

## **Ease Of Licensing Policy For Micro and Small Enterprises In Bantul Regency To Confront Asean Economic Community**

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### **ABSTRACT**

The objective of Micro and Small Enterprises in Indonesia based the Law Number 20/2008 are to grow and expand its business in order to build a national economy based on fair economic democracy. In an effort to build a national economy, regions required for make innovation policy especially for developing Micro and Small Enterprises (MSEs) to confront Asean Economic Community. Bantul regency is one area with growth of business 41.09% with make a inovation policy to ease the process of licensing (IMSEs). This is confirmed by the Bantul Regency Regulation Number 81 Year 2015 about the Delegation of Authority Licensing Micro And Small Enterprises.

Bantul regency took steps in the development of micro and small enterprises to simplify the process of legal entity in the form of a business license to strengthen and expand its business in getting certainty and legal protection. Besides that with micro and small enterprises also can increase the regional economy, so it need to be given the ease of empowerment, such as business licensing service approach through the regency Integrated Administrative Service program. This is based on micro and small enterprises products should be marketed to the ASEAN market must have a clear legality and certainty of its business, especially with the permission to facilitate access to financing in banking institutions. Since the maintenance program MSEs through regency which commenced since the end of last year, until now in Bantul there are already about 4,400 small micro business license has been issued all the districts after being given the authority to issue licenses and the most interesting was the maintenance process is free.

**Key Words : Micro and Small Enterprises, Licensing, ASEAN economic community.**

## INTRODUCTION

Micro and Small Enterprises in Indonesia has important and strategic role in the national economy development. Beside that, Micro and Small Enterprises also have a role in labour recruitment and distribute the development result. It had proved that they don't affected by the crisis (LPPI, 2015). In Indonesia, the Act which govern about Micro and Small Enterprises is the Law Number 20/2008. This regulation explain Micro and Small Enterprises that: "an enterprise which is a small enterprise that is owned and managed by a person or small group with a certain amount of wealth and income."

**Table 1.1**  
**The Criteria of Micro, Small, And Medium Enterprises Based Assets and Turnover**

The size of enterprise	Criteria	
	Asset	Turnover
<b>Micro enterprise</b>	Maximum Rp 50 million	Maximum Rp 300 million
<b>Small enterprise</b>	> Rp 50 million – Rp 500 million	> Rp 300 million – Rp 2,5 billion
<b>Medium enterprise</b>	> Rp 500 million – Rp 10 billion	> Rp 2,5 billion – Rp 50 billion
<b>Large enterprise</b>	> Rp 10 billion	> Rp 50 billion

(Source: Indonesia Bank).

Based on the value of constant prices in 2010, the value of Bantul Regency's

Product Domestic Regional Bruto (PDRB) in 2015 was grew into 5 percent. This growth is affected by the product increasing in every categories that was already free from inflation. Bantul Regency's economic matters was experienced an average annual growth around 5,23 percent in real terms during 2011 until 2015 (BPS, 2015).

One of the goal and strategic target from Department of Industry and Cooperatives in Bantul Regency is to increase the growth of local investment through expansion of business support system for cooperatives and Micro and Small Enterprises and enhancement of investment value and investor that marked with the number of Micro and Small Enterprises that get modal and the number of new entrepreneur, but this aim inseparable from licensing which can support the existence of its.

**Table 1.2**

**The creation of conducive business**

NO	TARGET	PERFORMANCE ACHIEVEMENT	ORDINAL MEASUREMENT SCALE				
			VERY HIGH	HIGH	MEDIUM	LOW	VERY LOW
			> 91	75,01 until 90	65,1 until 75	50,1 until 65	0 until 50
1.	The creation of conducive business climate and suitable with the applicable regulation	98,6 %	Very high				

(Source: LAKIP, 2015)

The second strategic target is the creation of conducive business climate and suitable with the applicable regulation, with target indicator namely the society business which gave license in 2015 are 34.429 business units or 34,32 percents from the whole 100.314 business units in Bantul regency. That number taken from the total accumulation of enterprise license that was issued by Departement of Licensing of Bantul regency since 2008 until 2015. 34,32 percents from the target around 35 percents means the achievement of performance reach 98,06 percents, bigger than the previous years (97,09 percents). For increase the achievement of performance indicator community business units that had license, so Department of Licensing of Bantul regency keep encourage Licensing Sosialization to the diverse enterprise society in every

subdistrict in Bantul regency (LAKIP, 2015).

**CONCEPTUAL FRAMEWORK  
Asean Economic Community**

The productivity of micro and small businesses in an effort to increase the productivity of employment (World Bank Res Obs (2015). Asean Economic Comunity (AEC) is a form of regional economic integration which is planned to be accomplished by 2015. The main purpose of AEC in 2015 is make ASEAN as single market and base on production, whichever occurs the flow of goods, service, investation, skilled labor and capital stream freely. For Indonesia, the number of population, area and geographic location as well as the value of the GDP (Gross Domestic Product), the largest in the ASEAN should be an asset for Indonesia to become a major player in the AEC (ASEAN Economic Community) in 2015.

AEC will be a good opportunity for Indonesia because trade obstacle will tend to reduce and even be non-existent. It will have an impact on the increase in exports, which in turn will increase the GDP of Indonesia. On the other hand, emerging new challenges for Indonesia in the form of commodities traded homogeneity

problems, for example for agricultural commodities, rubber, wood products, textiles, and electronics (Santoso, 2008).

### **Licensing Policy For Micro and Small Enterprises In Bantul Regency**

According to the decree of Bantul No. 81 of 2015, there are four principles of implementation of the Micro and Small Business License (IMSES), namely:

1. The procedure is simple, easy and fast
2. Disclosure of information for the micro, small and community
3. Legal certainty and comfort of business
4. Building PMSES to improve the business criteria

The register of IMSEs to Head of sub district. The registration includes the application, examination, granting and revocation. The registration procedure in detail is as follows: PMSES register directly to the Head of sub-district or through a companion who has been appointed by the Head of sub-district.

1. PMSEs must complete and submit the registration file to the Head of sub-district
2. Fill the form which provided stamped Rp. 6,000,

3. IMSES published at least 1 (one) working days from the date of receipt of the application for registration is received complete and correct;
4. Return the incomplete file no later than 1 (one) working day;
5. Examination of the file is done later than six (6) working days after the received file
6. Provision IMSES file to micro and small businesses are not charged, levies or other charges;
7. Perbitan Permit by paying attention to the aesthetic and environmental aspects;
8. Form PMSES Permit issuance of Manuscript 1 sheet.

### **RESEARCH METHODOLOGY**

In this paper will used the policy research to effort excavate information about arrangement licensing Micro and Small Enterprises by districts in relation to confront Asean Economic Community. This method of this research use by qualitative research. Qualitative research is procedure research to produce descriptive data in the form of written words or oral from peoples and behavior with observed (Bodgan dan Taylor dalam Barowi dan Suwandi, 2009: 21).

## SOURCES OF THIS RESEARCH

Type of data needed of this research by sources (1) primary; and (2) secondary. Primary data usually obtained by field surveys with use all original method collection (Hanke dan Reitsch, 2008). Secondary data is data obtained or collected by people who do research from sources that already exist (Hasan, 2002: 58). This data used for support primary with facile from library materials, previous research, book, and etc.

**Table 1.3**  
**Primary and Secondary Data**

No.	Primary Data	Secondary Data
1.	Survey directly about licensing process Micro and Small Enterprises.	LAKIP Department Licensing Bantul Regency
2.	Interview : <ul style="list-style-type: none"> <li>• Head of Department Licensing Bantul Regency.</li> <li>• Department of Industry, Trade and Cooperation Bantul Regency</li> </ul>	News
2.	Interview with Micro and Small Enterprises	Website

## LOCATIONS OF THIS RESEARCH

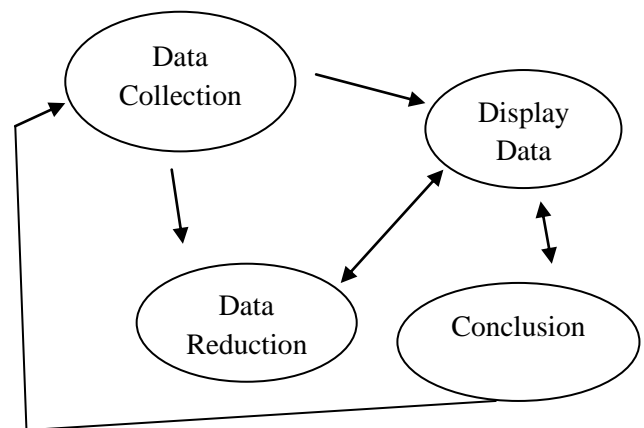
This research location at Bantul regency. Author choose the location especially in

Department of licensing at Bantul regency and some Micro and Small Enterprises.

## DATA ANALYSIS

The analysis in this study was conducted with descriptive approach. Descriptive analysis provides picture consistent patterns in the data, so the results can be studied and interpreted briefly and meaningful (Kuncoro, 2009).

**Diagram 1.1**  
**Data Analysis**



## RESULT AND DISCUSSION

The implementation of the licensing service for small and micro enterprises with the regulation of local regulations Number 41/2013 about Description of Duties Executive Administration Integrated Services District (Paten) and regulated in detail in the regulation of the Governor Number 87/2016 and Regulation Number 81/2015. The process of delegating the necessary permits Enterprises micro and Small

enterprises of the district to the district, set in Regulation Number 41/2013 about the implementation of the job description of the Paten, and regulated in detail in operational standards listed in the regulation regents Number 87/2015.

The delegation of licensing authority seeks to facilitate access for small and micro enterprises in doing business legality, get the assistance efforts of the government and the empowerment of government.

**a. Legality of enterprises**

Legality of this effort is a form of recognition of the existence of small and micro enterprises legally. Legal recognition will provide security and guarantee the continuity of the implementation of the business community. Legality also give an effort in cooperation between businesses and cooperation in access to capital.

For example in the Piyungan district were 83 businesses that received assistance from the banking system in KUR (business credit). In Bantul district has established a partnership with several banks, among others BRI (Bank Rakyat Indonesia), Mandiri Bank, BNI Bank and BPD DIY Bank. The term devolution permits Small and Micro Enterprises from the District to the district known as the "Patent". Implementing Patent consists of: a.

chairman of districts; b. Secretary of the District; c. Head of Services Section.

In this policy are not all types of businesses granted licenses or obtain IMSEs from the district. there are certain criteria are eligible to receive IMSEs. Especially for the potentially pollute the environment such as farm, Laundry businesses, and others, can not permit in the district. MSES-licensing for is directly handled by the district. this is because, the need for Environmental impact assessment studies and others that become the authority on education at the district level. after review of the Environmental impact assessment and other requirements.

**b. The business getting assistance from the Government.**

Business persons small and micro enterprises will get assistance in the form of programs implemented by the Department of Industry, Trade and Cooperatives. Especially in following the program of exhibitions and sales of products outside the region of production. But while this development fit only for the MSEs potential centers while the centers that have not yet received coaching potential. This affects potential centers increasingly forward / centers that have not evolved while potential can not develop optimally because of the lack of guidance.

### **c. Empowerment from the Government**

The development program of business support systems for MSES activities:

1. Monitoring the management of the use of government funds for MSES
2. Development of the product means MSES.
3. To provide guidance Household Industry, MSES.
4. To promote the products Micro, small and medium.

In the above licensing facilities will generate karakteristik micro and small enterprises in the confront of ASEAN Economic Community that is necessary to increase the knowledge of technology and product quality improvement will MSES. in the district of Bantul able to compete in the ASEAN market today. The difficulty of the products from MSES to be marketed either through a display or through partnerships with system sales, so that the necessary breakthrough / innovation in terms of marketing the products of SMEs by leveraging information technology.

### **CONCLUSION**

The process of licensing services for MSES is not very easy and does not about the costs. In the execution of the

licensing service in the districts will gain several advantages, among others; get certainty and protection in business at the location that has been set, Getting assistance for business development, Getting the ease of access to financing Financial institution Bank and non-Bank, and Getting ease in the empowerment of the Central Government and the Local Government Institutions. MSES is expected to ease in Bantul able to compete in the ASEAN Economic community. But of course a challenge on product quality and technology-based promotions should be increased.

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