

## **STRATEGY TO INCREASE PRODUCTIVITY OF JAVANESE SUGAR MSMEs THROUGH ASSISTANCE IN MAKING NIB IN CLAPAR 1 HAMLET, HARGOWILIS, KULON PROGO**

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**Abstract** - *In a business being run, the role of legality is very important. Business legality is the implementation of the granting of permits to organizers of business activities by the authorized parties. Apart from that, business legality also acts as an indicator that the business that has been established and is running is worthy of development. This service aims to provide understanding to business actors regarding the importance of business legality for their business. According to observations that have been made, MSMEs in Dukuh Clapar 1 are developing a lot in the food industry, one of which is the production of Javanese sugar. The lack of understanding by business actors about the importance of legality is a problem that makes business actors not yet have business legality. The stage carried out is by conducting door-to-door to provide understanding and assistance in creating a Business Identification Number (NIB) online via Online Single Submission (OSS). The results obtained from this activity were an increase in the understanding of the importance of having business legality from business actors in Dukuh Clapar 1, so that we provided assistance in arranging NIB (Business Identification Number) for businesses run by these business actors.*

**Keywords:** *Legality, NIB, MSMEs*

## 1. INTRODUCTION

Of the many problems that exist, access to permits is a basic requirement for the development and sustainability of a business. Moreover, currently licensing is an important requirement that MSMEs must have to get access to working capital from financial institutions or social assistance from the government, both regional government and central government (Yeni et al., 2021). Licensing is a form of regulatory and control function that is owned and managed by the government regarding activities carried out by the community (Arrum, 2019).

Clapar 1 is one of the sub-districts in the Hargowilis Kapanewon Kokap Kulon Progo sub-district. In Clapar 1 hamlet, there are only a few Micro, Small and Medium Enterprises (UMKM) actors. One form of business is in the field of Javanese sugar which is produced from coconut sap. This business operates in the food sector. This is the focus of our attention because, Javanese Sugar is one of the livelihoods and is the main commodity for the residents of Clapar 1, so in our opinion the existence of Javanese Sugar MSMEs has quite a big potential to improve the economy and finances for the community. However, in their development, these business actors face a major obstacle in the form of a lack of understanding by business actors regarding business legality, which in this case is related to the lack of a Business Identification Number (NIB).

In its development, business actors need a business permit to prove that the business exists, is operating and is worthy of being established. Licensing has the function of developing, advancing, directing, supervising and regulating business activities (Wulandari & Budiantara, 2022). Therefore, providing easy access facilities for industrial product licensing is a form of government support to encourage industrial progress for industry players (Fitri & Sheerleen, 2021). To improve and improve the situation in favor of MSME actors, the government issued a new policy, that business actors must have complete and legal permits. Developing MSMEs requires permits and legality to show that the business being run is suitable for operation and development. Licensing and business legality function as a means of legal protection and are legal requirements to support business development. As a form of business responsibility, MSME players are obliged to maintain the quality of the products they produce. As proof of the validity or legality of the business, MSME players can create a Business Identification Number (NIB) via Online Single Submission (OSS). According to (Widya et al., 2019) Online Single Submission (OSS) is a business permit issued by an institution (OSS) to business actors through an integrated electronic system on behalf of the Minister, Head of Agency, Governor or Regent/Mayor. Meanwhile, Article 25 paragraph (1) of Government

Regulation Number 24 of 2018 concerning Electronically Integrated Business Licensing Services or Online Single Submission (OSS) which regulates NIB states, "NIB is a business identity and is used by business actors to obtain Business Permits and Commercial or Operational Permits include fulfilling the requirements for Business Permits and Commercial or Operational Permits" (Hartono et al., 2020). The formal legality of the business entity in which it is involved can be used as a legal basis for accessing capital and training provided by related agencies (Nashrudin Latif et al., 2021).

Licensing regulations have been established by the Coordinating Ministry for Economic Affairs of the Republic of Indonesia since May 2018. According to our observations, several Javanese Sugar MSMEs do not yet have business legality, for the reason that these business actors still carry out buying and selling transactions in the form of Barter so that business legality is often ignored by business actors. Apart from that, another reason is facing various challenges, starting from a lack of understanding regarding the benefits of business legality for MSME players. This is in accordance with the opinion of (Anggraeni, 2021) There are various obstacles such as lack of funds to handle legality, difficulty in writing correspondence, lack of knowledge and so on. Meanwhile, according to (Diana et al., 2022), there are still many MSME actors in the Padukuhan Clapar 1 area who do not know and understand the importance of business legality in the form of creating a Business Identification Number (NIB), because some people have an understanding that processing permits and Business legality is a complicated matter and takes a long time. Some Javanese Sugar MSMEs in Clapar 1 still have minimal understanding of legality, so many do not have permits, such as a Business Permit Number (NIB). Given this, it is deemed necessary to carry out assistance activities in licensing and business legality with the aim of helping develop potential and increasing the productivity value of Javanese Sugar MSMEs in Clapar 1.

The purpose of this service is to foster sensitivity and build a framework for thinking about the importance of business legality, especially the Business Identification Number (NIB) for Javanese Sugar MSMEs in Clapar 1 Hargowilis Kapanewon Kokap Kulon Progo District. Therefore, assistance in making NIB is an urgent need for Javanese Sugar MSMEs in Clapar 1 so that they can further develop their products and also make it easier for MSME players to access business-related matters.

## **2. METHOD**

Community service activities carried out by KKN UIN Sunan Kalijaga Yogyakarta Group 41 Batch 114 have the main aim of empowering the community in Clapar 1 Hamlet, Hargowilis, Kokap, Kulon Progo. Our focus is to increase understanding and awareness of business actors, especially Javanese sugar producers, regarding the importance of having business legality in the form of a Business Identification Number (NIB). With this legality, business actors can more easily develop their businesses, gain access to various government programs, and increase the competitiveness of their products in a wider market. This activity does not just provide information, but also involves various stages of systematic and comprehensive assistance. In the first stage, we carried out in-depth observations to identify Javanese sugar producing business actors in Clapar 1 Hamlet who did not yet have an NIB. This observation is important to understand field conditions, including knowing how many business actors there are, as well as understanding the various obstacles they may face in the process of creating an NIB.

After observation, we proceeded to the data collection stage. In this stage, we collected complete data from Javanese sugar producers, including information regarding business scale, production volume, and their needs regarding business legality. This data

is very important as a basis for assisting them in the process of creating an NIB that complies with applicable regulations.

The next stage is to further observe the business actors who have been recorded. We make direct visits to their homes or places of business to understand more deeply the challenges they face in managing their business, as well as provide an understanding of the benefits of having an NIB. This approach allows us to build more personal relationships with business actors, so that they feel more comfortable and open in communicating their needs and expectations.

After all data and information was collected and verified, we began the intensive assistance stage to assist Javanese sugar producers in the process of making NIB. This assistance includes a step-by-step explanation of the registration procedure, assisting them in filling out the necessary forms, and ensuring that all necessary requirements have been met. We also provide technical assistance to overcome obstacles that may arise during the registration process.

After the registration process is complete, we ensure that the NIB that has been submitted is immediately issued by the authorities. In the final stage, we hand over the NIB hardcopy to each Javanese sugar producer directly. This handover is an important moment, because by having an NIB, business actors in Clapar 1 Hamlet not only get legal recognition, but also open up greater opportunities to develop their business in the future.

### **3. RESULTS AND DISCUSSION**

Business Identification Number (NIB) is an obligation for business actors so that the business they carry out is recognized by the government and can carry out business activities in accordance with applicable regulations in accordance with Government Regulation Number 6 of 2021. Data collected in the field shows that many residents of Dukuh Clapar 1 who continue to run micro businesses even though they do not have business legality or legal status. Therefore, we are looking for a solution that can help Javanese sugar MSMEs by creating a Business Identification Number (NIB) through the following steps.

#### **A. Surveyor Observation of the Legality of the Javanese Sugar MSMEs Business**

Before carrying out the legalization of MSME businesses in the form of a Business Identification Number (NIB), group 41 of Batch 114 of the Regular KKN UIN Sunan Kalijaga conducted a survey of Java sugar business actors. According to Sugiyino (2017), the survey method was used to collect data on Javanese sugar MSMEs in Dukuh Clapar 1. With the group survey method, our aim was to find out whether Javanese sugar MSMEs in Dukuh Clapar 1 had an NIB for business legality as well as potential, supporting capabilities and readiness. business regarding the legality of its business. The following is a list of Javanese sugar MSMEs that have been surveyed and do not yet have an NIB:

**Table 1.** Java Sugar NIB Survey Data

No.	JAVA SUGAR UMKM	HAVE NIB
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1.	Mr. Kemis's Javanese sugar UMKM	No
2.	Pak Legiyo's Javanese sugar UMKM	No
3.	Mr Suyat's Javanese sugar UMKM	No
4.	Mr. Ngariyanto's Javanese sugar UMKM	No
5.	Mr Ngatiman's Javanese sugar UMKM	No

*Source: Observation Data on July 12 2024*

It can be seen from Table 1 that Dukuh Clapar 1 does not contain any Javanese sugar MSMEs that have a Business Identification Number (NIB). Therefore, our group created an NIB for Javanese sugar business actors to ensure the operational continuity of the Javanese sugar industry. However, of the five Javanese sugar industry players, only one is interested in registering for NIB, namely Pak Legiyo Javanese Sugar MSME.



**Figure 1.** Observations at the Residence of Javanese Sugar MSMEs Actors

Figure 1 shows the activities carried out in the survey process, initial observations and mapping of these actors to follow up on the creation of NIBs for Java sugar MSMEs actors carried out by KKN groups in Dukuh Clapar 1, Hargowilis, Kokap and Kulon Progo.

**B. Education and Introduction to the Importance of Making NIBs for MSMEs Door to Door**



**Figure 2.** Education and Introduction to the Importance of Making NIBs in People's Residences Java Sugar Actors

Figure 2 is the second step by providing education to Javanese sugar MSMEs in Dukuh Clapar 1 regarding the importance of business legality after conducting surveys or

observations. At this stage we use the Door -to-Door technique, namely by visiting the residence of each palm sugar operator so that it is easier for business actors to understand and discuss the creation of a Business Identification Number (NIB). This activity includes a general overview of business legality requirements, the purpose and application of the Business Identification Number (NIB), as well as an introduction to the NIB. It is hoped that business actors will become more aware of the importance of legal business after this introduction and discussion stage.

### C. Making NIB Online Through Online Single Submission (OSS)

After one of the Java sugar MSMEs agrees and wishes to have a legal business, we assist with the registration process and application for a Business Identification Number (NIB). The process of making the NIB is carried out directly at the residence of the Java sugar business actor to make it easier for business actors to collect data and confirm the truth of the data. Required data includes the business owner's NIK, business owner's BPJS, cellphone number and other data related to the business. After the application for the Business Identification Number (NIB) is successful and the Business Identification Number (NIB) has been issued, the document will be printed by our group in hardfile form which is then handed over to the Java sugar business actor at his residence.



**Figure 3.** Submission of NIB Hardfile to Javanese Sugar Business Actors

By registering MSME businesses in OSS (Online Single Submissions), this activity provides benefits for Javanese sugar MSMEs by understanding the importance of obtaining a Company Identification Number (NIB) as legitimacy in running a business. So that Javanese sugar MSMEs in Dukuh Clapar 1 can benefit from government business protection, easy access to funding, and the potential to develop into companies that can be empowered by the government. Business actors are not yet aware of the importance of having a Business Identification Number (NIB) or how to register via the OSS (Online Single Submissions) website, so they don't want to worry about business permits. At first, business legality was seen as not very important because managing it was difficult, time consuming and complicated. The low ownership of NIB is caused by incomplete information and ignorance of how to register NIB via the OSS (Online Single Submissions)

website. This is necessary considering that in terms of government protection and empowerment, NIB has a very high level of legality.

#### **4. CONCLUSION**

One of the important initiatives carried out by the government in order to provide support to business actors is by offering convenience in managing business legality, which is realized through the implementation of the Job Creation Law and various implementing regulations. One form of this support is by providing a practical solution for creating a Business Identification Number (NIB) through an online system known as OSS (Online Single Submission), which was launched in 2017. This system is designed to make it easier for prospective entrepreneurs and business actors who are already underway to obtain the legality of their business more efficiently and independently. The NIB application process, which previously may have required a long time and bureaucracy, can now be completed more quickly simply via a computer or device connected to the internet. This convenience is certainly very helpful, especially for business actors in regions who may have limited access to administrative service centers.

Micro, Small and Medium Enterprises (MSMEs) play a vital role as the driving force of the local economy in various regions. Therefore, they need to be empowered through various aspects that support the sustainability and development of their business. This empowerment not only includes developing human resources so they can manage their businesses better, but also includes capital support that allows them to expand their businesses. Apart from that, increasing production and productivity, developing strategic partnerships, expanding business and marketing networks, and protecting businesses from various risks are also important parts of this empowerment effort. What is no less important is the legality aspect of the business, because by having valid legality, MSMEs can run their businesses more stably and be better prepared to face various challenges, both those that come from market competition and policy changes.

Through information dissemination activities and assistance in making business legalities such as NIB, it has been proven that there has been a significant increase in legal understanding and awareness among MSME players regarding the importance of legality. This shows that the initiatives carried out are not only successful in helping business actors manage their NIB, but also in building long-term awareness about the importance of legal aspects in running a business. In this way, it is hoped that MSME players will be more stable and ready to develop amidst ever-changing economic dynamics, while also opening up greater opportunities for sustainable business growth.

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