

## **Dissemination of Micro and Small Business Licensing to Increase Awareness of the Importance of Business Licensing**

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### **ABSTRACT**

The low level of ownership of business legality is caused by the lack of knowledge of MSE actors regarding the benefits and importance of ownership of business licenses as well as limited information regarding procedures for managing business legality. To overcome the above problems, it is necessary to support and assist the development of UMK in Bulak village. This community service activity aims to increase the knowledge, awareness and skills of stakeholders in Bulak Village on the importance of the Business Identification Number (NIB) for MSEs in increasing the economic resilience of the region. Service activities are carried out through focus group discussion, counseling and question and answer methods. The results obtained in this study indicate that many MSEs do not have business legality, because they do not understand the importance of a business license and how to manage it. So it takes escort by the closest stakeholders or the relevant government in providing information about the benefits of having a business license (NIB), why you have to have an NIB, how to get an NIB, and motivating stakeholders to encourage MSEs to get business permits.

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### **INTRODUCTION**

A conducive business climate for micro and small enterprises (UMK) is an important factor in being able to compete and achieve quality economic growth. The current conducive business climate has led to the emergence of a new government policy to have complete and legal permits (Wardhani et al., 2022). This is based on the benefits it can provide obtained, including getting guaranteed legal protection, making it easier to

develop a business, helping facilitate business marketing (both domestic and export), easier access to financing, and making it easier to obtain business assistance from the government (Kusmanto, H., & Warjio, 2019).

Micro and small businesses (UMK) are economic heroes, especially during crises such as the Covid-19 pandemic yesterday, because as many as 97% of existing jobs are still dominated by MSEs (mnews.co.id, 2022) (mnews.co.id, 2022). However, most micro and small business actors still have the status of informal businesses that do not yet have a legal business license and do not have a Business Identification Number (NIB). So that micro and small business actors experience difficulties in accessing funding and marketing programs in developing their business such as financing and assistance from banks, obtaining investment, procurement of goods, work contracts with corporations and other conveniences (surabaya.co.id, 2022).

The general problems faced by micro and small business actors can be detailed as follows: 1) Having a makeshift business premises; 2) Not able to access funding from financial institutions; 3) Low entrepreneurial ability; 4) Low business management capabilities; 5) The level of general education is relatively low; 6) Lack of access to markets; 7) Low access to permits 8) Low access to technology and information (Yeni et al., 2021).

Micro and small business actors must transform from informal businesses without legal entities to formal businesses by building a business ecosystem, one of which is by assisting in the creation and issuance of business permit numbers (NIB). This NIB is important (Nursansiwati & Wardah, 2022), because the business will have a legal entity, MSEs can collaborate with other parties by accessing financing, obtaining distribution permits, and easily obtaining various certificates including halal certificates (Putro et al., 2022). So that in the future the turnover of business actors will increase because by getting assistance from all lines, whether bank credit or a touch from the investment ministry, it will enable business actors to develop more (surabaya.co.id, n.d.). NIB is an implementation of Law Number 11 of 2020 concerning job creation and is a collaborative product of three ministries, namely the ministry of cooperatives and SMEs (KemenkopUKM), the ministry of investment/Capital Handling Coordinating Board (BKPM) and the ministry of BUMN (surabaya.co.id, 2022). As of December 18 2021, there were 570,105 NIB has been issued throughout Indonesia and 98% of the total NIB that has been issued is for micro and small businesses (UMK). According to Article 87 paragraph 1 of the Job Creation Law, the criteria for Micro and Small Enterprises (UMK) include turnover, business capital, net worth indicators, annual sales results, application of environmentally friendly technology, local content, and the number of workers in accordance with the criteria for each business sector. Micro, Small Enterprises (UMK) are an important sector in economic development in Indonesia as an effort to reduce the unemployment rate every year. Law No. 11 of 2020 concerning Job Creation, 2020. (Undang-Undang Republik Indonesia, 1997) (Ministry of Manpower, 2020).

Regulations regarding micro and small enterprises (MSEs) are well regulated by the government as an effort to improve the economy and

competition on a global scale in order to create competitiveness and experience. Micro and Small Enterprises (UMK) have a significant contribution to the Indonesian economy. As of April 2020, online sales increased by 480 percent and micro and small businesses (UMK) contributed more than 60 percent of Gross Domestic Product (GDP). According to data from the Ministry of Cooperatives and SMEs, the number of micro and small businesses (UMK) currently reaches 64.2 million and contributes to GDP worth IDR 8,573.89 trillion. Micro and small business actors (UMK) are obliged to comply with government regulations when running their business. This is related to the Trading Business License (SIUP) and Company Registration Certificate (TDP) and the obligation to have a Taxpayer Tax Number (NPWP) (Koesrianti, 2021). By having all the requirements, it will make it easier for business actors to obtain assistance or stimulus from the government and have clear business legality and legal protection. (Wardhani et al., 2022)

Based on initial observations on July 7 2022, in the Bulak sub-district, Bulak sub-district there were 24 micro and small businesses and as of July 13 2022 only 7 had NIBs, or only 29.16% of newly incorporated MSEs had NIB ownership (Angka, 2021). The low level of legal business ownership is caused by the lack of knowledge of MSEs regarding the benefits and importance of owning a business license as well as limited information regarding procedures for managing business legality. To overcome the above problems, support and development assistance is needed for Bulak sub-district MSEs, so that the Regional Government through the Community Partnership Program contained in community service activities is expected to be a facilitator in assisting and coaching MSEs so that they are able to develop for the better.

Some people understand that processing business permits and legality is complicated and takes a long time. In terms of development, the implementation of ease of licensing for MSEs is still not possible in all regions because there are still regional heads who have not issued regulations to delegate the authority to issue MSE permits to sub-districts (Umi et al., 2022). Apart from the role of the government, the NIB making training also requires the role of academics. This is similar to research conducted by Kusnindar in 2020 which explained that NIB must be owned by all business actors. The role of the academic community is very important to speed up the socialization and training process.

The aim to be achieved from this community service program in general is to increase the knowledge, awareness and skills of stakeholders in Bulak Subdistrict regarding the importance of the Business Identification Number (NIB) for MSEs in increasing the economic resilience of their region. Service activities are carried out through focus group discussion methods, counseling and questions and answers regarding procedures for processing legalities through Online Single Submission (OSS)(PTSP, 2019).

Based on the above background, the community service program is entitled: "Dissemination of Micro and Small Business (UMK) Licensing to Increase Awareness of the Importance of Business Licensing."

## METHODS

This community service program activity will be held on July 21 2022. The location of the activity is in Bulak sub-district, Surabaya. First of all, collaborate with Bulak sub-district officials to obtain data on MSEs in Bulak sub-district. The stages carried out in carrying out this service include:

### *Observation*

At the initial stage of service activities, observations are carried out as material for service. Observations were carried out by conducting interviews with the head of the Bulak sub-district and the staff of the social welfare department in the Bulak sub-district. From the results of observations made, data was obtained that there were 24 MSEs in Bulak sub-district spread across seven RWs and 54 RTs. Of the 24 MSEs, only 7 have NIBs, the remaining 17 MSEs do not yet have NIB business permits.

### *Counseling/ Socialization*

Regarding the importance of NIB, explaining to business actors as MSE owners about the Business Identification Number (NIB) itself and offering assistance in the registration process via the Online Single Submission (OSS) website for MSEs who do not yet have a Business Identification Number (NIB) to register products. generated.

### *Evaluation*

Evaluation is carried out after providing counseling to stakeholders who come to the dissemination event. Participants who come are invited to have in-depth discussions about the topics of counseling and socialization that the researchers have conveyed.

## RESULTS AND DISCUSSION

### *Situation Analysis*

Bulak sub-district is within the Bulak sub-district on the coast of Surabaya City, with an area of 1.3 km<sup>2</sup> or around 20% of the area of Bulak sub-district. The number of RWs in Bulak Subdistrict is 7 RWs and the number of RTs is 54 RTs, with a population of 21,298 people, with a population density per square kilometer of 16,383 (Figures, 2021). As seen in table 01 below:

**Table 1.** Area, Number of Population, and Population Density Per Subdistrict in Bulak District 2020 Registration Results

District	Area (Km <sup>2</sup> )	Population (People)	Population Density (People/Km <sup>2</sup> )
Kenjeran	0,97	6.982	7.198
Bulak	1,3	21.298	16.383
Kedung Cowek	1,06	6.291	5.935
Sukolilo Baru	3,17	10.406	3.283
<b>Account</b>	<b>6,5</b>	<b>44.977</b>	<b>6.920</b>

Source: Bulak District in Figures, 2020

Based on initial observations on July 7 2022, in the Bulak sub-district, Bulak sub-district there were 24 micro and small business actors and as of July 13 2022 only 7 have a Business Permit Number (NIB), or only 29.16% of micro and small businesses (UMK) have just become legal entities or have business permits with NIB ownership (Bulak, 2022).

The low level of legal business ownership is caused by the lack of knowledge of micro and small businesses (UMK) regarding the benefits and importance of owning a business license as well as limited information regarding procedures for managing business legality. To overcome the above problems, support and development assistance is needed for Bulak sub-district MSEs, so that the Regional Government through the Community Partnership Program contained in community service activities is expected to be a facilitator in assisting and coaching MSEs so that they are able to develop for the better.

*Registration during Counseling or Dissemination*

The dissemination was held in the Bulak sub-district, Bulak sub-district, Surabaya City on July 21 2022 at the Bulak sub-district hall, attended by 32 invited guests consisting of the sub-district secretary, the Bulak sub-district head, Mr Muspika, the LKMK chairman, the RW heads, the MSE figures and small business assistants.

Handwritten list of invitees for a dissemination event. The document is titled 'BUKTI KEGIATAN NYATA (KUN) BAKTIBALAH MARDIA KELETERHAN BULAK SURABAYA'. It includes a date 'Kamis, 21 Juli 2022' and a location 'Balurahan Bulak'. The list contains names, professions, and contact information, with a red flower sticker and two yellow flower stickers placed over the text.

Printed list of invitees for a dissemination event. The document is titled 'BUKTI KEGIATAN NYATA (KUN) BAKTIBALAH MARDIA KELETERHAN BULAK SURABAYA'. It includes a date 'Kamis, 21 Juli 2022' and a location 'Balurahan Bulak'. The list contains names, professions, and contact information, with a red flower sticker and two yellow flower stickers placed over the text.

NO	NAMA	PROFI	JAM	JAM	TANDA
1	GALEH USAMA HARWAN	SI TERBUK ELEKTROPIK	07:30	08:15	
2	KORRIAN SUTISNA	SI TERBUK PERUSAHAAN/UMK	07:30	08:15	
3	AMRIYUS SAHIB	SI AKREDITASI/UMK	07:30	08:15	
4	MAHWA HASARI	SI AKREDITASI/UMK	07:30	08:15	
5	MUKA YAKAH YERDIANS	SI AKREDITASI/UMK	07:30	08:15	
6	ACHYAN SAKRA	SI AKREDITASI/UMK	07:30	08:15	
7	KHARISMA	SI AKREDITASI/UMK	07:30	08:15	
8	KHUSNULAVI HIRLA	SI KEPERAWATAN	07:30	08:15	
9	SALMAH ELZETHI	SI TERBUK ELEKTROPIK	07:30	08:15	
10	DEA RYDI NIKASANS	SI TERBUK ELEKTROPIK	07:30	08:15	
11	DANI KANDUS HOKALIMIA	SI AKREDITASI/UMK	07:30	08:15	
12	INDA YULIAGRA	SI KEPERAWATAN	07:30	08:15	
13	KALEA HIRSA SIBIHAN	SI KEPERAWATAN	07:30	08:15	
14	TAJAR HARLI	SI MANAJEMEN	07:30	08:15	
15	DEKA SUTIANA ERDIANSYAH	SI ARSITEKTUR	07:30	08:15	
16	MURAHAT SUCIKALIA	SI PUSAT AGAMA	07:30	08:15	
17	WISNANTO SRI SATHA	SI TERBUK ELEKTROPIK	07:30	08:15	
18	TAMZI SADES (SOPHINI)	SI TERBUK/UMK/UMK	07:30	08:15	
19	ROHMAMAH KHAL YALDIYU-HUSMAN	SI TERBUK ELEKTROPIK	07:30	08:15	

**Figures 1 and 2.** List of invitees who attended the micro and small business licensing dissemination event to increase awareness of the importance of business licensing in Bulak sub-district



**Figure 3.** Registration process for dissemination participants



**Figure 4.** Muspika men from Bulak sub-district and the participants consisting of RW heads, community leaders and UKM leaders who were present.

### *Series of Dissemination Events*

Schedule for Dissemination of Micro and Small Business (UMK) Licensing Events to Increase Awareness of the Importance of Business Licensing in Bulak sub-district, Bulak District, July 21 2022,

- a. The event starts at 09.00 WIB on July 21 2022 at Bulak Village, Bulak District, Surabaya City with a reading of the holy Koran presented by Mr. Dawn.
- b. The second event at 09.20 WIB – 09.50 WIB was a welcome from the Bulak sub-district, represented by the Bulak sub-district secretary, Mrs. Manis.
- c. The third event at 09.50 WIB – 10.30 WIB was a welcome from the Head of the Bulak subdistrict, namely Mrs. Anis.
- d. The third event is the main event, namely the dissemination of micro and small business (UMK) licensing to increase awareness of the importance of business licensing, especially in the Bulak sub-district. This event starts at 10.30 WIB – 11.30 WIB, followed by a question and answer session from the participants. Dissemination delivered by Dr. Luluk Latifah, SE, ME. In his presentation, the resource person conveyed and educated about the benefits of business legality to increase economic activities in carrying out micro and small business activities, including:
  - 1) Benefits of having a micro and small business permit (IUMK)
    - a) Obtain certainty and protection in undertaking predetermined applications
    - b) Get assistance for business development
    - c) Get easy access to financing from bank and non-bank financial institutions
    - d) Obtain convenience in empowerment from the government, regional government and/or other institutions.
  - 2) Benefits of having a business license number (NIB)
    - a) Facilitate business actors to store licensing data in one identity
    - b) Obtain other management documents;
      - (1) If the business actor does not yet have a NPWP, the document can be downloaded in the OSS application
      - (2) There is a facility for managing a Trading Business License (SIUP)
      - (3) Notification of eligibility to obtain fiscal facilities
    - c) Get assistance to develop your business
    - d) Facilitate access to financing to bank and non-bank financial institutions.
    - e) Will facilitate empowerment from the central, regional and other institutions.
    - f) Faster because it can reduce the amount of time needed to process other permits.
    - g) Can obtain certainty and protection in doing business in a predetermined location
  - 3) Provide understanding regarding the use of digital technology in managing online-based business permits, and

4) Motivate MSEs to be creative in the products they produce (Creative MSEs)

After the presentation of the dissemination material was complete, it was continued with a question and answer session, many participants raised their hands to ask about many things related to the business permit process. Questions include:

- a. Chairman of RW 2, Mr. Sujak: who knows about the importance of legality for micro and small businesses in detail, this is the first time, previously there was frequent outreach from the Surabaya city government about NIB, even the mayor, Mr. Eric Cahyadi, promoted the achievement of 100% NIB for all micro and small businesses in the city of Surabaya. However, socialization and assistance to obtain NIB has been held so far by inviting or calling micro and small enterprises (UMK) to gather at a place that has been provided, but no one attended, for reasons of being busy selling. Well, this is the problem, because the MSEs in Bulak sub-district work every day so they feel safe if the time they should be working is used to gather and listen to socialization as well as assistance with the management of this NIB. The question is, how to overcome the above problem?

Answer from the resource person: If the socialization that has been carried out so far by gathering small business actors (UMK) in one place and then providing mentoring as the chairman of RW 2 said has not brought maximum results, then dissemination that invites community leaders, RW heads and UMK figures witnessed by officials from Muspika and sub-district and Bulak sub-district, this is the solution, because of what? Because you all here will be able to mobilize the MSEs in your respective areas to tell about the importance of obtaining a business permit in the form of an NIB to the MSEs in your area, Mr. RW. The method can be conveyed during an RT meeting or RW meeting, from here we will create a strong feeling in the minds of MSEs about the importance of having an NIB. So we will raise the awareness of MSE actors so that they themselves have a high level of effort for this.

- b. Bulak sub-district UMK Coordinator Mrs. Dian Orlando: Mrs. Dian said that many of her fellow MSEs in the Bulak area do not have NIBs, of the 24 MSEs in the entire Bulak sub-district, only 5 have NIBs or around 29%, even though From your explanation, it is very important and easy to get NIB, what about my MSE friends in Bulak sub-district?

Answer from source: Good question. Mrs. Dian is one of the MSEs that has an NIB and a halal certification letter, is that right, Buk? So, Mrs. Dian's experience is a very good basic capital to use as an example for MSE friends who don't want to or don't have a business permit in the form of NIB. As an example here, Mrs. Dian can say



that since she had NIB in Mrs. Dian's business, Mrs. Dian's business activities have become smoother and improved, such as getting the convenience of establishing cooperation, getting financing for business development, getting marketing facilities for her business, this is different from before having NIB. So, this is what was conveyed to the MSEs, so they will get their own motivation after knowing direct evidence about Mrs. Dian's business which already has business legality so that. There are many benefits in advancing business activities. If business activities advance, the economy will also increase.

- c. PKK Chairwoman Fulanah: Can small-time sellers, such as sellers of fried food, cilok, meatballs, pentol, on street vendors, get a business license?

The interviewees' answers are as shown in table 1 below:

**Table 2.** Criteria for Micro and Small Enterprises based on Law No.20/2008

Criteria	Micro Business	Small Business
Definition	Productive businesses owned by individuals and or individual business entities	A stand-alone productive economic enterprise, carried out by an individual or business entity that is not a subsidiary or branch of a company that is owned, controlled, or is part, either directly or indirectly, of a Medium Enterprise or Large Enterprise
Capital	maximum IDR 50,000,000.00 (five tens of millions of rupiah)	More than IDR 50,000,000.00 (fifty million rupiah) up to a maximum of IDR 500,000,000.00 (five hundred million rupiah)
Annual Sales Results	maximum IDR 300,000,000.00	(three hundred million rupiah) More than IDR 300,000,000.00 (three hundred million rupiah) up to a maximum of IDR 2,500,000,000.00 (two billion five hundred million rupiah)

Source: (dpmptsp.ciancurkab.go.id, 2021)

Based on the table above, all types of businesses, whether micro or small, as Mrs. Fulanah asked, can have their business permits processed, according to the criteria in the table.1. above. After the question from the third questioner was finished, the dissemination time also ended, because it was already 12.00 WIB.

## CONCLUSIONS

This dissemination activity was able to increase the knowledge and skills of participants in the Bulak sub-district regarding the importance of the Business Identification Number (NIB) in increasing economic resilience, for faster and hassle-free business development as well as facilitating loans for company financing and hopefully being sustainable.

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