

Business Legality Assistance for Small and Medium Enterprise as An Effort to Protect the Law in the Context of Post-Pandemic Economic Recovery

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Abstract

Business legality is a standard that must be met by stakeholders and an effort to validate their business. Business legality is a form of authorization and issuance of business activity licenses carried out by business owners or companies of authorized parties. So the legitimacy of the business is one that must be fulfilled by business owners to legalize their business legally. However, business legitimacy is often overlooked by business actors including micro, small and medium enterprises (MSMEs). The purpose of this assistance is to provide education to the community, especially to the owners of MSMEs kafa Berkah in Sumbangtimun Village, Trucuk District, Bojonegoro Regency. Business legality documents serve to protect MSMEs in the eyes of the law. The method of service implementation takes place through socialization to the village government, community leaders, small business owners in Sumbangtimun Village. The results obtained in this activity are awareness of human resources and resources related to the importance of business legality making guidelines for managing legality documents for small and medium enterprises.

Keywords: Business legality, MSMEs, human resources

INTRODUCTION

In the country the problem that occurs is about economic growth. Although there are several other problems such as unemployment, poverty, income, inflation or the simultaneous increase in the price of goods, and so on. Economic growth is important in a country's economy because it can become one a measure of the growth or achievement of the nation's economy (Muhammad, 2018). The existence of the Covid-19 pandemic has greatly impacted all aspects of life (Ismet, 2022), especially in terms of the economy, where there are many business actors or entrepreneurs who have experienced losses, with changes in life patterns, especially in MSMEs. With the pandemic, MSMEs in sales have experienced a decline and even stopped to produce.

In improving the welfare of the people, it is necessary to have national economic development, as has been stated in Article 33 paragraph (1) of the Constitution of the Republic of Indonesia states that "The economy is structured as a joint effort based on the principle of kinship", the meaning is very good, namely that the welfare of the people as a whole is not individual. There are several efforts to improve the welfare of the people, one of which is by increasing the competitiveness of Micro, Small and Medium Enterprises (hereinafter referred to as MSMEs) and related to the legality of MSMEs. MSMEs are a productive economic business that was born as one of the human activities in meeting the needs of their daily lives. In addition, MSMEs are also supporting the community and regional economy (Indrawati & Amnesty, 2019). Therefore, MSME players are required to do so to compete in this free market era. One of the conditions is to meet the permit or commercial legality. However, this is still not widely known by the general public, especially for small and medium-sized businesses.

In the business of trading permits are a form of approval or granting permits from the authorities to business actors, entrepreneurs are required to carry out management and have permits in accordance with their fields so that their business activities can run smoothly (Regulation of the Minister of Trade, 2009). Meanwhile, business legality is an important element as a sign of identity that a business entity is legal and legally valid, so that it is recognized by the community (Kusmanto & Warjio, 2019). The legality of business as information for the public, especially for parties interested in identity and matters related to the business world and

companies that are established, work and domiciled in the territory of the Republic of Indonesia (Suhayati, 2016). In other words, the legality of the company must be valid and meet the requirements of the applicable laws so that the existence of the company is protected or covered with various documents until it is valid in the eyes of the law in the ruling government at that time (Sidabalok, 2012). Legality documents needed for business MSMEs include a Business Identification Number (NIB), Home Industry Food (P-IRT), Intellectual Property Rights (HaKI) and HALAL certification.

Sumbangtimun Village is a village located in Trucuk District, Bojonegoro Regency, where the majority of the population works as farmers and a small part of them work as MSME actors, but most MSMEs in Sumbangtimun Village do not have the business legality of one of the MSMEs in Sumbangtimun Village, namely THE Kafa Berkah MSME. UMKM Kafa Berkah is an MSME engaged in the manufacture of snacks in the form of cassava chips, MSMEs Kafa Berkah was established in 2013, UMKM Kafa Berkah is a macro business managed by Haniatul Wafiroh which until now. In fact, business legality is an important thing that needs to be considered for the sake of business continuity (Noor & Rahmasari, 2018). MSME players are required to do so to compete in this free market era, one of the conditions is to meet commercial legality. However, taking care of business legality documents is also an effort to protect the law for the sustainability of the business it owns. Therefore, it is necessary to educate the public, especially MSME stakeholders, about the importance of business legality.

Based on this background, the solution to the problems proposed by this author is legal education through socialization of the importance of business legality as an initiative to prepare guidelines for legal protection and management of business legitimacy documents for MSMEs, especially MSMEs Kafa Berkah.

METHOD

This service activity in the form of assistance and socialization related to the importance of msME business legality, was carried out in August 2022. There are several stages in the implementation of this devotion, namely:

Observation

In the early stages of service work, we made the first observations as a source of data to carry out the service. In addition to observation, an interview was conducted with the Head of Sumbangtimun Village. From the observations that have been made, we obtained data that most MSMEs in Sumbangtimun village still do not have business licenses. Then it was agreed to provide counseling and assistance to MSMEs in Sumbangtimun village, especially MSMEs kafa Berkah.

Counseling On Business Legality And Discussions

In terms of existing problems, our service activities are carried out in several activities, one of which is consultation and legal assistance. Legal consultations are carried out through material presentations and question and answer sessions

Mentoring

The series of service activities that will be held aims to stimulate awareness for MSME actors to register business licenses and obtain Business License Numbers. Therefore, from various service activities we offer registration assistance and technical guidance which is assisted directly by representatives of the Bojonegoro Regency Trade Office

RESULTS AND DISCUSSION

The Law Number 20 of 2008 concerning Micro, Small and Medium Enterprises (hereinafter referred to as the MSME Law), it is not regulated in relation to the definition of MSMEs as a whole, but the definition is explained separately, namely in article 1 number 1 "micro-enterprises are productive businesses owned by individuals or individual business entities that have met the criteria for micro-enterprises". Article 1 number 2 states that small business is a productive economic enterprise that has stood alone, which is carried out by individuals or business entities that are not subsidiaries, then in article 1 number 3 medium enterprises are productive economic businesses that stand alone carried out by individuals or business entities that are not subsidiaries with a total net worth.

In order to build a national economy based on equitable economic democracy, MSMEs have the goal of growing and developing their businesses, as regulated in article 3 of the MSME Law, besides that there are also principles, namely the principle of kinship, economic democracy, togetherness, equitable efficiency, sustainability, environmental insight, self-reliance, balance of progress and national economic unity, as explained in article 2 of the MSME Law. The importance of business licenses in conducting business, especially for MSMEs, with the existence of MSME permits, can be protected by legal certainty, security and comfort, related to permits have been regulated in article 12 of the MSME Law that aspects of business licensing are aimed at simplifying the procedures and types of business licensing with a one-stop integrated service system; and waiving licensing fees for micro-enterprises and providing licensing fee relief for small businesses (Marlinah, 2020).

The service began with observations in the Sumbangtimun Village area to MSME actors, observations made related to the condition of MSMEs and the legality of their businesses, but almost all MSME actors in Sumbangtimun Village were not aware of the importance of business legality. Therefore, the author seeks to provide an understanding of the importance of business legality, the methods used include providing counseling related to business legality sourced by the Bojonegoro Regency Trade Office and also assisting in business legality licensing including Business Identification Number (NIB), Home Industry Food (P-IRT), Intellectual Property Rights (HaKI), trademarks and halal labels.

Observation of MSME Conditions and Interviews

The observations carried out aim to find out the condition of MSMEs and provide a preliminary understanding of the importance of business legality for MSMEs actors around Sumbangtimun Village. The observation process was carried out by observing data owned by the Sumbangtimun village government and data owned by MSMEs, the results of the observations showed that 10 MSMEs in Sumbangtimun village did not have any business legality documents. Meanwhile, the interview process was carried out face-to-face with each MSMEs owner in Sumbangtimun village and showed that the 10 existing MSMEs were interested in participating in the counseling process and assistance in managing business legality documents.

Socialization of Procedures for Managing Business Legality

The legality of *udaha* as an identity that confirms the business, that way the existence of legality is important. In this method, the service team provided material and understanding of the importance of legality for micro, small, and medium enterprises as well as procedures and requirements for how if MSMEs want to register their business licenses through socialization and question and answer as well as direct assistance which was attended by quite enthusiastic participants, this method was carried out in micro business legality assistance activities, small and medium-sized in Sumbangtimun village.

Socialization was carried out with the title "Socialization of MsME Resource Management through Strengthening the Quality of Resources" but in it also discussed material and assistance on business legality. This socialization was followed by the Dukuhrejo village government, representatives of community leaders and MSME business owners. In this first session, the speaker explained how to obtain business legality which is very important to ensure legal protection for small businesses. To ensure this, MSMEs need legal protection for business continuity. Therefore, it is necessary to have an understanding of the community. In particular, MSME actors should not ignore the existence of the legitimacy of their business. The process of socialization of increasing resources and legality of the business. In this activity, counseling participants received various materials including MSME resource management to the legitimacy of their business. In the material on the legality of the business, the speaker explained that the understanding of trademark is the identity used by business to do business. The presence of a brand can make a company known to the general public or the public who identify itself as a certain business that distinguishes it from other similar companies.

Next, the Business Identification Number, the concept of NIM existed in 2008, namely in Government Regulation Number 24 of 2018 concerning Electronically Integrated Business Licensing Services, in article 1 number 12 that the Exchange Main Number hereinafter

abbreviated as NIB is the identity of the business actor issued by the OSS institution after the business actor registers. The NIB itself consists of 13 digits with an electronic signature that is enhanced in security. Economic actors are not charged for making NIB and can apply as long as the economic actors are still running a business. NIB allows economic actors to apply for business and trade licenses or business licenses, depending on their field of business.

The next required business legality is the Household Industry Food permit hereinafter referred to as P-IRT. P-IRT is a license for the home-scale food and beverage industry. In general, PIRT is included in a label on the product packaging in the form of a row of numbers registered in the health service (Kurniawan & Astuti, 2018). It is important that the P-IRT is owned by home-scale food and beverage entrepreneurs. The P-IRT attribute is proof that the food and beverages produced have passed food safety and compatibility tests. Therefore, the food and beverages installed by P-IRT have permission to be marketed in the wider community. Business actors must meet administrative requirements if they want to obtain a P-IRT permit as stipulated in the Regulation of the Food and Drug Supervisory Agency Number 22 of 2018 concerning Guidelines for Granting Household Industry Food Production Certificates as follows:

- Submission of SPP-IRT application;
- Evaluation related to the submission of SPP-IRT applications in terms of completeness documents;
- Food safety counselling;
- Inspection of food production facilities of household industry;
- Provision of P-IRT number.

In this stage, the next stage is discussion and question and answer. In this session, participants enthusiastically asked questions about the material. The speaker reiterated the business legality documents required for small businesses and the procedures for handling these documents.

Implementation of Mentoring

In the learning method, there are several methods, one of which is the Learning by Doing method, this mentoring process uses the Learning by Doing method, which is a form or way by uniting thoughts and actions with (Fery Muhammad, 2021). This is intended to support the legitimacy of MSMEs in Sumbangtimun Village, namely by providing an understanding and tangible results about the importance of the legitimacy of MSMEs and their functions and benefits. In this assistance, only one MSME is a pilot for the registration process until the issuance of documents, the MSME in question is the Kafa Berkah MSME. The mentoring process begins with NIB registration which is carried out online via a smartphone on the <https://oss.go.id/> website.

Business legality documents that must be owned as MSMEs engaged in the next snack production, namely P-IRT, in the P-IRT submission process including a survey process carried out by the Health Office. Therefore, the Kafa Berkah MSMEs must meet the requirements that have become standards from the Health Office, ranging from food labels, production sites, and product quality. Trademark submission for MSMEs Kafa Berkah, the submission mechanism begins with making an APPLICATION LETTER for MSME information addressed to the Bojonegoro Regency Trade Office, after the request is received by the Trade Office to conduct a review to MSMEs Kafa Berkah. Furthermore, the mentoring process continues with the submission of halal labels. In this stage, the mentoring process only helps complete the draft requirements in submitting halal labels by filling out the SJPH offline, then submitted to the halal center of Bojonegoro University for confirmation.

CONCLUSIONS

This community service program is about assisting in making micro-business licenses in Sumbangtimun Village, especially at MSMEs in Kafa Berkah through online and offline systems as an empowerment of MSMEs in Sumbangtimun Village who do not yet have a business license. Assistance and socialization of business licenses need to be carried out for MSMEs considering that aspects of business legality provide legal certainty, get convenience in accessing financing to financial institutions and get empowerment from the regional central government and other

institutions. There needs to be a follow-up program, to increase public income and legal certainty for business actors, it is recommended that there be regular guidance by the government related to the legality of business in MSMEs.

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APPENDIX



Figure 1. Socialization

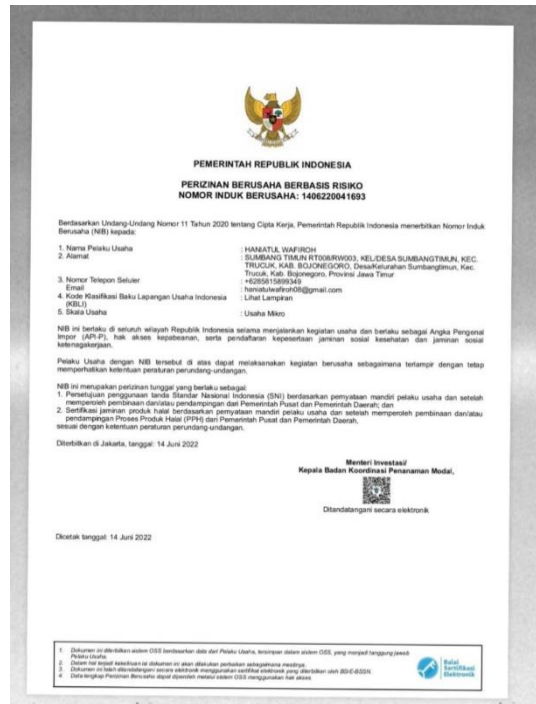


Figure 2. Licensing of the Business Identification Number



Figure 3. Visits from the Health Department Regency Bojonegoro