

THE SCOPE OF THE LIABILITY OF AI-BASED DIRECTOR UNDER LAW NUMBER 40 OF 2007 ON LIMITED LIABILITY COMPANY

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ABSTRACT

*The rapid development of technology has led to the emergence of various innovations that significantly ease human life. Among these innovations, Artificial intelligence stands out as one of the most influential and widely discussed. Besides the benefit that brought by AI, its development has also raised various legal challenges, particularly regarding its use in running companies. In Indonesia, there are companies that have begun employing artificial intelligence to serve in directorial roles. One such example is PT Suryadhamma Investama, which utilizes AI to perform administrative functions and also to assist in decision-making processes. From a *das sollen* perspective, this situation presents confusion related to the responsibility of a director who is artificial intelligence in running the company. Artificial intelligence cannot currently be regarded as legal subject as it does not fulfil the requirements to be recognized as such. Consequently, AI lacks legal standing and cannot bear legal responsibility. In addition, artificial intelligence cannot be sued or held accountable through legal mechanism. From a *das sein* viewpoint, this situation creates confusion about the applicable *das sollen* provisions. While AI-based directors may assist companies in making efficient decisions, they also raise serious questions about the certainty and enforceability of legal responsibility. In light of this, the present research seeks to analyze the scope of liability attributed to artificial intelligence in the context of company management. The central research question addressed in this study is how the responsibility of artificial intelligence in managing a limited liability company is regulated under Law Number 40 of 2007 on Limited Liability Companies.*

Keywords: *Artificial Intelligence; Board of Directors; Limited Liability Company*

INTRODUCTION

The advancement of time is invariably accompanied by the increasing complexity of professional activities. In this context, human beings are no longer able to carry out all tasks independently and thus require the assistance of others in fulfilling their duties and responsibilities. One notable development in the contemporary era is the integration of artificial intelligence (AI) into various aspects of human activity. AI has contributed significantly to enhancing the effectiveness and efficiency of human life, particularly in addressing diverse problems, including those related to administrative work.

This administrative work is closely related to the databases contained within the object being managed, and therefore, the meta-capabilities of artificial intelligence can be utilized to address these issues. One example of administrative tasks that can be assisted by artificial intelligence is the work carried out by a company director. It is undeniable that economic development has made the duties of directors increasingly complex. In principle, a director performs two types of tasks simultaneously: fiduciary tasks and administrative tasks. In terms of workload, fiduciary tasks are considered highly substantial, while administrative duties are

not classified as substantial in nature. Therefore, with regard to these administrative matters, a director may delegate them to artificial intelligence to complete the associated tasks.¹

By delegating administrative tasks to artificial intelligence, a company director can save a significant amount of time to complete other responsibilities. Through the use of AI to handle all administrative duties, the director can focus on more substantial tasks that require their direct involvement in addressing complex issues.²

Up to the present time, artificial intelligence has primarily been utilized to carry out administrative tasks that support the duties of company directors. In such cases, the use of artificial intelligence remains within a reasonable and acceptable scope. This is because AI, when performing tasks within the administrative domain, does not engage in any form of decision-making that would carry legal implications or responsibilities. As long as the functions performed remain administrative in nature, artificial intelligence cannot be held legally accountable. However, a different situation arises when artificial intelligence is used to make decisions that may carry legal consequences.

This raises a significant legal concern, particularly regarding the ambiguous status of artificial intelligence as a legal subject. When AI systems are used to make decisions, a fundamental question arises: can such systems bear legal responsibility for their actions? To properly assess this issue, a thorough and multidisciplinary legal approach is necessary to ensure that the resulting analysis is sound and reliable.

The use of artificial intelligence across various professions holds great potential in offering numerous benefits, including increased efficiency, improved accuracy, and cost savings. In the legal profession, for instance, artificial intelligence can assist lawyers in performing repetitive and time-consuming tasks, such as legal research and document review, thereby allowing them to focus on more complex legal matters.³

However, the use of artificial intelligence in the legal profession also raises several concerns. One of the main concerns is the potential for bias within AI algorithms, which may arise due to incomplete or unrepresentative data. When biased data is used, the AI algorithm is likely to replicate and reinforce such bias, potentially leading to errors in legal decision-making. Nevertheless, such risks may be considered acceptable in light of the efficiency that artificial intelligence can offer in supporting human tasks. Even so, AI cannot replace human judgment, empathy, and ethical reasoning—qualities that are essential in professions requiring a human touch, particularly in cases involving decisions with significant social and economic implications. This is exemplified by the role of company directors, who are constantly required to make decisions not only within the scope of the company but also with regard to broader societal impacts.⁴

Nevertheless, all of this continues to leave unresolved debates concerning the legal subject status of artificial intelligence. First, digital technology in general—and artificial intelligence in particular—has dramatically transformed our society. Scholars have begun to re-evaluate the modern legal system in terms of its relevance when analyzing the issue of whether artificial intelligence can be regarded as a legal subject. A range of questions has emerged: how does AI correlate with moral norms, how does it affect the economy, what are its consequences, and so on. Second, such analyses are often based on arguments for and against the recognition of

¹Ririh, K. R., Laili, N., Wicaksono, A., & Tsurayya, S. (2020). Studi komparasi dan analisis swot pada implementasi kecerdasan buatan (Artificial Intelligence) di Indonesia. *Undip: Jurnal Teknik Industri*, 15(2), 122-133.

²Salsabila, T. H., Indrawati, T. M., & Fitrie, R. A. (2024). Meningkatkan Efisiensi Pengambilan Keputusan Publik melalui Kecerdasan Buatan. *Journal of Internet and Software Engineering*, 1(2), 21-21.

³Putro, W. D. (2020). Disrupsi Dan Masa Depan Profesi Hukum. *Mimbar Hukum-Fakultas Hukum Universitas Gadjah Mada*, 32(1), 19-29.

⁴Born, R. (Ed.). (2018). *Artificial intelligence: The case against*. Routledge.

other entities as legal subjects, such as the legal status of plants and animals, which in some jurisdictions have already been recognized as legal persons.⁵

Although artificial intelligence is not yet widely adopted by everyone, the question of its legal subject status has attracted considerable interest within the global academic community. For now, this question remains largely theoretical; however, it is likely that the debate will shift into the practical realm within the next decade. There is growing evidence that existing AI technologies have already exceeded many expectations, including their capacity to assist in making important decisions. At present, many parties still fail to fully comprehend the *naturalia* of AI development as an instrument that may potentially challenge, or even replace, certain aspects of human existence. In order to adapt to the transformations brought about by the increasing application of artificial intelligence, various legal, ethical, and structural aspects will need to be reformed.

In practice, there have been cases in which the role of a company director has been carried out by artificial intelligence. One such example is a company that has implemented an AI-based director: PT Suryadhamma Investama. According to the Director of PT Suryadhamma Investama, the duties assigned to the artificial intelligence system—named *Ardi*—are as follows:⁶

“At Suryadhamma, we have placed Ardi in a highly strategic position—as a director who plays a key role in overseeing, advising, and analyzing the company's performance. With real-time data analysis capabilities, Ardi provides strategic recommendations for our company. As an AI-based director, Ardi monitors key performance indicators, evaluates business strategies, identifies potential risks, and promotes a culture of innovation. Through the appointment of Ardi—developed using Semar.AI—PT Suryadhamma Investama demonstrates its commitment to adopting AI-driven decision-making in pursuit of a successful future.”

Considering the scope of tasks assigned to the artificial intelligence employed by the company, it can be concluded that the AI is utilized solely for administrative functions and does not engage in decision-making involving significant risk. Nevertheless, this practice continues to spark debate, particularly due to the legal uncertainty surrounding the status of artificial intelligence as a subject within the framework of legal entities.

This situation inevitably gives rise to ambiguity regarding the scope of liability that can be attributed to a company director powered by artificial intelligence. The core of this uncertainty lies in the lack of clarity as to whether artificial intelligence can be held legally accountable. In the absence of a clearly defined legal status, AI cannot, at present, be subjected to legal responsibility.

The appointment of artificial intelligence as one of the directors within a company presents an intriguing point of discussion, particularly with regard to whether the actions undertaken by such AI can be subject to legal accountability. Therefore, this study aims to further examine the scope of liability attributable to a company director that operates based on artificial intelligence.

⁵Chesterman, S. (2020). Artificial intelligence and the limits of legal personality. *International & Comparative Law Quarterly*, 69(4), 819-844.

⁶Freddy Kamto, PT Suryadhamma Memperkenalkan Ardi, Direktur AI Pertama di Indonesia, <https://investor.id/>, diakses poada 10 Agustus 2024

METHOD

The research method employed in this study is normative legal research, utilizing statutory, conceptual, and case approaches. A descriptive-analytical technique is applied to explore and formulate answers regarding the scope of liability borne by artificial intelligence-based company directors.⁷

ANALYSIS AND DISCUSSION

Artificial Intelligence as a Legal Entity

As artificial intelligence systems become increasingly sophisticated and play a more prominent role in society, there are at least two compelling reasons why such systems could be recognized as legal subjects before the law. To elaborate on the notion of artificial intelligence as a legal subject, it is necessary to examine the concepts of morality and legal personality as understood within the legal framework.

John-Stewart Gordon provides a substantive analysis of the concepts of moral and legal personality. He concludes that while current forms of artificial intelligence do not qualify as persons, future AI may meet the necessary criteria due to advancements in technological sophistication. Gordon, like Jowitt, argues that a uniform set of criteria must be applied when assessing the eligibility of any entity for moral status, without allowing for arbitrary exceptions. Ultimately, the concept of personhood serves as the foundation for both moral and legal rights attributed to an individual. Should artificial intelligence reach this threshold at some point in the future, it must be regarded as entitled to such status based on its capabilities, regardless of subjective opinions.⁸

The current use of artificial intelligence raises important legal questions concerning the extent to which AI can be held responsible for its actions. This issue is closely tied to the legal status and existence of artificial intelligence—whether it may be considered a legal instrument or lacks any legal standing altogether. Such ambiguity is particularly relevant when evaluating the extent to which AI systems are capable of formulating policies or making independent decisions.

It must be noted that artificial intelligence operates on the basis of databases created by humans, within which various algorithms are embedded to assess and interpret specific problems. As long as the algorithmic structure includes the relevant issues, AI can readily provide solutions. However, when a given problem lies outside the scope of the programmed algorithms, the AI system is unable to deliver an appropriate response. This reveals a fundamental limitation in the capabilities of artificial intelligence. Accordingly, relying on AI for decision-making cannot be deemed fully reliable, as—much like human beings—artificial intelligence remains susceptible to error.

One of the most apparent distinctions between artificial intelligence and human capabilities lies in the issue of accountability in decision-making. Unlike humans, there remains an ongoing debate as to whether artificial intelligence can be held responsible for its actions and decisions before the law. This debate stems from the prevailing view that AI does not constitute a legal subject capable of bearing legal responsibility. This raises a significant concern, particularly when artificial intelligence is placed in highly strategic positions. Such placement may create

⁷Ali, Z. (2021). *Metode penelitian hukum*. Sinar Grafika.

⁸Gordon, J. S. (2021). Artificial moral and legal personhood. *AI & society*, 36(2), 457-471.

a legal loophole, allowing for the evasion of responsibility or justification in the context of critical and high-risk decision-making.⁹

In the context of social relations, artificial intelligence has come into conflict with several theoretical approaches, including the social-relational approach. Joshua Jowitt, on the other hand, adopts Immanuel Kant's concept of moral agency as a foundation for proposing a moral basis to personify artificial intelligence as a legal subject. However, Jowitt's position requires further critical examination, as the concept of moral agency inherently presupposes consciousness. It appears implausible to regard an entity—such as artificial intelligence, which lacks consciousness—as an individual capable of bearing responsibility.¹⁰

To reinforce this argument, it is important to note that the practical use of artificial intelligence in the legal profession raises numerous ethical and legal considerations. Ethical concerns include the potential for algorithmic bias, the risk of errors in decision-making, and the impact on human employment. Legal issues involve the question of liability for mistakes made by AI systems, the need for clear regulations and standards governing AI use in the legal field, and the potential for AI to undermine fundamental legal principles such as justice and fairness. It is therefore crucial to carefully consider the ethical and legal implications of artificial intelligence across professional sectors and to ensure that its use is guided by principles of responsibility and transparency. This highlights the reality that humans cannot fully entrust all aspects of legal practice to AI, as artificial intelligence lacks the ethical and moral understanding inherent to human beings.

However, there is also an alternative view which considers artificial intelligence to be a part of legal subjecthood—capable of bearing duties and responsibilities under the law. This perspective is grounded in the belief that rights and obligations are conferred upon artificial intelligence by human agency. Accordingly, the creation of legal duties and responsibilities for AI would merely require human recognition, as such status is ultimately constructed through human acknowledgment and legal designation.

According to proponents of this view, there are no legal barriers to granting legal subject status to artificial intelligence. As many scholars have previously concluded, there is no formal legal obstacle to recognizing AI as a legal entity. As some have explained, “when a legal system confers rights and obligations upon an entity, it has effectively decided to treat that entity as if it were a person.” This perspective is rooted in a historical approach, noting that the law has previously granted legal personhood to various entities, such as corporations, animals, and even the environment. Therefore, it is argued that there is no principled reason to exclude artificial intelligence from being similarly recognized as a legal entity.¹¹

Formally, a legal entity is merely a bearer of rights and obligations. If an entity possesses rights and obligations under the law, it thereby acquires the status of a legal subject. The state, as a legal instrument, may confer rights and obligations upon any person or object, and such status may arise solely through legal recognition of the entity in question. The specific set of rights and obligations that constitutes legal personality may vary depending on the nature of the entity. Typically, a legal entity has its own internally structured system of rights and obligations, which may include hierarchical and interrelated components. For instance, corporations and human beings are both considered legal persons, yet they possess distinct sets of legal rights and duties. There are no fixed rules regarding how many rights and obligations

⁹Walters, R., & Novak, M. (2021). Artificial intelligence and law. In *Cyber security, artificial intelligence, data protection & the law* (pp. 19-39). Singapore: Springer Singapore.

¹⁰Gordon, Op. Cit.

¹¹Doomen, J. (2023). The artificial intelligence entity as a legal person. *Information & Communications Technology Law*, 32(3), 277-287.

an entity must hold to qualify as a legal person; rather, the distinction usually lies in the entity's capacity to own property and its ability to sue and be sued.

In order to mediate the debate among various schools of thought, the author refers to the opinion of Soekanto regarding the concept of legal subjects. Soekanto explains that the characteristics of a legal subject include the following:¹²

1. **Autonomous**, as they possess full capacity to act and make decisions independently;
2. **Intermediary**, who, although having full legal capacity, exercises actions that are limited to the interests of the party they represent.

Based on these two aspects, artificial intelligence does not meet the criteria for possessing full legal capacity to act. This is because AI systems are heavily influenced by the algorithms embedded within their operational framework; as a result, their actions are limited to the parameters pre-programmed into them. Under such conditions, artificial intelligence lacks true autonomy in decision-making, as its responses are governed by predetermined instructions rather than independent judgment.

Furthermore, the author concurs with Immanuel Kant's view on the importance of morality in legal reasoning. From this perspective, artificial intelligence is incapable of fulfilling moral considerations, as it lacks any inherent moral faculty in its processing mechanisms. For these reasons, the author maintains the position that artificial intelligence cannot be regarded as a legal subject capable of bearing legal responsibility, and consequently, AI should not be vested with legal rights and obligations.

The Scope of Liability of Artificial Intelligence as a Company Director

As decision-makers within a company, directors serve as the central figures of corporate governance. The existing legal framework primarily requires directors to independently oversee the management of the company. As affirmed in *Daniels v Anderson*, "a director must understand the business of the company and how it is being conducted, and must ensure that the company is capable of being audited effectively so that they can satisfy themselves that the business is being properly managed."

According to the Indonesian Company Law (UUPT), a director is responsible, among other duties, for managing the day-to-day operations of the company, which includes organizing and overseeing the company's business activities in accordance with its objectives and purpose of establishment. The director is also responsible for managing the company's assets and representing the company both in and out of court.

In carrying out their duties and authorities, directors must act based on two fundamental principles. The first is the **fiduciary duty**, which reflects the trust placed in them by the company. The second is the **duty of skill and care**, which refers to the requirement that directors exercise competence and prudence in their actions. These two principles collectively require directors to act with caution and in good faith,¹³ solely in the interest and for the purposes of the company. A breach of this obligation carries serious consequences for the director, as reflected in, among others, Articles 85 and 90 of the Indonesian Company Law (UUPT), under which a director may be held personally liable.

Article 85 of the Indonesian Company Law (UUPT) provides that:

- (1) Each member of the Board of Directors shall, in good faith and with full responsibility, perform their duties in the interest and for the benefit of the company.
- (2) Each member of the Board of Directors shall be personally and fully liable in the event

¹²Prananingrum, D. H. (2014). Telaah Terhadap Esensi Subjek Hukum: Manusia Dan Badan Hukum. *Refleksi Hukum: Jurnal Ilmu Hukum*, 8(1), 73-92.

¹³Setyarini, D. M., Mahendrawati, N. L., & Arini, D. G. D. (2020). Pertanggungjawaban Direksi Perseroan Terbatas Yang Melakukan Perbuatan Melawan Hukum. *Jurnal Analogi Hukum*, 2(1), 12-16.

that they are at fault or negligent in performing their duties as referred to in paragraph (1).
(3) On behalf of the company, shareholders representing at least one-tenth of the total valid shares may file a lawsuit in the District Court against any member of the Board of Directors whose fault or negligence has caused losses to the company.

While **Article 90 of the Indonesian Company Law (UPT)** provides that:

(1) In the event that bankruptcy occurs as a result of the fault or negligence of the Board of Directors, and the company's assets are insufficient to cover the losses arising from such negligence, each member of the Board of Directors shall be jointly and severally liable for such losses.
(2) Any member of the Board of Directors who can prove that the bankruptcy was not due to their fault or negligence shall not be jointly and severally liable for the losses.

At present, artificial intelligence has reached a stage where it is capable of meaningfully assisting directors in the performance of their duties. AI systems are equipped to process large volumes of complex information and to carry out routine managerial tasks. The growing prevalence of AI in companies such as Amazon, Goldman Sachs, GE, and Salesforce—where it is used to identify market risks and conduct pre-acquisition due diligence—demonstrates the significant adoption of AI in corporate environments. While these tasks remain primarily administrative in nature, they play a vital role in supporting the overall functioning of the corporate ecosystem.

Mandal and Sunil observe that, in the long term, artificial intelligence may assume the administrative responsibilities traditionally carried out by company directors. It is therefore unsurprising that this monumental shift will lead to the transfer of tasks previously handled by directors to AI systems. This development allows directors to concentrate primarily on their fiduciary duties—particularly the duty to act in the best interests of the company and to safeguard the company's interests.¹⁴

Hilb has provided a taxonomy of legal considerations that outlines the key principles to be taken into account when using artificial intelligence within corporate settings. He articulates these principles through a legal framework for the deployment of AI. The principles include accountability, liability, business judgment, regime heterogeneity, agency costs, delegation of responsibility, and data protection.

In carrying out corporate duties, the division of roles between directors and artificial intelligence can be viewed through two aspects, as identified by Hilb. The **administrative aspect** includes data management (particularly in relation to oversight functions), regime heterogeneity, and business judgment. Meanwhile, the **essential duties aspect** encompasses accountability, liability, delegation of authority, and other responsibilities as mandated by law.¹⁵

Administrative tasks are routine in nature and include scheduling, resource allocation, and reporting. For example, tasks performed with the assistance of advisory-based artificial intelligence systems—such as Apple's Siri and IBM's Watson—may be classified as administrative functions.

In contrast, essential duties require analytical, creative, and strategic skills, and they account for at least 75% of a director's workload. These essential responsibilities include managing organizational structure and corporate culture, talent management, as well as engagement with shareholders and other stakeholders. The distinction between administrative tasks and strategic judgment lies in the complexity of the work and the necessity for human intelligence. While the prospect of delegating administrative duties to artificial intelligence is appealing due to

¹⁴Mandal, R., & Sunil, S. (2021). The road not taken: manoeuvring through the Indian Companies Act to enable AI directors. *Oxford University Commonwealth Law Journal*, 21(1), 95-133.

¹⁵Hilb, M. (2020). Toward artificial governance? The role of artificial intelligence in shaping the future of corporate governance. *Journal of Management and Governance*, 24(4), 851-870.

its potential for efficiency, such delegation does not extend to the core responsibilities that demand human insight and discretion.

However, it is not uncommon for artificial intelligence to also play a role in supporting directors in the decision-making process related to various corporate needs. In this context, AI can provide the necessary data to assist directors in formulating policies or decisions that are closely aligned with the company's business interests. As such, artificial intelligence possesses a valuable capacity to contribute meaningfully to the company's development. The presence of AI can undoubtedly facilitate business operations by helping directors make more accurate and informed decisions. Strategic decision-making in AI-based systems typically involves the use of simulations and tools embedded within artificial intelligence to enhance the decision-making capabilities of company directors. Although current standards include the certification of appropriate algorithms to support such processes, the primary concern remains the accountability of directors in making final decisions.

Given that a director bears significant responsibilities and duties in managing the company, every decision made must be meaningful and capable of safeguarding the company's interests. A director is accountable to shareholders and other stakeholders for both actions and omissions within the corporate structure. Wooldridge and Micklethwait have emphasized that this element of accountability is what makes the limited liability company a revolutionary concept. For this reason, corporate management and oversight are entrusted to natural persons who are capable of fulfilling duties within defined legal criteria—hence the emergence of corporate supervisory structures, such as boards of commissioners.

As artificial intelligence appears to be assuming many of the responsibilities traditionally held by company directors—including the automation of decision-making—questions arise regarding how directors will be held accountable within this emerging framework. For instance, a core principle of contemporary corporate governance is the personal accountability of directors when they breach their fiduciary duties. This foundational concept would arguably be undermined if fiduciary responsibilities were entirely delegated to artificial intelligence. In response to this concern, many scholars argue that even if a director fully automates the decision-making process using AI, the director would nonetheless remain legally responsible. Whether AI is employed as a supporting tool or as the primary decision-maker, ultimate accountability continues to rest with the human director.

If a shift toward AI-based corporate governance were to take place within a company, legal accountability would need to adapt to that new reality. However, such a transformation would undoubtedly require serious legislative intervention. Until that time, accountability within an AI-driven governance framework remains fraught with legal uncertainty and risk. It must be acknowledged that under established legal doctrine, the core duties of a director—duties which are at the heart of corporate management—cannot be delegated to artificial intelligence. These duties inherently involve elements of conscience and moral judgment, which must be exercised and considered in decision-making. At present, AI systems lack the capacity to balance conscience and moral reasoning in a manner equivalent to that of human beings. Therefore, as previously discussed, artificial intelligence lacks the moral legitimacy necessary to be regarded as a legal subject in the eyes of the law.¹⁶

By way of comparison, in Australia, under Section 198D of the *Corporations Act*, directors may delegate part of their powers to another natural person. However, the provision does not explicitly clarify whether the term "person" includes artificial intelligence. Due to this ambiguity, it is arguable that a company director in Australia may have the capacity to utilize

¹⁶Vrbka, J., & Rowland, Z. (2020). Using artificial intelligence in company management. In *Digital Age: Chances, Challenges and Future* 7 (pp. 49-52). Springer International Publishing.

artificial intelligence through delegation, although the legal basis for such delegation remains uncertain. In the context of Indonesian law, the delegation of authority by directors to artificial intelligence is clearly and unequivocally prohibited. This is stipulated under Article 103 of the Indonesian Company Law (*Undang-Undang Perseroan Terbatas / UUPT*), which states: “The Board of Directors may grant written authority to one or more employees of the Company or to other individuals to carry out certain legal acts on behalf of the Company, as specified in the power of attorney.”

Directors have a duty to monitor the performance of the company. With the increasing tendency of companies to delegate as many tasks as possible to artificial intelligence, concerns arise as to whether this duty can still be properly fulfilled. Moreover, this is a fundamental issue of corporate governance, and its execution must be carried out with integrity and conscience. Therefore, directors cannot delegate their essential managerial functions or rely solely on artificial intelligence to make decisions on behalf of the company.

Artificial intelligence lacks the capacity to be considered a legal subject capable of bearing responsibility for the decisions it makes. This is because AI does not possess moral consciousness, and more importantly, it has not been legally recognized as a subject of law capable of being held accountable for its actions. In the absence of such recognition, legal responsibilities and obligations that are inherently assigned to directors cannot be transferred to artificial intelligence for the purpose of relieving directors of their legal duties. Therefore, AI cannot absolve a director from liability, as there is currently no legal framework that permits the delegation of authority or transfer of legal responsibility to artificial intelligence systems.

CONCLUSION

Artificial intelligence is not a legal subject and therefore does not constitute a legal entity capable of holding rights and obligations. This conclusion is based on the fact that AI does not fulfill the essential elements required to be considered a legal subject—most notably, the ability to act independently. On a more philosophical level, artificial intelligence also lacks moral agency in carrying out policies and making decisions as an individual would. Consequently, in this respect, artificial intelligence remains an instrument and cannot be regarded as a legal subject.

Based on the discussion above, it is evident that company directors bear significant responsibility in managing the corporation. Under Law No. 40 of 2007 on Limited Liability Companies, directors perform executive functions, which include making decisions and representing the company in legal actions. Directors are also personally liable when their actions contravene the law, and they may face both civil and criminal sanctions. Within this framework, since artificial intelligence is not a legal subject, it cannot bear any responsibility for corporate operations. Furthermore, a director cannot transfer their legal responsibilities to an AI system in an attempt to absolve themselves from liability for critical decisions.

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