

Legal Strategies in Empowering Msmes Through Assistance to Support The Local Economic Ecosystem in Banyuanyar Village

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Abstract

Micro, Small, and Medium Enterprises (MSMEs) are a vital pillar of the national economy due to their contribution to job creation and local economic resilience. However, in rural areas such as Banyuanyar Village, MSMEs still face serious challenges, particularly in terms of business legality. Limited understanding of the importance of business licensing, restricted access to information, and financial constraints remain the main obstacles for MSME actors to obtain proper legal status. In response to these challenges, an assistance program was implemented with the aim of optimizing the legality of MSME products through three main approaches: education, technical assistance, and financial facilitation. The activities were carried out using interactive lectures, Focus Group Discussions (FGD), and participatory approaches (Built-in Participatory). The results of the FGD revealed that Banyuanyar Village already has an economic potential based on the concept of "One Village One Product." However, most MSME products still lack legal protection such as Intellectual Property Rights (IPR). Following the assistance, there was an increase in community awareness regarding the registration of IPR for their products, along with concrete support from the Village Government in facilitating the process. In conclusion, participatory legal assistance has proven to be effective in strengthening a legal, inclusive, and sustainable MSME ecosystem at the village level. This aligns with Sustainable Development Goals (SDGs) 8: Decent Work and Economic Growth.

KEYWORDS *Micro, Small, and Medium Enterprises (MSMEs), Business Legality, Business Licensing, Intellectual Property Rights (IPR), Sustainable Development Goals (SDGs).*

Introduction

Micro, Small, and Medium Enterprises (MSMEs) constitute one of the most crucial sectors in the national economy. MSMEs not only serve as a key driver for generating productive employment opportunities but also demonstrate strong resilience and consistent growth, even amid economic

instability.¹ Their inherent flexibility and relatively low entry requirements, whether in terms of education, workforce skills, or capital make MSMEs highly accessible to the general public. The technology used in MSMEs also tends to be simple, allowing them to quickly adapt to market dynamics.

MSMEs play a fundamental role in sustaining Indonesia's national economy. According to data from the Ministry of Cooperatives and Small and Medium Enterprises of the Republic of Indonesia (Kemenkop UKM RI, 2023), there are more than 65 million MSMEs operating across the country. These enterprises employ approximately 97% of the national workforce and contribute around 61% to the Gross Domestic Product (GDP).² This data underscores that MSMEs not only act as the backbone of the people's economy but also as a stabilizing force for national economic resilience, particularly during times of crisis. Nevertheless, many MSMEs still operate informally without proper legal status, making them vulnerable to legal issues, limited access to finance, and low competitiveness in both domestic and global markets.

Within the framework of a Welfare State as articulated in the Preamble of the 1945 Constitution (UUD 1945), the government is obligated to protect all citizens and promote the general welfare. Article 33(4) of the 1945 Constitution stipulates that the national economy must be organized based on the principles of economic democracy, while Article 34 mandates the state to develop a social welfare system that empowers disadvantaged communities.³ In this context, MSMEs serve as a key instrument in implementing a people-centered economic system supported

¹ Kusyairi Syairi et al., "Pemberdayaan Usaha Mikro Kecil Dan Menengah (UMKM) Melalui Penguatan Legalitas Usaha," *Jurnal Pustaka Mitra (Pusat Akses Kajian Mengabdi Terhadap Masyarakat)* 3, no. 4 (2023): 141–44, <https://doi.org/10.55382/jurnalpustakamitra.v3i4.381>.

² Suci Ramadani et al., "Peran Strategis UMKM Dalam Mendorong Pertumbuhan Ekonomi Berkelanjutan Di Indonesia," *Jurnal Ekonomi, Bisnis Dan Manajemen* 4, no. 1 (2025): 158–66, <https://doi.org/10.58192/ebismen.v4i1.3183>.

³ S.H.S. Ulil Albab, Erdha Widayanto, and Kevin B Sibarani, "Pengawasan Pelaksanaan Kemitraan UMKM Dan Usaha Besar: Perbandingan Pengaturan Di Indonesia Dan Malaysia," *Jurnal Persaingan Usaha* 3, no. 1 (2023): 74–86, <https://doi.org/10.55869/kppu.v3i1.98>.

by the government through cooperative policies and the development of micro, small, and medium enterprises.

More than merely serving as a means to meet basic needs, Micro, Small, and Medium Enterprises (MSMEs) play a strategic role as a vital pillar supporting both community and regional economies.⁴ In the context of competition under the free-market era, the fulfillment of business legality requirements has become one of the essential prerequisites for the sustainability and competitiveness of MSMEs. However, public understanding, particularly among MSME actors regarding the procedures for obtaining business legality remains relatively limited. In fact, the possession of a business license, whether on a micro, small, or medium scale, carries significant importance as it constitutes formal recognition by the government of the existence of an enterprise engaged in legitimate economic activities.

Business legality serves a strategic function in strengthening the position and competitiveness of MSMEs, particularly amid the dynamics of global market competition.⁵ Legal recognition is a fundamental element that affirms the lawful and legitimate identity of an enterprise, thereby granting it societal and governmental acknowledgment. In other words, the legal status of a business must comply with the prevailing laws and regulations to ensure its protection under the legal framework of the state. The legal documents required for MSMEs typically include a deed of establishment, a taxpayer identification number, a business license, an environmental permit, a product distribution permit, and other supporting documents relevant to business operations.⁶

⁴ Septi Indrawati and Sheila Kusuma Wardhani Amnesti, "Perlindungan Hukum Merek Pada Produk Usaha Kecil Di Kabupaten Kebumen," *Amnesti: Jurnal Hukum* 1, no. 1 (2019): hlm.61, <https://ebook.umpwr.ac.id/index.php/amnesti/article/download/180/73>.

⁵ Heri Kusmanto and Warjio Warjio, "Pentingnya Legalitas Usaha Bagi Usaha Mikro Kecil Dan Menengah," *Jupii: Jurnal Pendidikan Ilmu-Ilmu Sosial* 11, no. 2 (2019): 324, <https://doi.org/10.24114/jupii.v11i2.13583>.

⁶ Septi Indrawati and Amalia Fadhila Rachmawati, "Edukasi Legalitas Usaha Sebagai Upaya Perlindungan Hukum Bagi Pemilik UMKM," *Jurnal Dedikasi Hukum* 1, no. 3 (2021): 231–41, <https://doi.org/10.22219/jdh.v1i3.17113>.

In practice, many MSME actors still operate without proper legal status, as their daily activities tend to focus primarily on commercial transactions, often neglecting legal aspects. Moreover, the limited understanding of the benefits and urgency of business legality contributes to the low awareness among MSME owners regarding the importance of obtaining official licenses. Acquiring legal status is not merely about fulfilling a regulatory obligation; it also provides substantial advantages, such as enhancing business credibility, facilitating access to financial capital, and expanding opportunities for sustainable market growth.⁷

According to the regulations set forth by the Coordinating Ministry for Economic Affairs of the Republic of Indonesia, since 2018, the government has encouraged all business actors to obtain a Business Identification Number (Nomor Induk Berusaha, NIB).⁸ The NIB functions as both proof of registration and an official business identity, enabling entrepreneurs to conduct lawful economic activities. Nevertheless, issues related to business legality continue to pose challenges for many MSMEs, including those operating in Banyuanyar Village. Banyuanyar Village is one of the rural areas with significant local economic potential driven by the activities of Micro, Small, and Medium Enterprises (MSMEs). The majority of its residents rely on the MSME sector for their livelihoods, particularly in the processing of fresh cow's milk, coffee cultivation, and the management of homestays that have grown alongside the increasing potential for nature-based tourism. To optimize these economic opportunities, the village government has implemented various training programs and external collaborations focusing on business management, product development, and marketing strategies.

⁷ Sukron Kasyir, Putri Febrianti, and Badrut Tamami, "Optimalisasi Legalitas Usaha Melalui Penerbitan Nomor Induk Berusaha (NIB) Bagi Pelaku UMKM Di Desa Mlawang, Kecamatan Klakah, Kabupaten Lumajang," *Jurnal Pengabdian Indonesia* 2, no. 1 (2024): 34–39, <https://doi.org/10.47134/jpi.v2i1.3648>.

⁸ Ika Wulandari and M. Budiantara, "View of Pembuatan Nomor Induk Berusaha (NIB) Melalui Online Single Submission," *DINAMISIA: Jurnal Pengabdian Kepada Masyarakat* 6, no. 2 (2022): 386–94, <https://journal.unilak.ac.id/index.php/dinamisia/article/view/8205/3939>.

Unlike many other villages, Banyuanyar has developed a distinctive local economic model through the presence of the Village-Owned Enterprise (Badan Usaha Milik Desa or BUMDes) “Dewi Kampus Kopi,” which serves as the main driver of community economic activities. The BUMDes plays a strategic role in managing the potential of the livestock, agriculture, and tourism sectors, in line with the “Green Smart Village” vision that emphasizes economic self-reliance, religious values, and the preservation of culture based on the principles of Pancasila. Guided by the motto “Champion, Progressive, Cultured, and Prosperous,” the BUMDes is expected to enhance community welfare through the optimal utilization of local resources.

However, behind this economic potential lies a fundamental problem—low legal awareness among MSME actors. Most enterprises still lack official business licenses and legal protection for their products, including in the area of Intellectual Property Rights (IPR). This condition indicates that the challenges faced by MSMEs in Banyuanyar are not merely economic but also structural and juridical in nature, reflecting limited understanding and accessibility to the legal instruments intended to protect small enterprises.

To date, there has been no comprehensive study or legal assistance program that examines MSME legal empowerment in Banyuanyar using a participatory or built-in participatory approach. In fact, with its strong economic potential and institutional support through the BUMDes, Banyuanyar presents a unique context to be developed as a model for strengthening business legality based on community participation. This uniqueness makes Banyuanyar a relevant locus for research aimed at formulating an effective legal strategy for inclusive and sustainable village-based economic development.

Business legality itself constitutes a crucial foundation for the sustainability and competitiveness of MSMEs. Legal recognition through business licensing and IPR protection not only ensures legal certainty but also opens access to financing, partnerships, and broader markets,

including global ones.⁹ Therefore, an inclusive and adaptive legal strategy is required—one that emphasizes participatory legal assistance.¹⁰ Such assistance should go beyond conventional legal counseling by fostering awareness, independence, and legal responsibility among business actors. This participatory approach reflects the concrete implementation of the state's constitutional duty to realize social justice, as mandated by the 1945 Constitution of the Republic of Indonesia.¹¹ Through the legal assistance program implemented in Banyuanyar Village, the community service team from the Faculty of Law, Universitas Sebelas Maret, seeks to develop a collaborative legal empowerment strategy encompassing education, technical assistance, and facilitation of business legality and intellectual property (IPR) registration. This initiative also involves the village government and the Village-Owned Enterprise (BUMDes) as local partners to ensure the program's sustainability. The participatory approach adopted in this activity demonstrates that law can play a direct and transformative role in strengthening the village's economic ecosystem when positioned as an instrument of empowerment rather than merely as a tool of control. Several previous studies have highlighted the importance of business legality for Micro, Small, and Medium Enterprises (MSMEs) in Indonesia. Purwaningsih's research found that most MSME actors in Central Java still have limited understanding of the procedures and benefits of business and product legality, indicating the need for further

⁹ H Chairil M Noor, Gartika Rahmasari, and M Hum, "Esensi Perencanaan Bisnis Yang Memadai Bagi Usaha Mikro Kecil Dan Menengah (UMKM)," *Jurnal Abdimas BSI* 1, no. 3 (2018): 454–64, <https://doi.org/https://doi.org/10.31294/jabdimas.v1i3.4112.g2525>.

¹⁰ Raghel Yunginger and Indriati Martha Patuti, "Pendampingan Partisipasi Masyarakat Dalam Pemetaan IMAP Untuk Peningkatan Kualitas Infrastruktur Permukiman Berkelanjutan," *Reswara: Jurnal Pengabdian Kepada Masyarakat* 6, no. 1 (2025): 371–80, <https://doi.org/10.46576/rjpkm.v6i1.5213>.

¹¹ Risna Octavia, Catur Wido Haruni, and Surya Anoraga, "Implementasi Izin Usaha Daya Tarik Wisata Di Kota Batu," *Indonesia Law Reform Journal* 1, no. 2 (2021): 241–56, <https://doi.org/10.22219/ilrej.v1i2.16377>.

legal assistance.¹² Another study by Firmansyah, conducted through community service activities in Kampung Moibaken, Biak Barat, demonstrated that legal and digital literacy training can enhance MSME actors' awareness of regulatory compliance, although it has not yet addressed the role of village institutions.¹³ Meanwhile, Prianto's article emphasizes that Village-Owned Enterprises (BUMDes) play a strategic role in strengthening local economic foundations; however, the study did not explore the interrelation between BUMDes, business legality, and sustainable legal empowerment models.¹⁴

Although various studies have examined the urgency of business legality and efforts to improve the legal capacity of MSME actors, most remain limited to conventional legal counseling or educational programs without developing a participatory legal assistance model integrated with the village economic ecosystem. Few studies specifically explore the dynamics of legal empowerment for MSMEs in rural areas with unique economic characteristics, such as Banyuanyar Village, which relies on the livestock, coffee, and tourism sectors driven by BUMDes. Therefore, this study seeks to fill that gap by formulating a participatory legal assistance-based strategy to strengthen the legality and sustainability of MSMEs in Banyuanyar Village as a model for inclusive and equitable local economic development.

Based on the aforementioned background, this study focuses on addressing two main research questions: What is the urgency of business legality for MSME actors in Banyuanyar Village from the perspective of equitable local economic development? How can a participatory legal

¹² Endang Purwaningsih, Nelly Ulfah Anisariza, and Basrowi, "Perolehan Legal Entity dan Legal Product Bagi UMKM," *Jurnal Pembangunan Hukum Indonesia* 5, no. 2 (2023): 245–64, <https://doi.org/https://doi.org/10.14710/jphi.v5i2.245-264>.

¹³ Roma Firmansyah, Iryana Anwar, and Leni Sipra Helen Rahakbauw, "Pemberdayaan UMKM Melalui Teknologi Digital Dan Kepatuhan Hukum Di Kampung Moibaken , Biak Barat , Kabupaten Biak Numfor," *Legal Empowerment Jurnal Pengabdian Hukum* 3, no. 1 (2025): 28–34, <https://doi.org/10.46924/legalempowerment.v3i1.325>.

¹⁴ Yuwono Prianto et al., "Pemberdayaan Hukum BUMDES Dan UMKM Desa Pancasan, Kecamatan Ajibarang, Kabupaten Banyumas," *Jurnal Serina Abdimas* 2, no. 3 (2024): 1002–9, <https://doi.org/https://doi.org/10.24912/jsa.v2i3.32064>.

assistance model serve as an effective legal strategy to strengthen the legality and sustainability of MSMEs in Banyuanyar Village? The objectives of this study are to analyze the significance of business legality as a legal instrument in community-based economic development and to formulate a participatory legal assistance model as an effective strategy to reinforce the legitimacy and competitiveness of MSMEs at the village level. The findings of this research are expected to provide theoretical contributions to the development of the concept of legal empowerment in Indonesia, as well as practical contributions for local governments and higher education institutions in designing sustainable legal empowerment policies.

Methods

This study employs a qualitative descriptive method integrated with a built-in participatory legal empowerment approach. Although the activities were conducted within the framework of the Community Service Program through Research Group Grant (PKM-HGR), the research design was developed empirically to both understand and strengthen the legal awareness of Micro, Small, and Medium Enterprises (MSMEs) in Banyuanyar Village. The approach focuses on identifying the legal and administrative barriers faced by business actors and formulating a participatory legal assistance model through collaboration among academics, village government, and MSME communities.

This research adopts the built-in participatory approach as formulated by Stephen Golub (2003), who defines legal empowerment as a process of enabling individuals and communities to understand and utilize the law to improve their well-being. This perspective aligns with Paulo Freire's concept of dialogic education, which emphasizes the importance of dialogue, reflection, and community-led learning. The

selection of this model is based on its relevance in fostering legal awareness and collective action at the rural community level.¹⁵

The participants in this study consist of 25 MSME actors, the Head of Banyuanyar Village, and representatives from BUMDes Dewi Kampus Kopi. Participants were selected using a purposive sampling technique based on inclusion criteria: active MSME actors domiciled in Banyuanyar Village, willingness to participate in discussions and mentoring activities, and direct involvement in production or business management processes.

Data collection was conducted through three primary techniques: (1) Interactive lectures, to deliver fundamental materials on business legality and intellectual property rights (IPR) protection; (2) Focus Group Discussions (FGDs), involving MSME actors and village officials to jointly identify key challenges and formulate collective solutions; and (3) Individual mentoring, providing technical assistance for business licensing through the Online Single Submission (OSS) system and IPR registration.

The qualitative data obtained from FGDs, interviews, and observations were analyzed using thematic analysis, focusing on identifying emerging themes such as the level of legal awareness among MSME actors, administrative and economic constraints, and the effectiveness of participatory legal assistance models. To ensure the validity and reliability of findings, triangulation was applied by cross-verifying observation results and interview transcripts.

The steps in implementing this community service activity are as follows:

1. The preparatory stage is the initial phase aimed at designing a comprehensive strategy for program implementation. At this stage, the community service team will coordinate with various related parties, including the village government, the manager of BUMDes Dewi Kampus Kopi Banyuanyar, and representatives of MSMEs in Banyuanyar Village. This coordination was carried out to obtain preliminary data on the condition of MSMEs, the types of businesses

¹⁵ Laura Goodwin and Vivek Maru, "What Do We Know about Legal Empowerment? Mapping the Evidence," *Hague Journal on the Rule of Law* 9, no. 1 (2017): 157–94, <https://doi.org/10.1007/s40803-016-0047-5>.

that are developing, and the main obstacles faced in terms of business legality. Then schedule business actors to conduct lectures, Focus Group Discussions (FGD), and conduct one-on-one assistance to provide administrative assistance.¹⁶

2. Technical steps, namely the implementation of various programs that have been designed to support the optimization of MSME business legality in Banyuanyar Village. This activity began with socialization and education regarding the urgency of business legality, which was carried out through lectures which was opened with a presentation, secondly, Focus Group Discussion (FGD) by discussing in more depth the obstacles they face to find a joint solution through the companion because it is relatively quicker to complete,¹⁷ Third, intensive one-on-one mentoring and administrative assistance are provided for socialization activities for identified MSMEs who have expressed their willingness to receive assistance related to their business development. This mentoring process aims to help MSMEs improve the quality and competitiveness of their products.¹⁸
3. Cumulative steps, which are the final stage aimed at ensuring the sustainability of this community service program and evaluating the impact it has had. At this stage, monitoring and evaluation are carried out on MSMEs that have obtained business legality to ensure that they are actually utilizing their business licenses to develop their businesses. The evaluation is carried out through interviews and direct visits to business actors to see the progress of their businesses after legalization.

¹⁶ Siregar, E. S., et al. (2023). Penyuluhan Hukum Legalitas Izin Usaha Mikro Kecil dan Menengah (UMKM). *Jurnal Pengembangan Masyarakat*, 4 (5), 9904-9911.

¹⁷ Lisyawati, E., Muhim, A. (2022). Pembedayaan UMKM Melalui Penguatan Legalitas Usaha Di Desa Cogra Kecamatan Parung Kabupaten Bogor. *Jurnal Pengabdian Kepada Masyarakat*, 1 (1).

¹⁸ Muhajir, M., Khoirin, L., & Sugito. (2023). Pendampingan Legalitas Usaha dan Produk UMKM Anggota BMT NU Singgahan. *Jurnal Warta LPM*, 26 (2), 218-226). Doi: <https://doi.org/10.23917/warta.v26i2.1620>

This study was conducted in accordance with the ethical research principles established by the Faculty of Law, Universitas Sebelas Maret. All participants were fully informed about the objectives and procedures of the research and provided their informed consent prior to the commencement of the activities. The personal identities and business data of participants were kept confidential and were not used for any purposes beyond the scope of this research

Results and Discussion

A. Urgency of Business Legality for MSME Actors in Banyuanyar Village from the Perspective of Equitable Local Economic Development

Business legality serves as a critical source of information for the public, particularly for stakeholders concerned with the identity and activities of enterprises established and operating within the jurisdiction of the Republic of Indonesia.¹⁹ Within the framework of national economic law, business legality is not merely an administrative requirement, it represents the embodiment of the principles of legal certainty and business protection as recognized by the state. According to Law No. 20 of 2008 on Micro, Small, and Medium Enterprises, every business actor is entitled to simplified licensing procedures and business protection in order to promote equitable economic distribution and enhance public welfare.

In the current era of globalization and economic digitalization, the urgency of business licensing for MSME actors has become increasingly evident. The Micro and Small Business License (IUMK) and the Business Identification Number (NIB) function as official government recognition of a business entity's existence and legitimacy. Both serve as essential legal instruments that strengthen the formal standing of MSMEs in conducting economic activities in accordance with prevailing regulations. However,

¹⁹ Monika Suhayati, "Penyederhanaan Izin Badan Usaha (Studi Kasus Di Provinsi D.I. Yogyakarta)," *Negara Hukum* 7, no. 2 (2016): 235–58, <http://ksp.go.id/menggerakkan-sektor-umkm/>.

the level of awareness among MSME actors regarding the importance of business legality remains relatively low. Many still lack a full understanding of its benefits, particularly concerning access to government support programs and banking credit facilities. In fact, through valid business legality, MSME actors not only gain legal protection but also broader opportunities for growth and sustainable economic advancement.²⁰

. Thus, the analysis in this section employs Aristotle's concept of distributive justice and the legal maxim *ubi societas ibi ius* as analytical lenses to interpret the relationship between business legality and equitable local economic development. This theoretical perspective helps explain how legal recognition functions as a mechanism to ensure proportional distribution of welfare and legal certainty among MSME actors. Therefore, business legality should not be perceived merely as an administrative instrument but rather as a manifestation of economic justice within the broader framework of sustainable development.²¹

As a policy response, Law No. 11 of 2020 on Job Creation introduced a risk-based business licensing system aimed at simplifying procedures and enhancing legal compliance. Through the Online Single Submission (OSS) risk-based system administered by the Ministry of Investment (BKPM), both central and regional governments now possess a more efficient mechanism for regulating and supervising business activities. This policy underscores that the acceleration of national economic growth can only be achieved when business legality is enforced equitably and inclusively across all levels of economic actors.²²

²⁰ Tati et al., "Pengembangan Dan Edukasi Pentingnya Legalitas Usaha Mikro, Kecil Dan Menengah Di Era Digital," *BEMAS: Jurnal Bermasyarakat* 5, no. 1 (2024): 53–59, <https://doi.org/10.37373/bemas.v5i1.1086>.

²¹ Fatimah Zahro' Amika, Tutik Sulistyowati, and Sulismaidi Sulismaidi, "Pendekatan Berkeadilan Dalam Pembangunan Masyarakat: Studi Literatur Komprehensif," *Innovative: Journal Of Social Science Research* 4, no. 4 (2024): 957–72, <https://doi.org/https://doi.org/10.31004/innovative.v4i4.12574>.

²² Aep Saefullah and Mohammad Ruvi, "Penguatan Legalitas Usaha Pelaku UMKM Melalui Pembuatan NIB Di Lokasi Wisata Cuiung Wanara Ciamis," *PUNDIMAS* 1, no. 3 (2022): 105–11, <https://doi.org/10.37010/pnd.v1i3.918>.

Business legality encompasses three interrelated legal dimensions: legal certainty, legal protection, and access to economic resources. Collectively, these dimensions determine the extent to which MSME actors can participate legitimately, securely, and competitively within the national economic system.

1. Legal Certainty

Legal certainty is a fundamental principle in the implementation of a just and orderly economic system. By obtaining a business license such as the Business Identification Number (Nomor Induk Berusaha, NIB), MSME actors receive formal recognition from the state that their economic activities are legitimate, protected, and conducted in accordance with applicable laws. Legal certainty in business licensing serves as a cornerstone for ensuring the legitimacy and sustainability of community-based economic activities, particularly at the local level. It also strengthens public trust in a law-based business system by ensuring order and predictability in economic interactions.²³

This principle reflects the legal maxim *ubi societas ibi ius*, where there is society, there must be law as a regulatory and protective mechanism for economic relations. The implementation of the Online Single Submission Risk-Based Approach (OSS-RBA) system has become an essential instrument in realizing legal certainty for micro and small enterprises by providing transparent, measurable, and accessible procedures for business legalization.²⁴

2. Legal Protection

Beyond ensuring certainty, business legality also serves as a shield of legal protection against potential violations of rights, including trademark infringement, product imitation, and monopolistic practices

²³ M Zidane Alfauzan et al., "Legal Evaluation of the Implementation of Licensing for Small and Medium Enterprises From the Perspective of Legal Certainty(Majalengka Regency Case Study)," *Indonesian Journal of Business Analytics* 5, no. 3 (2025): 2181–90, <https://doi.org/10.55927/ijba.v5i3.14548>.

²⁴ Nunik Nurhayati et al., "Legal Certainty of The Positive Fictive Policy In Business Licensing Through The Online Single Submission Risk-Based Approach System In Indonesia," *Jurnal Ius Constituendum* 10, no. 2 (2025): 224–41, <https://doi.org/10.26623/jic.v10i2.12009>.

detrimental to small entrepreneurs. Legal protection for trademarks embodies the practical application of the rule of law, wherein every business actor, including MSMEs holds equal standing before the law and is entitled to protection for their creative works.²⁵ The registration of Intellectual Property Rights (IPR) for MSMEs thus becomes a strategic means of safeguarding the identity and originality of local products from acts of plagiarism while simultaneously enhancing their economic value.²⁶

3. Access to Economic Resources

The third dimension of business legality pertains to access to economic resources. Legal recognition opens pathways for MSME actors to obtain economic facilities that were previously difficult to access, such as capital financing, government development programs, and partnerships with the private sector. Formally registered MSMEs possess greater opportunities to access fair financing and partnership schemes, as they are deemed to have legal credibility and lawful guarantees over their business activities.²⁷

In this regard, law functions as a structural empowerment tool, enhancing the capacity of small-scale economic actors to control resources, access opportunities, and assert their rights within the formal legal system. Through clear and legitimate business legality, MSMEs can transform from informal economic actors into formal entities with stronger bargaining power in relation to financial institutions and global markets

²⁵ Erval Ade Rahman, "Analisis Komprehensif Perlindungan Hukum Merek Dagang Dalam Bisnis Di Indonesia," *Res Nullius* 7, no. 1 (2025): 17–2025, <https://doi.org/https://doi.org/10.34010/rnlj.v7i1.15260>.

²⁶ Nooraini Dyah Rahmawati, "Justice in Trademark Protection for MSMEs: A Legal Evaluation of Barriers and Solutions in Intellectual Property Registration," *Journal for Indonesian and International Legal Studies* 5, no. 1 (2025): 79–102, <https://doi.org/https://doi.org/10.47200/flj.v5i01.3059>.

²⁷ Putri Indah Lestari et al., "Legal Protection for Small and Medium Enterprises (SMEs) in Facing Unfair Business Competition," *Journal Research of Social Science, Economics, and Management* 4, no. 1 (2024): 77–84, <https://doi.org/10.59141/jrssem.v4i1.690>.

Based on the conceptual and normative analysis above, the urgency of business legality for MSME actors in Banyuanyar Village becomes clearer when viewed through the lens of local socio-economic realities. The findings from the legal mentoring program conducted by the Faculty of Law, Universitas Sebelas Maret (UNS) indicate that the level of legal awareness among business actors remains limited, particularly in understanding the procedures and benefits of business legality through the Online Single Submission (OSS) system and Intellectual Property Rights (IPR) protection. This condition reflects a gap in legal understanding at the micro-business level, which directly affects their access to formal economic facilities.

The community service program, titled “Optimization of MSME Product Legality in Banyuanyar Village: Legal Assistance as a Solution for Business Sustainability,” was held on Wednesday, July 9, 2025, at the Banyuanyar Village Hall, Boyolali Regency, Central Java Province. The program involved faculty members specializing in procedural law from the Faculty of Law UNS, along with local village officials and the management of BUMDes Banyuanyar. During the interactive seminar led by Dr. Dara Pustika Sukma, S.H., M.H., as the main speaker, it was emphasized that MSMEs represent not merely a form of local economic activity but a sector with significant national economic impact. MSMEs absorb a substantial portion of the workforce and demonstrate resilience even amid periods of economic crisis.



Picture 1

Opening Remarks by the Dean of the
Faculty of Law, UNS



Picture 2

Presentation session

The existence of legal certainty for MSMEs aligns with the principle of *ubi societas ibi ius*, meaning “where there is society, there is law.”²⁸ This principle emphasizes that within a social order, both individual and public interests must be moderated through legal instruments to ensure that no party is disadvantaged. Law serves as a meeting point for competing interests and limits human behavior to ensure that social and economic objectives can be properly achieved. Accordingly, the establishment of regulations governing MSME licensing is essential to ensure that MSMEs operate under clear standards, gain broader access to markets and capital, and receive legal protection in conducting their business activities.

At the initial stage of the material presentation, the speaker conducted a brief observation and found that most MSME actors in Banyuanyar Village still faced limited understanding of business legality procedures. This condition was reflected in the uneven ownership of business permits among community members, particularly those engaged in fresh cow milk processing, coffee plantation management, and homestay operations. In fact, the possession of a business license is a critical aspect that determines legitimacy and opens opportunities for business expansion into wider markets.

In addition to serving as a form of legal protection and official identity, a business license also facilitates marketing efforts. Products accompanied by formal legality tend to gain greater consumer trust, thereby enhancing a sense of security in purchasing. For business owners, having a business license fosters confidence in promoting their products, as their operations are legally recognized. From a financing perspective, the possession of a business license is one of the main requirements for obtaining access to capital, whether through financial institutions or other funding programs. Moreover, legal status enables business owners to access various forms of government support, including grants, training, and mentoring, as their businesses have met the required administrative standards. Therefore, it can be concluded that business licensing not only

²⁸ Dwi Tatak Subagiyo, “Legal Standing Debitor Selama Menguasai Objek Jaminan Fidusia,” *Law Review* 18, no. 1 (2018): 132–64, <https://doi.org/http://dx.doi.org/10.19166/lr.v18i2.1130>.

ensures legal certainty but also creates multiple forms of facilitation that support the sustainability and development of MSMEs.²⁹



Picture 3
Discussion session



Picture 4
Presentation of a souvenir

After the presentation of materials through an interactive lecture, the activity proceeded with a discussion session using a built-in participatory approach. Through this method, MSME (Micro, Small, and Medium Enterprise) actors in Banyuwangi Village were given the opportunity to express the various challenges they faced, particularly concerning business legality. Komarudin, S.T., the Head of Banyuwangi Village, stated that the widespread absence of business legality among MSMEs has resulted in several derivative issues that hinder local economic growth. The lack of legal permits prevents MSME products from entering broader markets because they lack formal recognition that is legally acknowledged.

This condition diminishes the competitiveness of local products, especially when competing with similar products that already possess official certification. Products produced by larger enterprises generally have certified standards, assured quality, and broader distribution networks, making them more easily accepted by both consumers and business partners. Conversely, unlicensed MSME products are often perceived as less credible, even though in many cases their quality is

²⁹ Nurus Soimah and Dewi Qomariah Imelda, "Urgensi Legalitas Usaha Bagi UMKM," *Jurnal Benenuanta* 1, no. 2 (2023): 22–26, <https://doi.org/https://doi.org/10.61323/jb.v2i1.47>.

comparable or even superior. Consequently, MSMEs face a significant competitive gap in terms of market access, consumer trust, and partnership opportunities with external entities.

In addition, the absence of business legality constitutes a serious obstacle for MSME actors in obtaining access to capital. Formal financial institutions such as banks and credit cooperatives, typically require legal business documentation as proof of legitimacy and legal assurance before granting loans. Without such documentation, MSMEs are considered high-risk entities due to the lack of clear legal certainty. As a result, many MSME operators rely solely on limited personal funds, which constrains their production capacity, product innovation, and business expansion. This limitation not only slows business growth but also weakens the competitive position of MSMEs compared to larger enterprises that enjoy easier and more flexible access to financing. In the long term, this condition may cause stagnation in local economic development, as MSMEs fail to reach their full potential despite producing high-value goods such as fresh cow's milk and specialty coffee unique to Banyuwangi Village.

Following the legal counseling and mentoring activities, there was a noticeable increase in the community's awareness regarding the importance of registering Intellectual Property Rights (IPR) for their products. This awareness emerged as MSME actors began to understand that legal protection through IPR not only safeguards product identity and originality but also enhances added value and market competitiveness. By registering their IPRs, MSME products such as fresh milk, coffee derivatives, and homestay services gain formal legitimacy that prevents imitation and strengthens their bargaining position with consumers and business partners. On the part of the village government, concrete support was provided by facilitating the IPR registration process. This facilitation included providing relevant information, administrative assistance, and establishing connections with related institutions. Such efforts reflect a tangible collaboration between the village government and the local community in strengthening a sustainable, legality-based MSME ecosystem. Consequently, the community engagement activity not only improved legal literacy but also encouraged the practical implementation

of legal protection for local superior products. Based on the results of the FGD, it was found that only a small proportion of MSME actors possessed active business licenses, indicating a normative inequality in access to and utilization of legal instruments. This condition can be explained through Aristotle's framework of distributive justice and the legal maxim *ubi societas, ibi ius*. According to Aristotle, distributive justice does not entail giving the same to everyone, but rather providing benefits "proportionally" based on each individual's contribution or needs within society.³⁰

Meanwhile, the maxim *ubi societas, ibi ius* asserts that every organized community must be founded upon law, meaning that wherever there is a society, legal rights and obligations must exist as a structuring principle. In the context of MSMEs in Banyuanyar Village, the fact that only a few possess legal business recognition demonstrates that legal instruments (such as business licensing and intellectual property protection) have not yet been adequately or proportionally applied to all business actors. Consequently, access to business legality has not been distributed in a "proportional" manner as envisioned in Aristotelian justice, and the collective legal principle (*ubi societas, ibi ius*) has not been fully realized since the business community has not yet been equally incorporated into a framework of protection and legal certainty.

The suboptimal functioning of these legal instruments has direct implications for achieving equitable local economic development, some business actors are left behind due to a lack of legal recognition, while those who are more "connected" or better informed about administrative procedures gain greater access to economic opportunities. From the perspective of distributive justice, this situation suggests that the distribution of benefits, such as legal access, protection, and market opportunities has not been carried out proportionally or fairly. Prior

³⁰ Neny Triana, "The Theory of Justice (Aristotle) Against Imperfect Collateral Binding Bad Debt Case at State-Owned Bank," *Jurnal Akta* 12, no. 1 (2025): 205–14, <https://doi.org/10.30659/akta.v12i1.44007>.

studies have also shown that perceptions of distributive justice significantly affect employee well-being within MSMEs.³¹

Based on the discussion above, it can be concluded that the urgency of business legality in Banyuanyar Village goes beyond merely ensuring legal certainty; it also involves promoting equitable economic access for the local community. To understand these issues more comprehensively, the following section presents the results of the legal mentoring program conducted by the Faculty of Law, Universitas Sebelas Maret, as a practical implementation of legal empowerment strategies at the village level.

The results of the interactive lecture and Focus Group Discussion (FGD), as discussed in the preceding section, indicate a significant transformation in the perspectives and level of legal understanding among MSME actors in Banyuanyar Village. At the initial stage, most participants perceived business legality merely as an administrative formality; however, after the mentoring process, they began to understand that legality functions as an instrument of long-term protection and economic empowerment. Many business actors became aware of the interconnection between business licensing, Intellectual Property Rights (IPR) protection, and access to financial support as well as government development programs.

Beyond the improvement in legal awareness, the FGDs also produced several strategic insights related to strengthening the village's economic institutions. MSME participants suggested that BUMDes Dewi Kampus Kopi could be developed as an integrated service center for business legality and local product marketing, while also serving as a collaborative partner for future training and legal mentoring initiatives. This aspiration reflects a shift from individual participation toward community-based collective action. Thus, the outcomes of the legal mentoring program not only enhanced the individual capacities of business actors but also fostered institutional awareness of the importance of synergy among BUMDes, the village government, and MSME

³¹ Gigih Tegar Tyofyan, Heru Kurnianto Tjahjono, and Susanto, "Distributive Justice And Motivation Intrinsic On Job Satisfaction And Employee Performance In Msmes In The," *Jurnal Ekonomi Dan Bisnis Airlangga* 32, no. 1 (2022): 19–27, <https://doi.org/10.20473/jeba.V32I12022.19-27>.

communities in establishing a fair and sustainable village economic ecosystem.

B. Legal Strategy of the Participatory Mentoring Model in Strengthening MSME Legality and Sustainability in Banyuanyar

A legal strategy, in essence, represents a systematic effort that positions law not merely as a tool of social control but as an instrument for achieving planned and equitable social transformation. Roscoe Pound, in *The Spirit of the Common Law* (1921), emphasized that law must function as *law as a tool of social engineering*, a means to shape and direct social behavior toward the realization of general welfare. The application of Pound's theory in Indonesia becomes particularly relevant when law is oriented toward empowering rural communities to actively participate in the development process.³² Within the context of rural development, this idea implies that a legal strategy should not stop at the creation of formal norms but must also connect governmental policies with the real and contextual needs of society. The concept of "law as a tool of social engineering," as articulated by Roscoe Pound, finds its relevance in the practical experience of Banyuanyar Village, where law is understood not merely as a written set of rules but as a means of shaping socio-economic awareness. During the mentoring process, a noticeable change in community legal behavior emerged, reflected in the increasing participation in legal training and the willingness of local entrepreneurs to independently manage business licensing. This indicates a shift from an apathetic attitude toward law to a deeper understanding of law as an instrument of empowerment.

In practice, the participatory mentoring model or *built-in participatory approach*, serves as a strategic mechanism that reinforces the function of law as a means of community empowerment. Such an

³² H Yacob Djasmani, "Hukum Sebagai Alat Rekayasa Sosial Dalam Praktek Berhukum Di Indonesia," *Masalah Masalah Hukum* 40, no. 3 (2011): 365–74, <https://doi.org/https://doi.org/10.14710/mmh.40.3.2011.365-374>.

approach positions the community not as passive recipients of legal policy but as active subjects who understand, implement, and internalize legal norms in their economic and social activities. This concept aligns with the idea of *legal empowerment*, which promotes direct community involvement so that law functions as a liberating, rather than restrictive, instrument.

Legal empowerment refers to the effort to reverse the conventional tendency by providing individuals and communities with the power to understand and use law for their own benefit. The *legal empowerment* movement originates from the tradition of *legal aid*, whose history is nearly as old as the law itself. The term was first introduced by Stephen Golub (2003) and has since been used to describe various initiatives focused on enhancing citizens' capacity to exercise their rights directly. The concept encompasses diverse institutions, including customary bodies and administrative agencies, thereby extending the reach of law beyond the narrow focus on formal judicial institutions that have traditionally dominated the *rule of law* discourse.³³

The application of legal strategies in empowering MSMEs at the village level must be rooted in the concept of *legal empowerment* and the principle of economic democracy as mandated by Article 33 of the 1945 Constitution of the Republic of Indonesia. Economic democracy, in this context, represents a system that places the community as the main actor in economic development. Its implementation encompasses several key dimensions, including: active community participation in economic decision-making at the national, regional, and local levels; empowerment through capacity building and expanded access to economic resources; strengthening the government's role in providing protection and support for the micro and small business sectors through pro-development regulations and policies; promoting cooperatives and social enterprises as business models grounded in justice and democracy; and maintaining a

³³ Goodwin and Maru, "What Do We Know about Legal Empowerment? Mapping the Evidence."

balance between economic, social, and environmental interests within the framework of sustainable development.³⁴

A successful legal strategy is one that harmonizes economic interests with social justice and broadens public access to both legal and economic resources.³⁵ The participatory approach is chosen because it adapts effectively to the socio-cultural context of rural communities. Mentoring is not merely a process of transferring legal knowledge but a two-way learning interaction in which MSME actors, village officials, and academics engage in dialogue within a framework of joint empowerment. Thus, the legal strategy becomes a collaborative process integrating legal education, technical assistance, and institutional advocacy.

The legal mentoring model implemented in Banyuanyar Village by the Faculty of Law, Universitas Sebelas Maret, integrates three core principles: legal education, technical assistance, and collaborative participation. This approach stems from the awareness that strengthening business legality requires not only administrative reform but also a transformation of legal consciousness, enabling MSME actors to become part of a fair and formal economic system.

First, legal education was carried out through interactive lectures and legal counseling focused on the importance of business legality, procedures for obtaining a Business Identification Number (Nomor Induk Berusaha/NIB), and the benefits of Intellectual Property Rights (IPR) protection. This initiative aimed to build legal awareness so that micro-entrepreneurs understood their legal standing within the formal economic system and their rights as productive economic actors. Legal education serves as the foundational pillar in empowering MSMEs, as many rural business owners still lack understanding of business

³⁴ Syarif Redha Fachmi Al Qadrie et al., "Pengembangan Demokrasi Ekonomi Pada Usaha Mikro Kecil Dan Menengah Di Kota Pontianak," *Innovative: Journal Of Social Science Research* 3, no. 2 (2023): 149–58, <https://doi.org/https://doi.org/10.31004/innovative.v3i2>.

³⁵ Indah Lestari et al., "Legal Protection for Small and Medium Enterprises (SMEs) in Facing Unfair Business Competition."

registration mechanisms and trademark protection.³⁶ The low level of legal literacy remains one of the main obstacles to MSME trademark protection in Indonesia.³⁷ Therefore, educational activities such as legal training and awareness programs are strategic initial steps in cultivating a culture of legal compliance within rural economic activities.

Second, technical assistance was provided through direct mentoring in administrative processes, brand registration, and the completion of licensing documents via the Online Single Submission (OSS) system. This stage reflects the implementation of a practical and applicative legal strategy aimed at bridging the gap between community legal-digital literacy and the demands of a modern bureaucratic system. Technical assistance plays a vital role in ensuring the success of the risk-based licensing system, as most MSME actors face challenges in navigating and accessing the OSS platform.³⁸ Direct support for small business owners in obtaining the NIB not only improves procedural efficiency but also strengthens public trust in the formal legal system.³⁹

Third, collaborative participation serves as the defining characteristic of the mentoring model in Banyuanyar Village. The built-in participatory approach was applied by involving village officials, Village-Owned Enterprises (Badan Usaha Milik Desa or BUMDes), and MSME

³⁶ Agus Prasetyo Utomo, Mohammad Riza Radyanto, and Novita Mariana, "Sosialisasi Hak Kekayaan Intelektual (HKI) Dan Legalitas Usaha UMKM Kelurahan Sambirejo Gayamsari Kota Semarang," *Ikra-Ith Abdimas* 8, no. 2 (2024): 49–55, <https://doi.org/10.37817/ikra-ithabdimas.v8i2.3132>.

³⁷ Sarip Hidayatuloh and Dizar Wangsa Samudera, "Perbandingan Akurasi Metode Naïve Bayes, Decision Tree (C.45), Dan Random Forest Dalam Melakukan Prediksi Masa Tunggu Kerja Alumni Berdasarkan Data Tracer Study Pada Fakultas Psikologi Uin Jakarta," *Jurnal Ilmiah Teknik Informatika (TEKINFO)* 26, no. 1 (2025): 210–21, <https://doi.org/https://doi.org/10.37817/Tekinfor.v26i1>.

³⁸ Alfauzan et al., "Legal Evaluation of the Implementation of Licensing for Small and Medium Enterprises From the Perspective of Legal Certainty(Majalengka Regency Case Study)."

³⁹ Dayinta Puspa Nala, Faikotul Hikmah, and Nafia Ilhama Qurrotu'aini, "Pemberdayaan UMKM Melalui Legalitas Formal: Pendampingan NIB Pada Warkop Cak Koyek Di Sidoarjo," *Jurnal Pengabdian Inovatif Masyarakat* 2, no. 2 (2025): 30–34, <https://doi.org/10.62759/jpim.v2i2.231>.

actors in all stages of the program from planning to implementation and evaluation. A participatory-based mentoring model enhances the sense of social ownership over legal empowerment outcomes and increases program sustainability at the community level. By engaging various local stakeholders, this model not only expands the reach of legal implementation but also builds social legitimacy regarding the importance of legality in rural economic development.⁴⁰

Overall, the participatory mentoring model applied in Banyuanyar Village reflects a synergy among educational, technocratic, and collaborative approaches. These three principles reaffirm that legal strategies in the context of rural economic empowerment must be directed not merely toward strengthening legal compliance but also toward creating participatory spaces where communities act as active subjects in shaping and applying legal norms. Consequently, law is no longer perceived as a rigid and hierarchical instrument, but rather as a dynamic medium of social transformation that evolves alongside the community.

The results of the interactive lecture sessions conducted through the Focus Group Discussion (FGD), as discussed in the previous section, indicate a significant shift in perspective and level of legal understanding among MSME actors in Banyuanyar Village. At the initial stage, most participants viewed business legality merely as an administrative formality; however, following the mentoring process, they began to recognize that legalization serves as an instrument of long-term economic protection and empowerment. Many entrepreneurs also started to understand the interconnection between business licensing, intellectual property rights (IPR) protection, and access to financial support and government programs. This condition illustrates that legal assistance effectively encourages communities to transition from the informal economic sector to the formal economy with legal legitimacy.⁴¹

⁴⁰ Mustajib and Nur Anisa Nilam Cahya, "Pendampingan Legalitas Usaha Berbasis Partisipatif Untuk UMKM Di Dusun Jombangan Santren," *JPMD: Jurnal Pengabdian Kepada Masyarakat Desa* 6, no. 2 (2025), <https://doi.org/https://doi.org/10.58401/jpmd.v6i2>.

⁴¹ Rahmawati, "Justice in Trademark Protection for MSMEs: A Legal Evaluation of Barriers and Solutions in Intellectual Property Registration."

The success of the legal strategy in Banyuanyar Village cannot be separated from the multi-stakeholder collaboration that underpins it. The village government provided administrative support and facilities to encourage residents to process their business legality. The Head of Banyuanyar Village, Komarudin, S.T., also reaffirmed his commitment to facilitating IPR registration through cooperation with relevant institutions. This synergy between local government and academia is crucial for establishing an effective legal protection system for MSMEs, as policies rooted in social participation tend to be more sustainable than top-down approaches.⁴²

In addition, the Village-Owned Enterprise (*BUMDes*) “Dewi Kampus Kopi” played a pivotal role as a local economic facilitator, assisting MSME actors in managing product legality and expanding distribution networks. This cross-sector collaboration has created a mutually reinforcing legal and economic ecosystem within the village

From the above explanation, it can be concluded that the legal strategy implemented through the participatory mentoring model represents a concrete manifestation of social justice in the context of rural economic development. This approach is not merely oriented toward administrative outcomes such as licensing issuance, but more fundamentally toward building collective legal consciousness within the community. By being directly involved in the processes of licensing and legal protection, MSME actors gain knowledge, confidence, and legal independence. Therefore, participatory legal mentoring serves as an inclusive legal instrument that fosters economic sustainability and realizes the ideals of Article 33 of the 1945 Constitution, which envisions a people-based economy founded on the principles of justice.

⁴² Ade Rahman, “Analisis Komprehensif Perlindungan Hukum Merek Dagang Dalam Bisnis Di Indonesia.”

Conclusion

The implementation of participatory legal aid in Banyuanyar Village demonstrates that business legality serves not merely as an administrative requirement but as a foundation for building a fair and sustainable local economy. Beyond formal compliance, the process fostered a shift in collective legal consciousness, where MSME actors began perceiving law as a means of empowerment rather than constraint. This case offers a distinctive insight into how participatory mentoring can effectively bridge the gap between informal and formal economies in semi-urban rural contexts.

To ensure institutional continuity, the study recommends that local governments adopt Village Regulations (*Perdes*) on integrated licensing services and legal aid, supported by a specific budget allocation and collaboration with legal clinics or universities. BUMDes may also serve as a permanent “legal empowerment hub” facilitating registration, training, and IPR assistance.

Although this model shows promise, its scalability depends on community digital literacy, leadership commitment, and institutional cooperation. Future initiatives should test this approach across other rural areas to refine its adaptability. However, the findings are limited by the program’s short duration, small participant pool, and reliance on self-reported behavioral changes. Overall, participatory legal mentoring in Banyuanyar underscores that the democratization of law begins at the village level, where legality becomes a shared social capital for inclusive and sustainable development.

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