

## A JURIDICAL ANALYSIS OF THE BUSINESS OPPORTUNITY CONCEPT IN COMPARISON WITH THE MICRO, SMALL, AND MEDIUM ENTERPRISES (MSMES) CONCEPT

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### Abstract

Large businesses in various countries are required to assist and support Micro, Small, and Medium Enterprises (MSMEs)—known in Indonesia as UMKM—through partnerships. These partnerships can take the form of franchise agreements or other types of agreements. One form of partnership commonly found in business practice is a business opportunity or business package. This paper will examine the form of partnership known as a business opportunity and how the laws in the United States and Indonesia address the development of such collaborations between large-scale businesses and small enterprises (MSMEs or individuals). The research methods employed are normative legal analysis and comparative law. A key finding is that, unlike in the United States, the partnership form giving rise to business opportunity packages—which are not exactly the same as franchise agreements—in Indonesia remains subject to legal practice, meaning it is based solely on contractual freedom. Furthermore, although these business packages resemble partnership agreements between large businesses and SMEs, they differ because they are often formed between investors and individual business activities or even informal ones.

Keywords : *Business Opportunity, Contract Law, MSMEs*

### INTRODUCTION

Data from the Ministry of Cooperatives and Small and Medium Enterprises in 2019 shows that there were 65.4 million MSMEs employing 123,300 workers.<sup>1</sup> Data for different years (2025) is provided by the MSME Single Data Information System.<sup>2</sup> It is reported that the number of MSMEs in Indonesia as of October 31, 2025, reached 30.19 million, with the highest concentration in West Java. This data, of course, does not include business activities in the informal sector or at the individual level. MSMEs—an acronym for Micro, Small, and Medium Enterprises, which include household-level businesses—constitute the largest group of economic actors in Indonesia and also provide job security and income for many people. The contribution of MSMEs is primarily manifested in driving the local economy, creating local products, promoting economic equality, and empowering communities. It is also believed that MSMEs—not large corporations or conglomerates—play a crucial role in sustaining Indonesia's economy and weathering crises.<sup>3</sup> SMEs have proven to be highly resilient in the face of economic crises. This conclusion likely also applies to business activities in the informal sector. Moreover, another strength of MSMEs lies in their ability to quickly develop new business ideas. In fact, in 2015, the city of Bandung was awarded the Creative Cities Network designation thanks to the creativity of its MSMEs.<sup>4</sup> In fact, five years after receiving the award, 30 Creative Hubs have been established—hubs or platforms designed to bring together a diverse range of

<sup>1</sup> Kementerian Keuangan Republik Indonesia. "Kementerian Keuangan Republik Indonesia Direktorat Jenderal Perbendaharaan." <https://djpb.kemenkeu.go.id/kppn/lubuksikaping/id/data-publikasi/artikel/3134-kontribusi-umkm-dalam-perekonomianindonesia.html> (diakses 3 Maret 2026). Cf. Laporan Riset Dr. Jan Hoesada, APBN Pengembangan UMKM NKRI, <https://www.ksap.org/sap/wp-content/uploads/2025/03/MAKALAH-UMKM-2025-1.pdf> diakses 24 Maret 2026.

<sup>2</sup> Biro DTI. (2025, Desember 19). *UMKM Jadi Motor Penggerak Pertumbuhan Ekonomi Lokal*. Retrieved from Kementerian UMKM Republik Indonesia: <https://umkm.go.id/news/wakjm8mp18n9wcyas961encd> (diakses 24 Maret 2026)

<sup>3</sup> Andi Sulfati. "Efektivitas Pengembangan Usaha Mikro Di Indonesia." *Jurnal Aplikasi Manajemen, Ekonomi dan Bisnis* 2, no. 2 (April 2018): 59-69.

<sup>4</sup> BAPPEDA Provinsi Jawa Barat. "UNESCO Umumkan Kota Bandung Sebagai Kota Desain Dunia." <https://bappeda.jabarprov.go.id/unesco-umumkan-kota-bandung-sebagai-kota-desain-dunia/> (diakses 3 Maret 2026)

SMEs, particularly creative entrepreneurs, to collaborate, continue innovating, and thereby grow their businesses.<sup>5</sup> One of the innovations emerging in the food and beverage sector is the development of the business opportunity concept. The business opportunity concept for MSMEs—also known as small-scale business packages—is said to resemble franchising and often uses the term “franchise” in the negotiation process and the formation of agreements between the parties (business operators).

In Indonesian legal literature, specific studies on business opportunities remain scarce or difficult to find. Furthermore, legal research also indicates the absence of specific regulations regarding business opportunities. This contrasts with the situation regarding franchising or the partnership obligations of MSMEs with large enterprises. Based on this observation, it is assumed that business opportunity packages in Indonesia are established and operated in accordance with the general provisions of contract law. As for the organizational structure and its legal legitimacy, Law No. 20 of 2008 on Micro, Small, and Medium Enterprises (hereinafter referred to as Law 20/2008) can serve as a reference or subject of legal study. At the very least, there appears to be a stipulation requiring large enterprises to partner with MSMEs in various investment activities. Such partnership models could very likely serve as a reference for the regulation of business packages in Indonesia.

This study will examine the following questions: a) what business opportunities (business packages) are and how they are operated, particularly in Indonesia; b) how have business opportunities developed in Indonesia; and c) can existing laws and regulations, particularly those concerning MSMEs, serve as a regulatory framework or legal basis for the existence and development of business opportunities? These questions are posed in light of the fact that regulations regarding business opportunities are already in place and enforced in the United States. The objective of this study is to gain a deep understanding of the nature of business opportunity activities and the legal issues arising from this practice, as well as to explore the possibility of adapting existing laws to provide a clearer operational legal foundation for business opportunity operators in Indonesia.

## LITERATURE REVIEW

Business opportunity ventures are commonly found in the form of partnerships between large businesses and microenterprises (or even smaller entities than the microenterprise category). However, from a legal perspective, this concept has not been extensively examined. In fact, there are no specific regulations regarding business opportunity packages in Indonesian legislation. Consequently, the literature review on the concept of business opportunity activities draws primarily from various sources other than Indonesian legislation.

As a point of comparison, there is the regulation of business opportunities under U.S. law. It was the Federal Trade Commission that identified the need to establish the Business Opportunity Rule. The rationale was that there had been numerous cases of fraud based on false promises regarding the profits that partners (small businesses) would earn upon implementing the business packages offered.<sup>6</sup> Specifically, the provisions of 16 CFR Part 437—the Business Opportunity Rule—address fraudulent practices in work-at-home and vending machine schemes.<sup>7</sup> A detailed analysis of this provision leads to the conclusion that business package owners should be required to disclose certain information to prospective buyers of the business package.

In addition, other research has been conducted on pre-sale disclosures that can be used to provide legal protection for prospective buyers of business packages.<sup>8</sup> In line with this, another study highlights the importance of information transparency (such as disclosure) and the prohibition of exaggerated claims regarding the income that may be earned from the business packages offered.<sup>9</sup> However, once again, there is no legal research that specifically examines the specifics of business opportunity agreements in Indonesia by comparing them to the regulations

<sup>5</sup> Okta Syatika. "Evaluasi Satu Dekade Status Kota Bandung Sebagai Creative Cities Network." *JOM FISIP* 12, edisi II (Juli-Desember 2025): 1-18.

<sup>6</sup> Federal Register. (2006, June 16). *Business Opportunity Rule*. Retrieved from Federal Register The Daily Journal of the United States Government: <https://www.federalregister.gov/documents/2006/04/12/06-3395/business-opportunity-rule>? Diakses 13 April 2026

<sup>7</sup> Sergio Pareja. (2008, January 1). Sales Gone Wild: Will the FTC's Business Opportunity Rule Put an End to Pyramid Marketing Schemes? *Vol. 39*, pp. 83-129. Retrieved from [https://digitalrepository.unm.edu/law\\_facultyscholarship/148](https://digitalrepository.unm.edu/law_facultyscholarship/148) diakses 13 April 2026.

<sup>8</sup> Astrid Amidiaputri Hasyati, M. T. (2020). Penerapan Pre-Sale Disclosure sebagai Perlindungan Hukum Pembeli Bentuk Bisnis "Business Opportunity Ventures" Ditinjau melalui Undang-Undang Republik Indonesia Nomor 8 Tahun 1999 tentang Perlindungan Konsumen. *Jurnal Mercatoria*, 1-14. doi: <https://doi.org/10.31289/mercatoria.v13i1.2985> diakses 13 April 2026.

<sup>9</sup> Wiwik Sri Widiarty, S. S. (2024). Consumer Protection Laws in Indonesian Commercial Transactions: Safeguarding Business Transactions and Consumer Rights. *Journal of Law and Sustainable Development*, 1-16. doi: <https://doi.org/10.55908/sdgs.v12i1.3099> diakses 13 April 2026.

governing such agreements in the United States. In the context of this study, it is recognized that Indonesia does not yet have specific regulations and likely still bases business opportunity agreements on the principle of freedom of contract as stipulated in the Civil Code, as well as Law No. 20 of 2008, which could (potentially) serve as a reference for the applicable rules

## **METHOD**

The research method used to examine the issue raised is the normative legal research method<sup>10</sup> and comparative law.<sup>11</sup> This refers to an analysis of positive law, focusing on the examination of existing legal rules, principles, and doctrines (de lege lata) or those that should exist (de lege ferenda). With regard to the comparative law method, the legal situation in Indonesia will be compared specifically with the special regulations governing business opportunities in the United States.

## **DISCUSSION**

### ***Business Opportunity***

It is believed that the concept and activities of business opportunities originated as a legal practice in the United States and as a form of small business established and operated in partnership with investors. This concept should be distinguished from the concept of business opportunities (in business or entrepreneurship).<sup>12</sup> As a form of small-scale business activity, this practice has spread to Indonesia, among other places. That is why, to understand what a business opportunity is and how it works, the first step is to examine how U.S. law regulates this type of business. According to the applicable U.S. regulations, specifically 16 CFR Part 437 – Business Opportunity Rule, Section 437.1 Definitions<sup>13</sup> It reads as follows:

'c) Business opportunity means a commercial arrangement in which:

(1) A [seller](#) solicits a prospective [purchaser](#) to enter into a [new business](#); and

(2) The prospective [purchaser](#) makes a [required payment](#); and

(3) The [seller](#), expressly or by implication, orally or in writing, represents that the [seller](#) or one or more designated [persons](#) will:

(i) Provide locations for the use or operation of equipment, displays, vending machines, or similar devices, owned, leased, controlled, or paid for by the [purchaser](#); or

(ii) Provide outlets, accounts, or customers, including, but not limited to, Internet outlets, accounts, or customers, for the [purchaser](#)'s goods or services; or

(iii) Buy back any or all of the goods or services that the [purchaser](#) makes, produces, fabricates, grows, breeds, modifies, or provides, including but not limited to providing payment for such services as, for example, stuffing envelopes from the [purchaser](#)'s home.'

In short, a business opportunity is a commercial activity based on an agreement (partnership) in which a seller offers a prospective buyer the chance to develop a new business (start-up company). The seller here acts as an investor who provides equipment (owned, leased, controlled, or purchased by the prospective buyer), including providing a sales location, securing customers, and finally repurchasing the goods or services produced by the prospective buyer (the second party). Essentially, the concept involves the first party (as the investor) providing a business opportunity to the second party. The second party, in turn, gains the opportunity to launch a new business (startup). This understanding aligns with the definition provided by *MSA Worldwide*<sup>14</sup> It is stated that a business opportunity is defined as an opportunity provided by a company to another company or an individual to start a new business, whereby the prospective buyer purchases the business package offered and makes payment for it. This

<sup>10</sup> Bahder Johan Nasution. *Metode Penelitian Ilmu Hukum*. Bandung: Mandar Maju, 2008, hlm. 86.

<sup>11</sup> Ayyub Kadriah. (2022). Analisis Kritis Ilmu Hukum Plural Terhadap Metode Hukum Komparatif dan Komparasi Hukum. *Pamulang Law Review*, 133-146. doi: <https://doi.org/10.32493/palrev.v5i2.25519> diakses 13 April 2026

<sup>12</sup> William B. Gartner, B. T. (2017). A Brief History of the idea of Opportunity. In B. T. William B. Gartner, *Research handbook on Entrepreneurial Opportunities* (pp. 45-67). Edward Elgar Publishing. doi:<https://doi.org/10.4337/9781783475445.00007>

<sup>13</sup> Cornell Law School. (2026, - -). *16 CFR Part 437 - Business Opportunity Rule*. Retrieved from Legal Information Institute: <https://www.law.cornell.edu/cfr/text/16/437.1> diakses 24 Maret 2026.

<sup>14</sup> Michael Seid. *What is the difference between a franchise and a biz-op? When does a biz-op cross the line and become a franchise?* - -. Accessed Maret 7, 2026. <https://msaworldwide.com/basics-of-franchising/what-is-the-difference-between-a-franchise-and-a-biz-op/>

explanation was provided by *The BizBuySell Team*<sup>15</sup> that the business package grants prospective buyers the right to independently determine how to operate the business system for that business activity. From a legal perspective *Franchise Direct*<sup>16</sup>, business opportunity is described as a legal relationship (contract; agreement) between the owner of a business package and a prospective buyer of that package. The subject of the sale is a business system designed to launch a business venture, consisting of a license and operational standards that must be met within that business system. It is also interesting to note how *Entrepreneur.com*<sup>17</sup> describes a business opportunity as a form of *franchise* that, however, is less structured, has no high-cost requirements, and allows potential buyers of the business package to operate without territorial restrictions among them.

By way of comparison, although no specific regulations on the matter have yet been established, business opportunity practices have already emerged in Indonesia. For example, the website *waralabaku.com*<sup>18</sup> which mentions a business selling banana molen snacks under the trademark Pisang Molen M.A. The characteristics of the banana molen business described above are similar to those outlined above, namely: a) the presence of a seller (investor) who offers a business package to prospective buyers to start a business; b) prospective buyers (small merchants) who make a series of payments; c) the seller (investor) provides marketing strategies and profit projections. The objective of this business opportunity, which includes various operational equipment, trademarks, ownership licenses, and employee management, is to enable MSMEs to sell food and beverages on a small scale, but with legal protections similar to those provided in a franchise agreement.

What can be learned from the above discussion? First, a business opportunity is essentially a form of partnership in which an investor provides a business opportunity (in the form of assistance, capital, a business package, etc.) to a prospective buyer (a small business owner). The legal basis established between the seller (investor) and the prospective buyer (small business owner) is an agreement that bears similarities to the agreements found in franchise business activities. Here, the seller can be classified, at least in Indonesia, as an MSME. Thus, it can be imagined that the legal framework that could potentially be used to examine business opportunity practices in Indonesia consists of contract law, provisions related to investors (business entities providing capital, whether large corporations or others), and provisions related to prospective MSME operators.

The following section will discuss the legal framework that could potentially be used to examine business opportunity practices in Indonesia:

#### **a) Indonesian Contract Law**

The fundamental principle of Indonesian contract law is freedom of contract. This principle is enshrined in Book III of the Civil Code, Article 1320 et seq. In essence, anyone may agree with another person on any matter, provided they possess legal capacity (not merely legal age, but also the ability to act responsibly), regarding a specific matter; in other words, the subject matter and purpose of the contract must be clear (concrete or at least feasible or enforceable) and must not violate the law, public policy, or public morality (stated as an objective requirement: a cause not prohibited by law).<sup>19</sup> However, this principle of freedom of contract is subsequently limited by numerous other rules derived from public law. In commercial practice, for example, standard contracts emerge, related to the standardization of forms of commercial activity (franchises, profit-sharing, etc.), the infrastructure of commercial activity (payment, etc.), and forms of commercial enterprise (individuals, MSMEs, limited liability companies, state-owned enterprises, etc.). In addition, the state, which plays a role in maintaining public order, enforces a number of mandatory rules (public law) that also limit freedom of contract, such as regulations in the fields of corporate law, consumer protection, competition law, banking law, capital markets, etc. The principle of freedom of contract, despite numerous restrictions, still allows for the creation of partnership agreements between investors and prospective business owners based on the concept of a business opportunity. Such agreements, as indicated above, essentially require one party (the investor) to provide capital (in the form of business equipment), assistance, to

<sup>15</sup> The BizBuySell Team. *Franchise or Business Opportunity: What is the Difference?* - -. Accessed Maret 7, 2026. <https://www.bizbuysell.com/learning-center/franchises/franchise-or-business-opportunity/>

<sup>16</sup> Franchise Direct. *Franchises vs. Business Opportunities: The Key Differences You Should Know.* - -. Accessed Maret 7, 2026. <https://www.franchisedirect.com/ultimate-guide-to-franchising/franchises-vs-business-opportunities/>

<sup>17</sup> Andrew A. Caffey. *Franchise, Biz Opp and MLM: What's the Difference?* Accessed Maret 7, 2026. <https://www.entrepreneur.com/business-news/franchise-business-franchise-biz-opp-and-mlm-whats/73852>

<sup>18</sup> waralabaku. 2006. *waralabaku.com.* - -. Accessed Maret 10, 2026. <https://www.waralabaku.com/franchise-peluang-usaha-gorengan-pisang-molen-ma--1--222B>

<sup>19</sup> Hajairin., M. K. (2025). Syarat Subjektif dan Objektif Perjanjian Jual Beli: Relevansi Pasal 1320 KUHPdata dalam Praktik Modern. *UNES Law Review*, 221-228. Retrieved from <https://review-unes.com> diakses 16 April 2026.

repurchase goods and services sold by the prospective business operator (the recipient of capital and assistance), and, most importantly, the opportunity to operate a business that already has an established business system, to the prospective business operator, who is obligated to make payments (purchase a business package) and meet the sales targets set forth in the agreed-upon agreement.

**b) Provisions Concerning Investors**

From the investor's perspective, it can be demonstrated that although, as mentioned above, business opportunity agreements are voluntary in nature, there are still general obligations imposed on large companies (investors) to partner with MSMEs (smaller-scale businesses). Based on this, one form of partnership that has emerged is the business opportunity concept described above. The legal obligations imposed on large companies are set forth in Regulation of the Head of the Investment Coordinating Board No. 1 of 2022 on Procedures for Implementing Partnerships in the Field of Investment between Large Enterprises and Micro, Small, and Medium Enterprises in Regions. This policy constitutes the implementation of the provisions of Article 28(1)(g) of Law No. 25 of 2007 on Investment, as further elaborated in Presidential Regulation No. 10 of 2021 on Investment Business Sectors.

It is clear that, in essence, a partnership must be based on the principle of mutual benefit (manifested in the form of core-plasma arrangements, subcontracting, or supply chains) and aim to elevate the status of MSMEs, rather than merely serving as a supplement. That is also why large corporate partners are required to provide training, technical guidance, management assistance, marketing support, etc. It is highly likely that these legal obligations must also be included and reaffirmed in the partnership agreement. The question is whether the terms in a business opportunity agreement, even if very similar, can be equated with a regulated partnership agreement, or whether there are other distinguishing characteristics (which are at least required for foreign-invested companies)? Or is a business opportunity agreement more similar to a franchise agreement? Conversely, it is also possible that a business opportunity agreement constitutes a sui generis agreement with its own distinct characteristics and nature, differing from both partnership agreements and franchise agreements.

To find answers to the above questions, one may refer to the general legal obligation imposed on large companies (investors) to assist prospective small business operators (SMEs) who wish to expand their businesses by pursuing a business opportunity. Specifically regarding the obligation to form partnerships under Indonesian positive law, it is stipulated that large companies (investors) in Indonesia are required to: a) include a commitment to cooperate with local SMEs when applying for business permits (new investments/expansions); b) establish sustainable business relationships through models such as franchising, supply chains, subcontracting, or distribution/agency arrangements; c) to enhance partners' capacity, provide training, technical guidance, management support, marketing assistance, and improve the quality standards of SME products; and in that context, d) involve local SMEs in the company's supply chain (e.g., purchasing personal protective equipment from local SMEs) and provide marketing opportunities or business locations. Finally, as a consequence of all this, the parties must formalize the partnership collaboration in a written agreement that is fair, transparent, and professional to prevent unilateral control by large business entities.

The consequence of all this is that partnership agreements will follow specific patterns in which the rights and obligations of the parties are set forth in a (civil) agreement, the validity of which will be assessed based on two indicators: first, whether all public law obligations imposed on large companies (investors) are included; and second, whether the rights of prospective small business operators are sufficiently protected. This also implies that the criterion for assessing the validity of the agreement is not the balance of rights and obligations between the parties, but rather the extent to which statutory requirements are met and effectively implemented to achieve the partnership's objectives. Furthermore, while the form of a partnership agreement may resemble a franchise agreement, it may include rights and obligations for the parties that must be defined differently as well. Furthermore, it must be noted that the second party in a partnership agreement, in the context of implementing a business opportunity (which they have acquired), is certainly not a business operator with economic strength equivalent to that of the first party (the investor). In short, the second party referred to in the context of cooperation to create and operate new business opportunities is a small business operator or, in Indonesia, one categorized as a Micro, Small, and Medium Enterprise (MSME). It is this group of MSMEs that benefits from the obligations imposed by the state on large investors and is likely to gain significant benefits from partnership models or agreements in creating new business opportunities.

**c) Requirements for Prospective MSME Operators**

Law No. 20 of 2008 contains provisions regarding the empowerment of micro, small, and medium-sized enterprises. Such empowerment is deemed necessary to achieve economic growth, job creation, and poverty alleviation in Indonesia. Here, it should be noted that the legislature classifies business activities based on size—large and small. Small businesses are further divided into three categories: micro, small, and medium enterprises. The distinctions and definitions of these three categories are outlined in Article 1, paragraphs 1–3 of Law No. 20 of 2008:<sup>20</sup>

‘1. A microenterprise is a productive business owned by an individual and/or a sole proprietorship that meets the criteria for a microenterprise as set forth in this Act;

‘2. A Small Business is an independent productive economic enterprise operated by an individual or a business entity that is not a subsidiary or a branch of a company owned, controlled, or forming part—either directly or indirectly—of a Medium-Sized Business or a Large Business, and that meets the criteria for a Small Business as defined in this Act;

‘3. A Medium-Sized Enterprise is an independent productive economic enterprise operated by an individual or a business entity that is not a subsidiary or branch of a company owned, controlled, or affiliated—either directly or indirectly—with a Small Enterprise or a Large Enterprise, based on the amount of net assets or annual sales as stipulated in this Act.’

A similar classification is used in Government Regulation No. 7 of 2021 on Facilitation, Protection, and Empowerment of Cooperatives and Micro, Small, and Medium Enterprises (hereinafter referred to as GR 7/2021). This GR refers to Law No. 6 of 2023 on the Enactment of Government Regulation in Lieu of Law No. 2 of 2022 on Job Creation into Law (hereinafter referred to as Law 6/2023), which amends Law 20/2008. Based on the provisions of Article 35 paragraph (3) of GR 7/2021<sup>21</sup> The criteria for business capital consist of:

‘Micro businesses have a business capital of up to a maximum of Rp1,000,000,000.00 (one billion rupiah), excluding land and business premises;

Small businesses have working capital ranging from more than Rp1,000,000,000.00 (one billion rupiah) to a maximum of Rp5,000,000,000.00 (five billion rupiah), excluding land and business premises;

Medium-sized businesses have working capital ranging from Rp5,000,000,000.00 (five billion rupiah) to a maximum of Rp10,000,000,000.00 (ten billion rupiah), excluding land and business premises.

However, it turns out that another criterion has been added, namely annual sales revenue, to determine the scale of the business. The provisions of Article 35(5) of Government Regulation No. 7 of 2021<sup>22</sup> resolves:

‘a. Micro businesses have annual sales of up to a maximum of Rp2,000,000,000.00 (two billion rupiah);

b. Small businesses have annual sales of more than Rp2,000,000,000.00 (two billion rupiah) up to a maximum of Rp15,000,000,000.00 (fifteen billion rupiah); and

c. Medium-sized businesses have annual sales of more than Rp15,000,000,000.00 (fifteen billion rupiah) up to a maximum of Rp50,000,000,000.00 (fifty billion rupiah).’

Does that mean that business opportunities through partnerships can only arise between foreign- and domestic-invested companies and MSMEs that meet the criteria for business capital and annual sales? What about sole proprietorships with an economic scale below the thresholds set by law?

It is clear that the partnership model described above will not apply to individual business activities or those conducted on a smaller scale than the MSME criteria outlined above. Furthermore, the partnership model between large and small businesses (as stipulated in Law No. 20 of 2008) aimed at creating business opportunities for small business operators, as envisioned above, would also be inapplicable and ineffective in the informal economic sector, such as small shops or street vendors.<sup>23</sup> In fact, such partnership models can actually be useful for encouraging the

<sup>20</sup> Undang-Undang Nomor 20 Tahun 2008 tentang Usaha Mikro, Kecil, dan Menengah

<sup>21</sup> Peraturan Pemerintah Nomor 7 Tahun 2021 tentang Kemudahan, Pelindungan, dan Pemberdayaan Koperasi dan Usaha Mikro, Kecil, dan Menengah

<sup>22</sup> Peraturan Pemerintah Nomor 7 Tahun 2021 tentang Kemudahan, Pelindungan, dan Pemberdayaan Koperasi dan Usaha Mikro, Kecil, dan Menengah

<sup>23</sup> Christine Ablaza, V. A. (2023, November - ). *Indonesia's Informal Economy*. Retrieved from World Bank, Policy Research Working Paper:

<https://documents1.worldbank.org/curated/en/09943501152325553/pdf/IDU025ef01630fdd504ae5085e90437dc8b1c171.pdf>

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informal economic sector to transition into the formal economic sector.<sup>24</sup> In fact, it is precisely business groups in the informal sector that most need assistance and better business opportunities. Even so, from a risk perspective, it is clearly more advantageous to partner with MSMEs that are already capable of managing larger capital and have a proven track record of high sales.

## CLOSING

Indonesian contract law clearly opens up opportunities for business partnerships between large and small enterprises, similar to those developed in the United States. Under U.S. law, business opportunity agreements must meet certain characteristics as outlined in the legal definition provided. In contrast, in Indonesia, opportunities for partnerships between large and small businesses are defined more broadly and flexibly. However, large businesses—particularly those involving (foreign and domestic) investment—are required by existing law to partner with MSMEs, with specific obligations similar to those found in the definition of a business opportunity in the United States. Given the evolution of business opportunity activities—which have become widespread in practice among business operators—Law No. 20 of 2008 has not yet been able to fully address all the needs arising from transactions between business opportunity operators. This can lead to confusion in determining the applicable legal principles for a business opportunity agreement. Although business opportunity agreements are based on the principle of freedom of contract, they still require general legal principles governing the rights and obligations of the parties to ensure that no party is unduly advantaged or disadvantaged by the cooperation agreement. The emergence of business opportunity activities that can drive the economy from the informal economic sector must be protected by law just as business activities originating from the formal economic sector are.

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## A JURIDICAL ANALYSIS OF THE BUSINESS OPPORTUNITY CONCEPT IN COMPARISON WITH THE MICRO, SMALL, AND MEDIUM ENTERPRISES (MSMES) CONCEPT

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