Legal Relationship Between Owner and Partner in Managing Non-Francy Culinary Branches: A Case Study of Bakso Hebat Mataram in Pekanbaru

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Abstract

Many culinary businesses in Indonesia expand their operations through a non-franchise branch model, which relies on informal agreements between owners and partners rather than formal franchise regulations. This model offers flexibility and lower costs but creates significant legal uncertainty regarding rights, obligations, and accountability between the parties. This research aims to analyze the legal consequences of non-franchise branch partnership agreements and to identify the ideal form of legal protection for both owners and partners. The study adopts a normative legal research method with a qualitative approach, using literature studies and analysis of the *Bakso Hebat Mataram* case in Pekanbaru. Findings indicate that such agreements, while practically effective, are often incomplete and lack essential clauses such as intellectual property protection, dispute resolution, confidentiality, and non-compete provisions. These weaknesses expose both parties to potential contractual breaches and brand ownership conflicts. Therefore, the study recommends the formulation of a comprehensive written contract that fulfills the legal validity requirements under Article 1320 of the Indonesian Civil Code, accompanied by clear provisions on profit-sharing, operational standards, brand usage, and dispute settlement mechanisms.

Keywords: Legal Relationship, Non-Franchise Agreement, Business Partnership, Culinary Industry.

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Introduction

Micro, small, and medium enterprises (MSMEs) make a significant contribution to the national economy, accounting for more than 60% of Indonesia's Gross Domestic Product (GDP) and absorbing nearly 97% of the workforce [1]. Among various sectors, the culinary industry is one of the fastest-growing due to the increasing demand for food consumption driven by population growth and urbanization. In practice, many culinary entrepreneurs expand their businesses by opening new branches without adopting an official franchise system. This model is known as a non-franchise branch system, in which the legal relationship between the owner and the partner is based merely on a simple agreement or even verbal consent. Although efficient and flexible, this system presents complex legal issues, particularly concerning the division of rights, obligations, responsibilities, and legal certainty between the parties involved.

Unlike the franchise system, which is clearly regulated under Government Regulation Number 42 of 2007 concerning Franchising, the non-franchise model lacks a specific legal framework governing the form of agreements, operational standards, and brand protection. Under such circumstances, the only juridical reference available is the Indonesian Civil Code (KUHPerdata), specifically Articles 1313 and 1320, which stipulate that every agreement must meet the legal requirements of a valid contract and be based on the principle of freedom of contract [2]. The principle of freedom of contract allows parties to create agreements according to their needs, provided that they do not contradict the law, public order, or morality. However, this flexibility can also lead to legal uncertainty if not supported by a clear written contract.

Hidayat [3] emphasizes that partnership agreements that are not explicitly detailed often lead to disputes arising from differences in perceptions regarding rights and obligations. The case of Bakso Hebat Mataram in Pekanbaru serves as a concrete example of how the non-franchise branch system operates based on mutual trust and internal agreements. The owner retains control over the brand and management, while partners handle operations with profit-sharing arrangements mutually agreed upon. However, due to the absence of legal guidelines or standardized contracts, the legal relationship between both parties becomes vulnerable to disputes, particularly concerning brand protection and the allocation of responsibilities.

Based on these circumstances, this study aims to analyze the characteristics of the legal relationship between owners and partners in managing non-franchise culinary branches, as well as to evaluate the juridical consequences and legal protection mechanisms that should be applied to ensure balanced legal certainty for both partie.

Research Problems

Based on the background described above, the research problems can be formulated as follows:

1. What are the characteristics of the relationship between the owner and the partner in managing culinary business branches that do not use an official franchise scheme?
2. How is the implementation of the non-franchise cooperation agreement carried out by both parties?

Research Methodology

This research employs a normative legal research method, which focuses on examining the norms, principles, and positive legal regulations governing cooperation agreements in the management of non-franchise business branches. The approach used is qualitative, by systematically reviewing primary, secondary, and tertiary legal materials to identify relevant legal principles and doctrines [4].

The primary legal materials include the *Indonesian Civil Code (KUHPerdata)*, *Law No. 8 of 1999 on Consumer Protection*, *Law No. 20 of 2016 on Trademarks and Geographical*

Indications, and *Government Regulation No. 42 of 2007 on Franchising*. Meanwhile, the secondary legal materials are obtained from books, academic journals, previous research, and copies of cooperation agreements between the central owner and partners of *Bakso Hebat Mataram* in Pekanbaru [4].

The analysis is conducted using a descriptive-analytical method, which involves describing the legal facts that occur in the practice of managing non-franchise branches and then analyzing them based on legal theories and relevant statutory provisions. The results of this analysis are expected to provide a comprehensive understanding of the form of legal relationships established, their legal consequences, and the legal protection that can be granted to the parties involved in the non-franchise partnership system [4].

Results

4.1 Characteristics and Legal Analysis of the Relationship Between Owner and Partner

The relationship between the owner and the partner in the management of *Bakso Hebat Mataram* in Pekanbaru illustrates a non-franchise branch partnership model based on the principle of freedom of contract as stipulated in the *Indonesian Civil Code (KUHPerdata)*. Unlike formal franchises, this relationship is built upon a flexible private agreement without any standardized contractual requirements set by the government [5].

In practice, the owner holds a dominant position by controlling the brand and managerial direction, while the partner contributes to financing and daily operations. Although the profit-sharing mechanism is proportionally set at 50:50, the partner bears a heavier financial burden due to capital installment obligations deducted from turnover. This condition reflects a pseudo-balance that may lead to disharmony if not regulated in detail within the agreement [2].

Antoni [5] emphasizes that MSME partnerships in Indonesia often face unequal profit distribution due to simple contracts that rely more on trust than on strong legal clauses. The same situation occurs in *Bakso Hebat Mataram*, where the clarity of rights, obligations, and dispute resolution mechanisms remains weak.

From a juridical perspective, the agreement between the owner and the partner is valid under Articles 1320 and 1338 of the *KUHPerdata*, as it fulfills the elements of consent and legal capacity. However, substantively, there remains a legal vacuum because it does not include clauses regarding dispute resolution or brand protection. As of this study, the trademark “Bakso Hebat Mataram” has not been registered with the Directorate General of Intellectual Property, even though registration is a legal requirement for protection under Law No. 20 of 2016 [6].

This aligns with the findings of Kuasa et al. [7], who stated that MSMEs operating without trademark registration are at risk of facing third-party claims and losing exclusive rights over their business identity. Moreover, partners are in a more vulnerable position due to the absence of standardized protection mechanisms such as those found in official franchise systems, which have comprehensive operational and legal safeguards [8].

Therefore, legally, the relationship between the owner and the partner in non-franchise culinary branches can be considered valid but weak in terms of juridical protection. The relationship is asymmetrical, relying heavily on good faith and trust, and has not yet provided optimal legal certainty for both parties.

4.2 The Implementation of Non-Franchise Cooperation Agreements by Both Parties

The implementation of the non-franchise cooperation agreement in the *Bakso Hebat Mataram* culinary business in Pekanbaru takes the form of a business partnership between the central owner and the branch partner. This legal relationship is based on a written agreement that includes provisions on trademark use, operational standards, profit sharing, and business management responsibilities. Although it is not formally a franchise system as defined in

Government Regulation No. 42 of 2007 on Franchising, its practice shows similarities in management and supervision aspects [3].

In this partnership, the central owner acts as the primary controller of the brand and provides operational guidelines, including recipes, main raw materials, and basic training for partners. Meanwhile, the partner is responsible for providing initial capital, managing the branch, paying employee salaries, and submitting periodic financial reports. Profit sharing is carried out proportionally based on mutual agreement after deducting operational costs and a 15% charitable allocation. This pattern reflects the principle of *mutual benefit*, where both parties gain economic advantages and expand their business network without altering their legal status into a formal franchise [9].

However, the implementation of this agreement is not free from juridical weaknesses. First, the agreement does not specify detailed sanctions or resolution mechanisms in cases where the partner fails to fulfill obligations, such as delays in financial reporting, violations of standard operating procedures, or deviations from product standards. Second, the "Bakso Hebat Mataram" trademark has not yet been officially registered with the Directorate General of Intellectual Property (DJKI), meaning it does not have exclusive legal protection. This situation could potentially lead to trademark disputes if another party registers a similar name first [2].

From a legal standpoint, the implementation of this partnership resembles a *contractual partnership* that depends on the mutual trust and good faith of both parties. In practice, problem-solving is usually done through deliberation rather than involving formal legal institutions. While this method is efficient, it may lead to legal uncertainty if differences in contract interpretation arise [10].

Thus, the implementation of the non-franchise agreement between the owner and the partner in the *Bakso Hebat Mataram* case still relies on moral commitment and honesty between parties. Without clearer regulations concerning rights, obligations, and legal protection, such a partnership model risks creating imbalanced legal positions and weakening long-term legal certainty.

4.3 Comparison with Previous Studies

Compared to previous research, the partnership relationship in *Bakso Hebat Mataram* differs fundamentally in its legal structure. Indira Hastuti (2016) [11] highlighted that franchise agreements have strong legal certainty because they are formally regulated under Government Regulation No. 42 of 2007 on Franchising. In contrast, this study shows that the non-franchise model relies only on private agreements with minimal legal protection.

Elise, Sukarja, and Lubis (2023) [8] also found that the franchise system in coffee businesses in Medan includes comprehensive contracts covering rights and obligations, quality standards, and explicit brand protection. This differs from the *Bakso Hebat Mataram* partnership, which has not registered its brand and lacks standardized operational procedures.

Meanwhile, Kevin Kogin (2013) [12] emphasized that franchise contracts in the food and beverage sector provide legal certainty through brand protection and clear distribution of rights. This comparison indicates that non-franchise partnership models in Indonesia, including *Bakso Hebat Mataram*, still operate within a legal gap due to the absence of specific regulations governing such cooperation models.

Therefore, this study contributes to filling the gap in business law literature by highlighting the need for regulation and standardized contractual models for non-franchise partnerships to ensure legal balance between business owners and partners.

Conclusion and Suggestion

5.1 Conclusion

Based on the findings of this study regarding the relationship between the owner and the partner in managing non-franchise culinary business branches, particularly in the case of Bakso Hebat Mataram in Pekanbaru, it can be concluded that the established partnership model is private and relatively simple. The agreement was made outside the formal franchise framework, relying primarily on the principle of freedom of contract as regulated in the Indonesian Civil Code (KUHPerdata). Although the agreement is legally valid and binding upon both parties, its substance does not yet provide adequate legal certainty, as many essential aspects are not regulated in detail.

In practice, the partner's role is not entirely passive as stipulated in the contract. The partner is still given space to monitor finances, provide managerial input, and oversee business stability. However, this position is not fully equal to that of the owner, who retains full control over the brand, operations, and business direction. The proportional profit-sharing scheme appears fair on the surface, yet the burden of capital installment payments deducted from the monthly turnover places a heavier financial risk on the partner.

Furthermore, this study finds that legal protection for the business identity remains weak because the "Bakso Hebat Mataram" trademark has not yet been officially registered. This condition opens the possibility of legal disputes if another party registers a similar brand. Compared to the formal franchise model, which offers more comprehensive legal protection, the non-franchise arrangement is indeed more flexible but significantly more vulnerable to legal issues, particularly concerning trademark protection, certainty of rights and obligations, and dispute resolution mechanisms.

5.2 Suggestions

Based on the above conclusions, several recommendations can be proposed:

First, for business owners, an urgent strategic step is to formally register the trademark with the Directorate General of Intellectual Property. This is crucial to ensure legal protection for the business identity and to prevent potential disputes in the future. Additionally, the cooperation agreement with partners should be revised with more comprehensive provisions that include a balanced formulation of rights and obligations, a clear profit-sharing mechanism, product quality standards, and detailed dispute resolution clauses.

Second, for partners, it is important to negotiate a fairer contract, particularly in terms of business risk distribution. Partners should not only bear financial burdens but also be guaranteed managerial rights and legal protection for their contributions to the business. With a more detailed and balanced contract, partners can be better protected from potential unilateral losses.

Third, from the government's perspective, there is a need for specific policies or regulations that provide legal guidelines for non-franchise branch operations. At present, existing legal provisions only regulate the franchise system, while non-franchise branches—widely practiced in the culinary sector—lack a clear legal framework. Developing specific regulations or at least standard contract guidelines would help create legal certainty for business actors.

Lastly, for future academic research, it is recommended to expand the study using an empirical approach through direct interviews with owners and partners of non-franchise culinary businesses in various regions. This would enrich the analysis with practical perspectives and provide a more comprehensive understanding of the legal dynamics that occur in real-world business practices

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