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Reformulation of Investment Partnerships to Overcome Inequality in UMKM Empowerment

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Abstract. *This study aims to analyze inequality in investment partnership practices in Indonesia within the framework of empowering micro, small, and medium enterprises (UMKM), as well as formulate a concept of equitable partnerships to overcome these inequality based on Aristotle's theory of justice and progressive law. The research method used is normative juridical with a legislative, conceptual, and case approach, supported by legal materials in the form of laws and regulations, court decisions, and scientific literature. The novelty of this research lies in the integration of the principles of distributive and corrective justice with progressive legal approaches as a comprehensive framework in reformulating investment partnerships oriented towards substantive justice for UMKM. The results of the study show that although normatively the regulation of investment partnerships has been directed at the empowerment of UMKM, in practice it actually causes structural inequality due to lack of transparency, weak supervision, and imbalance in bargaining positions. As a result, UMKM often bear disproportionate risks without getting fair benefits. This study proposes that investment partnerships be redesigned to ensure a proportionate distribution of benefits and risks and supported by effective corrective mechanisms. In addition, the progressive legal approach emphasizes the importance of the role of legal institutions in prioritizing substantive justice and protecting the weak. Thus, the reformulation of investment partnerships is important so that it functions as an instrument for empowering UMKM with equity, not just a formal contractual relationship.*

Keywords: *Justice; Empowerment; Investment; Partnership; UMKM.*

1. Introduction

Based on the mandate of Article 33 of the 1945 Constitution of the Republic of Indonesia, the Indonesian economic system is based on the principles of economic democracy and the principle of family. This emphasizes that economic development should not rely on absolute state dominance, but rather through collective cooperation between the government and the private sector (both domestic and foreign) through investment instruments (Asshiddiqie, 2010). In accordance with Article 33 paragraph (2), production branches that are vital and concern the public interest must remain under the control of the state to prevent exploitation by private interests. Article 33 paragraph (3) mandates that the earth, water, and natural resources are managed by the state with an orientation to achieve the greatest prosperity of the people. Furthermore, Article 33 paragraph (4) emphasizes that government programs within the framework of economic development must ensure public welfare and involve community participation (Undang-Undang Dassar 1945, n.d.)

Based on the MPR TAP No. XVI/MPR/1998, investment policies in Indonesia must be based on the principles of the people's economy that prioritize the empowerment of the Micro, Small, Medium and Cooperative Enterprises (UMKM) sector (Ketetapan MPR Nomor XVI/MPR/1998 Tentang Politik Ekonomi Dalam Rangka Demokrasi Ekonomi , 1998). In line with this, Sri Edi Swasono emphasized that investment should not only pursue macro growth, but also function as a tool for equity through strategic partnerships between large investors and local business actors. This synergy aims to create a multiplier effect for the regional economy while protecting small entrepreneurs from the risk of marginalization in the era of globalization (Swasono, 2015). The juridical manifestation of this principle is then contained in Article 4 paragraph (2) letter c of Law No. 25 of 2007 concerning Investment (Undang-Undang (UU) Nomor 25 Tahun 2007 Tentang Penanaman Modal, 2007), which instructs the government to ensure space for development and protection for UMKM in national investment policies.

The enactment of Law No. 6 of 2023 concerning the Stipulation of Government Regulations in Lieu of Law No. 2 of 2022 concerning Job Creation into Law (Job Creation Law), as a replacement for the previous Job Creation Law, namely Law No. 11 of 2020, has implications for the articles in the Investment Law. Based on Article 13 of the Job Creation Law, the government is obliged to provide protection for UMKM through a standardized partnership mechanism (Undang-Undang (UU) Nomor 6 Tahun 2023 Tentang Penetapan Peraturan Pemerintah Pengganti Undang-Undang Nomor 2 Tahun 2022 Tentang Cipta Kerja Menjadi Undang-Undang , 2023). This legal protection serves as a state instrument to ensure that synergy between large businesses and UMKM is based on contract certainty and access to technology. This is in line with the view that partnerships must be managed professionally in order to provide mutual benefits and prevent the marginalization of small business actors (HS & Sutrisno, 2012).

To encourage the strengthening of the people's economy, the government through Presidential Regulation Number 49 of 2021 concerning Amendments to Presidential Regulation Number 10 of 2021 concerning the Investment Business Sector, requires large investors to partner with UMKM in 62 specific business fields. The scope of the sector is very wide ranging from marine, health, to communication and informatics. Alum Simbolon noted that this change marks a new era of Indonesia's investment policy that is shifting to the Investment Priority List (DPI) (Peraturan Presiden (Perpres) Nomor 49 Tahun 2021 Tentang Perubahan Atas Peraturan Presiden Nomor 10 Tahun 2021 Tentang Bidang Usaha Penanaman Modal , 2021). This strategy is deliberately designed so that investment no longer stands alone, but rather becomes an entrance for UMKM to upgrade and be actively involved in the global production network, while maintaining a balance between capital growth and the welfare of small business actors.

Synergy between investors and UMKM is specifically regulated in Law No. 20 of 2008 concerning Micro, Small, and Medium Enterprises, the purpose of which is to ensure fair transaction relationships and increase the competitiveness of UMKM in the market. This regulation serves as a protection against the risk of market domination by a handful of parties who can marginalize small businesses(Undang-Undang (UU) Nomor 20 Tahun 2008 Tentang Usaha Mikro, Kecil, Dan Menengah, 2008). Furthermore, Government Regulation Number 7 of 2021 concerning the Facilitation, Protection, and Empowerment of Cooperatives and Micro, Small, and Medium Enterprises mandates that every partnership pattern is based on business ethics and the principle of equality (Peraturan Pemerintah (PP) Nomor 7 Tahun 2021 Tentang Kemudahan, Pelindungan, Dan Pemberdayaan Koperasi Dan Usaha Mikro, Kecil, Dan Menengah , 2021). In this context, the legal position between UMKM and Large Enterprises in partnership contracts is equal, where both are bound in a mutually reinforcing and mutually beneficial relationship.

In order to prevent unhealthy dominance, Article 35 of the MSME Law *in conjunction with the* Explanation of Article 35 of the Job Creation Law expressly prohibits Large Enterprises from owning or controlling UMKM that are their business partners. This ban aims to maintain the independence of UMKM, where the phrase "owning" is defined as the transfer of juridical ownership rights over business entities or partner assets, while the phrase "controlling" refers to the takeover of juridical control over the operations and wealth of UMKM by large investors. As conveyed by Fiska Silvia S. S. Realino, this legal limitation is very important because in practice, investment is often accompanied by excessive control by large parties that actually exceed the corridor of partnership cooperation that should be(Realino, 2019). The practice of controlling the assets of partners was also found in the dispute between PT Aburahmi and the Penukal Lestari Cooperative (UMKM). In Decision No. 08/Pdt.Sus-KPPU/2023, it was revealed that PT Aburahmi failed to fulfill the promise to hand over 231,905 hectares of plasma land in accordance with the original agreement in 2006. Instead, this large company formalized its dominance through an addendum to the agreement in 2016 which was contradictory. The addendum drastically degrades the position of the cooperative, which was originally the legal owner of the land, to a party that loses control of its own assets in the interests of the company's core business operations (Komisi Pengawas Persaingan Usaha Republik Indonesia, 2023b).

Exploitation in partnership is also reflected in the Supreme Court Decision No. 1805 K/Pdt.Sus-KPPU/2022 (juncto ICC Decision No. 09/KPPU-K/2020) involving PT Sinar Ternak Sejahtera (PT STS) in Bandar Lampung. In this case, PT STS as a large-scale investor was proven to have unilaterally carried out price monopoly practices, both in production inputs (seeds and feed) and the selling price of live chickens (live birds). This causes partner breeders to lose managerial independence because the entire production chain to distribution is absolutely controlled by the company. As a result, there is an unfair distribution of risk: farmers are only positioned as technical implementers who bear all potential losses, while control of profitability is entirely in the hands of PT STS(Mahkamah Agung Republik Indonesia, 2022). Although regulations have comprehensively regulated MSME partnerships and empowerment, there is still a significant gap between normative provisions and implementation in the field. Previous studies have tended to focus on regulatory compliance aspects, but have not in-depth examined structural inequalities and substantive fairness in partnership practices. In addition, the integration between classical justice theory and progressive legal approaches in the context of investment partnerships is still limited.

The urgency to reformulate the concept of investment partnerships in the perspective of justice, that UMKM account for around 61% of Indonesia's Gross Domestic Product (GDP), absorb around 117 million workers (about 97% of the national workforce), and represent about 99% of business units operating in Indonesia. Ministry/Agency data and various cutting-edge studies confirm that this sector is not only the main buffer of growth, but also serves as a social cushion in times of economic shocks. Logically, UMKM are the main beneficiaries of investment flows, but the fact that the majority of UMKM do not have access to partnerships and formal financing shows a failure of legal design in distributing these benefits (Redaksi BisnisKUMKM, 2024). Based on the above explanation, the focus of this study problem is first, how is investment partnerships in Indonesia within the framework of empowering micro, small and medium enterprises based on laws and regulations? Second, how to reformulate the concept of investment partnership from the perspective of Aristotle's theory of justice and Satjipto Rahardjo's progressive law as an effort to empower UMKM with justice?

2. Research Methods

This study uses normative juridical methods with legislative, conceptual, and case approaches as basic materials to be researched by conducting a search through related literature(Soekanto & Mamudji. Sri, 2014). The legislative approach is used to review regulations related to investment and MSME partnerships. A conceptual approach is used to analyze Aristotle's theory of justice and progressive law as a theoretical foundation. Meanwhile, the case approach is used to examine partnership practices based on legal rulings and empirical phenomena. Legal materials consist of primary legal materials in the form of laws and regulations and court decisions, as well as secondary legal materials in the form of books and scientific journals. The analysis was carried out qualitatively with the legal reasoning method to identify the gap between das sein and das sollen and formulate the concept of a just partnership (Arifin, 2025).

3. Results and Discussion

3.1. Investment Partnerships in Indonesia in the Framework of Empowering Micro, Small and Medium Enterprises Based on Laws and Regulations

The term partnership is not just translated as a cooperation, but partnership has a pattern and has strategic value in realizing the success of an institution/business in implementing modern management (Sugina et al., 2024). Michael Y. Yoshino dan U. Srinivasa Rangan berpendapat *"A strategic alliance is a partnership that is more than a simple purchase-and-sale agreement, but less than a full merger. It is based on a mutual need to pool resources and strengths, where firms remain independent but are linked by a common strategic objective and mutual dependence"*(Yoshino & Yoshino, 1995). In the view of Michael Y. Yoshino and U. Srinivasa Rangan, a partnership is essentially a synergy of resources from two legally independent parties. The essence of this alliance lies in the bond of aligned business objectives and commitment to the principle of mutual profitability, so that the collaboration creates added value for both parties without losing each other's independence.

Abord-Hugon Nonet, Gössling, Van Tulder, and Bryson argue that partnerships are not just ordinary collaborations, but sustainable collaborations that bring together resources and expertise across sectors to realize social innovation and real positive impact (Nonet et al., 2022). According to Law No. 20 of 2008 concerning Micro, Small, Medium, and Cooperative Enterprises (MSME Law), a partnership is a relationship of cooperation in business attachment and is based on a written agreement by taking into account the provisions of laws and regulations.

One of the aspects of economic activities that encourage partnerships is investment. Investment according to the Investment Law, is all forms of investment activities, both domestic investors and foreign investors to conduct business in the territory of the Republic of Indonesia. M. Sornarajah writes *"Foreign investment involves the transfer of tangible or intangible assets from one country into another for the purpose of their use in that country to generate wealth under the total or partial control of the owner of the assets"* (Sornarajah, 2017). The investment concept by Sornarajah does not only look at fund transfer activities but also the transfer of assets and the ability of investors to control these assets in the host country. When creating an investment framework for a development, several important elements must be considered, including assessing how the investment can empower local communities through a variety of approaches, as well as assessing how domestic and international investors receive the same investment opportunities (Januarita et al., 2020).

Juridically, the regulation of investment partnerships that are directly related to UMKM is spread across several key regulations, namely the Investment Law, the MSME Law, the Job Creation Law and its derivatives, especially Government Regulation Number 7 of 2021 concerning the Facilitation, Protection, and Empowerment of Cooperatives and UMKM. PP 7/2021 emphasizes that MSME empowerment is carried out through facilitation, protection, and empowerment, including strengthening partnerships, cluster development, incubation, financing facilitation, and other incentives that strengthen the competitiveness of UMKM.

The Investment Law regulates this in Article 4 paragraph (2) letter c which states that the government establishes a basic policy for investment by opening opportunities for the development of UMKM while providing protection to UMKM. Furthermore, as a technical regulation, Presidential Regulation No. 10/2021 concerning the Investment Business Sector classifies business fields into, among others, business fields allocated for cooperatives and UMKM, as well as business fields that are open to large businesses with the obligation to partner with cooperatives and UMKM. Article 5 of this Presidential Regulation stipulates that certain business fields are allocated specifically for cooperatives and UMKM (based on simple technology, labor-intensive, cultural heritage, and capital limits), and other business fields may only be entered by large businesses if they partner with cooperatives and UMKM, as detailed in Appendix II.

From an investment perspective, the BKPM study notes that this regulation affirms the obligation of partnerships between investors (large businesses) and UMKM as a condition for obtaining business expansion facilities or new investments, including certain fiscal and non-fiscal facilities. This is intended to ensure that the inflow of investment not only benefits large business actors, but also lifts UMKM through technology transfer, market access, and capacity building (Nurprabowo & Meilani, 2023). PP 7/2021 not only changes the criteria for UMKM (based on capital and sales results), but also emphasizes partnership patterns as an important instrument of empowerment. The government adds to the pattern of supply chain partnerships, in addition to familiar patterns such as core-plasma, subcontracting, franchising, general trade, and other forms of partnerships, as well as providing incentives for large and medium-sized businesses that partner with UMKM (Ardiansyah & Purwaningsih, 2024).

Sectorally, partnership arrangements are also seen, for example, through the plasma core pattern regulated in related laws and implementing regulations, where large businesses act as the core that fosters and provides land or production facilities for UMKM as plasma, especially in the plantation sector and modern retail trade. Legal studies on partnerships between UMKM and large business actors show that regulations place large businesses as the parties responsible for fostering, developing, and ensuring the sustainability of UMKM that are partners, for example through the provision of land, production facilities, product standardization, and market access (Lestari et al., 2025).

GR 7/2021 also regulates various other facilities such as the allocation of a minimum of 40% of government goods/services procurement for UMKM and cooperatives, IP facilitation, credit guarantee programs, customs incentives for export-oriented UMKM, and simplification of raw material imports for UMKM, all of which are intended to strengthen the position of UMKM in national and global economic networks. In the framework of investment, the facility is intended to be a bridge so that UMKM are not just complementary, but actors that are integrated in the investment value chain.

At the implementation level, the central and regional governments promote Presidential Regulation 10/2021 as proof of regulatory alignment with cooperatives and UMKM. DPMPTSP Bantul, for example, emphasized that every investor, both domestic and foreign, who will do business in the region, is required to collaborate with national business actors and UMKM, and this is a requirement to obtain incentives from BKPM. The minutes of the harmonization meeting on the draft partnership regulations also noted that Article 89 GR 7/2021 has regulated in a restrictive manner the business fields that must partner with UMKM, so that partnership obligations are sectoral and do not apply to all business fields (Admin, 2021).

Various studies and reports highlight the weak oversight and enforcement of partnership obligations. A legal study on the supervision of partnership enforcement between UMKM and large business actors found that regulations still face several obstacles, including the absence of a strict sanction mechanism for large businesses that ignore partnership obligations, weak coordination between institutions, and limited capacity of UMKM to take advantage of available partnership opportunities. In practice, partnership relationships often run in an

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asymmetrical form, where UMKM depend on large businesses but do not have a bargaining position in determining prices, quality, or contracts, so that the empowerment goals have not been optimally achieved.

Analyzing one of the cases presented in the background, Case Decision Number 02/ICC-K/2023 examines the implementation of the partnership between PT Hardaya Inti Plantations (PT HIP) as a core company/investment company and the Plasma Amanah Farmers Cooperative (Koptan Amanah) based on the Cooperation Agreement dated November 5, 2007 related to the construction and management of a plasma core pattern oil palm plantation covering an area of approximately 1,000 hectares. In this case, ICC considers that the agreement formally meets the legal requirements of the contract and contains a partnership clause, but its implementation shows PT HIP's unilateral control over small businesses/plasma farmers(Komisi Pengawas Persaingan Usaha Republik Indonesia, 2023a).

In this case, the Commission Panel found several key actions of PT HIP that were contrary to the principle of partnership and the prohibition of controlling UMKM, including first, not being transparent in calculating the cost of building and managing plasma plantations, including maintenance, harvest, and bailout funds that became the cooperative's debt to PT HIP. Second, it is not transparent in the management of FFB sales revenue from plasma plantations, where plasma farmers do not receive Residual Business Results (SHU) from 2011–2018 even though there is a surplus after deducting fees and credit installments. Third, not providing accountability reports for the management of plasma plantations on a regular basis to Koptan Amanah and not giving supervisory rights to farmers/cooperatives over maintenance, harvesting, weighing, and marketing of production products. Fourth, taking unilateral actions related to the transfer of financing from Bank Mandiri and the control of plasma land, which strengthens PT HIP's dominant position and weakens Koptan Amanah's economic and legal control over plasma plantations. Based on this series of actions, ICC concluded that PT HIP was proven to have violated Article 35 paragraph (1) of the MSME Law because it unilaterally controlled small businesses (farmer cooperatives), abused its dominant bargaining position, and did not carry out partnerships according to the principle of mutual benefit. ICC imposed administrative sanctions in the form of a fine of Rp1,000,000,000.00, an order to make an addendum to the agreement, the obligation to prepare transparent financial statements, and the obligation to carry out an independent audit of the implementation of the partnership(Syarief Hidayatullah et al., 2025).

The above findings show that the effectiveness of PP 7/2021 in protecting UMKM is still hampered by structural barriers, ranging from limited legal understanding to administrative complexity. According to the BKPM study, the success of the partnership program is highly dependent on technical policies that are able to bridge the relationship between investors and the MSME sector. In the absence of concrete efforts such as the establishment of business clusters and business incubators, the incentives provided by the government tend to be only a symbol of regulations that fail to create real economic connectivity (Novirianti, 2021).

When measured by the normative framework of PP 7/2021 and the MSME Law, this regulation requires coaching, information transparency, and fair distribution of benefits, while PT HIP actually closes access to information about the cost, income, and financial management mechanism of plasma plantations, so that cooperatives/farmers lose the ability to supervise and plan business. The plasma core pattern is intended as a mutually necessary and mutually reinforcing relationship, but the implementation in this case shows the abuse of the dominant bargaining position through land tenure, financing control, and FFB pricing that is not in accordance with the provisions; This is included in the category of the phrase "controlling" small businesses as interpreted by ICC in Article 35 of the MSME Law. Plasma core partnerships are designed to improve farmers' welfare and empower small businesses, but non-transparent management practices, debt burdening without clear mechanisms, and takeover of control of plantations have put plasma in a position of being tied up and vulnerable, rather than powered. (Hartono, 2021).

From the perspective of MSME empowerment, Decision 02/ICC-K/2023 has several important implications, namely this Decision affirms ICC's role as a partnership supervisor based on PP 7/2021 and the MSME Law, as well as examines the meaning of the phrase "control" in Article 35 of the MSME Law as a combination of abuse of bargaining positions, excessive control, and violation of partnership principles. This is a precedent for handling similar cases in other sectors involving large businesses and UMKM or plasma. A critical analysis of PT HIP's decisions and partnership practices shows that administrative sanctions in the form of fines and agreement addendum obligations have not fully provided substantive justice for plasma farmers due to the absence of a direct compensation mechanism for the losses that have occurred. This indicates the need to strengthen partnership regulations, including the affirmation of transparency standards, reporting obligations, periodic audit mechanisms, and stricter sanctions to recover losses for small partners.

This case shows that investment partnerships can only function as an instrument for empowering UMKM if: the relationship of rights and obligations is arranged proportionately, control and supervision mechanisms are opened to small partners, and the state (through ICC and the technical ministry) carries out active supervision, not just passively waiting for complaints. Without it, the plasma core pattern that is normatively designed to create independent farmers has the potential to perpetuate dependency and structural injustice. Investment partnerships are normatively designed as a form of cooperation that integrates large business resources and UMKM. The regulations emphasize the principles of fairness, transparency, and mutual benefit. But in practice, partnerships often create inequality in power relations.

This inequality can be seen from the dominance of large businesses in decision-making, control of information, and control over financing and distribution of business results. UMKM often do not have adequate access to financial information and are not involved in the strategic decision-making process.

In various partnership cases, there have been practices of lack of transparency in the management of costs and revenues, lack of accountability, and unilateral control by large businesses. This condition shows that partnerships have not been run according to the principles of justice and instead reinforce structural inequalities, thus strengthening the urgency to reformulate the concept of partnership based on justice and progressive law.

3.2. Reformulation of the Investment Partnership Concept from the Perspective of Aristotle's Theory of Justice and Satjipto Rahardjo's Progressive Law as an Effort to Empower Equitable UMKM

Aristotle distinguishes between general justice and particular justice. General justice where a person is called fair if he obeys the law and behaves well so as to support the common good in the policy *(society or state)*. Special justice concerns the division of rights and obligations between individuals, and this is where distributive justice and corrective justice come into play. This particular justice is directly related to how the state divides positions, assets, and profits, as well as how to remedy the injustices that have already occurred (Adlhiyati & Achmad, 2020).

Distributive justice in the framework of Aristotle, regulates the proportional distribution of benefits and burdens based on the eligibility, contribution, and needs of the parties in the policy. While corrective justice is in charge of correcting the injustices that occur in relationships between individuals, by restoring balance through compensation, restitution, or sanctions equivalent to the offense (Aristoteles, 2000). Aristotle argues that distributive justice is justice in the proportionate distribution of public goods (positions, honors, wealth, facilities) from the state or community to its citizens (Peratama et al., 2024). The main characteristic is that it is based on the principle of geometric equality, not arithmetic equality, the formula that is often cited is "equal treatment of the equal and different of the unequal, according to its merit/feasibility", and the distribution of rights and resources must reflect a person's contribution, ability, or service to the community(Salman & Budhiartie, 2024).

In the context of law and public policy, distributive justice is used to assess whether budget allocation, access to education, health facilities, or investment benefits have been proportionally divided so as not to marginalize certain groups. John Rawls views that distributive justice seeks to regulate how benefits and burdens in society are distributed equitably. In the context of policy, this is not just an equal distribution, but ensures that the allocation of resources, be it economic, educational, or public facilities, provides the greatest benefits to the most disadvantaged members of society, thereby preventing structural marginalization (Rawles, 2016).

Corrective justice is justice that functions to correct injustices that have occurred in relationships between individuals. The focus is not on the distribution of public goods, but on restoring balance when there are violations, losses, or inequality in transactions (buying and selling, agreements, delicacies). Provide compensation or sanctions commensurate with the loss or violation. Some of the main characteristics of corrective justice are corrective. The judge or the law tries to restore the position of the parties as if there was no injustice. In addition, corrective justice emphasizes arithmetic equality if one party takes more than it deserves or harms the other, then through compensation or sanctions, the difference is cut so that it returns to equality. In civil cases, the perpetrator who harms another party is obliged to pay compensation equivalent to the losses caused, while in criminal cases, the punishment is imposed proportionally to the severity of the act, so that violations of the rights of others are corrected through the imposition of sanctions.

Thus, it can be taken that distributive justice and corrective justice are complementary to each other. Distributive justice regulates how states and communities divide rights or benefits from the beginning so that their social structure is fair. Corrective justice works when injustice has already occurred, to restore balance between the parties(Pasquino, 2016). Corrective and distributive justice are two different but interrelated forms of rationality in a single legal unit. Distributive justice focuses on the distribution of resources within groups, while corrective justice focuses on interpersonal relationships to correct wrongs. Without a fair distribution in the first place, there is no point of equilibrium that can be corrected; and without correction, a fair distribution will be destroyed by exploitative actions (Weinrib, 1995).

If drawn to the concept of investment partnerships, distributive justice demands that the distribution of investment benefits (access to capital, technology, markets, profits) is not only enjoyed by large businesses, but is distributed proportionally to UMKM according to their contribution and level of vulnerability. The risk burden (e.g. debt risk, price fluctuations, or business failure) is not fully imposed on UMKM or plasma, but is divided proportionally according to their ability to bear and their bargaining position. Meanwhile, corrective justice demands that when there are unequal partnership practices, such as unilateral control, closed transparency, or unreasonable debt imposition, legal mechanisms provide real corrections, in the form of independent audits, rebalancing, compensation, and restoration of land rights or business proceeds for UMKM. Partnership supervisory institutions (ICC, technical ministries, local governments) play the role of agents of justice correction, not just sanctions administrators, so that the function of Aristotle's corrective justice is realized through law enforcement that fairly restores the proportion of rights and obligations.

The conceptual reformulation here can be formulated that a fair investment partnership is one that since its design has been proportionate in its distribution (in the sharing of benefits and burdens), and at the same time provides an effective corrective tool to overcome deviations that are detrimental to UMKM.

Within the framework of Satjipto Rahardjo's Progressive Law, law is understood as a social institution created to serve human dignity and needs, not the other way around. Positive laws (laws, regulations) are just instruments. The ultimate goal is justice, humanity, and well-being. Therefore, when there is tension between the content of the rules and substantive justice, Satjipto Rahardjo emphasized that the main orientation must fall on justice and humanity, not on rigid adherence to the text. Here, law is understood as a dynamic social process, always responding to new changes, conflicts, and injustices. The law should not be stuck on a formulation born from the context of the past if the social reality has changed drastically. Satjipto Rahardjo wants to shift our perspective that the law should not stop as a collection of articles, but must live as a means of defending concrete human beings, especially those who are weak and disadvantaged(Satjipto, 2017). From this point of view, the provisions on partnerships, UMKM, and investment are not considered final and perfect, they must continue to be tested whether they really bring benefits to UMKM, or actually give birth to a new form of dependence and marginalization?

Progressive Law sharply criticizes formalist positivism that worships procedural certainty, textual adherence to articles, pseudo-neutrality of law enforcement. In the positivist model, law enforcers feel that it is "fair" only to apply the article procedurally regardless of whether the end result is to hit the little person or to protect him. Satjipto points out the danger of this model that the law can be a neat tool of power, procedurally legitimate, but unequal and repressive substantively. Therefore, Progressive Law encourages the courage to interpret the law in a more humane way, the activeness of judges/officials to explore the value of justice, not just reading articles, the awareness that neutrality in the context of unequal structures often means allowing injustice to continue.

One of the most powerful features of progressive law is its explicit call to side with the weak. The law is not placed in an abstract neutral position, but consciously favors the small people, the victims of structural inequality, the groups that are economically, politically, or socially in a losing position. In the context of investment partnerships and UMKM, this partiality means that if the partnership contract is formally legal, but its content ensnares UMKM with disproportionate debts, withholds information, or negates the right of control, then law enforcement is called to side with UMKM. The authorities are not enough to say that this contract is voluntary and legal, but must have the courage to judge the substance, fair or not for the small partners? This is where the difference is felt that the law is no longer seen as neutral, but as a tool to correct the structure of injustice.

Drawn to the concept of partnership investment law partnership should not stop at the text of the contract and regulations, but should be read contextually. Are UMKM really becoming more empowered, or are they becoming more bound and dominated? Law enforcement officials (ICC, judges, licensing officials) are called not to behave like horses who only check the validity of the contract, but to assess whether the substance of the relationship is fair and beneficial to UMKM. Otherwise, it takes courage to cancel, revise, or reinterpret agreements or rules for the sake of substantive justice. In this case, it means positioning the investment partnership as an emancipation project. The law is not neutral, but it favors UMKM as a weak group. Partnerships should be tested continuously in terms of tangible benefits and liberation from structures of injustice, not just adherence to formal procedures.

In the context of reformulation of legal concepts, it means talking about the renewal and development of national law. Edi Setiadi argued that the development of the national legal system must be directed to national laws that serve the national interest. Legal development must be used as a basis to guarantee the community, among other things, to be able to create legal certainty, legal order and legal protection. In the language of the enlightened philosophers, law should not only be an aid to achieving rationality, but law itself must be rational. Rational law is a law that is truly capable of realizing the purpose of its presence (Setiadi, 2016). Associated with this research, the law of investment and partnerships should not be neutral in the abstract, but must be consciously directed to protect and elevate the position of UMKM in relation to large businesses or investors. Rational partnership law is not just a collection of procedures, but an order that consistently leads to the purpose of its presence, distributive and corrective justice for UMKM, and progressive partiality on the weak. In other words, the concept of a concrete partnership according to the author is how the law of investment partnerships is made rational. He should be

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able to realize the purpose of his presence, which is the empowerment of UMKM with justice, not just arranging formal contracts.

4. Conclusion

Based on the discussion and analysis in the previous section, it can be concluded that investment partnerships in Indonesia have been normatively directed to the empowerment of UMKM through partnership obligations, business sector allocations, and various facilities, but in practice it still often turns into an unequal relationship due to weak transparency, supervision, and the bargaining position of UMKM, so that the empowerment goal has not been achieved substantively. The reformulation of the concept of investment partnerships needs to be built on Aristotle's distributive and corrective justice and Satjipto Rahardjo's Progressive Law, namely by making partnerships as a proportionate distribution of benefits and risks, providing an effective correction mechanism for inequality, and requiring legal alignment with UMKM as weak parties, so that partnerships really function as a means of empowering UMKM with equity, not just a formal contract.

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