

# Tips for Overcoming Legal Problems for Small and Micro Enterprises in the Karangrejo Market Trader Community

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## ABSTRACT

Micro, Small and Medium Enterprises (MSMEs) have a strategic role in strengthening the people's economy nationally, so the government must pay attention to strategies and policies for empowering MSMEs. This article discusses the problems of developing MSMEs in order to improve people's welfare, forms of exploitation of MSMEs and forms of legal protection for MSMEs. Socialization was carried out at the Karangrejo market offline. The results of the socialization showed that the problems of developing MSMEs covered several things such as marketing difficulties, financial limitations, human resource limitations, raw material problems, and technological limitations. Meanwhile, the pattern of exploitation of MSMEs covered capital accumulation, the creation of economic and social dependency, and a monopolistic market structure. Until now, the form of legal protection for MSMEs provided by the government is through simplifying the requirements and procedures for applying for business permits, development procedures, partnership patterns, organizing coordination and control of MSME empowerment, and procedures for imposing administrative sanctions. From the conclusion, the government is recommended to make further arrangements, related to legal protection for MSMEs, supervise parties who cheat, and provide better legal protection for MSMEs. In addition, the state should carry out reforms, one of which is by providing free legal assistance for MSMEs and tax deductions.

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## 1. INTRODUCTION

The government is committed to increasing the contribution of micro, small, and medium enterprises (MSMEs) to the economy. However, various MSME empowerment programs that have been implemented by ministries and institutions (K/L) have not produced optimal results. Therefore, synchronization and harmonization of MSME empowerment programs are needed to increase the effectiveness of program implementation, so that they can increase MSME contributions to the economy.

These efforts require information on the complete distribution and types of MSME empowerment programs and various models of synchronization implementation.

Developing MSMEs requires the right steps and strategies. Because many MSMEs are established but their businesses do not develop, experience losses, and even end up closing their businesses. For this reason, this article will provide 8 tips to help you develop your MSME so that you can develop your MSME. Survey and Observation of Potential Places: One way to develop your business is to open branches in places that have the potential for high sales. It starts by researching various places that have target markets. Conduct a survey and observation of the place and location you want to open. Start by finding out if the place needs the product you are selling. Ask questions such as how many people pass by that place, how many people are likely to buy your product, how easy is the logistics access, and the needs when you open a branch in that place.

The main actors in development are all levels of society, while the government has an obligation to direct, protect and build a conducive, safe, and peaceful climate to support national development. The role of society in national development, especially in economic development, is Micro, Small, and Medium Enterprises (MSMEs). The position of MSMEs in the national economy has an important and strategic role. This condition is very possible because the existence of MSMEs is quite dominant in the Indonesian economy, with the reason for the large number of industries and in every economic sector, the great potential in absorbing labor, and the contribution of MSMEs in the formation of Gross Domestic Product (GDP) is very dominant. The role of MSMEs is very large for the growth of the Indonesian economy, based on data from the Ministry of Cooperatives and SMEs in 2021, the number of MSME business actors in Indonesia reached 99% of all business units or 64.2 million. The contribution of MSMEs to GDP also reached 60.5% and the rest was contributed by large business actors, to the absorption of labor is 96.9% of the total absorption of the national workforce, and is able to collect up to 60.4% of the total investment in Indonesia. 1 Therefore, MSMEs are considered as one of the main pillars of the national economy that must receive the main opportunity, support, protection and development as widely as possible as a form of firm support for the people's economic business group, in addition to large businesses and State-Owned Enterprises. Regulations regarding the implementation of MSME activities in Indonesia to date are regulated in Law Number 20 of 2008 concerning Micro, Small, and Medium Enterprises (UU MSME).

The current development of the Digitalization era spreading to all corners of society has become a potential that needs to be considered. With innovative ideas that can be explored further into a very helpful source for various fields. MSMEs are the right target when combined with this digitalization, appropriate training and socialization can be an advancement for human resources themselves.

The intended business activities are divided into three based on their risks, namely low risk which does not require a business license and is sufficient with a NIB, medium risk business activities which only require a NIB, a standard certificate without a business license, and business activities with a high risk category which must obtain a business license. The latest rule is that whether or not a license is needed depends on the business risk. If the type of business is in the high category, then it goes into a license. If it is low, such as MSMEs, a NIB is sufficient. These conveniences are expected to attract MSMEs to build a licensed or legal business. It's just that for some MSMEs, licensing is a problem in running their business.

## 2. METHOD

The procedure for implementing the presentation in this community service activity is by conducting legal counseling. Referring to the Regulation of the Minister of Law and Human Rights No. M.01-PR.08.10 of 2006 concerning the Pattern of Legal Counseling, legal counseling is one of the activities to disseminate information and understanding of applicable legal norms and regulations. The output of this legal counseling activity is to increase and foster legal awareness for micro and small business actors in particular and the wider community in general and to open up the knowledge of micro and small business actors regarding how to overcome problems in their businesses. This legal counseling held at Karangrejo Market on April 25, 2024 at 08.00 to 10.00 WIB. Time allocation as follows: 1.45 minutes at the beginning

for the delivery of legal counseling materials. 2.15 minutes for discussion between the presenter and the moderator. 3.30 minutes at the end for a question and answer session between the audience and the presenter.

### 3. FINDINGS AND DISCUSSION

According to the function of law (social control and social engineering), there are various MSME problems that need to be given a legal umbrella. The primary function of law is to protect people from dangers and actions that can harm and cause suffering to other people, society, and the authorities. Thus, with the existence of law, MSMEs can carry out their business activities with order and regularity in the values of legal certainty, legal usefulness, and justice provided by law if at any time there is a problem (Aryastini, 2015) Forms of legal protection that regulate the economy can be found in the 1945 Constitution of the Republic of Indonesia (UUD 1945) which is described in the hierarchy of existing legislation. The main axis of legislation is in the Preamble to the 1945 Constitution paragraph 4, the 1945 Constitution Articles 33 and 34 paragraph (1), and Law No. 20 of 2008 concerning MSMEs. UUD 1945 Article 33 and 34 paragraph (1) regulates the National Economy and Article 34 on Social Welfare (Secretariat General of the MPR RI, 2014). In accordance with Lon Fuller's theory, the ideal form of law is a law that is general, published, not retroactive, understandable, does not contain contradictory regulations, and is affordable. by the subject and object of law to obey it, stable over time, and there is a conformity between the rules and their implementation. The legal challenge in protecting the economic activities of MSMEs lies in the tug-of-war between the formulation of ideal laws but can fulfill their function as social control and social engineering.

The position of small businesses in the Indonesian economy is becoming increasingly important, especially after the crisis hit Indonesia. The crisis has proven that the resilience of MSMEs is more resilient when compared to most large businesses. In addition, equality will be more effective through the development of small businesses because of their large number and their generally labor-intensive nature. Another reason is that with conditions like today, investments that can still run are investment in sectors where the work is mostly done by MSMEs, such as textiles and garments, crafts, or agriculture. Although attention to small businesses is not new in Indonesian government policy, its development has not been truly effective. Musa Hubeis stated that the problems, opportunities and development of MSMEs in the national and global economy show what needs to be strengthened in the business world (whether they can survive or not) and what efforts need to be developed in the future, in order to achieve a potential and dynamic MSME perspective. These problems are mainly grouped into the following 3 (three) categories: 1) classic and fundamental problems, for example limited capital, human resources, product development and marketing access; (2) general problems, for example between the roles and functions of related agencies in solving basic problems related to further problems, such as licensing procedures, taxation, collateral and law; (3) further problems, for example the introduction and penetration of export markets that are not yet optimal, lack of understanding of product design that is in accordance with market characteristics, legal problems concerning licensing, patents and contract procedures.

The problems of developing MSMEs in order to improve public welfare can be explained by the following 7 (seven) factors or characteristics:

1. Marketing difficulties. One aspect related to marketing problems commonly faced by MSMEs is competitive pressures, both in the domestic market from similar products made by large businesses, as well as imported products and in the export market;
2. Financial limitations. MSMEs face two main problems in the financial aspect, namely initial capital mobilization and access to investment working capital, as well as long-term finances due to small economic scales. The capital owned by small entrepreneurs is often insufficient for their production activities, especially investment (expansion of production capacity or replacement of old machines) although in general the initial capital comes from their own capital or informal sources;

3. Limited human resources. Limited human resources are one of the serious obstacles to MSMEs, especially in the aspects of entrepreneurship, management, production techniques, product development, engineering design, accounting, data processing, research, and marketing techniques. All of these skills are needed to maintain and/or improve product quality, increase efficiency and productivity in production, expand market share and penetrate new markets;
4. Raw material problems. Limited raw materials and other inputs are often one of the serious obstacles to the growth and continuity of production for many MSMEs or MSME centers in a number of manufacturing industry sectors, such as shoes and textile production, are having difficulty obtaining raw materials or inputs, due to the depreciation of the rupiah exchange rate against foreign currencies (e.g. the dollar, euro or yuan);  
Limited technology. MSMEs still use technology in the form of old (manual) machines. This technological backwardness not only causes low total productivity factors and efficiency in the production process, but also low quality of the products produced.
5. The limited technology of MSMEs is caused by many factors, including limited investment capital to buy new machines to improve the production process, limited information on technological developments (new machines and production tools), and limited human resources who can operate new machines and make innovations in products and production processes;
6. The inability of small entrepreneurs to determine management patterns that are appropriate to the needs and development stage of their businesses, so that business management becomes limited. In this case, management is an art that can be used or applied in organizing any activity, because in every activity there will be elements of planning, implementation and supervision. Based on this, management practices can be carried out in various fields or functions in a business, namely as follows: a) planning; b) organizing; c) acting; d) controlling;
7. Partnership. Partnership refers to the understanding of working together between entrepreneurs at different levels, namely between small entrepreneurs and large entrepreneurs. The term partnership itself contains the meaning that even though the levels are different, the relationship that occurs is an equal relationship (as partners), not a form of relationship that is a manifestation of a patron-client relationship. Due to the above problems, many parties still doubt MSMEs in their role in improving the welfare of society. The view of people who belittle and are skeptical about the existence of small businesses facing the new world order in the era of economic globalization in the form of a free market economy, so that doubts arise about the ability of small businesses to revive and recover.

Civil Problems. Civil is the first problem that is very likely to occur, considering that civil is a regulation that regulates the rights and obligations related to people, objects, obligations and places individuals and legal entities as subjects of civil law. Obligations and agreements are inseparable, agreements give birth to obligations as a basis for civil relations for micro, small and medium business actors. Book III of the Civil Code, article 1313 has clearly explained that the definition of an agreement is An agreement is an act by which one or more people bind themselves to one or more other people. The valid requirements for an agreement that must be met are: a) Agreeing to bind oneself; b) Capable of acting legally; c) A certain thing; d) A lawful cause; These requirements must be met in the preparation of the agreement, because if they are not met, it will have legal consequences. The first legal consequence is that it can be canceled, this can happen because the conditions for agreeing to bind oneself and being legally competent are not met. The second legal consequence is that it is null and void, which means that the agreement is considered never to have been born because the agreement does not meet the requirements of a certain thing and a lawful cause. Micro, small and medium business actors certainly hope that when making a contract or agreement there will be no violation of rights or obligations in its realization, but it does not rule out the possibility of violations of rights and obligations by one of the parties, so this is where the important function of the agreement is. A good and correct agreement explains the procedures for resolving disputes or disputes, either through deliberation,

mediation, arbitration or lawsuits in court. Methods such as deliberation, mediation and arbitration are ways to resolve disputes outside the courts.

recommended for the disputing parties because this method has the advantages of being easy, fast and cheap. However, methods such as deliberation, mediation and arbitration often experience deadlock and the last way to resolve disputes or disputes is by means of a lawsuit to the court. The agreement in this case has an important function as written evidence, both private agreements or made before authorized officials have important evidentiary content in court. An agreement is a deed that contains the rights and obligations of the parties, but what happens if those rights and obligations are not fulfilled? According to legal science, the condition of not fulfilling obligations or achievements is called a breach of contract. Then when can a legal subject be said to be in breach of contract, a legal subject can be said to be in breach of contract when he does not give something, do something, and not to do something, this is as explained in article 1234 of the Civil Code. The author provides tips for business actors if there is a breach of contract in their agreement: a) Somation; Somation is a written warning or warning letter addressed to the party that does not fulfill the performance. The summons should be given 2 times to the party that does not fulfill its performance. The purpose of the summons is a warning to stop actions that are not in accordance with the agreement, to force them to return to complying with the agreement, as a means of mediation/negotiation and as a means of evidence that the party does not have good intentions to resolve the dispute. b) Mediation; Mediation is a procedure for resolving disputes outside the court through a third party who is considered neutral, the author's message is that mediation should be carried out by a certified mediator and the results of the mediation are requested for a determination to the court because this is related to the executorial power of the peace deed. c) Lawsuit to court A lawsuit is the last resort if various non-litigation methods are unsuccessful. Lawsuits are divided into 2 parts, namely simple lawsuits and ordinary lawsuits. Literally, these 2 lawsuits have the same meaning, namely a claim for rights that contain a dispute, where the disputing parties are at least 2 parties called the plaintiff and the defendant. However, in a simple lawsuit, there are characteristics that must be related to a breach of contract or unlawful act, the loss is not more than 500 million, the object of the dispute is not land and the address of the plaintiff and defendant are in the same jurisdiction. The advantage of a simple lawsuit is that it has a low and fast court fee because the examination process is only 24 days. In disputes that are resolved in court, there are things that may be requested to the panel of judges, namely compensation, interest, the agreement is canceled/returned to its original condition and transfer of risk.

#### 4. CONCLUSION

Based on the results of the counseling, legal counseling is carried out through active dialogue, it can be concluded that there are still many business actors who think that their business will always be fine without thinking about always following the latest rules for preparation if a dispute occurs in their business. There needs to be a role for the government through related agencies to actively participate in socialization in order to improve the quality of human resources, especially for small and micro business actors. The implementation of this legal counseling is a form of awareness of the resource person regarding the importance of the active role of all parties for the growth of the business world in Indonesia.

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