

## **Analysis of the Legality and Role of Licensing Agencies in Macro and Small Business Management in Indonesia**

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### **ABSTRACT**

*Micro and small enterprises (MSEs) have a very important role in the Indonesian economy, but they often face various difficulties when managing them. Legality and licensing are problems that MSEs often complain about. Therefore, it is imperative to conduct an analysis of the legality of licensing agencies and their functions in managing micro and small businesses in Indonesia. This research aims to determine how licensing laws and functions affect the management of small and macro businesses in Indonesia. This research uses descriptive and qualitative methods through literature studies and interviews with relevant people. The study shows that legality and licensing are essential to the management of Indonesian businesses, both small and large. Legality forms the legal basis that all businesses in Indonesia must fulfill in order to operate legally, while licensing is a requirement that must be fulfilled by the business. However, many MSMEs lack the necessary legalities and permits due to various reasons, such as high costs, complicated procedures, and a lack of understanding about laws and permits.*

**Keywords:** MSEs, Business Legality, Licensing Agency

## INTRODUCTION

The development of Micro and Small Enterprises (MSEs) in Indonesia is a major highlight to improve the economy, reduce poverty and improve people's welfare. Micro and Small Enterprises (MSEs) not only play a strategic role in creating jobs and improving the regional economy, but also become a source of innovation and creativity. (Farras Nasrida et al., 2023) Micro and Small Enterprises (MSEs) have a very significant role in the Indonesian economy, becoming the main pillar in the formation of business opportunities and employment. This phenomenon is becoming increasingly important given the high labor intensity and relatively small investment owned by MSEs.

Through Micro and Small Enterprises (MSEs) unemployment due to the labor force not being absorbed in the workforce is reduced. During the global economic crisis, many large businesses went bankrupt, but MSEs survived and helped the national economy. This may indicate that MSEs are less affected by external pressures. Micro and small enterprises (MSEs) have the ability to provide employment, offer affordable goods to the public, and build new businesses.

Based on data from the Ministry of Cooperatives and Small and Medium Enterprises, there are around 64.2 million MSMEs in Indonesia. This figure reflects the great potential of this field. As for the data from the Coordinating Ministry for Economic Affairs of the Republic of Indonesia, in 2022 the contribution of MSMEs to Gross Domestic Product (GDP) reached 60.5% and to employment was 96.9% of the total national employment. (Coordinating Ministry for Economic Affairs of the Republic of Indonesia, 2022) From these data there are a lot of MSMEs in Indonesia. Therefore, in developing larger Micro and Small Enterprises (MSEs) requires a business legality.

To thrive, micro and small enterprises must be supported by laws that can guarantee their existence. A business license/business legality is one such law that can guarantee the existence of a business. (Dewi, Gusti Ayu Krisna, n.d.) Business legality is an important component in showing self-identity to enable a business to grow and be accepted by society.

Official state recognition of a business is essential, enabling cooperation with various parties. Business legality is crucial for Micro and Small Enterprises (MSEs) as it is a requirement to gain access to financial resources and compete in the ASEAN

Economic Community (AEC) free market that began in late 2015, both with countries in the Association of Southeast Asian Nations (ASEAN) region and beyond.

The Indonesian government has issued Law No. 20/2008 on Micro, Small, and Medium Enterprises (MSMEs) in response to the importance of maintaining a form of business. Basically, the material contained in the UMKM Law is quite clear, complete, and applicable, such as the writing on "Licensing" which is discussed in detail in Article 12 of the UMKM Law related to the licensing aspect. In addition, more complete implementation procedures can be found in Chapter IV of Government Regulation No. 17 of 2013 on the Implementation of the Law governing MSMEs.(MSME., n.d.)

Obtaining a business license for micro and small businesses is of high importance, as many members of the public experience difficulties in expanding their businesses. Businesses are also often faced with the challenge of obtaining capital for business development due to their unregistered or unlicensed status. Despite this, in reality, there are still many micro and small businesses that operate without a business license. One of the reasons behind business owners' reluctance to apply for a business license is that the process is considered very complex and time-consuming.

From the description above, the purpose of this research is to analyze the legality and role of licensing institutions in the management of MSEs in Indonesia. This journal will discuss the licensing required in the management of MSEs, as well as the role of licensing institutions in supporting the development of MSEs in Indonesia. This analysis is expected to provide a more comprehensive understanding of the legality issues and the role of licensing institutions in the management of MSEs in Indonesia.

From the research that has been done before, there are differences with the research conducted by the author in this study, where the title of this research is "Legality Analysis and the Role of Licensing Institutions in Macro and Small Business Management in Indonesia". Where in previous studies it focused on one region only and focused on making NIB, such as research conducted by Aep Saefullah and Mohammad Ruvi (2022) with the research title "Legality Building OF Ummm Business Actors Through The Making Of Nib In Ciungwanara Ciamis Wisery Location". Meanwhile, this study shows an emphasis on legal and licensing aspects in the context of macro and small businesses in Indonesia.

## **THEORETICAL FRAMEWORK**

### **Micro and Small Enterprises (MSEs)**

Businesses with limited capital and small scale are called micro and small enterprises (MSEs). MSEs are initiatives owned and operated by individuals or small groups with limited salaries. For the most part, MSEs operate at the local level and focus on helping the surrounding community. MSEs differ from other businesses by several features. First, MSEs can only be run by family members or business owners as their capital is limited and their business activities do not require large investments.

In addition, MSEs usually operate at the local or regional level and focus on meeting the needs of the surrounding community, rather than broad distribution. The products or services made by MSEs are usually unique and suited to local needs, and some of them can even make products tailored to local characteristics. Although some MSEs start with small capital and small scale, they can grow into larger businesses. This depends on innovation and good management, as well as support from the government and other organizations. MSEs play an important role in a country's economy as they can create jobs, increase people's income, and support overall economic growth.

### **Business Legality**

Business legality means that a business is in accordance with and subject to applicable laws. In this context, the business legality element covers everything related to licenses, permits, and other legal requirements that a business must fulfill in order to be considered legal and legitimate. The processes and steps that business owners must undertake in terms of business legality include business registration, obtaining business licenses, paying taxes, establishing employment agreements, and complying with other requirements stipulated by the laws of the country.

One of the purposes of business legality is to protect the rights and interests of all parties involved in the business. In this context, business legality protects the rights of employees, consumers and company owners, and ensures that government laws and regulations are followed. Business legality also helps to create a healthy and fair business environment by ensuring that all businesses operate legally and in accordance with the law.

## **MSE Licensing Agency (Small and Micro Enterprises)**

MSE licensing institutions (Micro and Small Enterprises) are institutions or agencies tasked with providing licenses and permits to MSEs so that they can operate legally in accordance with applicable regulations. Licensing institutions have an important role in maintaining the sustainability and legality of MSE businesses. The type of licensing agency varies depending on the country and region where the MSE business operates. They are responsible for ensuring that MSEs comply with government regulations and requirements related to business licenses, environmental permits, event permits, health permits, and other relevant requirements.

MSE licensing agencies ensure that MSEs operate legally and comply with government requirements. With valid permits and licenses, MSEs can run their businesses safely, avoid penalties, and gain access to various government programs and facilities.

## **METHODS**

The author uses data from various primary and secondary sources in this research. The data collected will be described descriptively and analytically. This research adopts a qualitative approach with a literature review method, which involves exploring written sources from various reference libraries. This approach involves collecting data from written sources, which will then be analyzed and examined to gain an in-depth understanding and deeper meaning of the information available.

## **RESULTS AND DISCUSSION**

### **Legality In Umk Management In Indonesia**

Before starting a business, businesses obtain legality known as a "license". (Andi Sri Rezky Wulandari, 2019) To make it easier for anyone involved in the business world and company establishment, the legality of the MSE Business License must be official. One of the purposes of the umk business license law is to provide a sense of security to customers by guaranteeing that products, both goods and services, are safe and of high quality. In addition, a Trading Business License (SIUP) is a license that grants permission to conduct trading business activities. This license is issued at the

domicile of the company and is valid throughout the territory of the Republic of Indonesia. Small or large-scale entrepreneurs must have a SIUP.

Based on the capital requirements needed to establish a business, the Certificate of Trade Business License (SIUP) can be divided into three main categories. First, there is the Large SIUP, which is given to companies with a capital of more than IDR 500,000,000. Second, there is the Medium SIUP, which is intended for entrepreneurs or companies with a business capital ranging from Rp. 200,000,000,- to Rp. 500,000,000,-. Third, there is a Small SIUP, which is given to entrepreneurs or companies with a business capital of less than or equal to IDR 200,000,000.

This division provides convenience in the management of business licensing, ensuring that the requirements match the level of capital owned by each business entity. SIUP Besar reflects the large scale of the company, while SIUP Menengah accommodates companies with medium capital, and SIUP Kecil is reserved for businesses with limited capital. This supports efficiency in licensing arrangements and ensures that the requirements applied are in line with the financial capacity of each company.

The administrative obligations associated with obtaining a SIUP differ depending on the type of business to be run. Business owners or MSEs, on the other hand, must not only have a business license in the form of a SIUP, but they must also meet the requirements of the products they produce. The legality of the product has a significant impact on sales, consumer buying interest, and the growth of their business.

Business legality in the MSE business sector is needed to obtain legal certainty from the state and legal protection for consumers in fulfilling goods and services used and utilized in everyday life. Therefore, business legality in the MSE business sector must obtain legal certainty in society. Fulfillment of business legalization by MSE business actors can help business growth because it encourages capital and fosters customer confidence in the goods and services offered by MSEs. (Farras Nasrida et al., 2023)

The process of obtaining business licenses is currently undergoing a transformation through the OSS system, which is integrated and managed by official agencies. In accordance with Government Regulation No. 5-2021, risk-based business license issuance is considered more efficient and simpler. This approach minimizes

risks by not requiring a business license for every business activity. OSS creates a more effective licensing process and speeds up decision-making, increasing the efficiency of obtaining business licenses. This transformation reflects the government's efforts to create a more responsive business environment and support economic growth. OSS is an electronic-based public service innovation designed to increase capital and business by making business license registration easier and more integrated across Indonesia, where the Business Registration Number (NIB) acts as a Company Registration Certificate (TDP) and replaces the investment license in licensing.

Electronic integration is coordinated by the Coordinating Ministry for Economic Affairs, as neither the ministry nor local governments have the authority to issue licenses. OSS utilizes digital technology in its registration process, illustrating the utilization of digital technological advances. In accordance with Government Regulation No. 5 of 2021 on the Implementation of Risk-Based Business Licensing, this online service not only facilitates licensing services for the public, but is also in line with the concept of e-government or electronic government. This concept utilizes digital information technology to provide information to the public. It is clear that the government's main objective in providing easy, effective, and efficient services in each region through online services is expected to become a pillar that strengthens the government system.

Prior to the enactment of the Job Creation Law Number 11 of 2020, business license registration was done manually and required in-person attendance at the Investment Office. However, significant changes occurred with the introduction of the OSS system, where individual registration can be done online. This licensing policy transformation reflects the government's response to technological developments and the spirit to improve efficiency and accessibility in the business licensing process.

Through the use of OSS, individuals or companies have the ability to apply for business licenses online through the website [www.oss.go.id](http://www.oss.go.id). They can start the business licensing process by filling out the forms that have been provided in the OSS menu. This allows applicants to avoid having to visit the One-Stop Investment and Integrated Services (PTSP) office or ministry-level PTSP offices, as the process can be accessed from anywhere. Using the Taxpayer Identification Number (NPWP), the Population Identification Number (NIK), and legal entity information that has been registered with



a notary, the OSS system will provide the applicant with a Business Identification Number (NIB).

In addition, this OSS system fulfills the principles of convenience, efficiency, and cheapness because the applicant can access the system at any time, without time limitations. In addition, the applicant has the ability to print the Business Identification Number independently without having to visit the licensing service provider office. The PTSP office will assist the public if they encounter problems when inputting data. The principle of service is expected to provide legal certainty to the community and the acceleration of services can encourage economic growth.

The Business Identification Number (Nomor Induk Usaha) replaces the principle license, exempting small businesses from commitment requirements when applying for a Certificate of Trade Business License (SIUP). The process of obtaining a business license for small entrepreneurs is simplified by requiring only a valid Identity Card, integrated through the OSS system. Once the data is entered and verified, the license is granted without waiting for additional approvals or paying burdensome extra fees. This system not only provides legal certainty in doing business but also provides significant protection by simplifying the entire licensing process. This transformation supports small entrepreneurs by accelerating and simplifying license acquisition, aiding business growth and enhancing an inclusive business environment.

Using OSS is very practical. Entrepreneurs can visit the One-Stop Integrated Service (PTSP) with the license application. A notarized certificate from the One-Stop Investment and Integrated Service Office (DPMPTSP) at the provincial or district/city level, or the PTSP owned by the relevant ministry or agency, is also required. The officers at the PTSP will assist the applicant in filling in the administrative data into the system. All information that must be entered includes the name of the proposed company, the investment family being sought, the type of activity of the company, the location of the company, and the amount of funds to be invested. Once all the data is entered, the system will perform a search to ensure accuracy.

There are several steps that need to be taken to gain access to the Online Single Submission (OSS). First, entrepreneurs need to create a user-ID. Afterward, they can log-in to the OSS system using the user-ID that has been created. The next step involves entering the data required to obtain a Business Identification Number (NIB). For new



businesses, the steps include the process of obtaining an initial/basic license, a form of business license, as well as operational and commercial licenses, along with fulfilling business commitments. Meanwhile, for existing businesses, the steps involve continuing the process of obtaining a new business license, increasing the time of an existing business license by extending it, developing a business form, and making changes or improvements to the company's basic data. As such, the procedure offers a comprehensive framework to support different types of businesses without compromising sustainability and regulatory compliance.

To ensure that a business entity is approved, the data homebase of the Directorate General of General Legal Administration (AHU) of the Ministry of Law and Human Rights is integrated with the OSS System. In the individual form, the system integrates the NIK in addition to confirming the applicant's identity and Taxpayer Identification Number data. In addition, the system displays the Business Identification Number (NIB), BPJS, which offers health net protection for employees and their employees, the company's current location permit, fiscal ease and tax ease, and RPTKA, which takes care of foreign workers. All of this is available in the data cloud, so there is no need to input data twice. Information such as "The applicant company obtained a 5-year tax holiday", will be provided to the system based on the basic data entered, which includes the fiscal period obtained. Attributed to the fiscal aspect, approval for the granting of a certificate regarding the tax holiday will be given by the Ministry of Finance through the Directorate General of Taxes.

Upon completion of the registration process, the system will automatically set up a commitment between the entrepreneur and the Directorate General of Taxes through a confirmation letter issued by the relevant staff. These commitments require strict compliance, including the issuance of a certificate of function feasibility for buildings that must be fulfilled within 3 days, the fulfillment of Building Construction Permit (IMB) standards that are required within 30 days, and the implementation of an environmental permit for Environmental Management Efforts (UKL-UPL) for businesses with major impacts that must be implemented within a 12-day time limit.

If the One Stop Integrated Service (PTSP) in a region has not yet implemented an online system for various types of regional permits, permit processing can still be done offline. However, if all obligations are fulfilled according to the commitments

made, the sectoral business license and trade business license will be automatically granted to the entrepreneur. (Seto Sanjoyo, dkk, 2019)

### **The Role Of Licensing Agencies In Managing Umk In Indonesia One-Stop Investment and Integrated Service Office**

In Indonesia, the One-Stop Investment and Integrated Services Agency (DPMPTSP) is a government agency that plays an important role in the business licensing process. Its function is to serve various licenses, permits, as well as investment and business in an integrated manner in one place, adopting the concept of "One Stop Service".

The main objective of DPMPTSP is to provide businesses with quick access to effective services. Businesses can obtain information, advice, and apply for environmental permits, company registration marks (TDP), nuisance permits, and micro, small, and medium business licenses (IUMKM). In addition to assisting with licensing, DPMPTSP supports policies that support investment, increase investment opportunities, and improve local welfare.

The Department of Investment and One-Stop Integrated Services (DPMPTSP) is an important component in the management of Micro, Small and Medium Enterprises (MSMEs) in Indonesia. As the licensing agency responsible for expediting the business licensing process, DPMPTSP helps create an enabling environment for the growth and advancement of MSMEs.

### **Investment Coordinating Board (BKPM)**

The Investment Coordinating Board (BKPM) was established in 1973 and serves to regulate, facilitate and supervise investment in Indonesia. BKPM assists Indonesia's economic progress by encouraging domestic and foreign investment.

In Indonesia, BKPM's main function is investment supervision and facilitation. They help investors who want to invest their money in Indonesia, including large businesses and MSMEs. BKPM can simplify the licensing process, meet various investment needs, and provide services that help streamline the investment process.

The Investment Coordinating Board (BKPM) largely manages micro, small, and medium-sized enterprises (MSMEs) in the country, especially in terms of licensing.

BKPM plays an important role in promoting the growth of MSMEs as they offer more efficient rules, licensing procedures, and ease of access to markets and assets.

BKPM's task is to provide useful and unambiguous regulations to MSMEs. This involves creating laws and policies such as business licenses, investment, and legal protection, which facilitate the expansion of MSMEs. With clear regulations, MSMEs can operate more steadily and avoid legal uncertainty that could prevent them from expanding.

Overall, BKPM's function as a licensing agency is critical to the management of MSMEs in Indonesia. It offers clear regulations, simplifies the licensing process, and helps MSMEs access markets and resources. MSMEs have the ability to significantly boost the country's economy.

### **Ministry of Cooperatives and SMEs (Small and Medium Enterprises)**

The Indonesian government established the Ministry of SMEs and Cooperatives (Small and Medium Enterprises), which is responsible for the development, direction, and empowerment of the cooperative and SME sectors. Some of the main objectives of the Department of Small and Medium Enterprises are as follows:

- 1) Main Objectives:
  - a. Cooperative Development: The Ministry aims to make cooperatives a community-based cooperative business model and assist them in areas such as funding, market access, training, and management.
  - b. SME Empowerment: The main objective of this ministry is to support and encourage SMEs to grow. This includes giving people access to tools, guidance, licenses, and other assistance.
- 2) Main role
  - a. Policy Making: This ministry is responsible for creating policies that will make the microenterprise, SME, and cooperative sectors more growth-friendly.
  - b. Program Implementation: The ministry is also responsible for implementing programs aimed at improving the productivity and competitiveness of SMEs and cooperatives.

c. Offering Assistance: Companies engaged in the collaborative sector and SMEs can receive technical support, training, and guidance from this ministry.

3) Programs & Initiatives:

a. Capacity Strengthening: They seek to improve the management and governance capabilities of cooperatives and SMEs through various initiatives.

b. Finance: A key priority is to make access to funds and financing easier for cooperatives and SMEs.

c. Market Development: The ministry is seeking to increase the local and international markets that cooperative and SME products can reach.

d. Cooperation and Partnership: The Ministry of Cooperatives and SMEs often collaborates with various organizations, such as banks, educational institutions, international agencies, and the private sector, to promote the growth of cooperatives and SMEs. (Kusuma, 2008)

### **An Analysis Of The Management Of Umk In Indonesia**

#### **Constraints and Challenges in the Role of Licensing Agencies in SME Management**

1. High Licensing Costs

SME licensing is often costly and time-consuming, which can be an obstacle for SMEs with limited resources.

2. Complicated Licensing Procedures

For SMEs that want to operate immediately, the licensing process is often complicated and time-consuming.

3. Lack of Cooperation in Licensing

If licensing agencies do not work well together, it can lead to overlapping licenses and slow down the licensing process for SMEs.

4. Lack of Experienced Workers at Licensing Agencies

A lack of experienced workers at the licensing agency can lead to a lack of understanding of the needs of SMEs and cause the licensing process to take longer.

#### **Limited Access to Capital and Market Access in MSMEs in Indonesia**

Limited Access to Capital for MSMEs in Indonesia (Arifin, Z. 2019)

1. Lack of Knowledge of Financing Sources

Many MSMEs do not know the sources of financing available, making it difficult to obtain the capital needed.

2. Strict Requirements for Loans

It is difficult for MSMEs to meet the requirements of financial institutions to obtain loans.

3. Your Collateral is Not Enough to Get a Loan

Small and medium-sized businesses (MSMEs) often lack the necessary collateral to get a loan from a financial institution.

Limited Market Access in MSMEs in Indonesia (Kusuma, W. (2018)

1. Lack of Market Knowledge

Many MSMEs in Indonesia do not know the market, making it difficult to market their goods.

2. Failure to Compete with Imported Products

Small and medium-sized businesses (MSMEs) often lack the ability to compete with imported products that are cheaper and have better quality.

3. Lack of advertising and promotion

It is difficult for MSMEs to reach a wider market because they often do not do effective promotion and marketing.

**Government Efforts to Advance Indonesian MSMEs**

1. Job Creation Regulation

As many as 64.13 million Micro, Small, and Medium Enterprises (MSMEs) in Indonesia still operate in the informal sector, prompting the need to shift to the formal sector. Complex issues in licensing and overlapping regulations at the central and regional levels are major challenges for MSMEs. Therefore, the government responded by drafting the Job Creation Law 2020 as a step towards resolving these obstacles. The government hopes that through the implementation of the Job Creation Law, MSMEs can continue to grow and improve their competitiveness. The program is designed to provide convenience, protection, and empowerment for MSMEs, strengthen the business ecosystem, and encourage the transition of MSMEs from the informal sector to the formal sector to support sustainable economic growth.

## 2. PEN Program

In response to the decline in economic activity that mainly involves the informal sector and Micro, Small and Medium Enterprises (MSMEs) due to the impact of the Covid-19 pandemic, the Government launched the National Economic Recovery (PEN) Program. This step was initiated by the issuance of Government Regulation Number 23 of 2020, which was later amended to Government Regulation Number 43 of 2020. The program is designed to address the impact of the pandemic and restore Indonesia's economy.

As part of the government's initiative to provide support to Micro, Small, and Medium Enterprises (MSMEs), the National Economic Recovery Program (PEN) provides a number of programs, including:

- 1) Capital Expenditure Guarantee (IJP)
- 2) Government investment in banks
- 3) Guaranteeing micro, small and medium credit loss limit
- 4) Display of the last income of small and medium enterprises (MSMEs) borne by the government
- 5) Investment financing to cooperatives through the Revolving Fund Management Agency (LPDB) for cooperatives of small and medium enterprises (UMKM)
- 6) Presidential Assistance Program (Banpres) that generates micro enterprises

## 3. People's Business Credit (KUR)

The government is taking concrete steps to support Micro, Small, and Medium Enterprises (MSMEs) through the People's Business Credit (KUR) Program. This program is run through financial institutions with a guarantee scheme, in which interest rates on loans or working capital financing are supported by government subsidies. KUR is designed with the main objective of expanding access to financing and strengthening MSME business capital, reducing the financial barriers often faced by this sector. Through this scheme, the government seeks to provide significant financial support to MSMEs, promote economic growth at the local level, and strengthen national economic resilience by providing easier and more affordable access to financial resources.

#### 4. National Movement of Proud to be Made in Indonesia (Gernas BBI)

In 2020, the government initiated the Proud to be Made in Indonesia National Movement (Gernas BBI) with the aim of encouraging the development of Micro, Small, and Medium Enterprises (MSMEs). The program aims to promote superior local products as national brands, with the hope of driving new industrial sectors and ultimately increasing economic growth. The government also encourages MSMEs to engage in digital platforms through participation in this program.

#### 5. Expansion of Indonesian Product Exports through ASEAN Online Sale Day (AOSD)

Since 2020, ASEAN Online Sale Day (AOSD), also known as ASEAN Online Shopping Day, has become a shopping event organized simultaneously by various e-commerce platforms in ten ASEAN member countries. Businesses in the ASEAN region that offer products and services through electronic commerce systems (ETS) are referred to as AOSD participants. Through ASEAN Opportunities Development (AOSD), Indonesia can optimize this opportunity to promote the image of local products to the ASEAN market, increase export activities of Indonesian products, and open the door to wider business opportunities. Hopefully, these measures will provide support to small and medium enterprises (MSMEs), increase the number of MSMEs in Indonesia, and overall stimulate economic growth. With the creation of more jobs, it is expected to reduce the unemployment and poverty rate in the country.

## CONCLUSION

Entrepreneurs are well aware of the importance of business legality, especially for those starting macro and small businesses in Indonesia. This is due to the fact that a legitimate and complete business will legally protect their business and venture. In Indonesia, licensing agencies such as State-Owned Enterprises (BUMN), Regional-Owned Enterprises (BUMD), and Privately-Owned Enterprises (BUMS) are instrumental in the management of large and small businesses. Licensing agencies are responsible for granting business licenses, supervising and controlling businesses, and offering assistance and tools to entrepreneurs. Although licensing agencies play an important role in managing large and small businesses in Indonesia, there are still some barriers that hinder the licensing process, such as complicated bureaucracy and lengthy



procedures. To overcome these obstacles, the government should undertake bureaucratic reforms and speed up the licensing process. In addition, the government should increase assistance and facilities for entrepreneurs, especially small and micro entrepreneurs. Thus, the legality and function of licensing agencies are crucial to managing large and small businesses in Indonesia. However, the government and relevant agencies still need to work to improve the licensing process and provide better assistance to micro and small entrepreneurs.

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