



Legal Protection for Minority Shareholders in Strategic Decision-Making in Limited Liability Companies

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ABSTRACT: Minority shareholders play a crucial role in supporting the business activities of limited liability companies through capital participation. However, in strategic decision-making, they often face limited influence due to their smaller number of shares and voting rights compared to majority shareholders. This situation can create problems when corporate decisions impact the investment value, economic rights, and legal interests of minority shareholders. This study aims to analyze the forms of legal protection for minority shareholders and identify challenges in their application to strategic decision-making in limited liability companies. The study uses normative legal methods with a statutory and conceptual approach. Legal materials are analyzed qualitatively through a review of relevant laws, books, and literature. The analysis shows that Law Number 40 of 2007 concerning Limited Liability Companies provides several protection instruments, including shareholder rights, the right to file a lawsuit against the company, and the right to request the purchase of shares at a fair price under conditions determined by law. However, the effectiveness of this protection can face obstacles such as unequal access to information, difficulties in providing evidence, costs of dispute resolution, and the dominance of the majority shareholder's power. Therefore, legal protection needs to be strengthened through information disclosure, transparent General Meetings of Shareholders, responsible oversight, and the implementation of good corporate governance principles. This protection is expected to create a balance between the company's business interests and the rights of each shareholder.

Keywords: legal protection, minority shareholders, limited liability companies, strategic decisions, corporate governance.

1. INTRODUCTION

A Limited Liability Company (PT) is one of the most important forms of business entities in Indonesia, playing a significant role in promoting economic growth, facilitating investment, and supporting business development. As a legal entity, a limited liability company operates through a structured corporate governance system that regulates the relationship between shareholders, the Board of Directors, and the Board of Commissioners. This governance structure is essential to ensuring that corporate activities are conducted transparently, accountably, and in accordance with applicable laws and regulations. Corporate governance also serves as a mechanism for balancing the interests of various stakeholders involved in the company (Organisation for Economic Co-operation and Development [OECD], 2023; Solomon, 2020).

Within a limited liability company, shareholders possess rights and responsibilities according to their share ownership. One of the fundamental rights of shareholders is the right to participate in the General Meeting of Shareholders (GMS) and exercise voting rights in corporate decision-making. However, differences in share ownership may create an imbalance of power between majority and minority shareholders. Majority shareholders generally have greater

influence over corporate policies and strategic decisions because of their substantial voting rights. Conversely, minority shareholders may have limited opportunities to influence decisions, particularly when the majority shareholder exercises dominant control over the company's governance structure. This situation reflects one of the fundamental challenges in corporate governance, namely the potential conflict between controlling shareholders and minority shareholders (Shleifer & Vishny, 1997).

The imbalance of shareholder power becomes a significant legal concern when majority voting rights are exercised in ways that prioritize particular interests at the expense of other shareholders. Although majority rule is an essential principle in corporate decision-making, it should not be interpreted as an unrestricted authority to disregard minority shareholder rights. In companies with concentrated ownership, controlling shareholders may have substantial influence over corporate policies, potentially creating opportunities for decisions that do not adequately consider the interests of minority shareholders. Therefore, effective corporate governance requires appropriate mechanisms to prevent the misuse of controlling power and ensure fair treatment of all shareholders (Dahya, 2023; OECD, 2023).

The potential vulnerability of minority shareholders becomes particularly evident in strategic corporate decision-making. Such decisions include amendments to the articles of association, changes in capital structure, mergers, consolidations, acquisitions, and corporate separations. These actions may significantly affect the company's ownership structure, financial position, operational direction, and long-term business sustainability. Although strategic corporate actions may provide economic benefits and opportunities for business expansion, they may also create risks for shareholders whose interests are not adequately represented in the decision-making process. Research by Huang et al. (2023) highlights the relationship between minority shareholder protection, corporate governance, and investment efficiency, indicating the importance of governance arrangements in protecting shareholder interests and supporting sound corporate decisions.

For instance, a company may undertake a merger to expand its market share, improve operational efficiency, or strengthen its competitive position. From the perspective of majority shareholders, such a decision may represent a strategic opportunity to increase corporate value. However, minority shareholders may have different considerations regarding the fairness of the merger, the valuation of their shares, changes in ownership proportions, and the potential financial

consequences of the transaction. These differing interests demonstrate that corporate decision-making should not solely rely on the numerical dominance of voting rights but should also consider fairness, transparency, and the legal rights of all shareholders (Jasmine et al., 2024; Tjwan et al., 2025).

In this context, the protection of minority shareholders constitutes an essential element of good corporate governance. The OECD (2023) emphasizes the importance of equitable treatment of shareholders, including minority and foreign shareholders, as well as the availability of effective remedies when their rights are violated. This principle requires companies to provide adequate access to information, ensure transparent decision-making processes, and establish mechanisms through which shareholders can seek remedies against decisions or actions that adversely affect their interests. Accordingly, the protection of minority shareholders should be understood not merely as a formal legal entitlement but also as a fundamental requirement for maintaining accountability and fairness in corporate governance.

In Indonesia, the legal framework governing the protection of shareholders is primarily established under Law Number 40 of 2007 concerning Limited Liability Companies, as amended by subsequent legislation, including Law Number 6 of 2023. The legislation regulates shareholder rights, the authority of the GMS, the duties and responsibilities of the Board of Directors and the Board of Commissioners, and the legal mechanisms available to shareholders in the event of violations of their rights (Republic of Indonesia, 2007, 2023).

Several provisions are particularly relevant to minority shareholder protection. Article 61 of Law Number 40 of 2007 provides shareholders with the right to file a lawsuit against the company before the district court if they suffer losses due to company actions deemed unfair and unreasonable as a result of decisions made by the GMS, the Board of Directors, or the Board of Commissioners. Furthermore, Article 62 provides shareholders who disagree with certain corporate actions, including amendments to the articles of association, transfers or pledges of substantial company assets, mergers, consolidations, acquisitions, and separations, with the right to request that their shares be purchased at a fair price. These provisions demonstrate the recognition of legal remedies intended to protect shareholders whose interests may be adversely affected by corporate decisions (Republic of Indonesia, 2007).

Nevertheless, the existence of statutory provisions does not automatically guarantee effective protection in corporate practice. Minority shareholders may encounter various obstacles,

including limited access to corporate information, difficulties in demonstrating unfair treatment, unequal bargaining positions, and the financial and procedural burdens associated with legal disputes. Such circumstances may weaken their ability to challenge corporate decisions, particularly when the majority shareholder exercises significant control over the company's management and governance. Previous studies have examined the regulatory and institutional challenges associated with minority shareholder protection in Indonesia, including the effectiveness of legal remedies and the need to strengthen derivative action mechanisms (Nugraha et al., 2025; Putri & Al Farisi, 2024; Rosida, 2023).

Furthermore, the implementation of minority shareholder protection requires more than the availability of judicial remedies. Preventive mechanisms, such as transparent GMS procedures, adequate disclosure of material information, independent supervision, and responsible corporate decision-making, are equally important. For public companies, the Financial Services Authority has established additional regulatory requirements concerning the planning and implementation of GMS, including electronic GMS arrangements, through Financial Services Authority Regulations Number 15/POJK.04/2020 and Number 16/POJK.04/2020. These regulations provide an institutional framework for improving shareholder participation and procedural transparency in public company governance (Republic of Indonesia, 2020a, 2020b). Nevertheless, the effectiveness of these mechanisms remains dependent on their consistent implementation and the availability of accessible legal protection.

Previous studies have discussed minority shareholder protection from various perspectives, including corporate governance, comparative legal frameworks, derivative actions, and the effectiveness of legal remedies (Huang et al., 2023; Rosida, 2023; Tjwan et al., 2025). However, the relationship between majority voting authority, strategic corporate decision-making, and the practical realization of minority shareholder rights continues to require further examination, particularly within the Indonesian legal framework. Understanding this relationship is important to determine whether existing legal instruments are sufficient to maintain a balance between corporate decision-making authority and the protection of shareholders who hold relatively limited voting power.

Based on these considerations, this study aims to examine the legal protection of minority shareholders in strategic decision-making within limited liability companies in Indonesia. Specifically, it analyzes the forms of legal protection provided under Indonesian company law,

identifies potential legal and practical obstacles in implementing such protection, and evaluates the mechanisms available to maintain a balance between majority shareholder authority and minority shareholder rights. This study is expected to contribute to the development of corporate law scholarship and provide recommendations for strengthening shareholder protection and promoting fair, transparent, and accountable corporate governance in Indonesia..

2. THEORETICAL STUDY

2.1. The Concept of Limited Liability Companies and Minority Shareholders

A Limited Liability Company is a legal entity with its own legal standing and conducts business activities in accordance with statutory provisions. According to Law Number 40 of 2007 concerning Limited Liability Companies, a company's capital is divided into shares, which form the basis of shareholder ownership.

Shareholders have rights and obligations in accordance with legal provisions, the articles of association, and the characteristics of their shares. These rights may include the right to attend and vote at the GMS, receive dividends in accordance with applicable regulations, and use legal mechanisms to protect their interests.

A minority shareholder can generally be understood as a shareholder with a smaller ownership stake or voting rights than the party controlling the company's decisions. This term primarily describes their relative position in the ownership and decision-making structure, not necessarily implying that the shareholder has less legal rights.

In practice, minority shareholders can face difficulties when strategic decisions are made by those with a dominant voice. Therefore, a legal mechanism is needed to ensure that shareholder rights are respected without diminishing the company's ability to make effective business decisions.

2.2. Legal Protection Theory

The theory of legal protection is used to explain how the law provides recognition and protection for a person's rights when faced with actions that have the potential to harm their interests.

Hadjon (1987) discusses legal protection for the people through an approach that emphasizes the importance of protection against government actions and available legal mechanisms. In this study, his thinking is used as a conceptual basis for understanding legal

protection, while still considering that relationships within limited liability companies are corporate legal relationships with their own characteristics.

Legal protection can be divided into two forms.

1. Preventive protection, namely efforts to prevent rights violations. In limited liability companies, this can take the form of information disclosure, compliant GMS procedures, clear agenda disclosure, and oversight of potential conflicts of interest.
2. Repressive protection, which is a mechanism for addressing violations or losses that have already occurred. This can take the form of a lawsuit, a request to purchase shares at a fair price under statutory conditions, or other legitimate dispute resolution mechanisms.

These two forms of protection complement each other. Prevention is necessary to prevent conflicts from arising easily, while redress mechanisms are necessary when shareholder rights have been violated or their interests unlawfully harmed.

2.3. Stakeholder Theory

Freeman (1984) developed a stakeholder approach which emphasizes that organizations need to understand the relationships with parties who can influence or be influenced by their activities.

In the context of a limited liability company, shareholders are the parties who invest capital and have a vested interest in the sustainability of the business. They expect responsible company management, adequate information, and decisions based on sound judgment.

Minority shareholders remain a group of stakeholders with rights. Their interests should not be disregarded simply because they hold a smaller number of shares. However, stakeholder theory does not imply that every shareholder must always agree to the same decisions or achieve identical economic outcomes. More importantly, ensuring that decisions are made through due process and respect the rights granted by law.

Thus, stakeholder theory helps explain the importance of a balanced relationship between the company, majority shareholders, and minority shareholders in strategic decision-making.

2.4. Principles of Good Corporate Governance

Good corporate governance is a framework that helps ensure that companies are managed transparently, responsibly, independently and fairly.

The OECD (2023) emphasizes the importance of corporate governance in building investor confidence, enhancing accountability, and supporting sustainable economic activity. This principle

is relevant to the protection of minority shareholders, as the quality of governance influences how decisions are made and how shareholder rights are respected.

Some relevant principles are:

- Transparency, namely the openness of relevant information that can be understood by shareholders.
- Accountability, namely clarity of function, authority and responsibility of company organs.
- Responsibility, namely the implementation of company activities in accordance with applicable legal provisions and obligations.
- Independence, namely decision making without domination or inappropriate intervention.
- Fairness, namely proper treatment of shareholders according to their rights and legal status.

Implementation of these principles can reduce information asymmetry and increase shareholder confidence in the decision-making process.

2.5. Strategic Decision Making in Limited Liability Companies

Strategic decisions are decisions that have a significant impact on the structure, direction, or sustainability of a company. These decisions may include changes to the articles of association, changes to capitalization, mergers, amalgamations, acquisitions, separations, and other corporate actions required by law.

The GMS has powers not granted to the Board of Directors or the Board of Commissioners, within the limits stipulated by law and the articles of association. However, this authority does not mean that all decisions that receive majority support are automatically exempt from legal review.

A decision must still take into account the requirements for summoning and holding a GMS, attendance quorum, voting requirements, and special provisions that apply to the type of corporate action carried out.

Within the framework of minority shareholder protection, strategic decisions need to be assessed not only based on voting results, but also on procedural compliance, information disclosure, and respect for shareholder rights.

2.6. Legal Framework for the Protection of Minority Shareholders

The main legal basis for the protection of minority shareholders is Law Number 40 of 2007 concerning Limited Liability Companies and applicable amendments.

Provision	Relevance to protection
Article 52	Regulates the rights attached to shares.
Article 61	Regulates the rights of shareholders to sue the company in circumstances determined by law.
Article 62	Regulates the right to request the purchase of shares at a fair price for certain corporate actions.
Article 75	Regulating the authority of the GMS.
Article 79	Regulate requests for holding a GMS by shareholders who meet the requirements.
Article 97	Regulates the responsibilities of the Board of Directors in managing the company.
Article 114	Regulates the responsibilities of the Board of Commissioners in supervising the company.

These provisions show that the protection of minority shareholders covers several aspects, from the recognition of rights to shares to legal mechanisms when alleged violations arise.

For public companies, these protections should also be read in conjunction with relevant capital market regulations and Financial Services Authority (OJK) provisions. Specific provisions may apply to the holding of GMSs, information disclosure, material transactions, affiliated transactions, and conflicts of interest, depending on the characteristics and provisions applicable to the company.

3. RESEARCH METHODS

3.1. Type of Research

This research uses a normative legal research method, namely research that focuses on examining legal norms, legal principles, legal concepts, and laws and regulations related to the protection of minority shareholders in strategic decision-making in limited liability companies. This method was chosen because the focus of the research lies in the applicable legal regulations, the forms of protection available, and the relationship between the company's authority and the rights of minority shareholders.

3.2. Research Approach

The research uses three approaches.

First, the statute approach, namely examining the regulations governing limited liability companies and shareholder protection, in particular Law Number 40 of 2007 and applicable amendments.

Second, the conceptual approach, namely examining the theory of legal protection, stakeholder theory, and the principles of good corporate governance to understand the position of minority shareholders.

Third, an analytical approach, namely linking legal provisions with issues that could potentially arise in strategic decision-making, including inequality of voice, information transparency, and dispute resolution mechanisms.

3.3. Legal Materials

The legal materials used consist of:

1. Primary legal materials, in the form of statutory regulations, especially the Limited Liability Company Law and applicable amendments and related regulations for public companies if relevant.
2. Secondary legal materials, in the form of corporate law books, legal protection literature, scientific journals, and publications discussing corporate governance and shareholder protection.
3. Tertiary legal materials, if necessary, include legal dictionaries, encyclopedias, and supporting sources to explain legal terms or concepts.

3.4. Legal Material Collection Techniques

Legal material collection was conducted through literature review. Legal material was explored through legislation, academic literature, books, and publications relevant to the research topic.

Next, the collected materials are grouped based on the main issues, namely the position of minority shareholders, strategic decision-making authority, forms of legal protection, and obstacles to its implementation.

3.5. Legal Material Analysis Techniques

Legal materials were analyzed qualitatively using descriptive-analytical methods and legal reasoning. Relevant provisions were interpreted to clarify the scope of protection, the limits of the company's organs' authority, and the legal mechanisms available to minority shareholders.

This research did not use surveys or interviews and does not claim to provide empirical data from specific companies. Therefore, the results are presented as a normative analysis based on regulations and literature, not as field findings.

4. RESULTS AND DISCUSSION

4.1. Position of Minority Shareholders in the Company's Strategic Decisions

Based on an analysis of limited liability company law, minority shareholders still have rights that must be respected even if they don't have dominant voting power. While the number of shares held can influence decision-making, it is not a reason to forfeit the rights inherent in share ownership.

In corporate practice, the majority principle is essential for effective decision-making. If every decision required the approval of all shareholders without exception, business activities could potentially be hampered. Therefore, a voting mechanism is a crucial component of corporate governance.

However, the majority principle must be combined with the principles of legal compliance and fairness. Majority approval does not in itself justify decisions that violate legal provisions or harm shareholders through unfair and unreasonable actions.

As an illustration, a company plans to merge. The majority shareholders approve the plan because they believe the merger will expand the market. Meanwhile, minority shareholders are concerned about the change in the value of their investments and believe the information regarding the merger's impact is inadequate.

In such circumstances, a difference of opinion is not a legal issue in itself. Legal issues must be assessed based on the decision-making process, the adequacy of information, compliance with applicable requirements, and whether or not any actions violate shareholder rights.

Thus, protecting minority shareholders does not mean granting them veto power over every company decision. This protection aims to ensure that shareholders can exercise their rights and have recourse to remedies in the event of violations.

4.2. Forms of Legal Protection for Minority Shareholders

4.2.1. Protection through shareholder rights and GMS

The GMS is one of the primary forums for shareholders to participate in corporate decision-making. Through this forum, shareholders can exercise their voting rights, express their opinions, and assess proposed decisions in accordance with applicable regulations.

For minority shareholders, an orderly and transparent GMS is crucial. Information regarding the meeting agenda, the reasons for corporate actions, and the consequences of decisions must be disclosed in accordance with legal requirements so that shareholders can make informed decisions.

Information disclosure also helps prevent imbalances between shareholders who have a significant influence on company management and shareholders who are not directly involved in day-to-day decision-making.

Article 75 of the Limited Liability Company Law regulates the authority of the GMS, while Article 79 provides a mechanism for shareholders who meet the statutory requirements to request a GMS. These provisions can serve as protection when shareholders need to exercise their rights in a corporate forum.

Thus, the GMS should not be viewed solely as a venue for ratifying decisions. It also serves as a platform for shareholders to obtain explanations, voice objections, and exercise their legal rights.

4.2.2. Right to file a lawsuit based on Article 61

Article 61 of the Limited Liability Company Law provides every shareholder with the right to file a lawsuit against the company in the district court if they are harmed by the company's actions which are deemed unfair and without reasonable grounds as a result of decisions of the GMS, Board of Directors or Board of Commissioners.

This provision provides a legal basis for shareholders to fight for their interests when there is an allegation that a company decision or action has harmed their rights.

For example, a strategic decision may be challenged if the process fails to comply with applicable regulations or if there are indications that the decision was improperly used to benefit a particular party. In such circumstances, shareholders need to assess the basis of the claim, the available evidence, and the relevant legal requirements.

It's important to understand that differences of opinion or business losses alone do not automatically prove illegal conduct. An assessment must be made by considering the facts, the decision-making process, and applicable legal provisions.

Therefore, GMS documents, financial reports, notification letters and relevant correspondence can help explain the problem if a dispute arises.

4.2.3. The right to request the purchase of shares at a fair price

Article 62 of the Limited Liability Company Law regulates the rights of shareholders who disagree with certain company actions to request that their shares be purchased at a fair price. These actions include changes to the company's articles of association, the transfer or pledge of company assets worth more than 50% of the company's net assets, and mergers, amalgamations, takeovers, or separations.

This right must be exercised by paying attention to applicable procedures and provisions, including provisions regarding share buybacks.

This mechanism provides an option for shareholders who disagree with certain actions. Under statutory requirements, shareholders can request that their shares be redeemed at a fair price, thereby avoiding having to maintain their investment in a company undergoing fundamental changes.

However, this right does not mean that any dissenting shareholder can force the company to purchase their shares under all circumstances. Its application is limited to actions and conditions stipulated by law.

4.2.4. Protection through the responsibilities of the Board of Directors and the Board of Commissioners

The Board of Directors has the responsibility to manage the company, while the Board of Commissioners carries out supervisory functions in accordance with the law and articles of association.

Article 97 of the Limited Liability Company Law regulates the responsibilities of the Board of Directors in managing the company, including liability for errors or negligence in accordance with applicable regulations. Meanwhile, Article 114 regulates the responsibilities of the Board of Commissioners in carrying out its supervisory function.

Both bodies play a crucial role in preventing improper decisions. The Board of Directors must consider the company's interests and carry out its duties in good faith, while the Board of Commissioners must exercise responsible oversight.

If there is a suspicion of abuse of authority, the issue must be assessed based on the actions, obligations, and responsibilities of each party. Not every decision that results in harm automatically

gives rise to legal liability, but actions that meet the elements of a violation can result in consequences under applicable regulations.

4.3. Potential Abuse of Power by Majority Shareholders

Power imbalance is one of the issues that needs to be addressed in the relationship between shareholders. The party with dominant voting rights generally has greater influence over the company's policy direction and strategic decisions.

This influence is part of the share ownership structure. However, problems can arise when voting dominance is used for personal or group interests without considering the interests of the company and the rights of other shareholders.

Some risks to be aware of include:

1. Decisions involving conflicts of interest. Decisions or transactions with affiliated parties can create problems if not handled properly and fairly.
2. Information limitations. Minority shareholders may have difficulty making informed decisions if important information is unavailable or inadequately communicated.
3. Non-transparent decision-making. Strategic decisions can be questioned if the process fails to comply with regulations or ignores shareholder rights.
4. Improper use of authority. Dominant voting rights should not be used as a means to eliminate the legal rights of other shareholders.

In assessing this issue, it's important to distinguish between risky business decisions and unlawful actions. Companies can suffer losses even if decisions are made reasonably based on available information. Conversely, formally approved decisions aren't necessarily free from legal challenges if there are procedural violations or abuses of authority.

Therefore, legal assessments need to take into account the decision-making process, the basis for business considerations, information disclosure, and compliance with relevant regulations.

4.4. Obstacles in the Implementation of Legal Protection

Although the law provides protective instruments, minority shareholders may still face several obstacles in asserting their rights.

First, unequal access to information. Minority shareholders may not have equal access to internal company information. This can make it difficult for them to understand the impact of strategic decisions and assess whether legal issues exist.

Second, the cost and time required to resolve disputes. Legal proceedings require time, expense, and document preparation. For shareholders with relatively small investments, these costs can be a significant consideration before pursuing legal action.

Third, the difficulty of proving the claim. To assert their rights, shareholders need to demonstrate a legal basis and sufficient evidence. Without clear documentation, proving allegations of unfair action can be even more difficult.

Fourth, unequal bargaining power. Majority shareholders may have greater resources, access, and influence within the company. This situation can make it difficult for minority shareholders to raise objections or negotiate.

Fifth, limited legal understanding. Shareholders who don't understand their rights and protection mechanisms may take action too late or choose inappropriate actions.

These obstacles demonstrate that legal protection must be supported by good governance. Existing regulations must be enforced with transparency, proper documentation, and access to appropriate dispute resolution mechanisms.

4.5. Efforts to Strengthen Protection of Minority Shareholders

Protection of minority shareholders requires complementary efforts from the company, company organs, regulators and shareholders.

a. Increase information transparency

Companies need to ensure that information regarding strategic decisions is communicated in accordance with applicable regulations. Explanations of the decision's rationale, risks, financial consequences, and potential conflicts of interest will help shareholders assess decisions more objectively.

b. Improving the implementation of the GMS

The GMS must be held in accordance with the provisions regarding the summons, agenda, quorum, and decision-making. Proper documentation and adequate opportunity to raise questions and opinions can help prevent disputes.

c. Strengthening oversight of conflicts of interest

The Board of Directors and the Board of Commissioners must carry out their duties responsibly. If a decision involves a conflict of interest, it must be handled in accordance with

applicable regulations. For public companies, relevant capital market regulations must also be observed.

d. Increase shareholder understanding

Minority shareholders need to understand the rights inherent in their shares, read company documents, and stay abreast of strategic decisions that could impact their investment. This understanding helps them identify potential issues and determine appropriate action.

e. Optimizing dispute resolution

Deliberation or negotiation can be used if it is in accordance with the interests of the parties. However, peaceful settlement should not be a reason to negate legal rights. If necessary, shareholders can use court or other legal dispute resolution mechanisms.

4.6. Legal Analysis: Balance between the Majority Principle and Justice

Based on the discussion above, the principle of majority ownership and protection of minority shareholders are not fundamentally at odds. Both are necessary for the company to make effective decisions while protecting shareholder rights.

The majority principle allows companies to make decisions without always having to obtain the approval of all shareholders. However, this principle must be implemented within the bounds of the law and cannot be used to justify actions that violate the rights of others.

Articles 61 and 62 of the Limited Liability Company Law provide examples of mechanisms that can be used to protect shareholder interests in certain circumstances. These provisions demonstrate that minority shareholders have a legal basis to assert their rights even if they are unable to independently determine the outcome of the GMS.

However, the effectiveness of protection is not solely determined by the existence of regulations. Transparency of information, ease of access to relevant documents, quality of oversight, and the ability to pursue dispute resolution also influence the exercise of these rights.

In this context, legal protection needs to be directed at two interests. First, the company must retain the freedom to conduct business activities and take reasonable risks. Second, shareholders must be assured that strategic decisions are made through a legitimate, responsible process that respects their rights.

Thus, minority shareholder protection does not hinder business activities. Rather, adequate protection can increase investor confidence, reduce conflicts of interest, and strengthen corporate governance.

It should be emphasized that this conclusion is the result of a normative analysis of the legal framework and literature used. Further empirical research is needed to measure the extent to which these protection mechanisms are implemented and perceived by minority shareholders in practice.

5. CONCLUSION AND SUGGESTIONS

5.1. Conclusion

Legal protection for minority shareholders is a crucial component of ensuring fair, transparent, and accountable management of a limited liability company. Despite holding a smaller number of shares or voting rights, minority shareholders still have legal rights that must be respected by the company and its organs.

Based on normative analysis, Law Number 40 of 2007 concerning Limited Liability Companies, along with its amendments, provides a number of protection instruments. These instruments include rights inherent in shares, the right to file a lawsuit against the company under statutory circumstances, and the right to request the purchase of shares at a fair price if the company takes certain actions stipulated by law.

However, the implementation of these protections can face various obstacles, such as limited access to information, difficulties in providing evidence, the cost of dispute resolution, and the unequal bargaining power between majority and minority shareholders. Therefore, the existence of regulations needs to be supported by good corporate governance, information transparency, effective oversight, and shareholder understanding of their rights.

Ultimately, strategic decision-making must balance the company's need for growth with the obligation to respect shareholder rights. The majority principle remains essential, but it should not be used as an excuse to disregard justice and legal certainty. A healthy company is not only one that generates profits, but also one that manages its authority responsibly and provides each shareholder with the necessary protections.

5.2. Suggestions

Based on these conclusions, several suggestions that can be put forward are as follows.

1. For the government and regulators. Continuous evaluation of the implementation of minority shareholder protection is necessary to ensure legal provisions remain relevant to business developments. Efforts to increase legal certainty and access to dispute resolution mechanisms also require attention.

2. For limited liability companies, companies need to strengthen the implementation of good corporate governance through information transparency, the implementation of GMSs in accordance with regulations, orderly documentation of decisions, and oversight of potential conflicts of interest.
3. For the Board of Directors and Board of Commissioners: Every strategic decision must be carefully considered, based on adequate information, and implemented in accordance with the authority and responsibility of each company organ.
4. For minority shareholders. Shareholders need to improve their understanding of their rights and obligations under the law, stay updated on company information, and retain relevant documents to support their interests in the event of a dispute.
5. For future researchers. Further research could use an empirical approach by examining minority shareholder protection practices in specific companies or analyzing relevant court decisions. Comparative research with other countries could also be conducted to identify more effective protection models.

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