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Model of Partnership Between Small and Medium Enterprises (SMEs) and Foreign-capital Companies Using the Principle of Fairness as an Effort to Increase Theprosperity of SMEs

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Abstract: Partnership is cooperation in the business linkage, either direct or indirect, on the basis of the principle of mutual needs, the principle of mutual trust, the principle of mutual strength, and the principle of mutual benefits involving the parties within Small and Medium Enterprises. Partnership system has been mandated by the law in the purpose of national economy strengthening.

There are three problems raised in this research: 1). What are the factors causing the model of partnership between Small and Medium Enterprises and foreign-capital companies not to run as expected? 2). How is the partnership between Small and Medium Enterprises and foreign-capital companies being regulated? 3). How is the establishment of the model of partnership between Small and Medium Enterprises and foreign-capital companies?

The results of this research are as follow: 1). Model of partnership in the form of core-plasma and subcontract has not yet worked as expected, for several reasons: lack of access given to Small and Medium Enterprises, product quality standard conditioned by foreign-capital companies that have not yet been met, and the regulation regarding a partnership that has not been achieved optimally. 2). The regulation regarding the model of partnership has already been made, however, the regulation does not cover matter regarding supervision and penalty so that there is still no equality between the parties involved. 3). Model of partnership could be built on the principle of mutual needs and mutual benefits based on the models that have already been stated by the law.

Keywords: Model of partnership, Small and Medium Enterprises, Foreign Company, Principle of Fairness

BACKGROUND OF THE RESEARCH

Capital investment for Micro, Small and Medium Enterprises, as well as cooperation, is a part of the basic policy regarding capital investment, whether the enterprise is fully using foreign capital or has a part of the

domestic capital investment in it (Article 1 (3) Law Number 25 Of 2007 concerning Capital Investment). One of the models used in creating a cooperation between Small and Medium Enterprises (*Usaha Kecil dan Menengah/UKM*) and foreign-capital companies is a model of partnership. This model covers the process of skill shift in the production and manufacture, marketing, capital, human resources, and technology-based skills as regulated in the Article 25 (3) Law concerning Micro, Small, and Medium Enterprises jo Article 13 (2) Law Number 25 Of 2007 concerning Capital Investment. A cooperation by means of a model of the partnership will avoid the practice of taking over Small and Medium Enterprises by the big investor because in a model of partnership there will be an equality between Small and Medium Enterprises and foreign investment company. That model of partnership then will strengthen national economy, because basically Small and Medium Enterprises are proven to have extraordinary power in dealing with an economic crisis that has struck Indonesia before.

Model of partnership is a model expected to increase the quality and quantity of the products produced by Small and Medium Enterprises (SMEs) and the competitiveness as well as technological shift between SMEs and foreign companies conducting business in Indonesia. SMEs are not the competitor of foreign business companies in Indonesia, they are partners in improving the level of the national economy.

Emphasizing on the quality and quantity improvement, increasing the level of competitiveness and creating technological shift can be done by the model of partnership in the form of core-plasma and subcontract. Core-plasma, the model of partnership, means that the big company will be the core, whilst SMEs will be the plasma. This means that the big company will nurture and develop Small and Medium Enterprises as its plasma. Model of partnership in the form of subcontract means that SMEs will produce the goods and/or services, while the big enterprises will give support in the form of parts and components production, raw material provision, and guidance regarding technical and management skill as well as in the form of technological shift realization.

RESEARCH SCOPE AND LIMITATION

According to Indonesian's constitution Act Number 20 of 2008 about Micro, Small, Medium and Cooperative Enterprises, model of partnership has core-plasma, subcontract, franchise, general trading, distribution and its agency, and other forms of partnership, such as profit sharing, operational cooperation, joint venture, and outsourcing.

This research was conducted specifically in core-plasma and subcontract of Small and Medium Enterprises. SMEs have performed financial management by implementing a regular accounting system, acquiring all legality requirements including neighboring license, business license, place license, Tax Payer Registration Number, and environmental management efforts which already authorized to have the access to the bank funding resources. Generally, Small and Medium Enterprises have trained and educated their own human resources because it contains elements of production and the transfer of technology-based skills, which is expected to be acquired by Small and Medium Enterprises from foreign capital companies in Indonesia.

FORMULATION OF THE PROBLEMS

Based on the research background above, the formulation of the problems in this study are as follows:

1. What model which causes partnership model has not yet operated between Small and Medium Enterprises with foreign companies?
2. How is the regulation of partnership between Small and Medium Enterprises and foreign capital company?
3. How is the model of partnership built between Small and Medium Enterprises and foreign capital company based on the principle of fairness to achieve prosperity for Micro, Small, and Medium Enterprises?

RESEARCH METHODOLOGY

This research is categorized as socio-legal studies and is a non-doctrinal law research carried out by using the approach of law and social studies. The legal science approach is used to perform textual studies while the articles in legislation and policies are analyzed critically to explain the meaning and the implication towards Micro, Small, and Medium Enterprises (MSMEs) with foreign capital company in the partnership system.

This research is also included in the qualitative research, which seeks to reveal legal issues related to economic activities, especially the partnership agreement between MSMEs and foreign capital company. Furthermore, this study emphasizes the depth of material related to the matter of study by using key informant and Small and Medium Enterprises entrepreneurs. The informant was first determined in a 'purposive way' then it will be developed by 'snowball' principal with the needs of an informant in the reality research. This research also uses researcher as a research instrument.

In this study, Central Java Province (Surakarta, Semarang, and Pekalongan) is selected for the research location with the consideration that those cities represent Small and Medium Enterprises entrepreneurs which have a partnership with foreign-capital companies. In accordance with the development carried out during the research, it is also possible to conduct this study in other districts that seem capable in supporting the research.

The data required in this study consist of primary and secondary data. The primary data source in this research is obtained from stakeholders related to the Small and Medium Enterprises partnership and information from small and medium business entrepreneurs (key informant).

On the other hand, the secondary data are obtained through document or literature study on primary legal materials. The secondary legal materials, tertiary and non-legal materials, are used to support the topic of the research problems.

The interactive model of analysis in this case is achieved by data collection, data reduction, display data, and ended with the data conclusion.

This research also performs the triangulation of data which means that the data collected from different sources, places, and roles are then processed with cross-checking. Triangulation of sources is done by comparing the result of observational interviews, personal overt opinions, someone's opinion and perspective with certain qualifications, and the interview results with the contents of particular document.

LITERATURE REVIEW

1. Concept of Partnership Model in Act Number 20 of 2008 about Micro, Small and Medium Enterprises (MSMEs)

According to Article 1 Number 13 about Micro, Small, and Medium Enterprises (MSMEs) stating:

The partnership is interrelated business cooperation, either directly or indirectly based on the principles of interdependence, trust, reinforcement, and benefits involving entrepreneurs from both Micro, Small and Medium Enterprises, and large Enterprises.

The partnership is one of the federal government and local government's aspects in emerging the business climate, thus the business climate will remain conducive and growing. Therefore, we can also find other aspects such as funding, facilities and infrastructures, business information, business permit, business opportunity, trade promotion and institutional support.

According to Article 34 about Micro, Small, and Medium Enterprises (MSMEs), stating:

- (1) Partnership agreement is set in written form which at the very least regulates the business operations, rights and obligations of both parties, a form of development, a period of time, and disputes settlement.
- (2) Partnership agreement as it is mentioned in the Article (1) reported to the authority in accordance with the principle of law.
- (3) Partnership agreement as it is stated in the Article (1) may not contradict the basic self-reliance principle of Micro, Small, and Medium Enterprises (MSMEs) and may not invent dependency on MSMEs to Large Enterprises
- (4) To monitor the implementation of the partnership as it is intended in the Article (1) and (2), a minister could establish a coordinating institute for national and regional business partnership.

The formulation of the partnership agreement must be based on the balance and proportional principles, thus the status of the parties are equal. This is based upon Article 36 on Micro, Small, and Medium Enterprises (MSMEs) that emphasizes:

- (1) In implementing the partnership as it is mentioned in Article 26, each party has equal status before the law and to them, the law of Indonesia is enacted.
- (2) The implementation of the partnership is monitored strictly and regularly by the institute that is established and assigned to monitor the business competition as it is regulated by the law.

Partnership agreement as it is intended in the Article (1) may not contradict the basic self-reliance principle of MSMEs and may not invent its dependency to the Large Enterprises. Foreign entrepreneurs invest their capital through agreement of small and medium business as it is regulated in Article 25 (2) about Micro, Small, and Medium Enterprises covering the process of shift in skills specifically in production and manufacture, marketing, capital, human resources, and technology-based skill.

The partnership models based on Article 26 about Micro, Small, and Medium Enterprises (MSMEs) is:

- (a) Core-plasma;

- (b) Subcontract;
- (c) Franchise;
- (d) General trade;
- (e) Distribution and agency; and
- (f) Other kinds of partnership, such as profit sharing, operational cooperation, joint venture, and outsourcing.

Partnership model with core-plasma model is where the large enterprises act as the core while SMEs act as the plasma, meaning that the large enterprises supervise and develop the SMEs as its plasma in forms of:

- (a) provision of field preparation;
- (b) provision of facilities production;
- (c) accommodation of technical production and business management counseling;
- (d) earning, dominance, and enhancement of the required technology-based skill;
- (e) financing;
- (f) guarantee;
- (g) marketing;
- (h) information service; and
- (i) provision of other aids required for the enhancement of efficiency and productivity and business concept.

The implementation of a business partnership with subcontract model is aimed to produce products and/or services. Large Enterprises support this in the form of:

- (a) opportunity to work on the products and/or the components partially;
- (b) opportunity to obtain the raw materials produced on an ongoing basis at reasonable quantity and price;
- (c) counseling and technical skills in production or management;
- (d) earning, dominance, and enhancement of the required technology;
- (e) financing and regulation of the payment system that does not adverse both parties; and
- (f) efforts not to conduct unilateral termination.

Subcontract model concerns with the quality, amount, price and period of time. This model is useful in transferring technicians, capital, skills, and productivity especially related to earning, dominance, and enhancement in technology along with the counseling in technical and management field.

2. Criteria for Small and Medium Enterprises and Foreign Investors in Law Number 20 of 2008 regarding Micro, Small and Medium Enterprises and Law Number 25 of 2007 regarding Capital Investment

There is a law of Small and Medium Enterprises (SMEs) which have managed the definition and criteria of SMEs. The small enterprises are an independent productive economic enterprise undertaken by an

individual or a business entity which is not a subsidiary or branch of the company, either direct or indirect, from the medium-scale enterprise to the large enterprise that occupies the criteria of small enterprise in this law. The medium-scale enterprise is also an independent productive economic enterprise undertaken by an individual or a business entity which is not a subsidiary or branch of the company, either direct or indirect, on small enterprise or wide enterprise to total net assets or annual sales results as arranged in this law.

Article 6 in the law of Small and Medium Enterprises which arrange the criteria of small and medium-scale enterprises stated that:

the criteria of small enterprises: the net assets are more than IDR 50,000,000,00 (fifty million rupiahs) until the most of the IDR 500,000,000,00 (five hundred million rupiahs) exclude land, and business building or annual sales result in most of the IDR 2,500,000,000,00 (two billion and five hundred million rupiahs).

The criteria of medium-scale enterprise which are arranged in the article 6 (3) concerning the law of Small and Medium Enterprises is having a net assets of more than IDR 500,000,000,00 (five hundred million rupiahs) until the most of the IDR 10,000,000,000,00 (ten billion Rupiah) exclude land and business building or annual sales results in more than IDR 2,500,000,000,00 (two billion and five hundred million Rupiah) and until the most of the IDR 50,000,000,000,00 (fifty billion Rupiah).

The government policy in Article 13 (1) of the Capital Investment Law requires a foreign capital company to develop its business to define the business sectors reserved for micro, small, medium, cooperative enterprises, and business fields to large enterprises that they have to work together with micro, small, medium, and cooperative enterprises. Furthermore, in Article 13 (2) of the Capital Investment Law, the Government undertakes the promotion and development of micro, small, medium, and cooperative enterprises through partnership programs, competitiveness enhancement, innovation encouragement, market expansion, and wide information dissemination.

3. Fairness in the Partnership Concept between Small and Medium Enterprises and Foreign Capital Companies.

Aristotle divides justice into two notions namely distributive justice and attributive justice. Distributive justice is a justice that gives everyone rights entitled to its role and function or its contribution while attributive justice is a justice that gives the right of the society to each other in which it is not distinguished by its contribution.

Fairness in the concept of partnership between Small and Medium Enterprises and Foreign companies is a concept based on Pancasila point 5, social justice. Social justice is linked to Aristotle ideas that distributive justice in civil relations is called an achievement that is worth the provided counter-achievement. Achievement and counter-achievement are the essence of rights and obligations so that distributive justice is applied in the relationship between society and state. In particular, this is intended to divide the social obligations or burdens with an emphasis on the proportionality aspect. Social justice in an economic perspective is a justice that is proportional. The concept of proportional justice is that each party has rights and obligations in accordance with the proportion set forth in a contract.

As provided in article 34 (1) of the law on Micro, Small and Medium Enterprises that partnership agreement set forth in a written agreement, at least, regulates business activities, rights and obligations of each party, a form of development, maturity, and dispute resolution. Article 34 (3) of the partnership agreement as referred to in paragraph (1) shall not be contrary to the basic principle of the independence of Small and Medium Enterprises and do not create a dependency to large enterprises.

This article indicates that equality between Small and Medium Enterprises with foreign businessmen in Indonesia needs to be realized. It is expected that the partnership model which later turned into acquisitions i.e. Small and Medium Enterprises become part of foreign capital companies in Indonesia is prohibited because it is in contrast with the applicable law. The independence of SMEs is a requirement that must be ignored as not to create dependency and that it can grow into large and independent enterprises.

Article 34 paragraph (4) of the law on Micro, Small, and Medium Enterprises affirms that: to monitor the implementation of partnership as referred to in paragraphs (1) and (2), the minister may establish a coordinating agency of national and regional business partnerships.

This paragraph shows that there is a political interest from the Government to protect the existence of Small and Medium Enterprises and an openness to receive foreign investment. Small and Medium Enterprises and foreign investment are different areas of money but are expected to support mutual cooperation and mutual benefits of both parties.

RESEARCH RESULT AND DISCUSSION

1. Factors causing the model of partnership do not work between Small and Medium scale Enterprises with Foreign Enterprises

The description based on the constitution of Law number 5 of 2008 about micro, small, and medium-scale enterprises points out that MSMEs are a business activity which can expand the employment and economic service extensively to the society. This also has a role in the process of fairness and society's income improvement, economic growth enhancement, as well as national stability realization. Besides that, MSMEs are one of the national economy foundations that must obtain the main chance, support, protection, and development as wide as possible as a form of firm partiality to the people economic group without ignoring the role of large scale enterprises and deputy trade minister. Even MSMEs have shown their role in national economy, yet it is still had to dealt with internal and external obstacles such as production and processing, marketing, human resources, design and technology, fund, and business climate.

Basically, the development of small and medium scale enterprises in Central Java Province has experienced a rapid increase. This development will sustain the increasing of the regional and national economy level. The development of small and medium scale enterprises is increased in any sectors which consist of agriculture, non-agriculture, products, and services.

Here is a table development of small and medium scale enterprises in Central Java Province, 2016:

No	Description	Unit	Year								2014 – 2015 Progress		s/d/TW I 2016	s/d/TW II 2016	s/d/TW III 2016	TW III - 2016 Supervision	2015 – 2016 Progress	
			2008	2009	2010	2011	2012	2013	2014	2015	TOTAL	%				TOTAL	TOTAL	%
			1	MSMEs	Unit	64,294	65,88	67,616	70,222	80,583	90,339	99,681				108,94	9,256	9,29%
	Non - agriculture	Unit	20,343	20,68	21,205	23,374	26,171	30,103	34,309	38,084	3,775	11,00%	38,692	39,07	39,655	1,571	-	-
	agriculture	Unit	8,305	9,385	9,775	10,097	13,242	15,819	17,738	19,01	1,272	7,17%	19,157	19,22	19,318	308	-	-
	commerce	Unit	28,007	28,17	28,247	28,362	32,055	33,958	35,829	38,243	2,414	6,74%	38,677	39,093	39,59	1,347	-	-
	services	Unit	7,639	7,639	8,389	8,389	9,115	10,459	11,805	13,6	1,795	15,20%	13,726	13,855	13,987	387	-	-
2	Employment	person	264,76	278	285,34	293,89	345,622	480,508	608,89	740,74	131,847	21,65%	751,452	764,06	772,16	31,375	-	-
3	Asset	IDR (Billion)	3,976	4,334	4,448	5,266	6,816	9,634	13,947	19,046	5,1	36,57%	20,395	22,179	22,386	3,339	-	-
4	Income	IDR (Billion)	9,527	10,19	10,463	14,476	18,972	20,345	24,587	29,113	29,113	18,41%	36,947	42,167	42,575	13,462	-	-

Small and medium scale enterprises (SMEs) have experienced significant development, both in terms of quantity and quality. However, there are many limitations in SMEs. This limitation must be handled, one of which is by a cooperation between large scale enterprises and both domestic and foreign enterprises to expand the potential of small and medium scale enterprises. Several needs of SMEs are as follows:

1. Capital
2. Technology
3. Creativity
4. Management
5. Marketing
6. Market
7. Partnership
8. Consistency

Basically, every small and medium scale enterprises already have such kind of venture capital although, in its business development, a substantial fund is still required. This funding can be fulfilled with the credit offered by banks and its convenience, either a governmental or private bank.

The technology-based skills owned by Small and Medium scale Enterprises are still limited to their needs so that the technology is still categorized as a simple technology. This means that the needs for larger products require greater technological advancement. The needs for technological capability require cooperation with large companies to strengthen the competitiveness, outcome capability, as well as a good quality.

Business creativity or development requires new innovation that is useful for the development and creativity of the products. Creativity is developed if the demand has high variations in which this has not been fully achieved by Small and Medium scale Enterprises.

In general, the management of Small and Medium scale Enterprises is running well even though it still needs a professional invention related to product and marketing.

The marketing system of Small and Medium Enterprises, in general, is still limited to the domestic needs. However, there are already a few Small and Medium Enterprises which are able to meet and penetrate the international market. The cooperation with larger companies will improve the quality and competitiveness of its products in both national and international markets.

Small and Medium Enterprises have formed joint ventures between those markets and the partnership in between is generally ongoing. Nevertheless, the partnership model of core plasma and subcontract with foreign capital companies is still very small.

Based on the research results, this partnership has been widely implemented by national private companies and national governmental companies. As for foreign private companies, the Small and Medium enterprises have relatively not been touched. By that, the factors which cause foreign companies to not invest in the small and medium scale enterprises are:

1. Foreign investment is still urgently needed in Indonesia so that the requirement of partnership with Small and Medium Enterprises is considered to burden foreign investment;
2. There is still limited technology owned by Small and Medium Enterprises thus the quality of the products has not met the foreign investment standards; The regulation is not working properly because there is no clear concept of partnership between Small and Medium Enterprises with foreign capital companies in Law number 20 of 2008 on MSMEs and Law number 25 of 2007 on Investment that provides protection and legal certainty.
3. There are no special requirements which become the responsibility of foreign investors in Indonesia to be obliged in the cooperation with Small and Medium Enterprises.

2. Regulation of Partnership between Small and Medium Enterprises with Foreign Capital Companies

Partnership is not only regulated by the Law on Micro, Small and Medium Enterprises but there are also regulations concerning with the partnership that is Government Regulation Number 44 of 1997 on Partnership. This Government Regulation is the implementer of Law Number 9 of 1995 concerning Small Business. Other legislation is Law Number 25 of 2007 related Capital Investment.

Article 26 of Law Number 20 of 2008 states:

- (1) The Government, Local Government, Enterprises, and communities will facilitate, support, and stimulate partnership activities, which are mutually demanding, trusting, strengthening, and profitable.
- (2) Partnerships between Micro, Small and Medium Enterprises and Partnerships between Micro, Small and Medium Enterprises and Large Enterprises cover the process of transfer of skills in production and processing, marketing, capital, human resources, and technology.
- (3) The Minister and the Minister of Technical Affairs shall provide incentives to Large Enterprises that conduct partnerships with MSMEs through innovation and development of export-oriented products, employment, appropriate and environmentally friendly technology usage, as well as education and training organization.

Another arrangement concerning the partnership agreement is UUPM in the Article 13:

- (1) The Government shall stipulate business sectors reserved for micro, small, medium and cooperative enterprises as well as a business fields that are open to large enterprises under the condition that they have to cooperate with MSMEs and cooperatives.

- (2) The Government undertakes the supervision and development of MSMEs through partnership programs, competitiveness enhancement, innovation encouragement, market expansion, and wide dissemination of information.

Article 3 of Government Regulation Number 44 of 1997 regarding Partnership states:

In the core-plasma, Large-scale Business and/or Medium Enterprises acts as the core of fostering and developing Small Business that become its plasma in:

- (a) Provision and preparation of land;
- (b) Provision of production facilities;
- (c) Provision of technical guidance on business management and production;
- (d) Acquisition, mastery, and technological improvement;
- (e) financing; and
- (f) Other provision of assistance needed for efficiency improvement and business productivity.

Article 4 states:

In the case of a partnership between a Large Business and/or a Medium Enterprises with Small Enterprises taking place in the context of subcontracting to produce goods and or services, a Large Business or Medium Business provides assistance in the form of:

- (a) The opportunity to work on some of the production and/or components;
- (b) The widest possible opportunity to obtain raw materials produced on an ongoing basis with reasonable quantities and prices;
- (c) Technical guidance and production or management abilities;
- (d) Acquisition, mastery, and technological improvement; finance.

Various arrangements on Small and Medium Enterprises have not been confirmed about the obligation of foreign contractors in Indonesia to do a cooperative agreement in the form of a partnership model so that the terms of this partnership can be disregarded and do not generate responsibility for partnerships.

Based on the result of the research, in Central Java Province, the partnership model has not run yet and there is no foreign company that implements the partnership model in the field of plasma core and subcontract. Besides, the absence of clarity on the concept of the partnership arrangement between MSMEs and foreign capital companies in the Law number 20 of 2008 concerning MSMEs and Law number 25 of 2007 regarding Capital Investment which provides protection and legal certainty in running the partnership model between MSMEs and foreign capital companies in Indonesia.

3. Build the Process of Partnership between MSMEs and Foreign Financial Capital Company based on Justice in order to Create the Prosperity to MSMEs

Partnership system is the method that benefits each other, consist of mutual trust and needs, which should be applied in the form of covenant between SMEs and foreign company in Indonesia.

In the reality, this partnership system is not yet applied in both SMEs and foreign company cooperation. The dependency of the incoming investment from the foreign capital is necessary to every country, both

of the advanced and developed one. However, this also has to consider the national interests to be taken into account as in this aspect to modernize SMEs in Indonesia.

Research found that the number of SMEs is increasing every year, although the touch of foreign technology is still lacking. As it is written in Article 1 number 13 concerning MSMEs that partnership is the form of cooperation with the work interrelated both direct or indirect which based on the principle of mutual needs, trust, support, and benefit involving the agent of Micro, Small, Medium and Large Enterprises. This article explains more about the cooperation based on mutual trust which preventing the dominance or even takes over of the Large Enterprises to Small and Medium Enterprises in the factor of capital, raw material, marketing system, and technology-based skills mastery which becomes susceptible to company take over.

Partnership system needs to be implemented by underlying the identity for every entrepreneur. This is to prevent the actions of over domination and control. Partnership system is built under a strict regulation that every foreign entrepreneur in Indonesia has to make a covenant partnership with SMEs after they had run its operation for 3 years in Indonesia. Besides giving the SMEs a prosperity, it also may absorb human resources and increases the competitiveness of Indonesian product in international market.

Based on research, this partnership system is unable to be found in the list of structures that mentions about the existence of foreign capital investment company.

Thus, these are the data in concern with the company:

Company :
Company Status :
Institutional :
Address :
Phone :
Facsimile :
E-mail :
Factory Address :
Director/Contact Person :
Custom Facility :
Product :
Port :
Destination Country :
Raw Material :
Employee :

CONCLUSION

According to the findings and discussion that have been described before, it can be concluded as follow:

1. The government's policy on Partnership between Small and Medium Enterprises and foreign capital enterprises covering the process of shift in skills specifically in production and manufacture, marketing, capital, human resources, and technology. This process has not operated yet because there has not established yet the strict regulation regarding the model of partnership that is supposed to be maintained between the foreign investor with the Small and Medium Enterprises.
2. The consistency of the regulation of partnership between MSMEs and foreign capital enterprises as it is intended in Article 25 No. 3 Act MSMEs jo Article 13 section 2 Act MSMEs No. 25 of 2007 about capital investment, has not yet shown clarity of its interpretation in its implementation, thus foreign capital enterprises could take over the Small and Medium Enterprises even though they are incorporated in partnership.
3. The model of partnership that is established between MSMEs and Foreign Capital Enterprises is by any means involving MSMEs in business activity by supplying types of spare parts needed by the industry, started from downstream to upstream, and also by making efforts in creating equality.

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Regulation of Law

Indonesian's Constitution Act No. 20 of 2008 on Micro, Small, and Medium Enterprises (MSME).

Indonesian's Constitution Act No. 25 of 2007 on Capital Investment.

Indonesian's Government Regulation in lieu of Laws No. 17 of 2013 on the Implementation of Indonesian's Constitution Act No. 20 of 2008 on Micro, Small, and Medium Enterprises (MSME).