

The Effectiveness of Legal Policies on Micro and Small Business Empowerment in Pandemic Time

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The Effectiveness of Legal Policies on Micro and Small Business Empowerment in Pandemic Time

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Abstract

Introduction: MSMEs made a significant contribution to the Indonesian economy at the beginning of 2018. However, since COVID-19 has become a global pandemic, micro, small, and medium-sized enterprises (MSMEs) have been heavily impacted, due to a series of social restriction policies enacted by the government. In order to resolve issues, the government must assist and empower the MSME sector so that it can survive the pandemic. However, not many studies have been carried out regarding the extent to which empowerment policies by local governments have been effective in the field.

Purposes of the Research: This study aims to determine the effectiveness of the legal policies in empowering the micro and small enterprises (MSEs) during the pandemic based on the case of Gowa Regency, South Sulawesi.

Methods of the Research: This is an empirical normative legal research that uses primary and secondary data with descriptive and qualitative analysis.

Results of the Research: The results show that the empowerment policy in South Sulawesi has been regulated in Provincial Regulation Number 7 of 2019 concerning Cooperatives and Small Enterprises, where there are ten forms of facilitating MSE empowerment. Even though it has established the Cooperatives and MSMEs Office, the Gowa Regency Government does not yet issue specific regulations on the empowerment of MSEs. Based on field data analysis, it was found that several forms of empowerment facilitation had been received by the respondents but were not evenly distributed. Empowerment received mostly focused on capital facilitation, while ignoring other form of facilitations. Thus, the existing policies have not been implemented effectively. This is influenced by several factors such as legal substance that do not provide legal certainty; legal structure factors, including the lack of apparatus and supporting facilities; and cultural factors, such as pragmatic behavior and low awareness of MSE actors.

1. INTRODUCTION

At the beginning of 2018, the contribution of MSMEs to the Indonesian economy was very large in various fields. In terms of the number of business units, there are around 64.2

Muhammad Ilyas, Rizki Ramadani, "The Effectiveness of Legal Policies ..."

million business units, which are dominated by MSMEs at 64.1 million (99.9%). In terms of their contribution to the workforce, out of a total of 120.6 million people, MSMEs absorb 116.9 million (97%). Meanwhile, in terms of contribution to GDP, the total GDP contribution of the business world in Indonesia as of 2018 was 14,038,598 billion, with the contribution of MSMEs amounting to 8,573,895 billion (61.07%).¹

However, since the Corona Virus Disease (COVID-19) hit in the first quarter of 2020, there have been drastic changes in the lives of global people.² The increase in countries affected by the Covid-19 virus around the world has made the world economic situation worse and tends to lead to a recession. Indonesia itself experienced a fairly deep contraction from 4.97 in the fourth quarter of 2019 to only 2.97 in the first quarter of 2020.³ This fairly deep contraction in the first quarter in Indonesia was unexpected considering that physical distancing and Large-Scale Social Restrictions (PSBB) came into effect in early April 2020.⁴

Among several existing economic sectors, Micro, Small and Medium Enterprises (MSMEs) are the parties most affected by the COVID-19 pandemic, mainly due to a series of social restriction policies implemented by the government in almost all countries.⁵ A survey conducted by NBER of more than 5,800 small businesses in the United States found that about 43% of small businesses closed by the end of 2020.⁶ Another research conducted by the Connected Commerce Council found that almost all SMEs in Europe were affected by the pandemic, with an average drop of 20% in sales and 16% in customer base.⁷ A survey from Goldman Sachs in mid-2020 also showed that out of 10,000 small business owners, 96% had been affected by the coronavirus and 51% reported their business could not survive 3 months of economic shutdown. Worse yet, 67% of respondents also reported difficulties in accessing emergency funding.⁸

The condition of MSMEs in Indonesia is not much better. Based on data from the Ministry of Cooperatives, it is known that 1,785 cooperatives and 163,713 MSME actors were affected by the Covid 19 pandemic, of which around 37,000 MSMEs reported a very serious impact.⁹ Among these, the food and beverage sector is the business most affected by the

¹ Liza Umami, M. Elfan Kaukab, and Romandhon, "Penggunaan Informasi Akuntansi Pada UMKM Industri Batik," *Journal of Economic, Business and Engineering (JEBE)* 2, no. 1 (2020): 66-75.

² Rizki Ramadani, Yuli Adha Hamzah, and Arianti Anggraeni Mangerengi "Indonesia's Legal Policy During Covid-19 Pandemic: Between The Right To Education And Public Health" *Journal of Indonesian Legal Studies (JILS)* 6, no. 1 (2021): 125-156.

³ Dian Hafida Fitrianti Damanik, "Strategi Umkm Pada Masa Pandemi Covid-19" *Jurnal Al-Istiqshad* 5, no. 2 (2021): 1-12, <http://ejournal.kopertais4.or.id/tapalkuda/index.php/istiqshod/>.

⁴ Abdurrahman Firdaus Thaha, "Dampak Covid-19 Terhadap UMKM Di Indonesia," *Jurnal Lentera Bisnis* 2, no. 1 (2020): 147-153, <https://ejournals.umma.ac.id/index.php/brand>.

⁵ Noor Fazlinda Fabeil et al., "The Impact of Covid-19 Pandemic Crisis on Micro-Enterprises: Entrepreneurs' Perspective on Business Continuity and Recovery Strategy," *Journal of Economics and Business* 3, no. 2 (2020).

⁶ Alexander Bartik et al., "How Are Small Businesses Adjusting to COVID-19? Early Evidence From a Survey," *SSRN Electronic Journal* (2020).

⁷ Maksim Belitski et al., "Economic Effects of the COVID-19 Pandemic on Entrepreneurship and Small Businesses," *Small Business Economics*, no. 0123456789 (2021), <https://doi.org/10.1007/s11187-021-00544-y>.

⁸ Eric W. Liguori and Thomas G. Pittz, "Strategies for Small Business: Surviving and Thriving in the Era of COVID-19," *Journal of the International Council for Small Business* 1, no. 2 (2020): 106-110.

⁹ This is indicated by 56 percent of MSME actors who reported a decline in sales, 22 percent experienced problems in the financing aspect, 15 percent reported problems with distribution of goods, and as many as 4 percent reported difficulties in obtaining raw materials. Even in the initial survey, more than 50% of MSMEs are indicated to go out of business in the near future. More see Abdurrahman Firdaus Thaha, *Op.cit.*, pp. 148-149

pandemic. The results of the Central Statistics Agency (BPS) survey also noted that 82.85% of companies were affected by the Covid-19 coronavirus pandemic. Based on the sector, accommodation and food/drink businesses experienced the most decline in income, namely 92.47%.¹⁰ Likewise with a survey from Smesco Indonesia, that MSMEs in the processed food sector are the hardest hit by the effects of the pandemic.¹¹

Responding to the facts above, the government is required to be alert in helping and empowering the MSME sector to be able to survive during the pandemic. South Sulawesi Province is factually the fifth province with the highest number of MSMEs since 2015 according to BPS. Based on data from the Department of Cooperatives and SMEs in South Sulawesi Province, there are around 176,637 SME units spread across 24 regencies/cities in South Sulawesi, one of which is Gowa Regency. Based on the results of interviews with the Head of the Gowa Regency Cooperatives and SMEs Office, the registered business actors in Gowa Regency are approximately 37 thousand SMEs.

Increasing MSMEs is one of the priority programs of the Gowa Regency Government, especially in the midst of the COVID-19 pandemic. However, not many assessment or evaluation efforts have been carried out regarding the extent to which empowerment policies by local governments have been effective in the field. Based on the search, a number of research results related to the empowerment of MSMEs showed varied findings in various regions. Andini and Nurjannah, for example, concluded that efforts to empower MSMEs had a significant influence on poverty alleviation in Langsa City.¹² Meanwhile, Kurniawan and Fauziah concluded different things, where the empowerment process by the local government was only limited to providing business capital so that it was not optimal in developing MSMEs.¹³ For this reason, it is interesting to examine the effectiveness of the MSE empowerment policy in Gowa Regency, especially in the current pandemic situation which certainly gives more burdens to business actors.

2. METHOD

This study uses a normative-empirical legal research model that refers to primary and secondary data. The approaches used include the statutory and the conceptual approach.¹⁴ Based on this, the methods used in data collection include: library studies (literature review), questionnaire distribution, interviews (in-depth interviews) and focus group discussions. This study collects data from 50 (fifty) respondents who are Micro and Small business actors spread across Gowa Regency. The sample selection technique in this study was carried out by purposive random sampling. The business actors who become respondents are devoted to the food and beverage sector as the most affected business

¹⁰ As cited from katadata.co.id, "6 Sektor Usaha Paling Terdampak Pandemi Corona", <https://databoks.katadata.co.id/datapublish/2020/09/15/6-sektor-usaha-paling-terdampak-saat-pandemi-corona#>, accessed on may 3, 2021.

¹¹ Waseso, R. & Sumartonjon, N. (2020). "Bisnis UMKM Olahan Makanan Paling Terdampak Corona", <https://nasional.kontan.co.id/news/bisnis-umkm-olahan-makanan-paling-terdampak-corona>, accessed on may 3, 2021.

¹² Puti Andiny and Nurjannah, "Analisis Pemberdayaan Usaha Mikro Kecil Dan Menengah (UMKM) Sebagai Upaya Penanggulangan Kemiskinan Di Kota Langsa," *Jurnal Serambi Ekonomi dan Bisnis* 5, no. 1 (2018): 31-37.

¹³ Fauziah Duwi Kurniawan And Ferry Luluk, "Pemberdayaan Usaha Mikro Kecil Dan Menengah (UMKM) Dalam Penanggulangan Kemiskinan", *JKMP (Jurnal Kebijakan dan Manajemen Publik)* 2, no. 2 (2014): 35-43.

¹⁴ Rizki Ramadani and Farah Syah Rezah, "Regional Head Election During COVID-19 Pandemic: The Antinomy in the Government Policies," *Yuridika* 36, no. 1 (2021): 213.

group. This study uses both quantitative and qualitative analysis techniques. Quantitative analysis is carried out based on the calculation or quantity (amount) presented in a statistical-descriptive model. The qualitative analysis was carried out on data that could not be quantified. The data is presented in the form of descriptive-analytical explanations

3. RESULTS AND DISCUSSION

3.1 MSE Empowerment Policy: Case of South Sulawesi and Gowa Regency

Basically, MSE is a group of people or individuals who with all their efforts are trying in the economic field on a limited scale.¹⁵ Sukirno described UMK as a business that has a small initial capital, or a small value of wealth (assets) and a small (limited) number of workers, the value of capital (assets) or the number of jobs in accordance with the definition given by the government or other institutions with a specific purpose.¹⁶ In general, the Covid-19 pandemic has caused most MSMEs to experience a decrease in income due to a decrease in people's purchasing power.¹⁷ For this reason, an empowerment effort is needed that is able to increase the productivity and resilience of micro-enterprises during the COVID-19 pandemic.

According to Mahidin et al, empowerment can be interpreted as an effort to improve the ability of a person or group so that they are able to carry out their duties and authorities as required by the performance of the task.¹⁸ Furthermore, Rukmanto explained that the concept of empowerment is oriented towards economic and social aspects, so that the target group can manage their business, then market and form a relatively stable marketing cycle.¹⁹ Empowerment of MSMEs is an effort to provide opportunities for individual businesses or business entities to be more empowered in improving human resources, as well as optimizing these resources to increase their capacity and ability to take advantage of their potential.²⁰

Empowerment of Micro, Small and Medium Enterprises (MSMEs) is one of the alternatives chosen by the government in an effort to reduce unemployment, alleviate poverty and equalize income. In Law no. 20 of 2008 concerning MSMEs, it is explained that the objectives of empowering Micro, Small and Medium Enterprises are: a. realize a balanced, developing and just national economic structure; b. grow and develop the ability of Micro, Small, and Medium Enterprises to become strong and independent businesses; and c. increasing the role of Micro, Small, and Medium Enterprises in regional development, job creation, income distribution, economic growth, and alleviating people from poverty.²¹

¹⁵ Amir Machmud, "Strategi Pemberdayaan Usaha Mikro Kecil Menengah Melalui Peran Lembaga Keuangan Syariah Dalam Upaya Pengentasan Kemiskinan Di Indonesia," *Semnas Fekon* (2013): 601.

¹⁶ Dilli Asril, "Pemberdayaan Masyarakat Miskin Melalui Pengembangan Sistem Pendukung Bagi Usaha Mikro Kecil Menengah (Umk) Kota Medan" (2013): 124-136.

¹⁷ Evi Suryani, "Analisis Dampak Covid-19 Terhadap Umkm (Studi Kasus: Home Industri Klepon Di Kota Baru Driyorejo)," *Jurnal Inovasi Penelitian* 1, no. 8 (2020): 1591-1595.

¹⁸ Firman Hidayat, "Pemberdayaan Industri Pengolahan Hasil Laut Dalam Meningkatkan Perekonomian Masyarakat," *Public Corner* 3, no. 1 (2017): 20-27.

¹⁹ Arie J. Rorong and Very Y. Londa, "Pengaruh Pemberdayaan Usaha Kecil Dan Menengah Terhadap Kesejahteraan Masyarakat Di Kecamatan Tompaso Barat Kabupaten Minahasa," *Jurnal Administrasi Publik UNSRAT* 3, no. 046 (2017).

²⁰ Adi Fahrudin, *Pemberdayaan, Partisipasi dan Penguatan Kapasitas Masyarakat*. (Bandung: Humaniora, (2012), hal 5.

²¹ Republic of Indonesia, Law Number 20 of 2008 concerning Micro, Small and Medium Enterprises, 2008.

Basically, the criteria regarding MSEs have been formulated normatively in Law Number 20 of 2008 concerning MSMEs, but entering 2020, the government promulgated Law No. 11 of 2020 concerning Job Creation which includes a number of provisions related to criteria and aspects of convenience for MSMEs which are fully regulated in PP No. 7 of 2021 concerning Ease, Protection, and Empowerment of Cooperatives and **Micro, Small and Medium Enterprises** (PP **UMKM**) as one of the implementing regulations of the Job Creation Law. The comparison of MSE criteria can be seen in the table below:

Table 1.
Comparison of Small & Micro Bussiness Criteria

Legal Basis	Criteria Used	
	Wealth/Capital	Sales Result
Law No. 20 of 2008	Micro Bussiness: 50 Million rupiah at max.	Maximum Annual Sales 300 million rupiah .
	Small Bussines: 50 million, up to 500 million at max.	More than 300 million, up to max. 2.5 billion .
Government Regulation No. 7 of 2021	Micro Bussiness: Maximum 1 billion rupiah.	Maximum annual sales results of 2 billion rupiah.
	Small Bussiness: More than 1 billion rupiah, up to Max. 5 billion.	More than 2 billion, up to Max. 15 billion.

Source: Secondary Data, 2021

In the context of South Sulawesi Province, the local government has made a series of efforts to support the existence and sustainability of MSMEs. Currently, the provincial government has a legal umbrella that regulates efforts to empower MSMEs in South Sulawesi, which is stated in the South Sulawesi Provincial Regulation Number 7 of 2019 concerning the Empowerment of Cooperatives and Small Businesses (Local Regulation 7/2019). Malik Faisal, Head of the South Sulawesi Cooperatives and SMEs Office, said that the Regional Regulation on the Empowerment of Cooperatives and Small Businesses that had been prepared for the past three years became the legal basis for the program to empower cooperatives and small businesses in South Sulawesi.

The empowerment policies in the form of regional regulations is the right choice because the existence of regional regulations is the embodiment of the principle of autonomy and regional authority in managing and regulating their own household. In addition, both the MSME Law and the Government Regulation on MSME also emphasize the importance of cooperation between the central and regional governments in terms of coaching, mentoring, and empowering MSMEs. In the context of regional autonomy, the existence of regional regulations in principle plays a role in encouraging maximum decentralization. The purpose of decentralization can be seen from two sides. From the side of local government, it is to realize political equality, local accountability, and local responsiveness. Meanwhile, the goal of decentralization from the central government's

perspective is to realize political education, provide training in political leadership, and create political stability.²²

Thus, Local Regulation 7/2019 is a form of commitment and quick response from the local government to protect and build the competitiveness of cooperatives and SMEs in the scope of South Sulawesi, including Gowa district. The regional regulation functions as a legal umbrella for various budgeting policies, assistance policies and empowerment and protection policies for MSMEs. In this regional regulation, the concept of empowerment is defined as an effort made by the Regional Government, Regency/City Government, the business world, and the community in synergy in the form of climate growth and business development for cooperatives, micro, small and medium enterprises so that they are able to grow and develop into strong, healthy and independent businesses.²³

In the provisions of Local Regulation 7/2019, the empowerment policy consists of two activities, namely planning and implementing empowerment. Planning is intended to provide direction, guidance, and control tools for achieving the goals of Empowerment which is carried out annually by the relevant Office. Meanwhile, the implementation of empowerment is carried out by the Regional Government, the Business World, Kadin, Dekopin, the South Sulawesi MSME Association Board, training institutions, and the community. The budget for empowerment activities is sourced from the Regional Revenue and Expenditure Budget (APBD) and financing from the allowance for the annual profit share of state/regional-owned enterprises (BUMN/BUMD) and private parties.²⁴ The forms of empowerment are regulated in Article 14 which includes:

- a) capital facilitation;
- b) promotion and marketing facilitation;
- c) Partnership facilitation;
- d) facilitation Assistance in business management;
- e) facilitation of support for the ease of obtaining raw materials and supporting facilities in the production process;
- f) acilitation of training to improve managerial and other capabilities that can support Small Business Empowerment;
- g) Facilitating involvement in the procurement of government goods and services;
- h) Facilitation of trade fairs to expand market access at home and abroad;
- i) Facilitating Licensing, Standardization, and Certification; and
- j) Facilitate the use of information technology

Each form of empowerment mentioned above is also supported by business assistance activities that can be carried out by the regional government, the business world, and training institutions. Unfortunately, from a normative point of view, there are a number of notes in Local Regulation 7/2019. First, in terms of its content, this regional regulation only covers the types of cooperatives and small businesses. No regulation or article on micro-enterprises was found, other than in Chapter I, the general provisions. Thus, empowerment efforts basically do not cover micro-enterprises.

²² Muhammad Suharjono, "Pembentukan Peraturan Daerah Yang Responsif Dalam Mendukung Otonomi Daerah," *DiH: Jurnal Ilmu Hukum* 10, no. 19 (2014).

²³ South Sulawesi Provincial Government, Regional Regulation Number 7 of 2019 concerning Empowerment of Cooperatives and Small Businesses, 2019.

²⁴ *Ibid.*, Article 12

In this regard, there is no explanation in the regional regulation why micro-enterprises are not included as subjects in local regulation 7/2019 along with small businesses. Whereas in the General Provisions section, Article 1 number 30 explains that the term Business Actor contained in the regional regulation refers to "...any individual or business entity, whether in the form of a legal entity or not a legal entity established and domiciled in the Region or conducting activities within the Region, either individually or jointly through an agreement to organize activities of Micro, Small and Medium Enterprises in various fields of the people's economy." Thus, there is an inconsistency between the definition of business actor which includes micro business activities, and the scope of business which does not include micro business.

It can be assumed that the reason for not including micro-enterprises in the Regional Regulation of the Province of South Sulawesi is due to the limitation on the authority of the province which must be cross-district/city as referred to in the Regional Government Law. However, the question arises: what if a business carries out activities that are cross-district in nature, but it turns out that it is still in the category of micro-enterprises? Moreover, there is no provision in this regional regulation that states that micro-enterprises are under whose authority, whether it is delegated to district/city governments. In fact, in the provisions of Article 4, it is stated that Regional Regulation 7/2019 was formed with the intention of being a guide for regional governments in developing businesses based on economic democracy that respects equal rights and obligations in doing business. This clearly creates legal uncertainty, especially for business actors who are included in the criteria for micro-enterprises.

Second, formally, the preparation of this Local Regulation still refers to Law No. 20 of 2008 concerning MSMEs, so the substance has not been adjusted to the Job Creation Law which was ratified a year later. Changes in the criteria for micro, small and medium enterprises, both in terms of net worth and business capital (assets) have increased significantly. In the case of micro-enterprises, the increase in the criteria from a net worth of only 50 million to a maximum business capital of 1 billion rupiahs clearly increases the scope and number of businesses that fall into the micro-enterprise category. With no regulation of micro-enterprises in Local Regulation 7/2019, it has implications for the increasing number of business actors in the South Sulawesi region who do not get guarantees and certainty in terms of protection, assistance, and empowerment.

Third, the provisions in Article 16 paragraph (2) state that in supporting the implementation of business mentoring activities, the office is mandated to compile and publish guidelines for business mentoring activities that can be used as references by the business world and training institutions. Furthermore, paragraph (3) then states, "The provisions regarding the guidelines as referred to in paragraph (2) are further regulated in a Governor Regulation." However, until now, the South Sulawesi Provincial government has not issued the governor's regulation as intended. Based on the results of the focus group discussion with representatives of the UMKM service in three districts in South Sulawesi, it was revealed that the absence of this technical guide was one of the reasons why many government officials in both provinces and districts such as Gowa were not optimal in implementing empowerment policies. Especially at a time like now when many MSEs are affected by the COVID-19 pandemic, empowerment efforts need to be intensified.

Fourth, that Local Regulation 7/2019 was drafted before the COVID-19 pandemic appeared in Indonesia. This causes the content material in general to not anticipate the economic burden and health problems as the impact of the Pandemic which has hit business

actors, especially micro-scale businesses that rely heavily on daily income. This is certainly not the fault of the government as the drafter of the rules, but it is a strong reason to make revisions in order to accommodate current conditions.

In relation to Gowa Regency, UMK Empowerment is the responsibility of the Gowa Regency Cooperatives and UKM Service with the vision of "The Realization of Cooperatives, Micro, Small, and Medium Enterprises as People's Economic Strength in Gowa Regency." Historically, this service was formed in 1966 under the name of the Office of the Department of Cooperatives and Transmigration, headed by Dr. Rasyid Tiro until 1974. In Gowa Regency, the Department of Cooperatives and SMEs has a mission from 2016 to 2021 to: 1) Implement excellent service; 2) Grow, develop, and enhance competitive entrepreneurship; 3) Develop financing and guarantee for MSMEs; and 4) Improve cooperative institutional quality. The main tasks and functions of the Gowa Regency Cooperatives and UMKM Service, according to the Gowa Regency Regional Regulation Number 8 of 2008 concerning the Organization and Work Procedures of the Gowa Regency Regional Office, as stated in Article 7, are to carry out affairs in the cooperative and MSME sector based on the principles of decentralization.

Based on data on recipients of capital assistance of 1.2 million rupiahs obtained by researchers from the Gowa Cooperatives and SMEs Service, there are about 25 thousand micro-enterprises registered as recipients of capital assistance. A number of empowerment activities have been carried out by the Cooperatives and MSMEs Office, for example providing assistance to business actors in the regions, either in the form of funds or by providing equipment according to their business needs. To optimize the existing MSMEs, the Gowa Cooperatives and SMEs Service in collaboration with TP PKK conducted a socialization on Increasing the Scale of Micro Enterprises into Small Businesses as well as marketing partnership-based SMEs products at the Gowa Regency level.

When confirmed to the Secretary of the Gowa Regency Cooperatives and UMKM Office, Darmawati Rasyid stated that the Gowa Regency Cooperatives and UMKM Office had developed a policy for empowering Micro Enterprises in the priority program plans set by 2016-2021 as follows:

- a) Entrepreneurship Development Program and Competitive Advantage of Micro, Small and Medium Enterprises
- b) Business Support System Development Program for Micro, Small and Medium Enterprises
- c) Cooperative Institutional Quality Improvement Program
- d) Program for Creating a Conducive Business Climate

3.2 The Effectiveness of Legal Policy for MSEs Empowerment in Gowa Regency, South Sulawesi

The form of empowerment policy that becomes a variable in this study refers to the South Sulawesi Provincial Regulation Number 7 of 2019, where the form of empowerment consists of 10 types of facilitation, including: a) capital facilitation; b) promotion and marketing; c) Partnership facilitation; d) Business management assistance; e) support for the ease of obtaining raw materials and supporting facilities in the production process; f) managerial skills training; g) Facilitating involvement in the procurement of government goods and services; h) Facilitation of local regulation exhibitions to expand access to domestic and foreign markets; i) Facilitation of Obtaining Licensing, Standardization, and Certification; and j) facilitation of the use of information technology.

All forms of empowerment will be assessed for the effectiveness of their implementation in the field. Based on this, the effectiveness variable referred to refers to the theory of legal effectiveness seen from two aspects: first, whether the regulated policies have been implemented in the field, and second, whether the implemented policies can help MSEs during the pandemic. Furthermore, an analysis of the factors that affect the effectiveness of the law using the theory of legal effectiveness from M. Friedmann, which includes factors of legal substance, legal structure, and legal culture of society.

For this reason, primary data was collected through a questionnaire instrument for 50 respondents who are MSE actors in the food and beverage sector spread across several sub-districts in Gowa Regency, South Sulawesi. Generally, the respondents of microbusiness actors are street vendors, warteg, and home sellers, while small business actors are in the form of gift shops, cafes, and restaurants. Based on the characteristics of the respondents, in terms of gender, 54% (27) men and 46% (23) women, with an average age of 35–45 years, were married. This age range is a productive age for someone to work because, in addition to having stronger physical abilities, they also tend to be quick to accept new things and dare to take risks in business. In terms of education level, the majority of respondents were high school graduates with 29 respondents (58%), junior high schools with as many as 12 respondents (24%), elementary schools with as many as 5 respondents (10%), and undergraduate degrees with as many as 4 respondents (8%). The motivation for opening a business is to provide a livelihood to support the family economy.

The majority of respondents who are UMK actors stated that their business is their main source of income, so they are very dependent on the continuity of their business to meet their daily household needs.

Table 2.
Empowerment Distribution

No	Forms of Empowerment	Exist		Not Exist	
		Frequency	%	Frequency	%
1.	Capital facilitation	43	86%	7	14%
2.	Promotion and marketing facilitation	26	52%	24	48%
3.	Partnership Facilitation	10	20%	40	80%
4.	Facilitation Business management assistance	12	24%	38	76%
5.	Facilitation of support for the ease of obtaining raw materials and supporting facilities in the production process	11	22%	39	78%
6	Facilitation of procurement of goods	0	0%	50	100%
7.	Facilitation of training to improve managerial and other capabilities that can support Small Business Empowerment	0	0%	50	100%
8.	Facilitation of trade fairs to expand market access at home and abroad;	22	44%	28	56%

9.	Facilitating Licensing, Standardization, and Certification	10	20%	40	80%
10.	facilitate the use of information technology	0	0%	50	100%

Source: Primary Data, 2021

Based on Table 2 regarding respondents' perceptions of the existence of empowerment policies from the government, it was found that all empowerment facilities were received unequally by micro business actors. From the distribution of existing types of facilitation, it is known that there are three forms of empowerment that are most widely accepted by the community, namely capital facilitation as many as 43 respondents (86%), promotion and marketing facilitation as many as 26 respondents (52%), and facilitation of local regulation exhibitions to expand access. market as many as 22 respondents (44%). The form of empowerment that is least accepted by the community is the facilitation of the use of information technology (0%) and the procurement of goods which only 1 respondent (2%).

Then for each form of facilitation received by the respondent, an analysis is carried out on the extent to which the given empowerment policy can help micro-enterprises. As can be seen in Table 3 regarding Community Perceptions of Facilitation Assistance:

Table 3.
Respondents' Perception of Empowerment in a Pandemic Period

No	Forms of Empowerment	Very helpful (Percentage)	Helpful Enough (Percentage)	Less helpful (Percentage)
1.	Capital facilitation	24%	68%	8%
2.	Promotion and marketing facilitation	50%	50%	-
3	Partnership Facilitation	-	100%	-
4	Facilitation Business management assistance	-	84%	16%
5	Facilitation of support for the ease of obtaining raw materials and supporting facilities in the production process	-	100%	-
6	Facilitating Licensing, Standardization, and Certification	5%	95%	-
7	Facilitation of trade fairs to expand market access at home and abroad;	15%	75%	-

Source: Primary Data, 2021

Based on Table 3, it can be seen that for capital facilitation, as many as 25% of respondents stated that the assistance provided was very helpful for businesses during the pandemic, while 67% stated that it was quite helpful. Only 8% said it was less helpful. In terms of promotion and marketing, 50% of respondents said it was very helpful and the rest said it was quite helpful in selling their business during this pandemic. Furthermore, as many as 67% of respondents stated that the facilitation of the local Regulationangan exhibition to expand market access was very helpful for their business, while the remaining 33% of respondents felt it was quite helpful.

Then, the respondents were also asked questions about what empowerment policies are really needed by micro business actors, and their implementation needs to be maximized during the pandemic. The result is the majority (84%) of respondents answered that they really need capital facilities. This is due to a decrease in sales turnover during the pandemic as a result of a number of policies that limit consumer mobility such as Large-Scale Social Restrictions (PSBB) and the imposition of restrictions on community activities (PPKM). Followed by facilitation of digital technology training for product promotion and marketing (11%), facilitation of Local Regulation exhibition (6%).

3.3 Analysis of the Legal Effectiveness of UMK Empowerment in Gowa Regency, South Sulawesi

Based on the results of data processing in the field, it can be said that the empowerment efforts carried out for Micro and small businesses in Gowa Regency have not been fully effective. This is because of the ten types of empowerment in the Local Regulation, they are not evenly distributed. The three types of empowerment were not even implemented or were never received by respondents during the COVID-19 pandemic, such as facilitating the use of information technology. In fact, the central government is currently carrying out a national economic recovery program (PEN), where one of the agendas is the globalization of MSMEs. Digital sales penetration can be the main strategy because it can expand market reach and promote their products amidst social restrictions and operating hours.²⁵

Furthermore, the analysis of the effectiveness of MSE empowerment policies refers to the theory of Friedman Friedman in his book "American Law An Introduction", which states that legal effectiveness is influenced by three components, namely legal substance, legal structure and legal culture.²⁶

a. Legal Substance

The Legal Substance component includes all written and unwritten rules, both material law and formal law. From this point of view, the empowerment policy as stated in Local Regulation 7/2019 compiled by the provincial government, has not been able to guarantee legal certainty. This is due to the absence of a governor's regulation related to the technical implementation of empowerment, the escape of micro-enterprises from the scope of Local Regulations, and aspects of coordination of authority that have not been clearly regulated between the Province and the Regency/City. In addition, there are no concrete sanctions for government officials or related agencies that do not carry out empowerment obligations as mandated in Local Regulation 7 of 2019. Unfortunately, the Gowa district

²⁵ Tony Wibowo and Yudi, "Studi Penetrasi Aplikasi Media Sosial Tik-Tok Sebagai Media Pemasaran Digital : Studi Kasus Kota Batam," *Conference on Business, Social Sciences and Technology* 1, no. 1 (2021): 662-669, <https://journal.uib.ac.id/index.php/conescintech>.

²⁶ See Lawrence M. Friedman and Hayden, *American law: An introduction*. (United Kingdom: Oxford University Press, (2017). Hal. 57.

government itself has not drawn up a Regional Regulation related to the empowerment of MSMEs. This causes empowerment not to run optimally, both in terms of planning, implementation, data collection, as well as monitoring and evaluation.

b. Legal Structure

The legal structure component includes government apparatus (law enforcement) and supporting facilities and infrastructure. Basically, every Gowa district government apparatus, especially in the SME service, has a good work ethic and a strong spirit in advancing and developing MSEs in their area. However, a number of these obstacles include budget constraints and the number of human resources. In addition, the COVID-19 pandemic also affected the implementation of empowerment activities, at least in terms of the scale of activities and the number of recipient participants. Another thing that was conveyed was the problem of synchronizing regulations, which sometimes confuses government officials in making policies. Based on observations from interviews and focus group discussions (FGD), one of the biggest weaknesses of the Gowa district SME office is the availability of data. A number of Cooperatives and UMK offices do not yet have complete, accurate and clustered data regarding UMK actors in their area.

Several research also indicate that the construction of facilities has a significant influence on the development of MSEs.²⁷ One thing that is felt to be a weakness in Gowa Regency is that there is no government building that can be used as a center for MSEs. Even though the location of the MSME center is very strategic as an information center about MSEs in Gowa district, in order to make it easier for the public and tourists to find SME products, as well as a means of developing and training business actors.

c. Legal Culture

The cultural component of the community is an emphasis on culture in general, habits, opinions, ways of thinking and acting that direct MSE actors. MSE actors generally have a low educational background where 92% are high school graduates and below. This has implications for the lack of knowledge in aspects of business management and development.²⁸ Lack of knowledge, for example in managerial aspects such as bookkeeping, permit management, packaging, brand design, promotion and advertising, and so on.

One of the observers and facilitators of micro and small businesses, Ratna, for example, spoke about the difficulty of changing the mindset of business actors. Further, he explains:

“Actually a number of activities have been carried out to facilitate business actors, but these opportunities are not utilized optimally by business actors. In several training activities related to digitization, a number of participants were unable to practice the material, so I had to ask them to contact their families who could assist, for example, their children are in school and have basic knowledge of using computers.”

²⁷ Harsono, “The Effects Of Facilities and Infrastructures Towork The Productivity Of SME’s Work In Magelang City SME’s),” *Jurnal Litbang Provinsi Jawa Tengah* 10, no. 2 (2012): 132–138.

²⁸ A number of research results illustrate that the issue of the education level of MSME actors is highly correlated with their ability to utilize information technology as a means of supporting MSME management, see for example Baso Saleh and Yayat D. Hadiyat, “Use of Information Technology among Performers Micro Small Medium Enterprises in the Border Area (Study in Belu, East Nusa Tenggara) (,” *Journal Pekommas* 1, no. 2 (2016): 141.

In terms of community culture, a number of government officials and MSE empowerment facilitators, for example, complained about the low awareness of the community to update their insights and knowledge about business development. There are still many microbusiness actors who are apathetic and not serious in responding to empowerment efforts from the government, especially in the form of information technology-based training. A number of UMK service officers and academics who act as companions for business actors also complained about the pragmatic culture of some business actors, who were more interested in financial assistance than entrepreneurship training.

The facts above are in line with the findings of Yohanes Rante, who found that the ethnic culture of the community basically has no impact on the performance of agribusiness MSEs in Papua, but the consumptive culture of the community has been able to make entrepreneurs who used to be productive become powerless. On the other hand, the creative culture of business actors will produce products and management systems that have high competitiveness. However, some micro and small business actors are often more concerned with short-term (short-term) needs such as monetary rewards and capital subsidies, compared to investing in the entrepreneurial aspect or information technology training, which has a long-term impact on business growth.

4. CONCLUSION

Conclusion contains a description that should answer the objectives of research. Provide a clear and concise conclusion. Do not repeat the Abstract or simply describe the results of the research. Give a clear explanation regarding the possible application and/or suggestions related to the research findings. Based on the results of the analysis of the legal policy for empowering MSEs in Gowa Regency, South Sulawesi, there are still a number of notes: 1) This Local Regulation only covers the types of cooperative businesses and small businesses which has implications for legal uncertainty, especially for business actors who are included in the micro-enterprise criteria.; 2) the content material still refers to Law 20/2008 and has not adjusted to the provisions of the Job Creation Law. This has implications for the increasing number of business actors in the Gowa Regency area who do not get guarantees and certainty in terms of empowerment; 3) there is no governor regulation as a technical guideline for the implementation of empowerment; 4) Local Regulation 7/2019 was compiled before the COVID-19 pandemic appeared in Indonesia, so it has not yet regulated the emergency aspects and economic burdens as a result of the pandemic. Based on the results of the analysis on the effectiveness of MSE business empowerment in Gowa regency, it was found that a number of empowerment policies have been accepted by the community, but they are not evenly distributed. In general, empowerment policies have been quite effective in helping business actors. However, most empowerment is still centered on capital facilitation. Based on this, the MSE empowerment policy in Gowa Regency has not been fully implemented effectively. This is influenced by a number of factors, namely the legal substance that does not guarantee legal certainty, the legal structure in the form of a lack of human resources, budget and facilities such as the central building, and the pragmatic culture of business actors caused by the low level of education.

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