

Document handling for proprietorship business: A case study of Law & Legal Service company in East Java Province, Indonesia

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Abstract: This study aims to describe and propose the solution for proprietorship company in law & legal services (Notary) to handle their documents better. The study is conducted in qualitative method with the interviews were done to get the primary data. The interviews were done with the owner and the employees. The field observation was done to elaborate and explore the factual data. The results of the study show that the company has lack of knowledge, skill and competent employees in documentation. The problem scopes in documentation problems are general documentation, human resources management and finance/accounting. In those scopes, the documenting process are improperly arranged and kept. This study is not only describing the observation and interview data but also proposing the solution for the respected company to handle their documents better in order to minimize the risk of document tracking problem, increase the speed of recalling process can be faster, satisfy the clients, avoid the company from the misleading data or documents used in decision making and increase the company performance in all aspects.

Keywords: document, document handling, Proprietorship, law & legal service company

I. Introduction

Handling documents is not an easy activity in administration section of a company. The big companies may have ability to hire experienced and trained documentation staffs to handle all documents in the company. The important thing in having good handling document system is to enable the minimization of losing the data or history of records. The idea of good and neat documentation is commonly under ISO 9001:2008 and still exists in ISO 9001:2015. The reason in preparing, keeping, saving and recording sets of data or documents is to support the effort in satisfying the customers. Generally, the company requires the overall data about their stakeholders, such as names, addresses, and activities with the respected company, prices, privileges, and many more to make sure that recalling process when the data needed will be easier and faster.

Another problem is faced by the small or even micro company which is usually owned by a proprietor and lack of abilities to improve the data base, the records and also the keeping process of the documents. The usual cases are losing documents, insufficient data, having no record and so on. Latham (2012) related the issue of documents with the information, either regarded as books, records, data, and other forms. It means that documentation as the process of documenting is very important for company. A notary itself is considered as a strong and an authorized documents maker especially in legal process (Muri et al., 2018), so documentation in notary company will be related closely to the clients. Besides, by good documenting process, the owner can understand their business situation by tracking the document that should be concerned with any informative things (Latham, 2012).

Law and legal service companies in East Java Province, Indonesia are mostly owned by individuals and the company size tends to be micro as the number of staffs is usually less than 10. The revenue is also low because they work based on order and must compete against other same service companies. Although the small business scale plays an important role in economy, but one of the common weakness is accounting and financial system although it is important to make an evaluation and further planning for their business (Haryani, 2012).

The purpose of the study is to describe and propose the fittest way for the small proprietorship in law and legal company service to minimize the risk of document tracking problem so the recalling process can be faster, satisfy the clients, avoiding company from the wrong decision risks and maintaining the company profits.

II. Literature Review

2.1 Document

Document, can be written, drawn, presented or something represents the thoughts, is a record or notes which is important for a person or company in a specific time and need. In a quality management, documents provide accurate information about the activity and thus the activity can be understood by the respected parties. The documents in transmission process include planning schedule, receipt and invoices. Quality management needs the documents because it has information about quality manual, work instruction and references. Document, now, is called as retrieval of information (Olsen, et al., 2012) because documents contain of

information and can be recalled or tracked. The documenting process is called as documentation which is required to produce a document and sometimes documentation is considered as a process to achieve a goal either quality or document itself (Olsen, et al., 2012).

2.2 Document Handling

The recording process in a notary starts when a client agrees to use the notary service until the valid and legal documents resulted by this process are kept by law and legal service company of a notary. The document handling in quality management is common, and it is important because the document is a client property that from planning process to the result needs accuracy, safety, confidentiality and the compliance with the legal and regulation. The methodology of document handling refer to ISO 9001:2008 has six steps: document requirement, current system evaluation, document management strategies identification, document management system design, document management system implementation and improvement (Hernad & Gaya, 2013).

2.3 Proprietorship

Proprietorship is a business run by a sole proprietor who owns and runs the business alone and responsible for all debts (Permwanichagun, et al., 2014). It has limited ability to manage all things in business. The other weakness of proprietorship is having serious issues in corporate governance (Samuel & Abdulateef, 2016). This study concludes that the proprietorship in service business especially business with many customized services is very complicated, because the owner as sole proprietor should understand and take care of many things in the business. If the owner has lack of business and management knowledge, the skill or other competencies owned by the owner will not work well because the business should have future orientation.

2.4 Law & Legal Service Company

A notary's company is a place where all the communication into company is intense as well as out of the company. The clients' documents, which are the proof or materials of valid and legitimate process under the government's laws and regulation. A notary should be able to record all activities and processes done by the clients so that in the future, no obstacles hit both parties, client and notary.

Article 1 in Notary Profession Rules defines notary as a public official which has authority to make deeds of contracts, deals or decision required by the law to be formulated in an authenticated documents (Yuanitasari, 2017). So, this kind of business has closed relationship with documentation.

III. Research Methodology

The methodology used here is qualitative descriptive research methodology, because the numerical content used and cited or counted in this study is not statistically tested. Besides, the data consists of the secondary data and interview with the owner to get the primary data. The study objects in this research is the documents handling this business especially in relationship with the transaction process, human resources department and accounting documents.

Taking place in a small town, the law and legal office studied here is owned by a notary. She has 6 employees (3 employees at front office, 3 employees for documentation and 1 employee for supplies). Due to some official restrictions, the identity of this office is not declared in this study.

The framework of this study conducted as below:

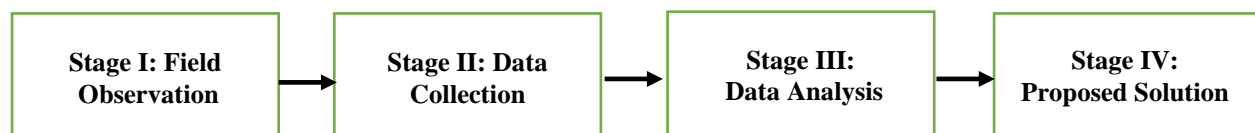


Figure 1. Study Framework

Source: Authors, 2017

IV. Results and Discussions

The law and legal company in this study is a registered law and legal company located in a small town in East Java Province. The services offered by this company are: Partnership company establishment, Limited Company establishment, foundation establishment, transaction arrangement, certificate arrangement, certificate split and replacement due to broken or lost documents. This service company, based on the owner's information, has main service on selling/buying houses and/or lands and arranging including signing the transaction certificate (*Akta Jual Beli/AJB*). The overall process of installing Right certificate is two weeks. The total services given until June 2018 are 2028 clients for all services offered.

4.1 Results of field observation stage

Based on the observation and interview with the owner of this Legal & Law service office, the real situations of the office are below:

1. The owner established the office as well as being the official notary but she has not implemented the sufficient and proper documentation systems especially for daily activities records such as financial and non-financial administration.
2. This office mainly uses manual notes and the inconsistencies happen many times because the staffs forget to take notes or due to other activities results in length of data recalling process.
3. The files are kept in insufficient dusty and untidy place with lack of air conditioner however, this office has to keep the clients' historical documents separated by clients' names and cases using the filing cabinet and open-racks.
4. Special technique for keeping files in this office has met the notary standards.
5. Daily activities are not recorded completely and most of them are written in loose-papers that are hard to assembly them when needed.
6. Some of computer units are used to record the files related to consumers only, while unrelated files with the clients such as operational costs are not included in the recording process.

4.2 Results of data collection stage

The data were collected from either on location- observation or interview sessions with the owners and employees. The data collected are:

1. Pictures to illustrate the documentations



Picture 1. Documents in a File Cupboard

Source: Authors, 2018

Picture 1 shows the documents are not properly placed in a file cupboard. The office needs another file cupboard to put the documents in a good arrangement.



Picture 2. Documents on Rack

Source: Authors, 2018

Picture 2 shows how the officers put the documents on Rack. Based on information, there are no specific selection which documents are put in rack or cupboard. The rack condition needs to be repaired.

2. **Organization structure (for the research purpose it is translated into English)**

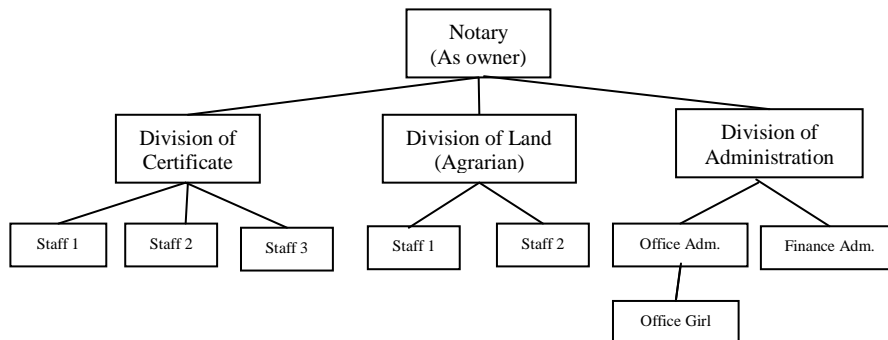


Figure 1. Organization Structure

Source: Company Owner (Edited), 2018

The organization structure chart shows the division of tasks based on the object handled. Division of certificate is responsible to arrange the certificates of clients in any kind of services used by them. All the process in arranging certificates start from the registering to government office until delivering to the respected clients. Division of land will be responsible to the official (national) agrarian office based on the width, usage purpose, and borders of the land transaction. Office administration and finance administration are mainly responsible in monetary tasks includes the inflow and outflow of cash based on accounting procedures. Office Administration includes the jobs of office girl who is responsible to all daily office needs and supplies.

3. **The finance and accounting record which are skipped in this paper due to confidentiality reasons.**

Overall, the finance and accounting matters are not recorded properly in this company due to the lack of accounting process knowledge. The owner uses personal notes to indicate the cash flow which is manually written in log books.

4.3 Data analysis Stage

Data analysis stage comes from both field observation and data collection stages which are analyzed from theory and practical sides to get the right solution in the end. The main problems occurred in this notary office is human resources management. This company has 8 employees based on organization structure and one driver out of structure. Three of the employees handle land certificate arrangement, while two employees take in charge in agrarian process, two administration officers and the other one is office girl who has the responsibility to clean up the office and take care of the people in the office including guests for the owner.

Basically, those employees (exclude office girl) have the main responsibilities to handle Partnership process, Company establishment process, Foundation establishment process, Certificate rename process, Legalization of Transaction process, renewal process for lost certificates and many other services. All processes have some basic steps such as: ordering, payment for initial process of the order, certificate process including certificate legalization on the court and finalization of certificate process which depends on the client orders. Since, most of the orders made by the clients are customized, so the length of process and action taken during the process will vary. The total payment is different due to the different process. However, all the process are based on the valid procedures and policies from the government, especially Legal and Human Rights ministry of Republic of Indonesia.

On the field observation, the roles of employees are changing based on the situations and all the employees in structure should understand the each process of the clients, they must do the back-ups for others to ensure the service quality for clients maintained if an employee is absent or resigns.

The customized services make difficulties in accounting recording process because some transactions may be unpredictable and changed due to the situation during process. The owner also did not record the unpredictable income and expenses occurred during the process because she has set the overall payment for the process based on the experiences. The clients' entertainments, for example, are sometimes not recorded as either marketing expense or service expenses because the owner pays out from her own budget (*out of her wallet*). It makes the documentation of the real cash flows does not define the true profit in specific period because the owner forgot to report to administration staffs or give the payment proof paid by herself to the staff and the staffs, of course, cannot make any records of it.

4.4 Proposed Solution

The solution proposed in this research is basically based on the specific data observation and especially for the respected proprietorship company in notary business field in the same scale and cases. The proposed solutions are raised from general documents handling, human resources management and accounting process. Human resources management and accounting process proposed solution will be related to the documentation as well.

4.4.1. Solution in general documents handling

According to the observation, some suggestions are raised in this research as below:

1. Make a list for documents type both incoming or outgoing documents
2. Make a list for documents' names based on the activities
3. Re-arrange the document keeping places to make the finding process faster
4. Consistently record the activities either using the documents or not.

In re-listing documents' types, this company should classify the activities served by the company, includes the documents required for each activities. The main process in re-listing the documents' names is related to the documents' type lists. When all the documents are listed properly, the company needs to arrange the document keeping places to be cleaner, more proper, easier to find and safer. The company needs to divide the documents based on the documents' owner, whether the documents belong to clients or the internal. Another way to divide documents is based on service core, related or not to the main services of company. All the documentation process should be consistently run in all mailing and documenting process so all the records will be related one another. It is very important to control and evaluate the company performance in the future.

Structured documents can be assigned here because it can clearly divide the documents based on section, sub sections and so on (Lander, 1998) by defining and standardizing the documents to where all documents will be kept.

4.4.2. Solution in human resource management

This company should revise the organization structure by adding employees for document distribution who currently done by the private driver of the owner. In terms of documentation handling, each of the documents distributed by the employee should be recorded and received-proven records to control the documents circulation.

The policy of reward and punishment are required to motivate the employees and help the owner in recruitment and lay-off process. The documentation will help the HRM to tract the company data during the employees' tenures (Pantelic, et al., 2011). Based on the interview with the owner, the internship program has duration within 6 months, but there is no presence list. The new documents are required to the internship-employees, not only the presence list but also the performance evaluation. In Latham (2012) the documentation is related with information, so it is applicable to HRM because the information system can support this department to ensure the proper education and skill of staffs assigned if the documentation is handled properly and carefully.

4.4.3 Solution in accounting system

Accounting system as an organization of document to provide information for management is considered important for internal control which based on the documents (Haryani, 2012). The main problems in this company for accounting system are the improper transaction recording and incomplete account summary. Those problems create difficulties in accessing the correct financial information especially about the total assets and profit-loss in each accounting period. Solving such problems, the company needs to initiate the proper documentation handling and keeping system. Then, the solution proposed is creating account numbers as the basic one but it will make the record-tracking easier, thus, the documentation matters here.

If the account numbers are set, the transaction recording can be done by putting the code or account number when posting onto the general entries. It must be done by the company to know the balance either debit or credit of each account. The correct recording will results in finance reports such as income statement, Equity Report and Balance sheet. The next step is to make adjusting entries if there is a difference between recording and physically account and general ledger. The function of the adjusting entries is to make correction the differences. The next step is to arrange the financial report as the goal of accounting process. Financial report consists of Income statement, balance sheet and Equity report. Equity report is set after completing income statement, if the company profit then it adds the equity and if the company gets loss the equity is reduced. The balance sheet needs a balance between assets and total liabilities added by total equity. This financial report can inform the owner the financial strength and weakness.

In all scopes discussed the main solution to focus is about arranging the documents and preparing them to be kept in proper, clean and safe because most of notary office's documents cannot be scanned or kept in soft files. The future trend in technology causes many challenges to the company in their documentations. Rapid change of regulation by the Government, soft filing trend, government-private companies information and communication integration systems and the consumers' demand of speed, privacy and accessible documents must make the company to improve the document handling systems in all area within the company.

V. Conclusion

The company as the research object has the weakness in documentation system and its handling due to the lack of documentation skill, knowledge in handling documents, and lack of employee numbers. The problems in handling documents are mainly in general documentation, human resource documentation and financial/accounting documentation. The impact of the improper documentation handling process may result in wrong decision making by the owner in daily activities, in expansion planning and the image or its relationship with the clients and external parties. As the company serves many activities which require rigid, official and original documents, so the handling and keeping processes must be the focus of the owner instead of the getting more clients. Once a client proposed, it means more documents which need to be kept and handled carefully. However, the research done is not only understanding the situation but also proposing some solutions in the three scopes, general documents, human resource management and financial.

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