FUNCTIONS AND LEGALITY IN EFFORTS TO IMPROVE MICRO BUSINESS IN INDRAJAYA PIDIE DISTRICT

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ABSTRACT

The purpose of this study was to determine the function and legality of efforts to improve micro businesses in Indrajaya Pidie District. Community empowerment can be said to be good. The task functions carried out, such as providing counseling to people's economic businesses, checking the recording of funds given to people's economic businesses, supervising and reporting the results of activities on the development of people's economic businesses in Indrajaya District in improving micro businesses. The approach used in this research is a Qualitative approach, this approach is used to understand and interpret the meaning of an event, the interaction of human behavior in a particular situation. In this study using two data models, namely Primary Data, the data that will be used in this study is data derived from interviews with micro business actors in Indrajaya District and Secondary Data, Secondary data is obtained from data inventoried by micro business actors relating to the issue of functions and legality in this study. improve micro-businesses. Furthermore, to conduct this research, researchers used observation, interview and documentation techniques to be more in line with the research mote, namely descriptive qualitative. Microbusiness functions and legality are important things that must be considered for business continuity in improving microbusinesses. The results of the micro business function research play a very important role and must have a business license which is the strength of business legality in carrying out its operations. As many as 78% of microbusinesses in Indrajaya District have functioned well in improving the economy of the lower community and have had a business license from the authorized party. Efforts made in overcoming obstacles to micro businesses in Indrajaya Subdistrict maximize operational time and improve product quality and implement good marketing programs and management. In order to improve better businesses so that the regional economy can increase, especially the level of community welfare is achieved. In addition, the local government needs to increase community motivation in business development, provide guidance and guidance directed at creating a better economic structure in the region, so that the assistance of the national community empowerment program can be useful, especially in developing people's economic businesses. After the research is carried out, it can be concluded that the function and legality of micro businesses in Indrajaya District, Pidie Regency so far in increasing micro businesses is good. Thus it can be seen that the strength of micro businesses in terms of function and legality is good. Micro business development that has been carried out by business actors who have a license status is good.

Keywords: Function, Legality, Micro Enterprises

INTRODUCTION

The role of micro-enterprises needs to be increased in accordance with their function in collecting and improving business operations and helping capital to the community which prioritizes financing activities in the small business sector. Through technical assistance and facilities, it is hoped that micro-economic businesses can develop more and be able to increase people's income optimally, because with the existence of capital, the businesses developed by the community will be better.

Efforts to increase micro-economic activities are aimed at increasing economic development and creating employment opportunities. It is hoped that micro-entrepreneurs can carry out better development, promote micro-enterprises in the regions and can reduce the unemployment rate.
which has been one of the problems faced by the government. If you look at the existence of micro-enterprises so far, they are actively developing their business, however, there is a need for facilities and assistance from the local government, especially in assisting in the field of capital. With the development of micro-enterprises, it is hoped that it can help community activities, especially in increasing income. However, micro-enterprises are still difficult to develop, this is because apart from a lack of capital, micro-enterprises are still faced with a lack of skills of business actors in utilizing raw materials in the regions to be processed into high-value products.

The function of micro businesses is expected to improve skills and develop better products, so that people's interest in micro businesses is high. Micro-enterprises are still faced with management limitations, because business management is still traditional, lacks the application of modern technology and is weak in utilizing the market. When viewed from the results of micro-businesses so far it has really helped the community to take advantage of the products of micro-businesses, because the community wants products that are guaranteed of quality and at affordable prices.

Business legality is a standard that must be met by business actors. Micro-enterprises are required to fulfill these requirements in order to be able to compete in the free market era. This demand is a problem because not a few business actors do not have business legality. Various obstacles were obtained, such as the lack of funds to take care of legality, the difficulty of correspondence, lack of knowledge and so on. This paper will describe the results of the community service that has been carried out, namely the importance of business legality for micro-entrepreneurs. The purpose of doing this service is to foster sensitivity and build a framework for thinking about the importance of business legality for micro businesses so that they can compete in the free market.

Micro business development is carried out in order to increase community economic empowerment and can be developed to the maximum, so it requires support from various parties, both the government and non-governmental organizations. The development carried out has the impact of empowering the community to get out of structural barriers, so that these empowered communities can later actualize their own potential and capacity to face external challenges as a result of development.

Micro-small businesses in Indrajaya District, Pidie Regency are being developed by taking into account the value of assets owned by micro-enterprises, the amount of labor used and sales turnover as adequate micro-business revenue and existing skills from business actors with the aim of increasing the economic income of the community. Several micro and small businesses developed by the community such as home industry businesses, tempeh businesses, furniture businesses, spice milling by housewives and blacksmith businesses.

However, several problems arise that are not in accordance with the development of small micro businesses which should be empowered in order to create better and more advanced businesses in Indrajaya District so far, they still lack guidance and counseling from the local government so that the function of micro businesses still plays a role, in terms of the legality of micro businesses, it is a strong category because the average micro business has a business license from the authorized party. This is very important because business legality is one of them for better business survival.

Therefore, this research was obtained from the results of observations made by researchers to find out directly using predetermined methods later when conducting research continuously to get answers to the main problems.

**Theoretical basis**

Small micro business is a business developed by the lower economic community which is currently growing rapidly with the aim of increasing people's income. Micro and small business actors in operational activities participate in contributing to economic development in Indonesia. One business that is strong enough to face intense competition today is micro, small and
medium enterprises in the field of capital. In line with this, Ardiani, (2018) states that micro-small businesses are productive economic businesses that stand alone with simple management, and are carried out by individuals or groups. This business is expected to develop especially in increasing people's income. Micro and small businesses have now become an important part of the regional economic system. This is because micro and small businesses are one of the more numerous business units and are included in the perfectly competitive market. Micro-small businesses play a very important role in opening up employment opportunities in the regions and have a role in reducing unemployment in Indonesia, with the existence of micro-small businesses that are now competitors for businesses (Ravik, 2017: 62). Micro-small business is an individual business entity that has several classifications with criteria according to Law Number 20 of 2008 concerning micro-small businesses, namely:

a. The number of assets is limited, micro-small businesses have net assets or assets of up to Rp. 50 million, not including land or buildings where the business is located.

b. Judging from the level of sales, the annual sales turnover for micro and small businesses is up to IDR 300 million. Based on its development, micro-enterprises are classified into two, namely: Livelihood, namely micro-enterprises that are solely for earning a living. This type of micro business is widely known as the informal sector. For example, street vendors. Micro, namely micro businesses that are already quite developed, but have entrepreneurial characteristics and cannot accept subcontractor work and cannot carry out export activities.

Furthermore, Tambunan (2017) states that if the number of workers used is above 20 people, it will be increased to become a micro-medium business, namely a productive economic business that stands alone, which is carried out by individuals or business entities that are not subsidiaries or branches of the company they own., controlled, or become a part either directly or indirectly with small micro businesses.

From some of the opinions above, it can be concluded that micro-small businesses with a critical workforce of under 20 people, and business management that is still simple, the owner is sometimes also an employee, the capital used is still relatively small. Micro-small business is also a business that is developed in an economically productive manner driven by individuals and business groups, however, the working capital used is still limited and many micro-small businesses use their own capital, so they still lack bank loan capital. Small micro business is an economic business whose raw materials are used from the region or are located near the business location. The work equipment used is still traditional, and not all micro and small businesses use appropriate technology. Judging from the marketing program, micro and small businesses have not implemented a marketing program that is right on target, so that the products marketed so far are still in the range of business locations. Likewise, the skills of the workforce are still lacking, therefore guidance and the role of the regional government are needed in providing guidance to micro and small business actors.

The legality of micro business needs to be strengthened by having a valid permit from the authorities. Based on Law Number 20 of 2008 Micro Enterprises are defined as productive business forms owned by individuals and/or individual business entities that meet the criteria for Micro Enterprises as regulated in this Law. A business permit is a form of official document from the competent authority, which states that a person or entity is legal/permission to carry out a particular business or activity. So, how important is the 'business license' in the context of doing business, especially for Micro and Small Enterprises, so that they can be protected, there is certainty in doing business and enjoying the comfort and security that they deserve, so that they can contribute more significantly in increasing the added value of production, provision of goods and services needed by the community, employment and dissemination of entrepreneurial growth. It is emphasized in Article 12 of Law Number 20/2008 concerning MSMEs,
that the aspect of business licensing is aimed at: simplifying the procedures and types of business licensing with a one-stop integrated service system, freeing licensing fees for micro-enterprises and providing licensing fee relief for Small Businesses (Rahmanisa, 2021).

Thus, the development of small businesses becomes one of the main tasks in the related agency's work program. The business development program includes guidance and direction activities, procurement or capital assistance, marketing network development, partnership program development, and also evaluating the results of the program (Suryadi, 2018).

Micro, small and medium enterprises (MSMEs) are one of the business sectors that can develop and be consistent in the national economy. Micro, small and medium enterprises (MSMEs) are a good platform for job creation which is planned by both the government, the private sector and individual business actors, (Abdul Halim, 2020).

From some of the statements above it can be explained the emphasis on developing the potential of micro-enterprises, bringing the discussion of this research towards the concept of developing a creative local economy through a dynamic entrepreneurial process, as well as community and business welfare in order to improve the quality of life for all those in the community who are directly involved in establishment of micro enterprises. Technological limitations that make micro business products do not yet have competitive quality and prices that are able to compete in the coverage stages.

Economic growth is essentially a series of government policy efforts in achieving a positive result that impacts the welfare of society.

Micro-enterprises are part of the urban and rural economic system that have not received economic assistance from the government or have not been able to use the assistance that has been provided or have received assistance but have not been able to develop it. The business sector in Indonesia generally has the following characteristics: Business activities are not well organized, due to the emergence of business units that do not use available facilities/institutions, do not have business licenses, patterns of business activities are irregular both in terms of location and working hours, at In general, government policies to help weak economic groups do not reach this sector. In general, micro-enterprises in Indonesia are still faced with various problems that hinder their business activities. These various obstacles include marketing difficulties, financial limitations, limited quality human resources, raw material problems, limited supporting infrastructure technology and low government commitment, (Arini, 2017).

RESEARCH METHODS

The place for this research was chosen in Indrajaya District, Pidie Regency, when the research was carried out from 5 to 21 May 2023. The approach used in this research is a Qualitative approach, this approach is used to understand and interpret the meaning of an event, the interaction of human behavior in certain situations. This is done with the aim of obtaining a comprehensive and in-depth description of Functions and Legality in improving micro-enterprises in Indrajaya District.

Data source

a. Primary data. The data to be used in this study is data derived from 52 respondents with micro-entrepreneurs in Indrajaya District.

b. Secondary Data. Secondary data is obtained from data that has been inventoried by micro-entrepreneurs who are concerned with functional and legal issues in improving micro-enterprises. Respondents in this study consisted of 52 micro-entrepreneurs consisting of 12 home industry businesses, 10 tempeh businesses, 15 furniture businesses, 10 housewives milling spices and 5 blacksmith businesses.

Data Analysis

Data analysis was carried out including classifying, interpreting or giving meaning and looking for relationships between concepts. Data analysis was carried out continuously since data collection. Data analysis was carried out interactively. Data obtained from the results of the questionnaire. The questionnaire that has been
collected from the respondents' answers is then checked for the correctness of the statements given by the information so that it makes it easier to calculate the frequency of the percentage of answers. (Mulyana, 2008: 5).

**RESEARCH RESULTS AND DISCUSSION**

The function and legality of micro-enterprises in Indrajaya District, Pidie Regency so far in increasing micro-businesses by 78% has been good, while 20% said the functions and legality of micro-businesses were very good, only 2% of respondents said the functions and legality of micro-businesses in increasing business were not good. Thus it can be seen that the strength of micro-enterprises in terms of function and legality is good.

The development of micro-enterprises that has been carried out by business actors who have business license status is 75% and 25% are currently processing business licenses. The function and legality of supervision carried out in improving the quality of micro-businesses is 50% active in conducting supervision, 37% of respondents said they were very active and those who said they were not active in providing counseling and supervision to people's economic businesses in Indrajaya District were 12%.

The function and legality of business in making financial reports in Indrajaya Sub-District, 62% of respondents said yes to record and make reports, 31% said they did not always record and make reports while 6% of respondents said they did not record and make reports on field survey activities to people's economic businesses.

The function of micro businesses in improving marketing activities so far is that 43% of respondents said they were very good at implementing marketing programs, 31% of respondents said they were good and 18% said they were not good at marketing activities.

As with the interview with the Head of the Indrajaya District Sub-District, so far he has been active in supervising micro-enterprises and providing technical facilities, although not all of them have been able to reach people's economic businesses in rural areas, nevertheless field observers every 4 times a month always visit people's economic businesses to find out use of funds and business development in accordance with the management of people's economic enterprises.

The sub-district head said that all micro-entrepreneurs must attend training and apply good management in business activities so that efforts to improve micro-economy can be achieved as expected. Micro business development needs to be carried out with coaching, guidance and providing high motivation so that people are encouraged to develop businesses with enthusiasm in order to increase income.

Efforts made so far to improve adequate business facilities, increase community empowerment and make efforts to improve the community's economy through the utilization of available capital and human resources are expected to provide efficiency in achieving a better level of development. Through the efforts made by the community in improving the business sector as has been developed by the community, it is hoped that through capital assistance through the District Development Program it can be beneficial for additional capital in managing community businesses.

**Obstacle**

Some of the obstacles faced by micro businesses are the lack of knowledge, especially in the field of technology infrastructure, so that efforts to implement digital marketing systems have not been carried out properly. Besides that, the raw materials are local, so efforts need to be made to maximize raw materials from outside the Regency, so that operational activities are not constrained. These obstacles include the lack of time for people's economic actors to buy raw materials from outside the district as well as guidance and counseling activities provided by field workers, there is still not enough time for micro-economic actors. Even though the bookkeeping guidance so far really needs to be followed. The local government has tried to provide guidance in preparing good and directed bookkeeping so that the sources and use of funds for the National Community Empowerment
Program are clearer, but not all people's economic actors attend this training and guidance, this is due to the lack of time available for them to attend.

Efforts to Overcome Obstacles

The development of people's economic activities is one of the activities to increase regional economic development and increase people's income, therefore, it needs to be improved so that it can provide benefits to the community, especially in increasing income.

Other efforts such as counseling and guidance activities are carried out with the aim that people's economic actors are able to develop and manage their businesses by improving administrative records, especially in compiling financial reports. This activity has been carried out even though it has not been maximized, because the time for people's economic actors has not been fully available in following the guidance. Extension activities also aim to realize and develop the economy in the form of community businesses in the people's economic business sector, increasing the formal sector which is an economic business entity that can be used to uphold economic democracy.

In fact, there are still micro and small businesses that do not have a business license. Nowadays, the legality of micro and small business licenses is very important, considering the number of people who have difficulty developing their business and entrepreneurs who find it difficult to obtain capital/funding contributions for the development of their business because they have not registered or licensed with the government. their business because they have not been registered or licensed by the government.

CONCLUSION

The function and legality of micro-enterprises in Indrajaya District, Pidie Regency so far has been good in improving micro-enterprises. Thus, it can be seen that the strength of micro-enterprises in terms of function and legality is good. The development of micro-enterprises so far has been carried out by business actors who have permit status.

Micro business development needs to be carried out with coaching, guidance and providing high motivation so that people are encouraged to develop businesses with enthusiasm in order to increase income.

Efforts made so far to improve adequate business facilities, increase community empowerment and make efforts to improve the community's economy through the utilization of available capital and human resources are expected to provide efficiency in achieving a better level of development. Through the efforts made by the community in improving the business sector as has been developed by the community, it is hoped that through capital assistance through the District Development Program it can be beneficial for additional capital in managing community businesses.

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