



Socialization of Business Legality for Micro, Small, and Medium Enterprises (MSMEs) to Improve Community Economy During the Covid-19 Pandemic in Perca Village, Sindangsari Village, East Bogor City

Yenny Febrianty; Mustika Mega Wijaya; Nazaruddin Lathif

Faculty of Law, Pakuan University, Indonesia

<http://dx.doi.org/10.18415/ijmmu.v10i7.4981>

Abstract

Effort micro, small and medium SMEs) have a very large role in advancing the Indonesian economy where MSMEs contribute greatly to employment, which absorbs more than 99.45% of the workforce and contributes to the Gross Domestic Product (GDP) of around 30%, besides that MSMEs also absorb a large number of workers. Indonesian workers who are still unemployed. MSMEs are one of the important foundations of the Indonesian economy. This type of business is not much affected by fluctuations in inflation, is flexible, and does not depend much on the macro-financial system. MSMEs also play a very important role in strengthening the economic system of the grassroots community. The problems currently faced by the Micro, Small, and Medium Enterprises sector, especially the manufacturing industry sector in general, are (a) the low quality of human resources in the field of information technology and business planning; (b) the limited capital capacity of small and medium industrial enterprises; (c) the role of the supporting system for the development of small and medium industrial enterprises by the local government is not yet optimal, and (d) government policies and regulations that are not supportive/not in favor of the development and progress of the Micro, Small and Medium Enterprises sector, the manufacturing industry sector. UMKM itself is a business entity that is one of the appropriate containers and vehicles for the implementation of national development in the economic sector, especially in the field of efforts to increase greater capacity for the economically weak to participate in the development process. This for MSME managers is a role and function in building and developing the economic potential and capabilities of the community to improve their economic and social welfare and enhance their quality of life. Small and medium enterprises (SMEs) need special protection in facing the free market. The expected protection is in the form of, among other things, strengthening the capacity of human resources, capital, training, promotion, and a conducive business climate. MSMEs, both those on a micro, small, and medium scale, are recommended to have a business license. A business permit is a form of official document from the competent authority, which states that a person or entity is legal/permisible to carry out a particular business or activity. So, how important is the 'business license' in the context of doing business, especially for Micro, Small, and Medium Enterprises (MSMEs), so that they can be protected, there is certainty in doing business and enjoying the comfort and security they deserve, so they can contribute more significantly to the world. In increasing the added value of production, supplying goods and services needed by the community, absorbing labor, and disseminating the growth of entrepreneurship. Perca Village in Sindangsari Village is one of the icons of the city of East Bogor. The Sindang Sari Village has a vision, which is to become an orderly trade

center with a comfortable residential environment and an empowered community. This village has the concept of making a thematic village. Thematic Villages are the target points for the sub-district to improve by taking into account the following: changing slum locations to non-slum areas / improving/improving environmental conditions, increasing intensive greening of areas, involving active community participation, elevating the social and economic potential of the local community (empowerment).

Keywords: *UMKM; Perca Village; Economic Prosperity*

Introduction

The Covid-19 pandemic has shaken every country in all parts of the world. This pandemic has lasted almost two years from 2019 until now. Not only attacking the public health of a country, this pandemic also infects the health of the country's economy, not apart from Indonesia.

The role of the state in every sector is very important, especially in the economic sector. Considering that since independence, the role of the state in the economic sector has tended to be increasingly dominant. This can be seen in the policy of fostering cooperatives which are considered the pillars of the Indonesian economy, as well as from the laws and regulations inherited by the colonialists, namely the LawYear1927 and the ActYear1933.

Various efforts have been made by the state to overcome the economic impact of this pandemic, one of which is the interest subsidy policy. However, it is felt that this interest subsidy has no direct impact as an economic stimulus for the recovery of Micro, Small, and Medium Enterprises (MSMEs). This is rooted in the fundamental problem experienced by MSMEs themselves, namely the unavailability of capital to start a business again due to the loss of markets due to the declining purchasing power of the grassroots due to restrictions on social activities as an effort to break the chain of the spread of this virus. Therefore, it is necessary to develop a new strategy that can prevent Indonesia from economic recession and revive a just national economy based on a spirit of mutual cooperation and a spirit of kinship.

One of the steps that can be taken is by resetting the concept of people's economic development that is more just and familial as mandated Constitution1945 Article 33, states: "The economy is structured as a joint venture based on the principle of kinship." Then according to Article 1 of Law No. 25 of 1992 concerning Cooperatives:¹

"Cooperatives are business entities consisting of individuals or cooperative legal entities with the basis of their activities based on cooperative principles as well as a people's economic movement based on the principle of kinship."

The ideals of Indonesian Cooperatives fundamentally oppose individualism and capitalism. The understanding of Indonesian Cooperatives creates a collective Indonesian society, rooted in the original Indonesian customs of life, but grown at a higher level, in accordance with the demands of modern times. The spirit of Indonesian collectivism will be revived with cooperatives that prioritize cooperation in a family atmosphere between individuals, free from oppression and coercion. Apart from being seen as a form of company that has its own principles and principles, cooperatives in Indonesia are also seen as a tool for building an economic system.²

¹Article 1 Law Number 25 of 1992 concerning Cooperatives.

² Ninik Widiyanti and Sunindhias, "Cooperatives and the Indonesian Economy", Jakarta: Bina Script, 1989, p. 174.

Our target is that with the legality of business entities owned by members of cooperatives and MSMEs, we can improve the economic welfare of the community during the Covid 19 Pandemic. Community service is carried out in Perca Village, Sindangsari Village, and East Bogor District. is one of the icons, residents get the education to become craftsmen by utilizing leftover sewing cloth to be made into a product in the form of bags, clothes, prayer mats, hair ties, curtains, blankets, bed sheets, tablecloths, etc. Apart from that, in the area, there are several galleries for selling products, and there are also several spots for taking pictures for visitors who visit this patchwork village by utilizing the walls of the residents' houses.

The Bogor City Government (Pemkot) inaugurated a patchwork village in RW 01, Sindangsari Village, East Bogor District on Friday, December 17, 2021. This patchwork village is a thematic village that produces various handicrafts from patchwork. This patchwork village was inaugurated by the Governor of West Java, Ridwan Kamil, the Mayor of Bogor, Bima Arya Sugiarto, and the Chairperson of the Bogor City Dekranasda, Yane Ardian. This Perca Village not only provides jobs for residents but also becomes a new tourist spot in Bogor City.

2. Research methods

Research is a principal tool in the development of science and technology. This is because research aims to reveal the truth in a systematic, methodological, and consistent manner. Through the research process analysis and construction of the data that has been collected is carried out. The research method used in this legal research is normative juridical research, which is carried out by examining library materials that are secondary data and is also called library research.

3. Data Collections

Situation Analysis

In the context of efforts to advance the position of people who have limited economic capacity, the Government of Indonesia pays attention to the growth and development of cooperative associations. In the context of a people's economy or economic democracy, production and consumption activities are carried out by all members of the community and for members of the community, while the management is under the leadership and supervision of the members of the community themselves. The principle of economic democracy can only be implemented in a cooperative that is based on kinship. Operationally, if cooperatives become more empowered, production and consumption activities which would not be successful if carried out individually, then through cooperatives that have received mandates from their members can be carried out more successfully. In other words, the economic interests of the people, especially groups of people who are at the lower economic level (eg farmers, fishermen, street vendors) will relatively more easily fight for their economic interests through cooperatives. This is actually the background to the importance of empowering cooperatives. Cooperatives can cover the economic life of the entire community even though they do not have a large capital, but cooperatives provide a place to be able to support the economic development of the community in developing their business. SMEs and Cooperatives are two things that need each other. This is actually the background to the importance of empowering cooperatives. Cooperatives can cover the economic life of the entire community even though they do not have a large capital, but cooperatives provide a place to be able to support the economic development of the community in developing their business. SMEs and Cooperatives are two things that need each other. This is actually the background to the importance of empowering cooperatives. Cooperatives can cover the economic life of the entire community even though they do not have a large

capital, but cooperatives provide a place to be able to support the economic development of the community in developing their business. SMEs and Cooperatives are two things that need each other.³

Developing cooperatives and MSMEs that are directed to make a significant contribution to economic growth, job creation, and increased competitiveness, as well as increased income for low-income communities (micro-enterprises). Strengthening institutions by applying the principles of good governance and gender insight, especially to expand the business base and opportunities and foster new excellent entrepreneurs to encourage growth, increase exports and create jobs, especially by; developing MSMEs to play an increasingly important role as providers of goods and services to the domestic market.

In general, a business license can be interpreted as a form of granting permission from the authorities for the entire process of establishing and conducting business activities. For the government, business legality is a means to foster, regulate, direct, and supervise trading business licenses.

The legality of this business is needed by every business actor who wants to run his business safely and comfortably.

Business legality is not only used as a formality document, there are several other benefits that can be felt by business actors who have legality in the businesses they establish. Some of the benefits of business legality include:⁴

1. Evidence of Legal Compliance

The first benefit of business legality is proof that these business actors want to be good citizens by complying with the laws in force in Indonesia.

2. Legal Protection Facilities

A business that already has official business legality will avoid being disciplined by the authorities. This certainly can provide security and comfort for business actors to run their businesses.

3. Facilitate Business Development

The next benefit of business legality is that it can make it easier for business people to develop the business. Because to be able to enlarge a business, large capital is also needed.

With the legality of this business, companies can get easier access to get the additional capital they need.

4. Media Promotion

The importance of business legality next thing is to increase the level of consumer confidence to use the products marketed by the company.

This of course can have an impact on increasing the percentage of sales received by the company in the future.

³ Dinalara D Butarbutar, Mustika Mega Wijaya, Cooperative And Msme Empowerment Strategies in Economic Recovery During The Covid-19 Pandemic in Bogor Regency Indonesia, <http://ieomsociety.org/proceedings/2021monterrey/757.pdf>, Proceedings of the International Conference on Industrial Engineering and Operations Management Monterrey, Mexico, November 3-5, 2021.

⁴ Business Legality: Definition, Types, and Benefits, <https://majoo.id/solusi/detail/legalitas-usaha>, accessed on 07 December 2022.

5. Requirements for Business Purposes

The last benefit of business legality is that it makes it easier for businesses to get projects. This is because a business wishing to participate in a tender requires legal documents as one of the requirements.

a. Type of Business Legality

There are several types of business legality that are required for every business actor. Each type of business has a different business license. To make it easier for you to understand the legality of business in Indonesia, we present several types below.

1. Business Identification Number (NIB)

Business Identification Number (NIB) is the identity of business actors that is used by individual businesses, legal entities, and business entities. The OSS Institution will issue this Business Identification Number after the business actor registers his business.

2. Certificate of Business Domicile (SKDU)

A Certificate of Business Domicile or SKDU is needed to prepare other supporting documents such as NPWP, SIUP, TDP, and so on. Business actors can get this SKDU through the local sub-district or sub-district.

3. Taxpayer Identification Number (NPWP)

Next, there is tax_(NPWP) which will be issued by the tax officer and given to taxpayers, both individual taxpayers and legal entities.

Later, this NPWP is needed as a taxpayer identity as well as for other tax administrations.

4. Trading Business Permit (UD)

Trading Business License (UD) is a letter given to individuals to run their trading business. This business license is only given to types of businesses whose management is only carried out by individuals.

5. Business Location Permit (SITU)

One of the business licenses that must be owned by individual business actors, business entities, and companies is a Business Location Permit or SITU. This letter is used as proof of the permit for the place of business that you established and is in accordance with the required regional spatial layout.

6. Principle Licensing

Principle Licensing is a permit issued by the Regional Government (Pemda) as proof of permission to establish a business in an area.

7. Industrial Business License (SIUI)

SIUI (Industrial Business Permit) is a letter required by small and medium enterprises to be able to run their industrial business. You can create SIUI through the system provided by the OSS Institute.

8. Trade Business License (SIUP)

Trading Business Permit (SIUP) is a permit issued by the Regional Government (Pemda) to grant permits for business actors to carry out their trading business.

9. Construction Service Business License (SIUJK)

For types of businesses engaged in construction services, a Construction Service Permit (SIUJK) is required to be able to run all of their business.

10. HO (Disturbing Permit)

A Nuisance Permit or known as an HO (Hinder Ordonantie) is a letter issued by the Business Domicile Licensing Service through the regency or city Regional Government (Pemda).

This letter is a statement stating that residents in the vicinity of the business location are not disturbed or object to the existence of the business.

11. Building Permit (IMB)

For business actors who want to construct new buildings, change, enlarge, reduce, and/or want to maintain buildings according to applicable requirements, they will need a Building Permit (IMB) issued by the Regional Government (Pemda).

12. Certificate of Functionality (SLF)

Certificate of Proper Function is a certificate issued by the Regional Government (Pemda) and given to owners of buildings that have been built according to IMB and are suitable for use according to their functions.

13. Tourism Business Registration Certificate (TDUP)

Tourism Business Registration Certificate (TDUP) is proof of registration that must be owned by all types of businesses related to the tourism sector, such as providing accommodation, food and beverage service providers, tour guide services, organizing meetings, and so on.

Every business actor, whether micro or macro business, requires a business license to carry out all of his business activities. The following is how to legalize a business that has legal entity status.

1. Take care of the Taxpayer Identification Number (NPWP) for business owners or founders.
2. Prepare a deed of establishment of a company or cooperative.
3. Register the deed of establishment of the company.
4. Take care of the NPWP on behalf of the business entity.
5. Take care of the Business Identification Number (NIB) as a form of Basic Business Permit.
6. Take care of advanced permits (Business Permits and Commercial Permits).
7. Manage the registration of permanent employees to BPJS Health and BP Jamsostek.

After understanding how to make business legal, it's a good idea to also know the amount of business legal fees.

To establish a Trade Business License (SIUP), each district or city has varying prices. However, in general, the amount of costs required is as follows.

1. Small and Medium SIUP

Small and medium SIUP which are processed normally for 8 to 10 working days require a cost of approximately Rp. 1,500,000, while for a 3 to 5-working-day manufacturing process a fee of Rp. 2,500,000 is required.

2. Large SIUP

Making a permit for 8 to 10 working days costs IDR 2,500,000, and for a faster process, which is 3 to 5 working days, it costs IDR 4,000,000

Kampung Perca is a thematic village that produces various handicrafts from patchwork geography Sindangsari sub-district has an area of 90 hectares. Kelurahan topography: Flat land surface with a height of 300 meters above sea level, has an area of 90 hectares, the distance to the center of the District Government is 10 Km and the distance to the Bogor City Government Center is 20 Km. The population of the village is around 8,446 people.⁵ The involvement of community participation and existing institutions aims to build trademarks/environmental characteristics through increasing/developing local potentials owned by Sindangsari Village. These potentials can be in the form of:

- a. Community businesses are dominant and become the main source of income for most residents.
- b. Educational community character (culture, tradition, local wisdom)
- c. Healthy society and environment
- d. Environmentally friendly home industry
- e. Community crafts
- f. Characteristics of a village that is stronger / not owned by other villages and can become an icon.

Benefits and Impacts of Thematic Villages:

1. Fulfillment and improvement of environmental facilities and infrastructure (physical and social services) that are better, and organized
2. Growth and improvement of the local economy which has the potential to increase family income.
3. Supporting the area's trademark to become iconic, can have a positive influence on local residents such as changing the mindset and behavior of residents, community empowerment,
4. It is hoped that it will also provide a positive influence and attraction (magnet) for other villages in the sub-district and other sub-districts so that they are triggered and encouraged to realize a similar theme.
5. The emergence of new visiting points in each District/Kelurahan which are not all centralized at the City Level (building of centers, gallery houses) that support the development of the potential and icons of the City of Bogor
6. It is hoped that this will inspire CSR Providers to replicate Thematic Villages in Villages/Kelurahan in other regions.

According to information from the Sindangsari sub-district head, MSME business actors do not yet have a business license. Whereas one very important aspect of the development of Small and Medium Enterprises (SMEs) is business legality. Business legality through licensing is very important for SMEs to make it easier for business actors to access capital in developing their businesses and competing with other business actors.

The President issued Presidential Regulation (Perpres) of the Republic of Indonesia Number 98 of 2014 concerning Licensing for Micro and Small Enterprises, which stated that micro and small

⁵ Sindangsari Village Profile, <https://kelsindangsari.kotabogor.go.id/welcome/profile>, accessed on December 15, 2022, at. 20.15 WIB.

business activities as one of the people's economic enterprises engaged in informal sector trading businesses need to be empowered to improve and develop business activities. and the community's economy in order to improve and develop the community's economy through micro and small business activities, it is necessary to have simple, easy, and fast access to the licensing process legality to obtain certainty and protection in doing business.

Percha village in Sindangsari village it has a concept to make a thematic village, to make it a tourist village. Some of them have started to be made some supporters such as:

1. Homestays

The plan is to utilize the houses of several residents to also prepare homestays that will be used for lodging for visitors.



2. Cai Park

Cai Park is planned to be used as a tourist attraction for fishing and water sports. Apart from that, residents can sell goods, which will later be made into canteens and stalls which can be used as a livelihood for residents of the Sindangsari sub-district.



3. Berseri Village

Kampung Berseri is used as a resident for the area where cycling is practiced, especially on Saturday and Sunday car-free days, residents can sell around the area.



4. Culture Village



Residents of the Sindang Sari Village have cultural art skills, namely gamelan, angklung, clung, etc., and several times won championship awards.

5. Fresh Fish Village



Residents use the yard of the house to make ponds for cultivating freshwater fish for sale. Residents also make their own fish pellets.

Perca Village still needs the development of MSMEs in the Sindangsari Village, it is important to do this so that it can be realized, making the Perca Village a thematic village and a tourist village so that it can improve the welfare of the residents of the Sindangsari Village.

Conclusion

Cooperative development is basically intended to encourage cooperatives to carry out business activities and play a major role in people's economic life. The guidance carried out by the Regional Government of Bogor City as mandated has not yet been able to run as it should. Lack of knowledge about how to develop a business and lack of product innovation. Most micro, small, and medium business owners do not have enough knowledge about how to develop a business. They also only focus on the production process without trying to improve product quality. Business actors do not understand digital marketing. So sales are only seasonal during holidays. On the other hand, limited capital is also an obstacle for the villagers of Perca. capital is needed to expand its business so that it can survive and develop. Currently, lecturers at the Faculty of Law, Pakuan University have provided socialization and guidance in providing education that business legality can provide legal certainty and protection to business actors. Forms of Business Legality, namely: micro and small permits (IUMK), cv, PT, etc. Business legality is a means to foster, order, direct, and supervise trade business licenses. The legality of this business is needed by every business actor who wants to run his business safely and comfortably.

References

Law Number 25 of 1992 concerning Cooperatives.

Ninik Widiyanti and Sunindhias, "Cooperatives and the Indonesian Economy", Jakarta: Bina Script, 1989.

Heri Kusmanto, Warjio, The Importance of Business Legality for Micro, Small and Medium Enterprises, JUPIIS: Journal of Social Sciences Education, 11(2) (2019): 320-327 DOI: <https://doi.org/10.24114/jupiis.v11i2.13583>.

Dinalara D Butarbutar, Mustika Mega Wijaya, Cooperative And Msme Empowerment Strategies in Economic Recovery During The Covid-19 Pandemic in Bogor Regency Indonesia, <http://ieomsociety.org/proceedings/2021monterrey/757.pdf>, Proceedings of the International Conference on Industrial Engineering and Operations Management Monterrey, Mexico, November 3-5, 2021.

Business Legality: Definition, Types, and Benefits, <https://majoo.id/solusi/detail/legalitas-usaha>, accessed on December 07, 2022.

Sindangsari Village Profile, <https://kelsindangsari.kotabogor.go.id/welcome/profile>, accessed on the 15th December 2022, At. 20.15 WIB.

Copyrights

Copyright for this article is retained by the author(s), with first publication rights granted to the journal.

This is an open-access article distributed under the terms and conditions of the Creative Commons Attribution license (<http://creativecommons.org/licenses/by/4.0/>).