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The Legality of Sole Proprietorship Directors Under the Age of 18 in Executing Civil Agreements

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Abstract

This research aims to analyze the legality of sole proprietorship directors under the age of 18 in executing civil agreements. The primary focus of this study is the synchronization of legal capacity regulations between the Indonesian Civil Code and the provisions for Sole Proprietorships under Law Number 6 of 2023, which permits individuals aged 17 to establish and manage a company as both director and shareholder. This discrepancy creates legal uncertainty regarding the legality of the director's legal actions and the legal protection for third parties.

This study employs a normative legal research method with statutory and conceptual approaches. The results indicate that although the age of 17 is not categorized as legally competent under the Civil Code, the specific provisions within the Sole Proprietorship regime apply based on the principle of *lex specialis derogat legi generali*. Consequently, a founder acting as a director is deemed legally valid and legitimate. Based on the organ theory and the principle of separate legal entity, the director's actions are considered the company's actions, which remain binding as long as they are conducted within their authority. However, the recognition of this legal capacity does not guarantee absolute validity for every agreement, particularly in under-hand deeds (private agreements) which possess weaker evidentiary value compared to authentic deeds. Therefore, legal protection through preventive and repressive measures is essential to ensure legal certainty, justice, and utility for all parties.

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1. Introduction

A Limited Liability Company (hereinafter referred to as the Company) is a legal entity established as a partnership of capital, created through an agreement, and conducting business activities with authorized capital entirely divided into shares. Conceptually, a partnership reflects the union of parties with mutual interests in a specific enterprise.^[1]

The enactment of Law Number 6 of 2023 concerning the Stipulation of Government Regulation instead of Law Number 2 of 2022 on Job Creation has introduced significant changes, including the recognition of companies specifically for Micro and Small Enterprises (MSEs). Under Government Regulation Number 8 of 2021, MSE companies are categorized into two types: those established by two or more persons, and sole proprietorships established by a single individual. The sole proprietorship is a legal breakthrough that allows a legal entity to be established by only one person.

¹ Chidri Ali, *Legal Entities* (Badan Hukum), Alumni, Bandung, 1987, p. 137. [2] Dwi Tatak Subagiyo, Shanti Wulandari, and Fries Melia Salviana, *Corporate Law* (Hukum Perusahaan), PT. Revka Petra Media, Surabaya, 2017, p. 6.

The requirements for its establishment are regulated under Article 6 of Government Regulation No. 8 of 2021, which stipulates that the founder must be an Indonesian citizen, at least 17 years of age, and legally competent. This 17-year age limit is considered the standard of competence to manage a company that offers various advantages, such as formal legal entity status, separation of personal and corporate assets, and a one-tier system where the founder serves as both director and shareholder.

As a legal entity, a sole proprietorship is an independent legal subject possessing rights and obligations, capable of performing legal acts similar to a natural person. However, a legal issue arises when a 17-year-old director enters into a civil agreement with a third party. According to Article 1320 of the Indonesian Civil Code, legal capacity is a subjective requirement for the validity of an agreement. Conversely, Article 330 of the Civil Code states that an individual is considered an adult and legally competent only upon reaching the age of 18 (or 21 under older doctrines) or having been married.

The discrepancy in age thresholds between Sole Proprietorship regulations (17 years) and the Civil Code (18/21 years) creates a conflict of norms. This raises questions regarding the legality of legal acts performed by underage directors and the legal protection afforded to third parties engaging in agreements with them. Based on this background, this research formulates two primary problems: (1) What is the legality of sole proprietorship directors under the age of 18 in executing civil agreements? and (2) What legal protections are available to third parties regarding the legal acts performed by such directors?

2. Research Method

This study employs a normative legal research method. Normative legal research is a process of examining and analyzing law as a system of norms, rules, legal principles, doctrines, theories, and other literatures to address the research problems. Consequently, normative legal research is typically a documentary study utilizing legal materials such as statutory regulations, court decisions, contracts, legal principles, theories, and expert opinions.^[2]

Normative legal research focuses on legal rules or principles conceptualized as norms derived from legislation, court rulings, or legal doctrines. This research is conducted to generate new arguments, theories, or concepts to resolve legal issues, ensuring the results possess inherent value.^[3]

The approaches utilized in this research are as follows:

1. Statute Approach: Used to examine and analyze all laws and regulations relevant to the legal issue being addressed.^[4]
2. Conceptual Approach: A conceptual framework that illustrates the relationship between the concepts under study.^[5] This approach is based on evolving legal views and doctrines to address legal issues, where the alignment between the approach and the legal issue is a primary consideration.

Legal materials are collected through a literature study and digital source retrieval. The gathered materials are then

analyzed through systematic, logical, and juridical reasoning to provide an overview of the legality of sole proprietorship directors under the age of 18. This analysis is prescriptive-analytical, aimed at constructing sound legal arguments.

3. Discussion

3.1. The Validity of Civil Agreements Executed by Sole Proprietorship Directors Under the Age of 18

The corporate legal system in Indonesia has undergone a significant transformation following the enactment of Law Number 6 of 2023 concerning the Stipulation of Government Regulation in Lieu of Law Number 2 of 2022 on Job Creation into Law. This regulation, widely known as the "Job Creation Law," utilizes an omnibus law concept that brought fundamental reforms across various legal sectors, including labor, investment, environment, and corporate law. One of the primary reforms in corporate law is the simplification of business licensing through the introduction of a new business entity: the Sole Proprietorship. This entity is specifically designed to facilitate Micro and Small Enterprises (MSEs) by simplifying administrative procedures, removing the requirement for a minimum of two founders, and eliminating the necessity of an authentic deed from a notary for its establishment.

• Regulations on the Establishment of Sole Proprietorships

Article 109 Point 1 Section 5 of the Job Creation Law creates this new legal entity by redefining a Limited Liability Company. The requirements and procedures for establishing a sole proprietorship are further detailed in Government Regulation of the Republic of Indonesia Number 8 of 2021 regarding the Authorized Capital of Companies and the Registration of Establishment, Amendment, and Dissolution of Companies Meeting the Criteria for Micro and Small Enterprises.

Article 3 of Government Regulation Number 8 of 2021 stipulates the authorized capital requirements: a sole proprietorship must possess authorized capital, the amount of which is determined solely by the founder's decision.

Furthermore, Article 4 of Government Regulation Number 8 of 2021 stipulates that the authorized capital mentioned in Article 3 must be issued and fully paid up at a minimum of 25% (twenty-five percent), evidenced by valid proof of payment. This proof of payment must be submitted electronically to the Minister within a maximum of 60 (sixty) days from the date of:

1. the Company's deed of incorporation; or
2. the completion of the Statement of Establishment for a sole proprietorship.

The establishment of a sole proprietorship is further governed by Article 6 of Government Regulation Number 8 of 2021, which states:

1. A sole proprietorship is established by an Indonesian citizen by completing a Statement of Establishment in the Indonesian language.
2. The Indonesian citizen referred to in paragraph (1) must

² Muhaimin, *Metode Penelitian Hukum*, Cetakan I, Mataram University Press, Mataram, 2020, hlm. 47-8

³ Peter Mahmud Marzuki, *Penelitian Hukum*, Edisi ke-1 Cetakan VI, PT. Kencana, Jakarta, 2010, hlm. 24.

⁴ Salim H.S. dan Erlies Septiana Nurbani, *Penerapan Teori Hukum Pada Penelitian Tesis dan Disertasi*, Raja Grafindo Persada, Jakarta, 2013, hlm. 17-18.

⁵ Amirudin dan Zainal Asikin, *Pengantar Metode Penelitian Hukum*, Cetakan 10, Rajawali Pers, Jakarta, 2018, hlm. 47.

satisfy the following requirements:

1. be at least 17 (seventeen) years of age; and
2. be legally competent.
3. A sole proprietorship acquires its status as a legal entity after being registered with the Minister and obtaining an electronic registration certificate.
4. A sole proprietorship that has obtained legal entity status as referred to in paragraph (3) shall be announced by the Minister on the official website of the directorate general administering duties and functions in the field of general legal administration.

• **The Legality of Sole Proprietorship Directors Under the Age of 18 in Executing Civil Agreements**

As a legal entity, a Sole Proprietorship holds the status of an independent legal subject in accordance with the principle of a separate legal entity. This is a fundamental doctrine in corporate law stating that a company is a distinct legal subject, separate from its owners, founders, and management. This principle ensures that the company possesses its own rights and obligations, including the ownership of assets, liability for debts, and involvement in both private and public legal relationships.^[6] To exercise these rights and obligations, a legal entity requires an "organ" as its executive instrument.

Article 1 Point 2 of Law of the Republic of Indonesia Number 40 of 2007 concerning Limited Liability Companies explains that the Organs of the Company consist of the General Meeting of Shareholders (GMS), the Board of Directors, and the Board of Commissioners. Furthermore, Article 1 Point 4 defines the GMS as the Company Organ that holds authority not granted to the Board of Directors or the Board of Commissioners within the limits specified by the Law and/or the Articles of Association.

There is a slight difference regarding the organs of a Sole Proprietorship. A Sole Proprietorship adheres to a one-tier board system, which imposes greater duties and responsibilities upon the founder. This is because the founder simultaneously serves as the shareholder and the director, performing two functions: management and oversight.

Furthermore, Government Regulation Number 8 of 2021 concerning the Authorized Capital of Companies and the Registration of Establishment, Amendment, and Dissolution of Companies Meeting the Criteria for Micro and Small Enterprises has explicitly regulated the minimum age of a sole proprietorship founder, which is 17 years old. A founder of this entity will perform dual roles as the shareholder and the director, representing the sole proprietorship in exercising its rights and obligations.

The requirements for appointing a director were previously regulated in Article 93 of Law of the Republic of Indonesia Number 40 of 2007 concerning Limited Liability Companies, which stipulates:

Those who may be appointed as members of the Board of Directors are individuals who are capable of performing legal acts, except within 5 (five) years prior to their appointment they have:

1. Been declared bankrupt;
2. Been a member of a Board of Directors or Board of Commissioners found guilty of causing a Company to be declared bankrupt; or
3. Been convicted of a criminal offense that resulted in losses to state finances and/or related to the financial sector.

The requirements referred to in paragraph (1) do not preclude the possibility of authorized technical agencies setting additional requirements based on statutory regulations.

Fulfillment of the requirements referred to in paragraph (1) and paragraph (2) shall be evidenced by a letter kept by the Company.

Directors in a Sole Proprietorship hold the position as the company organ that manages and represents the company both inside and outside the court. This authority is attributively attached based on the law, meaning that the actions of the director are, in principle, considered the actions of the company.^[7] It is established that the party capable of being appointed as a member of the Board of Directors is an individual capable of performing legal acts or one who possesses legal capacity.^[8] The legal capacity of a director is indeed essential for the fulfillment of the rights and obligations of a sole proprietorship.

Based on J. Satrio's perspective on the capacity to act in civil law, only individuals who have reached adulthood can, in principle, legally perform legal acts that result in complete legal consequences. Furthermore, incapacity to perform legal acts is understood as a legal incapacity determined by law (*juridische onbekwaamheid* or *veronderstelde onbekwaamheid*), rather than a factual or actual incapacity as it exists in reality.^[9]

Regarding the age limit for the ability to carry out legal acts, it is inherently linked to legal adulthood. In Indonesia, regulations concerning the age limit for performing legal acts vary significantly depending on the nature of the act. Determining the threshold for adulthood is crucial, as it dictates whether an individual is legally valid to perform a legal act. In Indonesian custom, a child's maturity is traditionally commemorated at the age of 17, creating an assumption that a 17-year-old is considered an adult and ready to be responsible for themselves and their actions, evidenced by the eligibility to hold a National Identity Card (KTP) and a Driver's License (SIM).^[10]

The diversity of age limits for adulthood or legal capacity within Indonesian statutory regulations raises questions regarding which legal capacity threshold must be applied, as well as the legality of an individual's age in performing legal acts.

Corporate legal entities have different requirements regarding the procedures for establishing a Limited Liability Company (PT) compared to a Sole Proprietorship. The establishment of a PT requires an agreement through a Notarial Deed, making it highly relevant to be subject to the

⁶ Munir Fuady, *Hukum Perseroan Terbatas* (Limited Liability Company Law), Citra Aditya Bakti, Bandung, 2019, p. 3.

⁷ Ridwan Khairandy, *Perseroan Terbatas: Doktrin, Peraturan Perundang-undangan, dan Yurisprudensi* (Limited Liability Companies: Doctrines, Statutory Regulations, and Jurisprudence), FH UII Press, Yogyakarta, 2019, p. 97.

⁸ Zainal Asikin and Wira Pria Suhartana, *Pengantar Hukum Perusahaan* (Introduction to Corporate Law), 2nd printing, Prenadamedia Grup, Depok, 2018, pp. 98-99.

⁹ Munir Fuady, *Op. cit.*, p. 3.

¹⁰ Ruzaipah Ruzaipah, Abdul Manan, and Qurrota A'yun A'yun, "Penetapan Usia Kedewasaan Dalam Sistem Hukum Di Indonesia"

age limit provisions for appearers (*penghadap*) under the Law on Notary Positions. Conversely, the establishment of a Sole Proprietorship only requires a Statement of Establishment made by a single founder, who concurrently serves as the Director and the Shareholder of the entity.

In conducting its business operations, a Sole Proprietorship enters into legal relationships with third parties, either through oral agreements or written contracts. Specifically, regarding contracts, it is mandatory to comply with the legal age of adulthood and the capacity to perform legal acts. A contract is a legal relationship concerning the assets of two parties, where one party promises or is deemed to promise to perform or refrain from performing a certain act.^[11] Meanwhile, an obligation (*perikatan*) is a legal relationship between parties in the field of wealth and property, where one party (the creditor) is entitled to a performance (*prestasi*), and the other party (the debtor) is obliged to fulfill that performance. Therefore, in every obligation, there is a "right" on one side and an "obligation" on the other.^[12]

Fundamentally, a civil obligation entered into by a 17-year-old does not fulfill the subjective requirements for the validity of a contract if they act as an individual, particularly regarding the capacity of the parties. Such an obligation fails to meet the provisions of Article 1320 of the Indonesian Civil Code, rendering the contract subjectively defective. Article 1331 of the Civil Code essentially stipulates that a party lacking the capacity to enter into a contract is granted the right to seek the annulment of the obligation they have made, either directly or through a representative, provided such annulment is not excluded by statutory provisions. Conversely, a legally capable party bound in an agreement with a minor is not permitted to raise objections or use the counterparty's incapacity as a basis for annulment. The right to request annulment rests exclusively with the incapable party.

Under-hand deeds (*perjanjian di bawah tangan*) remain valid as long as they meet the requirements for the validity of an agreement as regulated in the Indonesian Civil Code, specifically Article 1320 concerning the consensus of the parties, capacity, a specific object, and a legal cause. However, in the event of a dispute, an under-hand deed requires additional evidence—such as an acknowledgment by the parties or legalization through specific mechanisms—to possess evidentiary power equivalent to an authentic deed. Furthermore, the age limitation of the director potentially raises issues regarding the capacity to act under civil law, which primarily requires adulthood as the main indicator of legal capacity. Therefore, even though a director functionally acts as a corporate organ, there remains room to debate the subjective validity of the obligations made, especially when linked to provisions regarding the protection of minors. Consequently, it can be concluded that the formal legality attached to the director's position does not fully guarantee the legal strength of the obligations they execute. Thus, caution is required in practice, including considering the use of authentic deeds before authorized officials to enhance legal certainty and protection for all parties.

3.2. Legal Protection for Parties in Civil Obligations Executed by Sole Proprietorship Directors Under the Age of 18

The diversity of regulations regarding the age of adulthood or legal capacity in Indonesia creates legal complexities in determining which threshold should serve as the primary reference. This discrepancy is clearly visible when comparing the establishment of a Limited Liability Company (PT) and a Sole Proprietorship. In establishing a PT, the process requires an agreement formulated in a notarial deed, which legally subjects the process to the age requirements for appearers (*penghadap*) as stipulated in the Law on Notary Positions. In contrast, a Sole Proprietorship is not required to be established via a notarial deed; instead, it is formed through a Statement of Establishment completed by a single founder. This founder simultaneously acts as the Director and the Shareholder, meaning the establishment mechanism and legal capacity requirements possess unique characteristics that cannot be entirely equated with those of a conventional Limited Liability Company.

Article 1329 of the Indonesian Civil Code (*KUHPerdata*) states that every person is, in principle, capable of entering into obligations, unless declared incapable by law. The age threshold for the capacity to perform legal acts is inherently linked to legal adulthood. In Indonesia, the regulations regarding the age of majority vary significantly depending on the specific legal context. Determining this age limit is essential, as it dictates whether an individual's legal actions are valid and binding.

When referring to the Indonesian Civil Code, regulations on adulthood are found in several provisions, particularly Articles 330 and 1330. Article 330 of the Civil Code does not define adulthood directly but rather defines "minority," asserting that minors are individuals who have not reached the age of 21 and have never been married. Furthermore, it stipulates that if a marriage ends before the individual reaches 21, their status does not revert to that of a minor. Additionally, Article 1330 specifies parties who are incapable of making agreements, which include minors (those under 21), individuals under conservatorship (*pengampuan*), and, historically, though now considered obsolete, married women.

Conversely, Law Number 6 of 2023, which stipulates Government Regulation in Lieu of Law Number 2 of 2022 on Job Creation into Law, regulates the age of a sole proprietorship founder at a minimum of 17 years. The founder of a sole proprietorship serves concurrently as the director and the shareholder and is deemed to have reached the age of majority and legal capacity specifically for the purpose of establishing a sole proprietorship.

Fundamentally, a civil obligation entered into by a 17-year-old does not satisfy the subjective requirements for the validity of a contract if the individual acts in their personal capacity, particularly concerning the capacity of the parties. An obligation is a legal relationship between parties in the field of wealth and property, where one party (the creditor) is entitled to a performance (*prestasi*), and the other party (the

(Determination of Adulthood in the Indonesian Legal System), *Mitsaqan Ghalizan* 1, no. 1, 2021, p. 20.

¹¹ R. Wirjono Prodjodikoro, *Azas-Azas Hukum Perjanjian Edisi Revisi* (Principles of Contract Law Revised Edition), Mandar Maju, 2022, p. 30.

¹² Syahreni Riduan, *Hukum Perdata Indonesia* (Indonesian Civil Law), Citra Aditya Bakti, Bandung, 2009, p. 194.

debtor) is obliged to fulfill that performance. Therefore, in every obligation, there exists a "right" on one side and an "obligation" on the other.

Such an obligation fails to satisfy Article 1320 of the Civil Code regarding the valid requirements of an agreement, rendering it subjectively defective. Article 1331 of the Civil Code essentially stipulates that a party lacking the capacity to enter into an agreement is granted the right to seek the annulment of the obligation, either directly or through a representative, provided such annulment is not excluded by law. On the other hand, the legally capable party bound in a contract with a minor is not permitted to raise objections or use the counterparty's incapacity as grounds for annulment. The right to request such an annulment resides exclusively with the incapable party, not the other.

Fundamentally, an agreement entered into by a minor must, according to the law, be represented by their parents or guardians. This is because, under Article 1331 of the Civil Code, the legal consequence of incapacity or being underage is that the contract becomes voidable (*dapat dibatalkan*). However, if the interested parties do not seek annulment or deny the existence of the agreement, the contract remains valid and binding for the parties involved.

A legal issue arises when the director representing a Sole Proprietorship in an obligation is 17 years old. Law Number 6 of 2023, concerning the Stipulation of Government Regulation in Lieu of Law Number 2 of 2022 on Job Creation, stipulates that a 17-year-old is considered competent to establish a sole proprietorship. Consequently, a dualism occurs: personally, the individual is categorized as legally incapable under the Civil Code, yet simultaneously, they act legitimately as the director of a sole proprietorship. Legal capacity is a prerequisite for performing legal acts. However, upon further examination, a Sole Proprietorship director acts as a corporate organ of a valid legal entity. Corporate law acknowledges the Organ Theory, which posits that the will and actions of a corporate organ are equated with the will and actions of the legal entity itself. According to this theory, a legal entity is a real entity with a concrete existence that functions and operates like a human being.

A legal entity possesses the ability to form its own will through its internal organs, such as members or management, who act as representatives of that will. Consequently, decisions made by these organs are deemed the valid will of the legal entity. Therefore, the director's actions are not personal or individual actions but are the actions of the company. Based on this theory, the director's personal incapacity does not automatically render the legal acts of the sole proprietorship invalid, provided those acts are performed within the scope of their authority and for the interest of the company.

As long as the director's actions remain within their scope of authority and the obligation is made in the interest of the sole proprietorship, the principle of **separate legal entity** applies. This fundamental principle of corporate law ensures that the company has its own rights and obligations, including asset ownership, liability for debts, and involvement in both private and public legal relationships. Thus, the sole proprietorship remains liable for the obligations executed by

its director.

Based on the legal maxim *lex specialis derogat legi generali* meaning specific provisions override general ones special regulations concerning age limits take precedence in practice. While Article 330 of the Civil Code generally sets the age of majority at 21, the 17-year age limit for sole proprietorship founders (who also serve as directors and shareholders) is considered the standard for legal capacity under the Job Creation Law. To assess the capacity of a sole proprietorship director in making agreements, these special provisions are applied. Consequently, as long as the director is at least 17 years old, they are deemed legally competent to enter into obligations, even if they have not reached the general age of majority under the Civil Code. Conversely, if they have not reached this special age limit, the obligation is potentially void or voidable due to failure to meet the capacity requirement, thereby contradicting the principle of legal certainty.

Legal protection for the parties is essential because the recognition of the legality and capacity of sole proprietorship directors under the age of 18 does not provide an absolute guarantee of the validity and binding force of every obligation they execute. In practice, there are potential limitations in both formal and material aspects, particularly regarding the form of the agreement. Directors in this position generally tend to produce under-hand deeds (*perjanjian di bawah tangan*), which legally possess weaker evidentiary value compared to authentic deeds. Legal protection serves as an effort to safeguard the rights and interests of legal subjects from arbitrary actions and to ensure legal certainty, justice, and utility. According to Fitzgerald, as cited by Satjipto Raharjo, the theory of legal protection originates from natural law theory. This school of thought, pioneered by Plato, Aristotle, and Zeno, suggests that law is derived from a universal and eternal source, and that law and morality are inseparable reflections of human life.^[13]

Fitzgerald explains Salmond's theory of legal protection, stating that the law aims to integrate and coordinate various interests within society. This is because, in the interaction of interests, the protection of a specific interest can only be achieved by limiting competing interests. Legal interest focuses on managing human rights and concerns; thus, the law holds the supreme authority to determine which human interests require regulation and protection. Legal protection must be viewed through stages: it arises from legal provisions and social regulations that essentially represent a societal consensus to govern the conduct between community members and between individuals and the government, which is deemed to represent the collective interest.

According to Satjipto Rahardjo, legal protection is an effort to provide refuge for human rights infringed upon by the actions of others, ensuring the community can enjoy the rights granted by the law.^[14] Consequently, the law is obligated to provide protection to create legal certainty, justice, and trust within civil transactions.^[15]

Legal certainty is a fundamental principle in a constitutional state (*rechtsstaat*) aimed at guaranteeing that the law is understandable, predictable, and consistently implemented. It functions to protect legal subjects from arbitrary actions and

¹³ Satjipto Raharjo, *Ilmu Hukum* (Legal Science), PT. Citra Aditya Bakti, Bandung, 2000, p. 53.

¹⁴ Satjipto Rahardjo, *Ilmu Hukum* (Legal Science), Citra Aditya Bakti, Bandung, 2000, p. 53.

¹⁵ Sudikno Mertokusumo, *Mengenal Hukum: Suatu Pengantar* (Knowing the Law: An Introduction), Liberty, Yogyakarta, 2010, p. 77.

provides clarity regarding legal rights and obligations. According to Gustav Radbruch, legal certainty is one of the three basic values of law, alongside justice and utility. Legal certainty demands that positive law be enforced as it is written, regardless of whether its content is deemed just or unjust, for the sake of order and stability within society.^[16]

Justice is a core value in law that demands every individual receive their rights proportionally and be treated equally according to their position and obligations. A just law must be able to balance the interests of all parties, remain non-discriminatory, and be tangibly felt by society.^[17]

Utility (or Purposefulness) emphasizes that law must bring practical benefits to society. Law is not merely a set of formal rules but also a means to achieve social goals and welfare. The application of law must consider its broad impact on society so that the law does not become a burden but instead provides optimal benefits.^[18]

In the context of legal acts, the balance between these three values serves as the benchmark for assessing the validity of an action and determining the appropriate form of protection for all parties. For instance, when a 17-year-old Sole Proprietorship Director enters into a civil obligation, the application of Radbruch's principles requires comprehensive consideration: legal certainty ensures the status of the agreement is known to all parties, justice ensures that the party lacking full capacity is not exploited, and utility ensures that the parties or other interested stakeholders receive reasonable and fair protection.

4. Conclusion

Based on the juridical analysis presented in the article, here is the comprehensive and refined English translation of the conclusion:

4.1. Legality and the Harmonization of Legal Norms

This study concludes that while a dualism of norms exists regarding the age of majority between the Indonesian Civil Code (*KUHPerdata*) and the Job Creation Law regime, the legality of a Sole Proprietorship director aged 17 is valid and constitutional. This is supported by:

- The Principle of *Lex Specialis Derogat Legi Generali*: The provisions of Article 6 of Government Regulation No. 8 of 2021 serve as a special rule that overrides the general age of majority in the Civil Code (Article 330) specifically for the establishment and management of Sole Proprietorships.
- Organ Theory: A director does not act in a personal capacity but as an organ of an independent legal entity. Under this principle, the will of the director is equated with the will of the company; therefore, personal incapacity under general civil law does not automatically invalidate corporate actions.

4.2. Validity of Civil Obligations and Legal Risks

Although formally legal, civil obligations executed by directors under the age of 18 possess subjective vulnerabilities:

- Voidable Nature (*Dapat Dibatalkan*): Due to the conflicting requirements of legal capacity in Article 1320 of the Civil Code, such obligations remain at risk

of annulment by the incapable party (or their guardian), even though the legally capable counterparty does not hold the same right.

- Evidentiary Weight: Young directors tend to utilize under-hand deeds (*private agreements*), which possess weaker evidentiary value compared to authentic deeds. This creates a loophole of legal uncertainty in the event of future disputes.

4.3. Legal Protection for Third Parties and Business Actors

Legal protection must encompass two primary aspects to ensure a healthy business ecosystem for MSEs:

- Preventive Protection: Achieved through stricter regulatory harmonization to unify adulthood standards across various laws and by encouraging the use of authentic deeds in high-value transactions to strengthen legality.
- Repressive Protection: Providing a framework for courts to apply the principles of justice and utility, ensuring that third parties acting in good faith are not disadvantaged by claims of a director's legal incapacity.

4.4. Integration of Radbruch's Values

The validity of legal acts performed by Sole Proprietorship directors under 18 must be viewed as an effort to balance the three fundamental values of law:

1. Legal Certainty: Through the recognition of legal entity status and directorial authority under the Job Creation Law.
2. Justice: Ensuring the rights of young directors are protected without disregarding the rights of third parties.
3. Utility (Purposefulness): Supporting national economic acceleration by allowing young entrepreneurs (Gen Z/Millennials) to engage independently in legal and commercial transactions.

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¹⁶ Gustav Radbruch, *Legal Philosophy in The Legal Philosophies of Lask, Radbruch, and Dabin*, Harvard University Press, Cambridge, 1950, p. 107.

¹⁷ E. Utrecht, *Pengantar dalam Hukum Indonesia* (Introduction to Indonesian Law), Ichtiar Baru, Jakarta, 1983, p. 20.

¹⁸ Satjipto Rahardjo, *Ilmu Hukum*, Citra Aditya Bakti, Bandung, 2000, p. 19.

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20. Government Regulation of the Republic of Indonesia Number 8 of 2021 regarding the Authorized Capital of Companies and the Registration of Establishment, Amendment, and Dissolution of Companies Meeting the Criteria for Micro and Small Enterprises.

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