

IMPLEMENTATION OF LEGAL PROTECTION BY THE GOVERNMENT IN ORDER TO EMPOWERMENT OF MICRO SMALL MEDIUM ENTERPRISE TO REALIZE THE ECONOMIC JUSTICE (RESEARCH STUDY: THE OFFICE OF COOPERATIVE AND MICRO SMALL AND MEDIUM ENTERPRISE PROVINCE OF CENTRAL JAVA)

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Abstract

Micro, Small and Medium Enterprises try to grow and develop their business in order to build a national economy based on equitable economic democracy. The position of MSMEs is very important in economic development It is very important to do protection. Protection of MSMEs is assistance and support made by the government towards MSMEs. Protection in legal action, assistance in the production process to marketing and support in terms of capital. There is a debate that is found is how to issue law by the government in empowering MSMEs to realize equitable economic prosperity. The research in this paper used a normative juridical research method. The approach used in this study is socio legal approach which the law is conceptualized as a set of regulation that is valid in the society and the validity will be affected by other factors. This study intends to measure the extent of the role of the government and what efforts are being made especially by regional governments, in this case the Central Java Provincial Office of Cooperatives and SMEs in implementing legal protection in empowering MSMEs to realize economic welfare.

Keywords: MSMEs; Legal Protection; Economic Welfare

1. Introduction

National economic development based on Article 33 paragraph (1) of the 1945 Constitution of the Republic of Indonesia aims to improve people's welfare as a whole, this means not bringing welfare not to individuals or groups and certain groups, therefore the national economy must compiled as a joint venture based on the principle of family to achieve prosperity and prosperity, to realize people's welfare, carried out through various efforts, one of which is to increase the competitiveness of Micro, Small and Medium Enterprises (MSMEs) in Indonesia.

The builder of the Indonesian economy as a means to progress and prosperity of the people was also manifested in the government of the reform era. The industrialization process as it has been carried out by developed countries and believed to be able to bring a breakthrough that was quickly implemented, with the hope that the traditional Indonesian agricultural community

gradually became a modern industrial society.¹ Efforts to spur growth based on big businessmen have resulted in neglected middle and small entrepreneurs, even though in quantity these companies are much larger and include more people.² The magnitude of the flow of economic influences on changes and legal formation in Indonesia has naturally formed its own economic law. This field then continues to get the attention of policy makers in Indonesia, since economic growth has become a national development effort.³ This shows that the economic development before the crisis in Indonesia was very developed, and the legal policies issued by the government also helped the economy.

The protection referred to here is also accompanied by assistance and support made by the government towards MSMEs. Protection in terms of legal action, assistance in terms of production processes to marketing and support in terms of capital. Based on Law Number 23 of 2014 the Regional Government now regulates the distribution of empowerment for MSMEs where for micro-enterprises in districts / cities, small-scale businesses by regions or provinces and medium-sized businesses are in the domain of the central government.

Along with the existence of problematic MSMEs arises concerning a number of issues, such as structural inequalities in resource allocation and control, uncertainty in the partisanship of the state in efforts to develop people's economy in policies and development of industrialization strategies, oligopolistic market structures, relatively limited performance in classical terms (human resources or human resources, capital and access to financial, technological, management, marketing and information institutions), the occurrence of policy distortions and inconsistencies concerning development efforts.⁴ Therefore, the role of the government in this matter is very much needed considering the purpose of Micro, Small and Medium Enterprises is to grow and develop their business in order to build a national economy based on equitable economic democracy as explained in Law Number 20 of 2008 concerning Micro, Small and Medium Enterprises.

¹ Kusumanigtuti SS, *Peranan Hukum dalam Penyelesaian Krisis Perbankan di Indonesia, (Legal Role in Settling the Banking Crisis in Indonesia)*, Jakarta: Rajawali Press, 2009, pg. 219.

² Yoserwan, *Hukum Ekonomi Indonesia, Dalam Era Reformasi dan Globalisasi, (Indonesian Economic Law, In the Era of Reformation and Globalization)*, Padang: Andalas University Press, 2006, pg. 93-94

³ *Ibid*, pg. 220.

⁴ Musa Hubeis, *Prospek Usaha Kecil Dalam Wadah Inkubator Bisnis, (Small Business Prospect in a Business Incubator Container)*, Bogor: Ghalia Indonesia, 2015, pg. 1-2.

2. Problem

Based on the background above, the problem found is how is the legal protection by the government in empowering MSMEs to realize equitable economic prosperity?

3. Method

This paper used a normative juridical research method. The approach used in this study is socio legal approach which the law is conceptualized as a set of regulation that is valid in the society and the validity will be affected by other factors (economy, politic, culture, etc.).⁵ The data types in this research include primary and secondary data. The primary data were obtained by interview with interviewees from human relations of the Departement of cooperative and Micro Small and Medium Enterprise Province of Central Java (Dinas Koperasi dan UKM Provinsi Jawa Tengah). The secondary data were obtained from the library research in order to get the theoretical basis in form of opinions, the writings from the experts or other authorized parties and to get the information in formal provision and data through the existing official manuscript. The secondary data were obtained from the valid legislation in Indonesia, book, seminar, journal, document, archive, and internet. The data analysis method used a qualitative analysis.

4. Result and Discussion

Micro, Small and Medium Enterprises aim to grow and develop their business in order to build a national economy based on equitable economic democracy.⁶ The position of MSMEs is very important for the Indonesian economy so that it is worth protecting. Moreover, the position of MSMEs which is quite weak compared to domestic industries adds to the list that MSMEs really need protection from the government.

The role of MSMEs is not only felt by developing countries. Developed countries also experienced significant economic growth due to the growth of MSMEs. For example, developed countries in Europe have a proportion of MSMEs above 90%.⁷

⁵ FX. Adji Samekto, *Ilmu Hukum Dalam Perkembangan Pemikiran Menuju Post- Modernisme.*(*Studies in the Development of Thought Towards Post-Modernism*), Bandar Lampung:Indept Publishing, 2012, pg. 61-62.

⁶ Article 3 of Law Number 20 of 2008 of Micro, Small and Medium Enterprises.

⁷ Zubac, A., Hubbard, G. dan Johnson, L.W, “*The RBV and value creation: a managerial perspective*”, *European Business Review*, 2010, Vol. 22 No. 5, pg. 515– 538.

More specifically, MSMEs have a large role for developing countries, both economically and socially. This statement is supported by the characteristics of MSMEs as follows:⁸

- 1) widely spread in various regions and play a role in the regional economy
- 2) the ability to employ local workers to support the local economy
- 3) ability to provide business and entrepreneurship skills development opportunities.

These characteristics make MSMEs continue to survive, even in conditions of an uncertain and tight business environment. MSMEs are also proven in maintaining the economy of the regions and countries when the world financial crisis occurs.⁹

The State of Indonesia through Article 33 of the Constitution of the Republic of Indonesia has a goal to prosper economic development including economic activities in the region. Considering that MSMEs are business units and are spread in various regions, both in the district or city, province and central level, therefore through Law No. 24 of 2014 it has been explained related to the empowerment and development of MSMEs as follows:

No.	Sub Affairs	Central government	Provincial Region	Regency / City Region
1.	Empowerment of Micro, Small and Medium Enterprises	Empowerment of medium businesses is carried out through data collection, partnerships, ease of licensing, institutional strengthening and coordination with stakeholders.	Small business empowerment carried out through data collection, partnerships, licensing facilities, institutional strengthening and coordination with stakeholders.	Micro business empowerment carried out through data collection, partnerships, licensing facilities, institutional strengthening and coordination with stakeholders.
2.	Development of MSMEs	The development of medium-sized businesses with an orientation to increasing business scale becomes a big business	Development of small businesses with the orientation of increasing the scale of business to medium-sized businesses.	Micro business development with the orientation of increasing the scale of business into a small business.

⁸ Tambunan, T.T.H, "Development of small and medium enterprises in a developing country: The Indonesian case", *Journal of Enterprising Communities: People and Places in the Global Economy*, 2011, Vol. 5 No. 1, pp. 68–82.

⁹ Hanani M. Gunawan, "Pemberdayaan UMKM dan Upaya Pengentasan Kemiskinan Daerah: Sebuah Telaah Konsep, (Empowerment of MSMEs and Regional Poverty Alleviation Efforts: A Concept Review). UPHS Journal. 2014, Pg. 2.

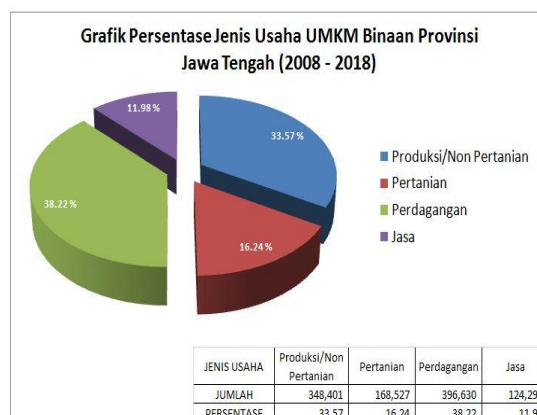
If it is seen that the division is intended so that MSMEs can be empowered and develop from starting micro-enterprises to medium and large businesses. This is in line with the aim of empowering MSMEs as stipulated in article 5 of Law Number 20 of 2008 concerning Micro, Small and Medium Enterprises, namely:

The purpose of empowering Micro, Small and Medium Enterprises:

- a. Realizing a balanced, developing and equitable national economic structure;
- b. Grow and develop the capabilities of Micro, Small and Medium Enterprises to be strong and independent businesses; and
- c. Increasing the role of Micro, Small and Medium Enterprises in regional development, job creation, equal income, economic growth, and alleviating people from poverty.

This goal will be better if added with several other efforts made by the government, both district / city, provincial and central governments. One of the provincial governments that implemented it was the Central Java Provincial Office of Cooperatives and SMEs located at Sisingamangaraja Street Number 3A Semarang. Synergizing with the UMKM Center located on Setia Budi Street Number 192 Semarang, the Central Java Cooperative and SME Office seeks to be a service provider to MSME players both for beginners and those who are running their businesses.

Central Java Province is one of the provinces that are rich in MSMEs. It is noted that the number of MSMEs registered in the Cooperative and SME Office of Central Java Province is 140,868 units with the number of third quarter 2018 consisting of MSMEs in Production / Non-Agriculture, Agriculture, Trade and Services.¹⁰



Source: Office of Cooperatives and SMEs in Central Java Province

¹⁰Data was obtained from the Central Java Province Cooperative and MSME Office

Based on these data shows that MSMEs have spread and expanded in the province of Central Java with not only one area of production. This number also shows that the Trade sector is the largest sector in the type of business of Central Java Province MSMEs 2008-2018. One of the efforts of the local government in this is the Central Java Provincial Office of Cooperatives and SMEs to encourage MSMEs activities, namely the Central Java Expo held in Jedah Saudi Arabia, Head of the Central Java Cooperative and SME Office together with the Governor of Central Java or representing the event where there some UKM participated in the exhibition and for the costs borne by the government, the aim was for MSMEs and SME friends to vent themselves to export.¹¹

When MSMEs are going to export, the Central Java Provincial Office of Cooperatives and SMEs provides assistance including consultations, providing information services and channeling information to third parties related to activities if MSMEs want to export. So far, MSME products that can be exported are household furniture products from Jepara and Boyolali Regencies. These products are mostly consumptive products. Then in the case of carrying out exports when MSMEs actors make agreements with parties from other countries the form of assistance is that MSMEs players are directed towards the Trade Service. Here the Central Java Office of Cooperatives and SMEs supports training, information, and also relations, given that when MSMEs export many service institutions involved, one of them is the Trade Service.¹²

At The Office of Cooperative and Small and Medium enterprise of central Java has office namely the Central Java UMKM Center is located in Sron dol Semarang, where there are a number of booths for SMEs that sell there as well as consultants. There are five consultants in charge of MSMEs so whenever can consult there. In addition there are events at the UMKM Center namely "Ngucing" (Ngobrol Usaha mancing Ilmu)-(Chat Business Fishing Science), held on Thursday December 29, 2018 there will be training from UMKM consultants, friends from UMKM were very enthusiastic to come even though there was no formal invitation only through social media. This event has often been carried out by alternating training themes, for example about capital about production, marketing, copyright, brands and others. Besides that, it is not only located in the UMKM Center, but also touring the central Java areas such as Pati, Demak, Jepara and so on.¹³

¹¹ Results of Interview I with Mr. Bagus as Public Relations of the Cooperative and SME Office of Central Java Province

¹² Interview II with Mr. Bagus as Public Relations of the Cooperative and SME Office of Central Java Province

¹³ Interview Results III with Mr. Bagus as Public Relations of the Cooperative and SME Office of Central Java Province

This activity is carried out for MSMEs players to be able to "class up" or develop, this is in line with the government's goal in the distribution of MSMEs development in Law No. 23 of 2014 concerning Regional Government, namely for micro-business development orientation towards small businesses, development orientation small businesses towards medium-sized businesses, medium-sized businesses are headed for big businesses. Even though the UMKM Center is an institution under the Central Java Provincial Office of Cooperatives and SMEs, it does not only make SMEs empowered small businesses but also includes small and medium micro businesses as a whole. Assistance to MSMEs is one example in terms of packaging. Most MSMEs players when packaging their products with a simple design, UMKM Center has activities that are assistance in terms of packaging design in collaboration with some intern students from one of the universities in Central Java. The design was given without being charged a fee for the MSMEs actors to bring it to the printing press. This activity is continued.¹⁴

Based on the efforts and efforts made by the regional government, it has shown a significant development of turnover and assets for SMEs assisted by Central Java Province.

Graphic 1



Graphic 2



Source : Office of Cooperatives and SMEs in Central Java Province

Graphic 1: Graph of Development of guided turnover in Central Java Province

Graphic 2: Development Chart of Assisted Asset of Central Java Province

Through this graph, it can be seen that the development of turnover and assets of MSMEs assisted by Central Java Province has increased so that the goals of economic welfare for

¹⁴ Results of Interview with Mr. Langit as UMKM Consultant at UMKM Central Java Center in Packaging

MSMEs actors are realized in stages, MSMEs can also be proven to be able to develop like other large industries.

Questioning about economic prosperity, the large number of MSMEs in Central Java Province can absorb workers so that it reduces unemployment and can improve economic welfare, this is evidenced that in the last few years the development of Central Java Province-assisted MSMEs has reached 987.923 million people .



Source:

The Office of Cooperative and Small Medium Enterprise Central Java Province

Based on the increase in the number of MSME employment in Central Java Province, it is evident that the development of MSMEs is no longer a difficult thing.

The problems faced by MSMEs are from the aspect of capitalization, but MSME actors do not need to worry because the government has a People's Business Credit (KUR) program to facilitate MSME players to develop their businesses, which of course with low interest rates. In addition, if MSMEs want to make credit for export activities, they can access Export-Oriented People's Business Credit (KURBE), which in this case is Eximbank.¹⁵ All information is in the Central Java Provincial Cooperative and SME Office so that MSME actors in this case can be facilitated to obtain information so that they can develop their business, both micro, small and medium enterprises without exception.

5. Conclusion

Protection for MSMEs is assistance and support made by the government towards MSMEs. Protection in terms of legal action, assistance in terms of production processes to marketing and support in terms of capital. Based on Law Number 23 of 2014 the Regional Government now regulates the distribution of empowerment for MSMEs where for micro-enterprises in districts / cities, small-scale businesses by regions or provinces and medium-sized businesses are in the domain of the central government.

¹⁵ Data is obtained from Sie. Funding, Cooperative and SME Office of Central Java Province

Regional Government in this case the Central Java Cooperative and SME Office that has Fostered MSMEs in the fields of Production / Non-Agriculture, Agriculture, Trade and Services. The guidance carried out by the regional government in this case is to implement the goal of empowering MSMEs in order to develop.

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