

## Legal Aspects in a Business Eligibility Study

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Received: October 28, 2020

Revised: November 12, 2020

Accepted: November 18, 2020

### Abstract

This study aims to the meaning of legal aspects in a business feasibility study. The studies discusse about the legal aspects in the Business Feasibility Study, the forms of the legal body, the types of business licenses and the government regulations and laws in establishing a business. The form of a business entity is often confused with a company, although in reality it is different. The main difference is that a business entity is an institution, while a company is a place where the business entity manages the factors of production. There are various types of business permits that many business people need to complete their legal business legality documents. Among the various types of business licenses are: Principle License (SIP), Building Permit (IMB), Disturbance Permit (HO), Trading Business License (SIUP), Business Place Permit, Taxpayer Identification Number.

**Keywords:** Business Feasibility, Business Licenses, Business Entity

### Introduction

The discussion regarding a business feasibility study cannot be separated from the understanding of various aspects and one of them is the legal aspect. When building a business, it often fails because of legal problems or does not obtain permission from the local government. Therefore, before implementing a business idea, an in-depth analysis of legal aspects must be carried out so that in the future the business that will be carried out does not fail due to legal and licensing problems.

Legal aspects are the first to be studied. This is because if based on an analysis on the legal aspects of a business idea, it is no longer feasible, then the process does not need to be continued with analysis on other aspect.

### Definition of Legal Aspects in a Business Feasibility Study

Legal aspects are those that examine legal requirements that must be fulfilled before running a business. Jones et al. (2000) states The legal requirements for each type of business vary, depending on the complexity of the business. The existence of regional autonomy causes legal and licensing provisions between regions to vary. Therefore, understanding the legal provisions and investment licensing for each region is very important for conducting a feasibility analysis of the legal aspects. The government establishes legal provisions and investment licensing with the aim of maintaining public order at large. It is hoped that the community around the business location will get a big benefit compared to the negative impact of a business investment.

Sethi, (1979) states The legal aspect is the first thing that must be studied in the implementation of a business feasibility study, because if it is based on an analysis to the legal aspect, it will be found whether a business idea is still feasible to be processed or not, so that if it is found that the business idea is not feasible to proceed in terms of legal aspects, then there is no need to continue to analyze other aspects.

### **Purpose of Legal Aspects in a Business Feasibility Study**

Analyzing the legality of the business to be run Analyzing the appropriateness of the legal entity form with the business idea to be implemented, analyze the proposed business capabilities in meeting licensing requirements, analyze the guarantees that can be provided if the business is to be financed with a loan. Prno, (2013).

### **Forms of Legal Entities**

Business entity is a legal, technical, and economic entity aimed at seeking profit or profit (Hamilton, 1970). The form of a business entity is often confused with a company, although in reality it is different. The main difference is that a business entity is an institution, while a company is a place where the business entity manages the factors of production.

#### **Individual company**

Individual company is the simplest form of business, because the ownership is owned by one person (Hansmann, 2000). Everyone is free to make a personal business without any restrictions to establish it. Usually an individual company is created by an entrepreneur with small capital with available resources, a limited production quantity, as well as the use of simple technology production tools. This form of business is formed without a license and without certain procedures, therefore this form of business is the easiest type to establish but its dissolution is also very easy to do, because it does not require the approval of other parties because the owner is only one person.

#### **Civil Alliance**

Udovitch, (2011) argues that A civil partnership is an agreement in which two or more people bind themselves to enter something into the partnership with the intention of sharing the profits that occur because of it. From the meaning of the article the terms of the civil partnership there is a sharing of the results of mutual benefits caused by activities carried out together. Civil partnerships are made according to the agreements made by the parties who founded them. The agreement contains about the distribution of the amount of capital issued by several parties, the sharing of the results of the business carried out (profit), then divided among several parties according to the agreement or contract at the beginning

#### **Firmary Guild**

A firm fellowship has a similar meaning to a civil partnership, but in a more specific form, namely an alliance that is established to run a company, between two or more people using the common name and responsibility of the firm owners, which are commonly called spatial allies. The purpose of the spanning responsibility here is if the debt made by one ally will bind the other allies and vice versa. The liability of the partnership form of the firm is not only limited to the capital deposited into the firm, but also includes all the private assets of allies (Berger & Udell 1998)

## Types of Business Permits

Bruhn M. (2008). Business license is a form of approval or granting of a license by the competent authority in this case the government to a person, group of people, or business entity wishing to carry out a business activity

Vonk, 2005) states There are various types of business permits that many business people need to complete their legal business legality documents. Among the various types of business licenses are: Principle License (SIP), Building Permit (IMB), Disturbance Permit (HO), Trading Business License (SIUP), Business Place Permit, Taxpayer Identification Number

For those parties mentioned above who do not register for a NPWP, they will be subject to criminal sanctions in accordance with the provisions of the applicable law. Company Register Number An established company is required to register its company at the company registration office, namely the local Ministry of Trade Office. After obtaining the NRP, the company owner is obliged to post it on the company's name board so that it is easily seen by the public. The function of this NRP is as a sign that the company has been registered with a related institution.

## Recognizing Environmental Impact Analysis

The legal basis for AMDAL is contained in Government Regulation Number 27 of 1999 regarding the definition of AMDAL, namely the study of large and important impacts for decision making of a planned business or activity on the environment that is required for the process of making decisions about conducting a business or activity.

## Conclusion

Business entity according to the definition is a legal, technical, and economic entity aimed at seeking profit or profit. The form of a business entity is often confused with a company. The objectives of the Legal Aspect are: analyzing the legality of the business to be run, analyzing the appropriateness of the legal entity form with the business idea to be implemented, analyze the proposed business capabilities in meeting licensing requirements, analyze the guarantees that can be provided if the business is to be financed with a loan. The forms of legal entities are limited liability companies, individual companies, limited partnerships, civil associations, firma fellowships, state companies, and cooperatives that are based on laws.

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DOI:

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