitate the ease of investors starting or entering business activities (Kilay et al., 2022; Suliswanto & Rofik, 2019; Wahyuni et al., 2020).

At an advanced level, business productivity cannot be separated from the labor policy, which is assessed from the certainty of the policy in determining the existing minimum wage. Both the ease of doing business and the wage policy clearly affect the operation and productivity of investments. In this case, MSMEs as the pillars of our economy have been so far the business scale. It has felt the most positive or negative impact from the implementation of investment policies in this country (Batashev et al., 2021; Nevyantseva, 2022).

Starting from the assessment and measurement used by the World Bank on the quality of regulations and their implementation in the field, the Regional Autonomy Implementation Monitoring Committee (KPPOD) in its study focused on evaluating 3 of the total 10 Ease of Doing Business (EoDB) indicators used by the international institution. These three indicators were chosen based on considerations related to regional autonomy, the domain of authority and affairs that are the responsibility of the regional government. It also acts as crucial indicators that affect the convenience for business actors when starting and running their businesses (Alwajdi, 2020; Erni & Jaya, 2022; Prastiti, 2021; Sinaga, 2017)

As part of efforts to improve world ranking, the Government, through the Ministry of Law and Human Rights of the Republic of Indonesia has implemented a policy on Business Entity Law, and amending the Fiduciary Guarantee Act and the Bankruptcy and Debt Payment Obligation Act. The amendments to the Bankruptcy Law and Suspension of Debt Payment Obligations is an effort to provide fair legal protection. It also facilitates business actors in their process of settling debt-receivable relationships (Bhagawanthi Pemayun & Westra, 2020; Nuriskia & Novaliansyah, 2021).

For an economy of a big country like Indonesia, the national bankruptcy statistics of less than 200 cases a year indicates a problem with the bankruptcy law provisions. In general, bankruptcy only applies to medium to large-scale companies, while for small and medium-sized enterprises and individuals the impact is minimal. The UUK is not pro-MSME, even though it is very important for the economic system to immediately restore bankrupt debtors as productive members in the economy to encourage innovation and that bankruptcy is not used solely as punishment for debtors who fail to make payments. The low number of bankruptcy cases in Indonesia is in stark contrast to other countries. Australia, for example, with 16 million people and only 7,000 individual bankruptcy cases a year and around 10,000 legal entity bankruptcy a year, or Malaysia, which processes tens of thousands of individual bankruptcy applications annually.

Table 1.
Bankruptcy statistics at the Jakarta Commercial Court and the Surabaya Commercial Court

Bankruptcy	PN Jakarta			PN Surabaya		
Year	**2015**	**2016**	**2017**	**2015**	**2016**	**2017**
Remaining	8	15	16		4	4
Enter	55	67	72	24	31	23
Busted	36	54	72		31	20
Drawn	9	12	-	-	6	-
Rejected						
PKPU						
Remaining	10	15	21		7	3
Enter	107	146	169	14	23	37
Busted	73	118	154	-	27	30
Drawn	16	22	-			n/a
Rejected	3		-			n/a
Remaining	25	21	30		3	9

Source: Ministry of Law and Human Right (2018)

Legislation in Indonesia is very complex. This is feared to be one of the factors that hinder the entry of foreign investments into Indonesia. This refers to the large number of central and regional regulations, as well as the lack of coordination between these regulations. There are more than 15 thousand ministerial regulations recorded in Indonesia. As many as 95% of them was issued in the last ten years. If these excessive regulations are not addressed, Indonesia will continue to have difficulty attracting new investments, which can potentially promote economic growth and provide new jobs for the nation (Matompo, 2018).

Complicated and overly complex regulations have often been cited as contributing factors to the impediment of new investments in Indonesia. Investors are exposed to regulations at the central level and then to regulations at the provincial and local levels, depending on where investors decide to invest. Often the regulations contradict one another, this then creates legal uncertainty that makes investors reluctant to invest in Indonesia. Therefore, to provide legal certainty for new investors, the Government, through the Ministry of Law and Human Rights is trying to amend the regulations, both Law no. 37 of 2004 concerning Bankruptcy and PKPU, by implementing regulations proposed by the Minister of Law and Human Rights (Andani & Pratiwi, 2021; Firdawaty, 2013).

Based on the description above, this study aims to: (i). analyze the deregulation of bankruptcy regulations to ease starting a business in Indonesia, especially the process of resolving insolvency from the judicial process and the implementation of the management and settlement of assets of the bankrupt debtor in Indonesia, (ii). determine why bankruptcy cases are relatively few in Indonesia, when compared to ASEAN countries in general, (iii). trace the process of resolving bankruptcy cases carried out by administrative practitioners and curators, (iv). establish if the Bankruptcy Law framework provides priority for loans granted after the bankrupt party is released, (v). determine if the legal framework of insolvency requires creditors who oppose the release to recover at least what they could have received in liquidation, (vi). ascertain if the creditors are divided into separate groups in the voting process and treated equally, (vii). identify the approval requirements of the Legal Framework

for Bankruptcy in the sale of debtor assets of substantial value, (viii). determine if the legal framework of insolvency stipulates that the creditor has the right to request information from the curator or management, (ix). identify the party authorized to supervise the performance of administrators and curators in the process of managing and settling the assets of bankrupt debtors in deferring debt payment obligations and (x). determine policies that should be implemented to reduce the cost of bankruptcy and compensation for administrators and curators.

Theoretical Background

Public Policy and Regulation

According to Thomas R. Dye, public policy is "whatever governments choose to do or not to do". Mulyadi (2016) argued that public policy is a decision intended for the purpose of overcoming problems that arise in certain activities carried out by government agencies in the context of administering government. On the other hand, Hakim (2003) suggested that public policy studies examine government decisions in overcoming a problem that is of public concern. Some of the problems faced by the government are partly caused by failure of the bureaucracy in providing services and solving public problems. Therefore, it is necessary to make regulations that are truly acceptable to the public. In order to achieve this, a series of interdependent stages must be passed in its preparation, namely, (i) setting the agenda; (ii) policy formulation, (iii) policy adoption, (iv) policy implementation and (v) policy assessment. The policy formulation process can be carried out through seven stages (Mulyadi, 2016; Surjadi, 2009).

One theory related to public policy was proposed by Mascarenhas (1999), who suggested public policy as a theory or modal, for example. if you do x then y will happen. If the government increases incentives for traders, then trade output will increase. As a process or a series of processes, starts with a problem and proceeds to the formulation of objectives, decision making and subsequent evaluation. Mascarenhas also asserts public policy as a continuation of past government activities with gradual changes.

Chandler and Plano (1988) contributed to the theory of public policy or regulation by proposing regulations that are made must also be connected with the Institutional Theory. They point out that the organization was formed due to pressure from the institutional environment that led to institutionalization. Zukler (1987) in Donaldson (1995), stated that the ideas in the institutional environment that form the language and symbols explaining the existence of the organization are accepted (taken for granted) as norms in the organizational context. Organizational existence occurs in a broad organizational scope where each organization influences other forms of organization through the institutionalization process. Adjei et al (2021); Greve (1996) labelled it a process of imitation or mimetic adoption of an organization against other organizational elements. The specificity of institutional theory lies in the paradigm of norms and legitimacy, ways of thinking and all sociocultural phenomena that are consistent with technical instruments in organizations. The organizations are formed because of forces outside the organization come together through the process of mimicry or imitation and compliance (Bris et al., 2021). Thus, organizations are under pressure to create social forms that are only formed by the conformity approach and contain separate structures at the operational level.

Agency Theory, which is a popular field of study, states that the company is a place or inter section point for contractual relationships that occur among management, owners, creditors, and the government. This theory is about monitoring various costs and forcing relationships

between different groups. One of the hypotheses in Agency Theory is that management will try to maximize its own welfare by minimizing various agency costs. This hypothesis is not the same as the hypothesis which states that management tries to maximize the value of the firm. Therefore, management is assumed to choose account principles that are in accordance with its objective of maximizing its interests. Agency Theory approach is neither finance nor economics, it is linked closer to psychology and sociology.

The concept of Agency Theory according to Müller and Turner (2005); Turner and Müller (2004); Zhao et al (2009) is a relationship or contract between the principal and the agent, where the principal is the party who employs the agent to perform tasks for the interest of the principal. While the agent is the party who carries out the interests of the principal, the agent's relationship is a contract in which one or more people (the primary) hire another person (the agent) to execute a variety of services while delegating decision-making authority to the agent. This connection reflects the essential structure of the agency between principals and agents who cooperate but have diverse interests and attitudes towards risk (Barnea et al., 1981; Delves & Patrick, 1976; Stigler, 1967).

Additionally, the Agency Theory helps to understand the issues of corporate governance and earnings management. The Agency Theory results in an asymmetric relationship between owners and management. To avoid the asymmetry of the relationship, a concept is needed, namely the concept of good corporate governance, which aims to make the company healthier. The application of governance based on the Agency Theory can be explained by the relationship between management and owner. Management as an agent is morally responsible for optimizing the profits of the owners and in return will receive compensation in accordance with the contract (Song et al., 2021).

Good corporate governance is critical to sustain stakeholder trust and confidence. According to Zabihollah Rezae's book *Corporate Governance and Ethics*, the basic goal of corporate governance is to develop an optimal balance of power distribution among all participants, such as capital owners or shareholders, supervisory board or board of commissioners (Dewas, Bawas, Dekom) and the board of directors in achieving and enhancing, share value while keeping other stakeholders' interests in mind.

Definition of Bankruptcy

According to Article 2 paragraph (1) of Law Number 37 of 2004 (UU-KPKPU), bankruptcy is defined as a debtor who has two or more creditors and does not pay off at least one matured and collectible obligation. A court ruling declares him bankrupt, either at his request or at the request of one or more of his creditors. According to the preceding definition, the prerequisites for being declared bankrupt by a court ruling are (i). at least two creditors exist; (ii). the debtor fails to repay at least one debt; and (iii). the debt has reached maturity and is now collectible (Dr. Vladimir, 1967; Kadang et al., 2022; Mantili & Dewi, 2021; Sari, 2017).

The 2004 Bankruptcy Law is more severe than the 1998 Bankruptcy Law. In fact, once the monetary crisis was over, the substance of the Bankruptcy Law and PKPU contradict the essence of the bankruptcy law. The Bankruptcy Law appears to be a death sentence to the business with numerous problems. The minimum requirement to apply for bankruptcy, according to Article 2 of the Bankruptcy Law, is two or more creditors and the debtor must not have paid at least one due debt. However, this has eased bankruptcy applications against debtors, resulting in cases where debtors were declared bankrupt and later have the bankruptcy order rescinded (Mantili & Dewi, 2021). There are concerns about the nature of bankruptcy legal remedies. These involve practical issues when other creditors do not take

legal action, and the need to increase the number of creditors as bankruptcy applicants to at least 75 percent of creditors with past due debts. Debtors also need to prove that at least 75 percent of creditors have past due receivables, and if there is only one creditor, the case can be resolved through a civil lawsuit or execution of collateral with civil case processes. The PKPU period, intended to allow debtors to reorganize their business, is considered very short at 45 days, making it difficult to finalize peace proposals, lobbying, and business reorganization. Separate creditors have the right to support bankruptcy application and participate in voting without losing collateral rights, which can result in injustices (Mantili & Dewi, 2021; Morrison, 2009). The high requirements for vote counting and cumulative voting for concurrent and separate creditors, as regulated in Article 281 of the Bankruptcy Law, are seen as obstacles to PKPU's effectiveness, often leading to defeated peace proposals by debtors who later fail to pay after homologation of the composition plan. There are also issues related to honorarium or curator fees, as the current fees are based on a percentage of the debtor's assets or total amount owed, which is seen as exploitation and benefiting individuals with vested interests. Lastly, there have been multiple interpretations of the ranking of tax bills, labor wage bills, and separatist creditors' receivables, adding further complexity to the bankruptcy process (Ayotte & Ellias, 2020; Çelik et al., 2022; Stef, 2022).

Amendment to Law Number 37 of 2004 concerning Bankruptcy and Suspension of Obligations for Payment of Debt

Global economic developments have an influence not only on world economy and investment, but also correlate with legal developments, especially economic law. One of the fields of economic law that has also undergone changes in an effort to accommodate the development of modern business transaction practices is bankruptcy law (Voynikov and Mustafaeva, 2022). Regulations regarding bankruptcy law in various countries including Indonesia tend to experience changes. For example, in the last few decades, European countries have argued that the existing insolvency legal framework has not been able to provide a better economic scheme than the liquidation procedure, even though changes in the substance of bankruptcy occur in almost all European Union countries. Although the policies related to bankruptcy in each European Union country show some differences in substance and structure, most of these policies focus on the corporate rescue procedure, as an alternative to the liquidation procedure. The bankruptcy process used by most of the European Union countries refers to Chapter 11 of the United States Bankruptcy Code (Brédart, 2014; Janger, 2020; Uluc et al., 2018).

In responding to the challenges of the world economy, Indonesia has also taken corrective steps related to its bankruptcy law. Improvements to laws and regulations related to bankruptcy began in 1998 with the issuance of Government Regulation in lieu of Law Number 1 of 1998 concerning amendments to the Bankruptcy Law. This regulation was introduced when Indonesia was hit by the monetary crisis in 1998 which resulted in a number of national and multinational companies in Indonesia going bankrupt. Then, in 2004 as a refinement of the substance of the previous bankruptcy arrangements and to answer the needs and legal developments of the community, Law Number 37 of 2004 concerning Bankruptcy and Suspension of Debt Payment Obligations was enacted. This included norms, the scope of the material, as well as the process of settlement of accounts payable. This wider coverage is needed due to developments and legal needs of society, while provisions that have been in force so far have not been adequate. This approach was utilized as a means to resolve debt problems fairly, quickly, openly, and effectively (Fitria, 2018).

The settlement of bankruptcy cases is an integral part that supports the ease of doing business in Indonesia. This is a reference for investors to ascertain whether debt can be repaid, as well as whether companies that have financial difficulties have a mechanism to restructure their debts. Additionally, the settlement of bankruptcy cases can help determine whether the liquidation settlement mechanism can be completed transparently with the best results. Although the World Bank in its latest report entitled "Doing Business 2018: Reforming to Create Jobs" placed Indonesia in the 38th position for resolving insolvency in the 2018 EODB, this position reflects a sharp improvement in the ranking from its previous position at 74 in the 2018 EODB. However, the focus on improvements related to the implementation of bankruptcy law does not stop there. As business development trends continue to grow across national boundaries, demand for policies that are up to date as well as able to accommodate evolving needs of the business community is undeniable (World Bank, 2018).

The Government of Indonesia, through the National Long-Term Development Plan 2005-2025 has issued a mandate that includes national development targets in the RPJMN III (2015-2019) which emphasizes on increasing the nation's competitiveness in various fields. In relation to the field of law, there is a significant correlation between legal development and competitiveness. Several legal aspects, such as investor protection, judicial independence, government regulations, bribery, and the legal framework for dispute resolution, are included in the basic requirements for the nation's competitiveness as contained in the Global Competitiveness Index (GCI). However, problems in the field of law do not only cover the aspects contained in the GCI, it includes other legal components that can directly or indirectly affect competitiveness in Indonesia (Winarsih et al., 2022).

Regulation or law is one of the legal components that has direct impact on competitiveness, investment, commerce, and other economic sectors. Currently, Indonesia is dealing with regulatory issues such as, too much regulation (Hyper-regulation), conflicting regulations (disharmony), overlapping (Overlapping), multiple interpretations, disobedience (inconsistency), ineffective, creating unnecessary burdens and creating a high-cost economy. Thus, at the Limited Meeting on 17th January 2017, the Indonesian government established three key elements in the Legal Reform Policy Package Volume II: first, regulatory arrangement; second, broadening the reach of legal aid to the community; and third, building a sense of security in the environment (Cantarelli et al., 2018).

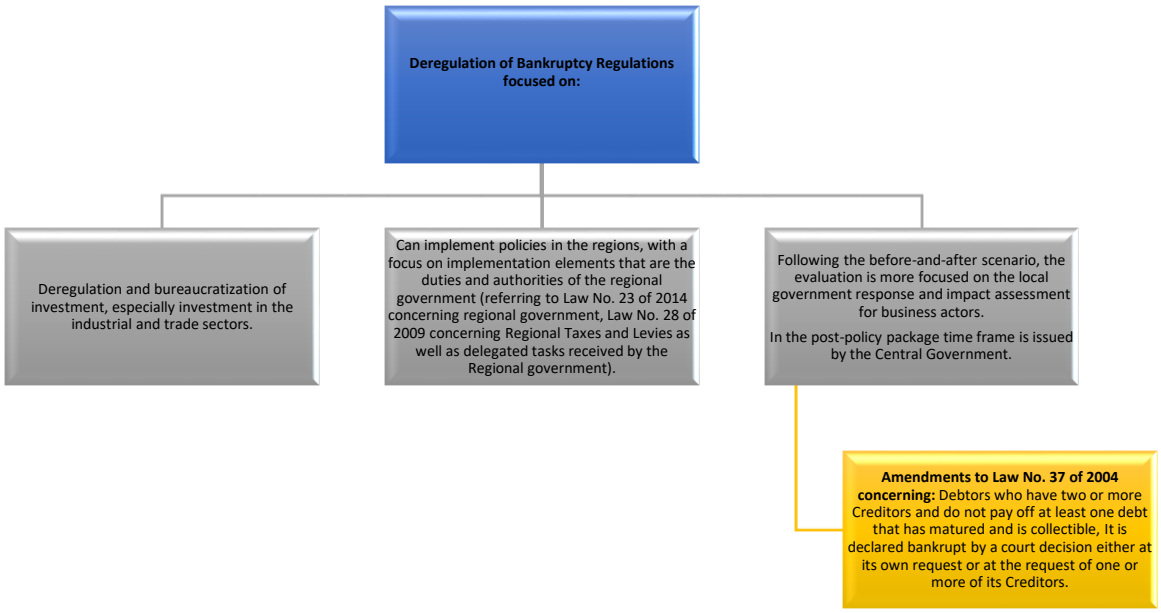
In responding to the challenges of legal reform in volume II, one of the agendas, namely structuring regulations, requires strengthening the formation of laws and regulations. This needs to be done because it is suspected that there is still smuggling of primordial, sectarian issues, foreign interests and sectoral egos in the formation of legislation, which can cause desynchronization of planning for the formation of regulations with development policies if the dignity of the mandate of the Constitution is not maintained as the basic law in legislation and Pancasila, which is the source of all sources of state law (Wahanu Prabandani, 2022a, 2022b, 2022c).

Regulatory arrangements must be carried out through an evaluation of various regulations. So that they are in line with the spirit of Pancasila, the mandate of the constitution and the national interest. By conducting an assessment of the laws and regulations, it will not only improve the existing legal material, but also improve the legal system which includes legal material; institutions and law enforcement; legal services; and public legal awareness (Hamzani et al., 2022; Yulianti, 2021).

The Effect of Deregulation on the Investment Climate in Indonesia

Various negative factors occur in the field during the process of resolving bankruptcy cases such as the low recovery rate, controversial court decisions and the behavior of unprofessional curators and administrators. The occurrence of multiple interpretations in applying the Bankruptcy Law and PKPU and the lack of transparency in the process of resolving bankruptcy and the high costs of bankruptcy are also concerning. There is also the absence of a supervisory agency for the administrator and curator which have degraded the trust of involved parties and have deviated from the main objective of Law No 37 year 2004. Therefore, it is not surprising if the number of bad loans in banks and financial institutions that have not been resolved and this number is still very large (tens of trillions of Rupiah), even though the UUK and PKPU have been enforced for more than a decade. At the macro level, this situation has resulted in a high cost economy hampering the growth of the national economy (Gunarya et al., 2021; Hibatullah, 2022; Julianti, 2021; Rohmat, 2022).

FIGURE 2: Framework



Research Methodology

Research Design

This study utilizes a qualitative research approach. The reasons for choosing this qualitative approach include: (i) the research itself which aims to analyze a policy and its benefits on an ongoing socio-economic condition; (ii). the researcher's perspective is prioritized because the researcher is actively involved in this problem; (iii). the aims of this study, which is to understand, look for meaning behind the data, to find the empirical truth; and (iv). researchers can function as data collection tools so that their existence is inseparable from what is being studied. The primary and secondary data are used in this study. Primary data in this study was obtained from the results of in-depth discussions with experts, practitioners, and academics. While secondary data in this study was obtained from several literature sourced from articles, journals, books, and also the official website of the Indonesian government.

In this study, the data collection technique was carried out through Focus Group Discussion (FGD) method. FGD is a data collection technique that is generally carried out in qualitative studies with the aim of finding the meaning of a theme according to the understanding of a

group. FGD is intended to avoid applying the wrong meaning from one researcher on the problem being studied. The distinctive feature of the FGD method that other qualitative research methods do not have (in-depth interviews or observation) is the interaction between researchers and informants (Sutopo, 2006). The FGD technique specifically used in this research is intended to obtain a more detailed information about deregulation policies, especially bankruptcy regulations in Indonesia.

TABLE 2
Informant Data in FGD

No	Name	Institution	Description
1	Dr. Teddy Anggoro, SH.,MH	Lawyer and Bankruptcy Expert University of Indonesia	Informant A
2	Dr. Imran Nathing, SH,MH	Curator	Informant B
3	Dr. Dhahana Putra, Bc.,IP., SH., M.Si	Ministry of Law and Human Rights	Informant C
4	Prof. M. Hadi Subhan, SH., MH	Bankruptcy Expert Airlangga University	Informant D
5	Prof. Muhammad Zilal Hamzah, Ph.D	Trisakti University	Informant E
6	Dr. Eleonora Sofilda, M.Si	Trisakti University	Informant F
7	Doelyono, SH., MH	Ministry of Law and Human Rights, Bankruptcy Expert	Researcher

Data Analysis Technique

The data analysis technique in this study will be carried out using 2 (two) techniques, namely the descriptive statistical technique for secondary data and the qualitative data analysis techniques of the Nvivo Software. The NVivo software for qualitative data analysis was developed by Qualitative Solution and Research (QSR) International, the first company to develop qualitative data analysis software. NVivo originated from the emergence of NUD*IST (Non numeric Unstructured Data, Index Searching, and theorizing) software in 1981 (McGrath et al., 2009)

Analysis of Results and Discussion

Indonesian Bankruptcy Regulations

Bankruptcy regulations in Indonesia have undergone many changes. The amendment addresses the concerns of the parties involved in the process of the law in order to ensure certainty, justice and order. Bankruptcy Regulations in Indonesia began with the entry in to force off the Faillissements- verordening, Staatsblad (Budiono, 2019; Hidayat & Purwana, 2019).

However, for various reasons and considerations, the government was late in drafting the bill. In the end it was successfully drawn up as the Bankruptcy Bill, though it was meant to be the Bankruptcy Bill and Suspension of Debt Payment Obligations. 37 of 2004 concerning Bankruptcy and Postponement of Debt Payment Obligations was promulgated and Law no. 37 of 2004 is valid until now. It is hoped that this EoDB will become a reference for investors looking to invest in the country. The higher the EoDB index of a country, the more attractive the country is to investors. EoDB can be used as a parameter for a country to determine which indicators must be improved so that investors would want to invest in that country.

Research Results and Discussion based on Nvivo Data processing

As explained in previous chapters, data processing in this study was carried out with Nvivo. Each informant produced 1 exploratory diagram and the diagram is then transformed into a table containing an explanation of each informant in this study. Given the size of the table in this study, only 3 to 5 largest nodes will be narrated from each informant. The nodes in question are as follows: Dr. Dhahana Putra (Informant C) has 38 nodes with the most references to "Amendment to Law 37 of 2004", totaling 25 references from all sources, Dr. Imran Nating (Informant B) has 60 nodes with the most references to "Amendment to the Bankruptcy Law", totaling 41 references from all sources, Dr. Teddy Anggoro (Informant A) has 41 nodes with the most references to "Amendment to the Bankruptcy Law", totaling 22 references from all sources, Prof. M. Hadi Subhan (Informant D) has 30 nodes with the most reference to "Amendment to the Bankruptcy Law and PKPU", totaling 31 references from all sources, Prof. Muhammad Zilal Hamzah (Informant E) has 57 nodes with the most references to "The Reason of Bankruptcy", totaling 15 references from all sources and Dr. Eleonora Sofilda (Informant F) has the most nodes related to "The Reason of Bankruptcy", totaling 15 references from all sources.

Conclusions, Implications and Policy Recommendations

The deregulation of bankruptcy regulations in Indonesia has not met the expectations of all stakeholders, particularly in terms of the ease of starting a business and the process of resolving insolvency. Despite Indonesia being the 4th most populous country in the world, the number of registered bankruptcy cases is relatively small compared to other ASEAN countries. This is due to high costs and unfamiliarity with the bankruptcy regulatory agency, as well as outdated provisions in the KPKPU Law that impact the settlement of debt and credit. The process of resolving bankruptcy cases lack proper classification and remuneration for practitioners, leading to inexperienced curators handling complex cases and hindering access to the bankruptcy settlement process. The bankruptcy legal framework in Indonesia has loopholes that make it easy for financially capable companies to be declared bankrupt, and lacks priority for loans granted after the rescission of bankruptcy. Creditors' rights and treatment are not consistent in the peace plan voting process, and the approval of creditors is required for the sale of substantial assets of the debtor. There is an absence of an authority that supervises the performance of administrators and curators, resulting in lack of accountability and a shortage of valid data related to liquidation and completion of the bankruptcy process. To reduce bankruptcy costs and promote a pro-business climate, clear classification of issues and fees for administrators and curators practitioners is necessary.

Policy Implication

There are many cases of bankruptcy decisions that are considered quite controversial, such as the bankruptcy cases of PT Telkomsel Jakarta and CV. Mahkota Mas Pratama against Bank BII, which was decided in commercial court. Some of the complex issues identified in these decisions include inaccurate information on submitted documents and supporting data, failure to mention parties involved, lack of understanding in debt agreements, and bad faith from creditors trying to control debtor assets through bankruptcy. The findings indicate that bankruptcy law does not always serve justice and may threaten the continuity of businesses, which impacts investors and business actors who feel uncertain about the law governing their investments and businesses. There is a need for mechanisms that can prevent mishandling of bankruptcy applications to avoid adverse impacts on consumers, particularly in cases of housing or apartment developers going bankrupt. The legal structure built on the amendments to the Bankruptcy Law and Suspension of Debt Payment Obligations (UUKPKPU) recognizes the possibility of bankruptcy requirements, such as minimum creditor limits and minimum maturity debt limits, that can avoid bankruptcy decisions caused by small claims that are not proportional to debtor assets. The demand for transparency and disclosure of information in the bankruptcy process has led to the issuance of guidelines for the settlement of bankruptcy cases and postponement of debt payment obligations by the Supreme Court of the Republic of Indonesia. Policies taken by the Ministry of Law and Human Rights to amend the Bankruptcy Law and its implementation rules, as well as policies taken by the Indonesian Supreme Court, are expected to prevent mishandling of bankruptcy cases and delays in paying debt obligations. The majority of bankruptcy experts, academics, and stakeholders agree on the need for changes (amendments) to Law No. 37 of 2004 concerning Bankruptcy and Suspension of Debt Payment Obligations, which will significantly impact the investment climate and ultimately improve the economy in Indonesia.

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