

ORIGINAL ARTICLE



# Legal Responsibility of PT Pembangunan Sabang Mandiri (Perseroda) Over the Assets and Liabilities of a Regional-Owned Enterprise Following a Change in Legal Form

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## Abstract

The transformation of a Regional Owned Enterprise (BUMD) from a Regional Company (Perusahaan Daerah) into a Regional Limited Liability Company (Perseroda) reflects the implementation of Good Corporate Governance, mandated by Article 402(2) of Law No. 23 of 2014 on Regional Government and operationalized through Sabang City Qanun No. 3 of 2020, which converted the Sabang Regional Development Company (PDPS) into PT Pembangunan Sabang Mandiri (Perseroda). This change entails the transfer of all assets and liabilities to the successor entity, yet in practice remains incomplete, raising questions of successor liability and creditor protection. This study analyses the Perseroda's legal liability for assets and liabilities arising from the transformation, the limits of such liability, and the legal protection of creditors. Using an empirical juridical method with a socio-legal approach, it draws on literature, legal documents, and interviews, analyzed qualitatively. The findings show that, under Article 7(1) and (3) of the Qanun, the transfer follows the principles of continuity of legal entity and universal succession, whereby all rights, obligations, assets, and legal relationships of the PDPS pass by operation of law to the Perseroda, which therefore bears full responsibility for them. Creditor protection remains secured, as pre-existing legal relationships are not extinguished and claims may be enforced against the successor. Empirically, however, the transfer lacks complete administrative and juridical settlement: inadequate inventory and verification, incomplete documentation, and ambiguous legal status of certain assets and obligations render both principles sub-optimally implemented, risking legal uncertainty. The study recommends comprehensive reorganization through inventory, verification, and clarification of asset status; clearer liability limits under Article 7 of the Qanun; and stronger creditor-protection mechanisms to ensure legal certainty.

## 1. Introduction

The conversion of a Regional Owned Enterprise from a Regional Company into a Regional Limited Liability Company, known in Indonesian law as a Perseroda, has become a common instrument of regional economic reform, yet it carries a legal problem that is easy to overlook [1,2]. When a Regional Company changes its legal form, what happens to the assets it held and the obligations it owed. This study takes that question as its starting point. It examines whether PT Pembangunan Sabang Mandiri (Perseroda) genuinely bears legal responsibility for the assets and liabilities of its predecessor, the Regional Development Company of Sabang (Perusahaan Daerah Pembangunan Sabang, PDPS), or whether the conversion produced a company that stands apart from the legal position of the entity it replaced. Regional Owned Enterprises (Badan Usaha Milik Daerah, BUMD) remain an important instrument of regional autonomy, because they drive local development, deliver public services, and contribute to

Regional Own Source Revenue. Many of them, however, were established as Regional Companies and have struggled with limited professionalism, efficiency, accountability, and commercial flexibility, which is why the law now allows their conversion into a more corporate form [3].

This reform follows Law Number 23 of 2014 on Regional Government and Government Regulation Number 54 of 2017 on Regional Owned Enterprises, which divide BUMD into two principal forms, the Regional Public Company (Perumda) and the Regional Limited Liability Company (Perseroda) [4]. A Perseroda is treated as a limited liability company and therefore falls under Law Number 40 of 2007 on Limited Liability Companies, which makes the principles of corporate law the basis of its management [5]. This point matters from the outset, because the two legal regimes that govern the conversion do not align neatly. Under the regime of Regional Owned Enterprises, a qanun may command that assets and liabilities pass automatically by force of regulation, a mechanism best described as a statutory transfer. Under Law Number 40 of 2007, by contrast, the transfer of assets and liabilities ordinarily requires separate legal acts, including the valuation of assets, the recording of the transfer, compliance with the rules on capital contribution, and notice together with an opportunity for creditors and other third parties to raise objections. Qanun of Sabang City Number 3 of 2020 therefore operates as a *lex specialis* within the BUMD regime, providing a comprehensive and automatic mechanism of conversion, while the Limited Liability Company Law regulates a transfer that is case by case and does not by itself move obligations to a successor. The friction between these two regimes is not merely theoretical. It produces a dualism that has direct consequences for the responsibility of the successor company and for the security of those who dealt with the predecessor [6].

The conversion examined here took place in the Regional Development Company of Sabang, which had been established under Regional Regulation of the Municipality of Sabang Number 7 of 1994, and which was converted into PT Pembangunan Sabang Mandiri pursuant to Qanun of Sabang City Number 3 of 2020 on the basis of Article 402 paragraph (2) of Law Number 23 of 2014. Article 7 paragraph (1) of the qanun provides that all assets of PDPS, comprising its assets and liabilities, its licences, and its agreements and cooperation arrangements, pass by operation of law to PT Pembangunan Sabang Mandiri, which places the company in the position of successor entity. The conversion was completed through Deed of Establishment Number 21 dated 9 February 2022, drawn up before a notary in Aceh Besar, and ratified by the Minister of Law and Human Rights under Decision Number AHU-0012819.AH.01.01 of 2022 dated 18 February 2022. The conversion of PDPS is thus not a mere change of name or organisational chart. It is a legal event that engages all of the rights and obligations previously attached to the predecessor.

Conceptually, this transfer rests on the principles of continuity of legal entity and universal succession. Continuity of legal entity means that a change of form does not extinguish the legal existence of an enterprise but carries it forward under a different organisational shape. Universal succession means that the rights and obligations of the former entity pass as a whole to the successor without a separate legal act for each object transferred. The theory of the legal person reinforces this, since a legal entity is an independent subject of law that can own property, perform legal acts, and bear obligations in its own name. These principles make the responsibility of the successor company a real question rather than a formality, because assets and liabilities have different legal characters. Assets include property, rights, receivables, licences, and the economic benefits of the enterprise, while liabilities include debts, contractual burdens, and obligations toward creditors and third parties. Transferring the assets while leaving the treatment of liabilities unclear can prejudice creditors and unsettle legal certainty. Under the theory of legal responsibility, an obligation can be imposed on a subject of law only where a legal norm so provides and where the obligation is attached to a clearly identifiable

responsible subject. The company must therefore be analysed not only as the recipient of assets but as a party capable of assuming the legal obligations of PDPS [7].

This study is motivated by two gaps. The first is a legal gap. Qanun of Sabang City Number 3 of 2020 states that assets and liabilities transfer by operation of law, but it does not regulate how this should be carried out. There are no rules on inventory, verification, valuation, creditor notification, or the handling of unrecorded obligations. This silence creates legal uncertainty, especially since limited liability company law normally requires clarity on assets, capital, obligations, and creditor protection [8]. The second is a research gap. Previous studies on converting Regional Companies into limited liability companies have focused on different issues. Iramsyah (2020) examined the conversion procedure for PT Sumatera Selatan Energi Gemilang and its general legal implications. Pamuji (2019) studied the notary's role in establishing PT Anindya Mitra Internasional [9–11]. Dani Darmawan (2011) analysed the juridical aspects of conversion and its effect on the regional government's position as shareholder [8]. None of these works addressed a Perseroda's responsibility for the assets and liabilities inherited from a Regional Company, the limits of that responsibility, or creditor protection after the change in legal form. This study fills that gap through the case of PT Pembangunan Sabang Mandiri.

On this basis, the study pursues three research questions. First, to what extent is PT Pembangunan Sabang Mandiri (Perseroda) legally responsible for the assets and liabilities of the former Regional Company. Second, what are the limits of that assumption of responsibility. Third, how are creditors and third parties protected after the change in legal form has taken effect.

## 2. Methods

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Research method is a systematic procedure for obtaining accurate and accountable data in order to discover, develop, and verify knowledge [12], and in the field of law it serves to identify the principles, norms, and doctrines that address problems arising in society [13]. This study employs a sociological juridical approach, which combines the analysis of legal norms with an examination of how those norms are experienced and applied in practice by society [14]. The approach is also described as empirical sociological, because it treats law not merely as a body of written rules but as a social reality whose meaning is revealed in the conduct of the institutions and persons bound by it, that is, in the implementation of normative provisions in action within concrete legal events [15–17]. It is adopted here for a reason that goes to the heart of the inquiry. The question is not whether the law commands a transfer of assets and liabilities, since Qanun of Sabang City Number 3 of 2020 plainly does, but whether that command was carried into effect and how it was understood and acted upon by the government, the notary, and the company. A purely doctrinal study could describe the norm of automatic transfer and the principles of *continuity of legal entity* and *universal succession*, yet it could not reveal whether the transfer actually occurred, how it was recorded, and what it meant for responsibility and for creditors. Only an approach that measures *law in books* against *law in action* can expose the gap between *das sollen* and *das sein* that this case presents [18]. For that purpose the study adopts a qualitative approach, generating analytical descriptions based on the verbal and written statements of respondents and informants in order to obtain the facts relevant to the research topic [19,20].

The study draws on primary and secondary data. Secondary data were gathered through library research and consist of primary legal materials, including the 1945 Constitution of the Republic of Indonesia, Law Number 23 of 2014 on Regional Government as amended, Government Regulation Number 54 of 2017 on Regional Owned Enterprises, Law Number 40 of 2007 on Limited Liability Companies, and Qanun of Sabang City Number 3 of 2020, together with secondary materials such as books and scholarly journals and tertiary materials such as legal dictionaries [21].

Primary data were collected through field research at the seat of the company in Sabang City, with PT Pembangunan Sabang Mandiri (Perseroda) as the principal site. The study employs a purposive sampling technique, a non-probability sampling method commonly used in qualitative research, in which participants are selected on the basis of their relevance to the research topic and their expertise in the area of study. The aim of purposive sampling is to concentrate on individuals who can provide rich and in-depth insight into the research questions, namely those who were directly involved in or affected by the conversion and by the handling of the assets and liabilities that followed it. On that basis, and using interview guidelines that allowed the questions to be adapted to each respondent [22], the study conducted interviews between December 2025 and April 2026 across three institutional vantage points. From the Sabang City Government, it interviewed the Head of the Legal Division of the City Secretariat and a policy analyst in the Economic, Natural Resources Division, Notary, Director of PT Pembangunan Sabang Mandiri and member of the General Affairs and Finance Division. Selecting informants from these different positions allowed the normative account given by government officials to be tested against the operative record held by the company, so that convergence and divergence between the two could be identified rather than assumed. The data were then organised through editing and analysed qualitatively, in order to assess the conformity between the applicable legal provisions and their implementation and to bring into view the gap between *das sollen* and *das sein* in the transfer of assets and liabilities that followed the change in legal form.

### 3. Results and Discussion

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#### 3.1 Legal Responsibility of PT Pembangunan Sabang Mandiri (Perseroda) for Assets and Liabilities Following the Change in Legal Form

The conversion of the Regional Development Company of Sabang into PT Pembangunan Sabang Mandiri cannot be read as a simple change of institutional name. It is a corporate legal event that touches the continuity of rights, obligations, assets, liabilities, permits, contracts, and responsibility toward third parties. The normative basis lies in Qanun of Sabang City Number 3 of 2020, which provides that the assets of PDPS, together with its liabilities, permits, and agreements, pass by law to PT Pembangunan Sabang Mandiri as the successor entity. That provision places the company in the position of legal successor and supplies the primary normative ground for holding it responsible for the legal position formerly attached to PDPS.

The first research question, concerning the extent of that responsibility, must be answered by separating the normative construction of the conversion from its empirical implementation. In normative terms, the company is responsible for all assets and liabilities that were attached to PDPS before the change in form. The basis for that responsibility is the pairing of continuity of legal entity with universal succession. Continuity of legal entity means that the change of form does not end the legal existence of the earlier enterprise but continues it under a different organizational structure. Universal succession means that the rights and obligations of the earlier entity pass to the successor, without a separate legal act for each asset, debt, contract, or permit. This reading is consistent with the broader policy on Regional Owned Enterprises, since Law Number 23 of 2014 and Government Regulation Number 54 of 2017 design the conversion into a Perseroda to strengthen efficiency, professionalism, accountability, and corporate governance, not to sever the enterprise from its own past. Corporate legal theory points the same way, because a legal entity is an autonomous bearer of rights and duties that can own assets, incur obligations, and be held liable in its own name [23]. The responsibility of the company, on this view, is not confined to receiving economically valuable assets. It extends to the liabilities and obligations that formed part of the legal patrimony of PDPS.

The empirical findings, however, reveal a sharp distance between this normative design and what was done, and they do so in a way that the two groups of informants described differently. Officials in the Sabang City Government presented the transfer as having been carried out in

principle. According to the policy analyst in the Economic and Natural Resources Division, the assets and liabilities were to be transferred through a process of inventory, verification, and re-recording in the opening balance of the company, although the same account acknowledged that the process could not be realized in full because of unclear asset legality, incomplete documentation, and difficulty in valuing older assets. The account given at the level of the company was materially different. The Director of PT Pembangunan Sabang Mandiri stated that no assets were transferred from PDPS to the company, that no inventory of assets was carried out before the conversion, and that no transferred assets were recorded in the financial statements of the company, with the standard operating procedures of the company only drawn up in 2025. The financial statements were instead prepared independently from the outset on paid-up capital of IDR 2.5 billion, without reference to the assets of the former Regional Company. The position on liabilities was the same, since the field evidence indicated that no obligations or debts were carried over to the company. Read together, these accounts show that whatever the normative intention, the operative record of the company does not reflect a transfer of the assets and liabilities of PDPS. The distance between the norm of automatic transfer and the practice of the conversion is therefore not a matter of degree but of substance.

One further fact bears on the extent of responsibility. The company was in a dormant condition in 2026 following a decision of its General Meeting of Shareholders. Dormancy does not dissolve a corporation and does not extinguish the obligations attached to its status, because a company that is not trading remains capable of bearing obligations, receiving claims, and being subject to legal accountability. The dormant status of PT Pembangunan Sabang Mandiri cannot therefore be used to deny the responsibility that arises from the conversion of PDPS. What unsettles that responsibility is not dormancy but the absence of any recorded transfer on which responsibility could rest.

### *3.2 The Scope and Limits of the Assumption of Responsibility*

The second research question concerns the limits of that responsibility. The study finds that those limits are shaped by two legal logics that meet in the figure of the Perseroda. The first is the public enterprise logic of continuity, under which the company is treated as the successor of the former Regional Company and is expected to carry its rights and obligations forward. The second is the private corporate logic of the separate legal entity and limited liability, recognised in Article 1 paragraph (1) of Law Number 40 of 2007, under which the company is liable with its own corporate assets while the regional government as shareholder is generally liable only up to the value of its capital participation. The boundary of responsibility lies between the duty to continue the obligations of PDPS and the corporate requirement that those obligations be valid, identifiable, documented, and legally recognized before they can be enforced.

Normatively, the responsibility of the company is broad, because the conversion rests on universal succession and all assets, liabilities, permits, and agreements should follow the change in form. That breadth does not mean, however, that any alleged debt can be imposed on the company without proof. In a corporate framework, responsibility requires legal certainty. An obligation must be traceable to PDPS, legally valid, supported by documentation, and capable of being incorporated into the financial and legal structure of the company. The limit of responsibility, properly understood, is not the absence of succession but the evidentiary and administrative certainty of the objects transferred.

This is precisely where the strongest objection to the responsibility of the successor arises, and it deserves to be met directly. It can be argued that an obligation which was never inventoried, never verified, and never recorded in the capital structure or balance sheet of the company cannot be imposed on it, because the logic of the separate legal entity and limited liability ties the responsibility of the company to what is recognized within its own corporate body, so that an old obligation never brought into that body cannot be forced upon it without additional proof.

The argument has real force, and it cannot be dismissed by appealing to universal succession alone. The better view is that universal succession and the requirement of documentary certainty operate at different levels and do not cancel each other. Universal succession works as a rule against escape. It prevents a successor from enjoying the institutional continuity and the assets of its predecessor while disowning the debts of that predecessor merely because the legal form has changed. It does not, however, dispense with proof. A creditor who asserts an obligation must still show that the obligation was valid and belonged to the legal position of PDPS. What makes the Sabang case unusual is that the difficulty is not located in the proof of any debt but in the complete absence of a transfer. Where assets and liabilities have been inventoried, verified, and recorded, succession supplies the bridge and documentary gaps narrow a claim only at the margins. Where, as here, nothing was inventoried, verified, or recorded, and the company was built on fresh capital, the company has no factual basis on which to carry the obligations of PDPS at all. In that situation the limit of responsibility ceases to be a legal limitation in the ordinary sense and becomes a vacuum of responsibility, a legal vacuum in which the successor is normatively bound yet empirically has nothing to be bound to.

Two layers of responsibility follow from this. The first is the responsibility of PT Pembangunan Sabang Mandiri as successor entity for the assets and liabilities of PDPS. The second is the limited responsibility of the regional government as shareholder, which does not extend to personal or unlimited liability for the debts of the company. The Head of the Legal Division of the Sabang City Secretariat confirmed that the City Government is no longer directly responsible for the obligations of the company except in matters expressly provided for in regulation or agreement. Limited liability protects the shareholder from liability beyond its capital contribution, but it does not erase the liability of the company toward creditors, since it is the company that must answer with its own assets as an independent legal person. The problem arises when the first layer is left administratively unclear. If the liabilities of PDPS are not recorded, verified, or reflected in the documents of the company, creditors may be unable to show that an obligation has entered the responsibility structure of the company. If, on the other hand, every historical obligation was imposed without verification, corporate certainty would be undermined in the opposite direction. The sound course is to recognise succession while insisting on proof, documentation, and administrative validation, so that responsibility is neither evaded nor inflated.

### 3.3 Creditor Protection After the Legal Transformation

The third research question concerns the protection of creditors after the conversion. Creditors are among the parties most exposed to a change in the form of a business, because their rights rest on the expectation that the debtor will continue to exist, continue to be responsible, and continue to hold enough property to meet its obligations. The governing principle is that a change in the form of a business may not erase or reduce rights that creditors already held. In civil law this principle flows from *pacta sunt servanda*, under which an agreement validly made binds the parties as law, so that a change of form cannot be used as a reason to avoid an obligation already incurred. Contractual obligations that arose before the conversion of PDPS should therefore remain enforceable against the successor, provided they are valid, provable, and part of the legal position of the former Regional Company.

Normatively, creditor protection in this conversion is secured through universal succession, which prevents the successor from avoiding earlier obligations by relying on the change of form. The company cannot lawfully take the benefit of the assets and institutional continuity of PDPS while rejecting the liabilities attached to it. Assets and liabilities have to be treated as a single package, because transferring only the assets while ignoring the liabilities would produce an imbalance that harms creditors and undermines the integrity of corporate law. This is the point at which the case turns from doctrine to evidence.

The field evidence shows that creditor protection has not operated as the norm intends, and again the weakness lies in implementation rather than in the absence of a rule. The company reported that it had prepared an opening balance with reference to the closing financial statements of the predecessor, and that verification of assets and liabilities after the conversion had been carried out not through internal audit but through an external audit by a Public Accounting Firm, covering the audit of the opening balance, confirmation and substantive testing, the assessment of transition risk, and the evaluation of disclosure and the audit opinion. These were genuine formal mechanisms intended to secure the reliability of the financial data on which creditors would rely. Their effect, however, was limited by the very condition described earlier, since an opening balance and an external audit cannot reflect a transfer of obligations that, on the record of the company itself, did not enter its books. Where liabilities are not recognized in the financial structure of the successor, where records held by the regional government and by the company may diverge, and where the legal status of assets that might satisfy a claim is uncertain, a creditor may know that PDPS owed an obligation yet be unable to establish that the obligation has been assumed by PT Pembangunan Sabang Mandiri. In that condition creditor protection becomes declarative rather than effective.

This shows that protection for creditors cannot rest on a normative statement that rights are preserved. It requires administrative certainty. A creditor needs to know who is responsible, which obligations have been recognized, what assets stand behind them, and which documents prove the continuity of the liability. Without inventory and verification, the creditor is pushed into an evidentiary position that the law never intended to create, and legal certainty, which depends on predictable and enforceable implementation as much as on written rules, is correspondingly weakened. The combination of the legal gap and the research gap explains why this case matters beyond Sabang. A conversion may satisfy every formal requirement, the *qanun*, the deed of establishment, and the ministerial ratification, and still fail to give creditors the substantive certainty that the law promises them

#### *3.4 The Das Sollen–Das Sein Gap and Its Legal Implications*

The most important contribution of this study is its account of the gap between *das sollen* and *das sein*, and of what that gap does to the legal character of the conversion. The *das sollen* is clear. PDPS was converted into PT Pembangunan Sabang Mandiri under a valid regional regulation, all assets, liabilities, permits, and agreements were to pass by law, and the company was to operate as the legal continuation of the former Regional Company, a design supported by the doctrines of continuity of legal entity and universal succession. The *das sein* is more difficult. The transfer of assets and liabilities was not effected in the records of the company, some assets lacked clear legal status, documentation was incomplete, inventory and verification were not carried out in full, and old liabilities were not recognised in the financial structure of the company. These conditions weaken the normative claim that the conversion produced a full succession.

This is where the analysis must go a step further than describing an implementation problem, because the facts raise a question about the nature of the conversion itself. If a change of legal form is not accompanied by a transfer of rights and obligations, corporate doctrine does not treat it as a transformation at all. The essence of a transformation lies in the continuity of legal relationships, not in the change of formal shape. A conversion that leaves the assets and liabilities of the predecessor behind is better described as a legal discontinuity, and it raises the possibility that what occurred was not a genuine transformation of PDPS but the disguised incorporation of a new company that inherited a name and a regulatory mandate without assuming the legal burden of its predecessor. Posed in this way, the question is no longer only whether the transfer was complete. It is whether the construction used to convert PDPS retained its juridical substance, and the field evidence suggests that, on the record of the company itself, much of that substance was lost.

The implications are significant. First, the certainty of corporate responsibility is affected, because a successor must have a clear legal and financial record of what it has received and what it must bear, and where the objects of transfer are unclear, responsibility is difficult to enforce. Second, creditor protection is affected, because creditors may be unable to identify the legal subject against which a claim should be directed. Third, the public interest is affected, because assets that should have been integrated into the company as regional economic resources may remain administratively unclear, which reduces the value of the conversion as an instrument of regional development.

The conversion also turns out to be a test of governance rather than of legal form alone. A Perseroda is expected to operate under the principles of good corporate governance, including accountability, transparency, responsibility, independence, and fairness, yet those principles cannot function without clear records of assets and liabilities [24]. Good corporate governance is not achieved by changing the legal form. It requires substantive administrative preparation, reliable documentation, and consistent supervision [25]. The deeper difficulty is structural. The regional regulation issues the substantive command of transfer, but the framework for carrying it out is underdeveloped, and the absence of detailed procedures for inventory, valuation, handover, notice to creditors, the settlement of disputes, and the recognition of liabilities leaves room for divergent interpretations. Company law requires certainty in capital, assets, liabilities, and responsibility, while the law of Regional Owned Enterprises permits a statutory transfer by regulation. The tension between the two produces the dualism noted at the start of this article, one regime emphasising automatic transfer and the other requiring precise corporate documentation, and that dualism must be addressed if future conversions of Regional Owned Enterprises are to avoid the same uncertainty.

Taken together, the findings answer the three research questions as an integrated whole. First, PT Pembangunan Sabang Mandiri is normatively responsible for the assets and liabilities of PDPS, because the qanun and the principles of continuity and universal succession construct it as the successor entity. Second, that responsibility is limited by the need for legal validity, proof, administrative verification, and corporate recognition of the transferred objects, and by the principle that shareholder liability does not extend beyond capital participation, although in this case the limit has hardened into a vacuum because no transfer was recorded. Third, creditor protection is normatively guaranteed but empirically weakened, because the transfer of liabilities was not supported by sufficient clarity, documentation, and enforceable administrative mechanisms. The conversion of PDPS into PT Pembangunan Sabang Mandiri is therefore formally valid but materially incomplete. Its validity comes from the regional regulation, the notarial deed, and the ministerial ratification. Its incompleteness comes from the failure to translate the statutory transfer into verifiable corporate records and enforceable responsibility, so that the conversion created a legal successor in the normative sense without fully creating a legally certain successor in the empirical sense.

For the wider study of Regional Owned Enterprises, the case offers a lesson that reaches beyond Sabang. The conversion of a Regional Company into a Perseroda should not be assessed only by the existence of a qanun, a deed of establishment, or a ministerial approval. It should be assessed by whether the transfer of assets and liabilities has been carried out in a way that is complete, documented, auditable, and protective of third parties. The design of future regulation should reflect this. A qanun that converts a Regional Owned Enterprise should be accompanied by technical rules that specify the procedure for inventory, valuation, and verification of assets and liabilities, the form and timing of the handover, the recording of the transferred objects in the opening balance, the manner of notice to creditors, and the treatment of obligations that surface after the conversion. Without those elements, conversion produces formal modernisation without substantive legal certainty, and the responsibility of the successor remains a norm in search of a factual foundation.

## 4. Conclusions

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The conversion of the Regional Development Company of Sabang into PT Pembangunan Sabang Mandiri (Perseroda) should, under the principles of legal-entity continuity and universal succession reflected in Qanun of Sabang City No. 3 of 2020, transfer PDPS's assets, liabilities, licences, and legal relationships to the successor company. That responsibility is bounded both by limited liability and by the validity, documentation, and recognition of what was transferred, with creditors protected through continuity of obligations and *pacta sunt servanda*. In practice, however, the transfer never entered the company's records. The company was capitalised independently on IDR 2.5 billion in paid-up capital, and PDPS's assets and liabilities went unrecognised in its financial structure. This gap between *das sollen* and *das sein* has weakened legal certainty and the protection of creditors and third parties, raising the question of whether the conversion was a genuine transformation or a disguised incorporation.

On this basis, the Sabang City Government and the company should undertake comprehensive restructuring through audit, inventory, verification, and clarification of the legal status of all PDPS assets and liabilities, so that the scope of the transfer and of the company's responsibility becomes certain. The central government should issue detailed technical regulation on Regional Owned Enterprise conversions covering asset, liability, and agreement transfers and the allocation of legal responsibility, and every such conversion should apply transparency, accountability, and good corporate governance through stronger supervision, clear recording, and effective creditor-protection mechanisms. These conclusions carry limits that also signal future work. As a single-case qualitative study, the findings are analytically rather than statistically generalisable and rest on interviews and available documents that a fuller financial and archival audit could refine. Further research could test the pattern across multiple conversions in different regions, use quantitative or mixed methods, or pursue comparative study of how other legal systems handle public-enterprise conversion and creditor protection, including the notice and objection mechanisms company law ordinarily provides, to determine whether the gap is particular to Sabang or characteristic of such conversions more generally.

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