

## **Job Creation Efforts through Empowering Micro, Small and Medium Enterprises**

**Rayhan Fahriza Yose**

Faculty of Law, Universitas Tarumanagara, West Jakarta City, Province of DKI Jakarta,  
Indonesia

Email: [Rayhan.205210143@stu.untar.ac.id](mailto:Rayhan.205210143@stu.untar.ac.id)

### **Abstrak**

Micro, small and medium enterprises or abbreviated UMKM are businesses established by individuals or business entities that provide economic services to the wider community that can overcome the economic crisis, are able to encourage Indonesia's economic growth by expanding employment opportunities. The method used in this Writing this journal is a normative legal research method that examines efforts to create jobs through empowering Micro, Small and Medium Enterprises. This legal research method is considered normative because researchers research by collecting data which is then analyzed qualitatively. Micro, Small and Medium Enterprises are the most important part of fulfilling the Indonesian economy which can reduce poverty and unemployment in the country. potential solutions to create jobs and drive economic growth. One way to empower MSMEs is to provide them with access to financial resources, technical assistance, and business development support. By providing MSMEs with access to financial resources such as microcredit and equity financing, they can expand their operations and increase production capacity, which can lead to the creation of new jobs.

**Keywords:** Micro Enterprises, Umkm, Employment



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## **INTRODUCTION**

Indonesia is a country that has a high unemployment rate due to a high human population. There are many causes for the rise in the unemployment rate in Indonesia, one of which is a shortage of jobs. The difficult economic situation has made people poor, coupled with an increase in basic commodities and so on. Therefore, the government as a state apparatus has an important role to achieve the welfare of society and the state. Therefore, the government encourages people to have independent and creative personalities so that people Indonesia is able to bring out its creative talents which aim to improve the quality of Human Resources or HR, so that people can overcome the economic downturn.

Micro, small and medium enterprises or abbreviated UMKM are businesses established by individuals or business entities that provide economic services to the wider community that can overcome the economic crisis, are able to encourage Indonesia's economic growth by expanding employment opportunities. In the Constitution of the Republic of Indonesia Number 20 of 2008 which states that a just and prosperous society based on Pancasila and the 1945 Constitution of the Republic of Indonesia must be carried out through national development according to economic democracy. Small and Medium Enterprises have several types such as culinary businesses that are involved in the food and beverage sector, the capital of the culinary business is arguably not too large but this business is quite promising which in general everyone definitely needs food and drink, then there are fashion businesses that are involved in in the field of clothing and knick-knacks, this business is in demand and from time to time there are always the latest trends in clothing or fashion that can make business people have increased income and finally, namely agribusiness businesses which are included in the agricultural sector, there are still many business ventures in Micro, Small Business , and Medium depending on people who have independent creativity.

The Micro, Small and Medium Enterprises sector has many essential roles, but there are also many problems that must be faced by this sector from various aspects such as the quality of resources, business management capabilities and capital. Technology as well as capital is also an obstacle because of the difficulty in channeling information and productive resources resulting in limited development of business capabilities. The government has a strategy to improve the economy because Micro and Small Enterprises are still lacking in the ability to develop, therefore these small businesses need complete information that is easy and fast to access.

## **RESEARCH METHODS**

The method used in writing this journal is a normative legal research method that examines efforts to create jobs through empowering Micro, Small and Medium Enterprises. This legal research method is considered normative because researchers research by collecting data which are then analyzed qualitatively to find out facts about efforts to create jobs through empowering Micro, Small and Medium Enterprises in Indonesia. The data collected in this research normatively can be in the form of articles, in the form of data from legislation, legal journals and legal theory.

## **RESEARCH RESULTS AND DISCUSSION**

### **Poverty Alleviation Efforts through the Empowerment of Micro, Small and Medium Enterprises**

Before we discuss in more depth regarding the empowerment of Micro, Small and Medium Enterprises, we must know more deeply what is meant by Micro, Small and Medium Enterprises first, Micro, Small and Medium Enterprises or what is abbreviated UMKM as stated in the Law Number 20 of 2008 concerning Micro, Small and Medium Enterprises which means businesses that are run individually, business entities, or households, the grouping of MSMEs in a comprehensive manner per year has limits on turnover, number of employees, and also assets total wealth. In Indonesia, the role of MSMEs is very important because they can contribute a significant amount to GDP, can expand employment, and relatively protect the Indonesian economy from a financial crisis. A very large population makes Indonesia a country that has decreased the number of poor people. Before the economic crisis in 1996, the number of poor people was only 12 percent, followed by the 1997 economic crisis which increased to 40 percent. This proves that over the years the population increases and the economy can decline. There are many causes of poverty itself, such as poverty that occurs because of local culture and customs, where people tend to be quickly satisfied with an achievement, besides that there is poverty caused by natural factors where there are not many resources such as in remote areas and poor public facilities are needed. thus making the quality of the resources needed low. These conditions lead to resource poverty, income, productivity, savings, and also investment.

Each district or region has the opportunity to develop the MSME sector, where the MSME sector makes a very large contribution to employment in the area. The increased employment created can certainly play a role in improving the welfare of the workforce so that poverty and unemployment in Indonesia can be suppressed. Micro, Small and Medium Enterprises or MSMEs are industries that have proven to play an important role in overcoming the ongoing economic crisis. This is reflected in the large contribution of SMEs to Indonesia's GDP, therefore during the current pandemic, the government is trying to prepare a Covid-19 pandemic financing scheme (pandemic financing) for MSME players with a specific channeling model. MSME players can immediately use this funding to return to business without having to go through complicated terms and conditions for up to three years. With financial support from

SMEs, MSME actors can manage and manage their strategies so that organizational goals can be achieved properly. Business development is determined by the ability of the owner or manager to build and develop strategies, prepared and planned strategies force companies to look to the future and proactively shape their future. Strategies can also help increase awareness of the direction an organization is moving towards its goals, maintain business continuity, and facilitate effective delegation and management processes. Every company must have a strategy to develop its business.

Not only large companies have strategic management, small companies also need to be guided by a good management strategy. Strategic management is a set of decisions and actions aimed at achieving organizational goals. Strategic management can also be integrated into long-term and short-term decision-making processes. There are several processes in strategic management that must be considered. The first is the process of defining the mission and goals, followed by the strategy to be implemented. The second is observation and analysis of internal and external factors (SWOT analysis). The third is to formulate a strategy. The fourth is strategy implementation. And fifth, a thorough evaluation process must be carried out on all business transactions within the organization. By paying attention to these five things, economic actors can easily achieve the goals that have been set. Of course, with the right strategy and financial support from the government, the MSME sector can continue to make a good contribution to Indonesia's economic development, both in terms of employment and GDP.

### **Government Businesses in Implementing the Empowerment of Micro, Small and Medium Enterprises**

The government also has efforts to empower Micro, Small and Medium Enterprises which can reduce poverty and unemployment. This effort can be regarded as an effort to reduce poverty and reduce the expenditure burden through subsidies. To tackle poverty and unemployment Vice President Ma'ruf Amin said that this increase was carried out by empowering Micro, Small and Medium Enterprises. The MSME empowerment has three pillars, the first is conducting training, mentoring and technical capacity building for the development of business capacity and skills of Micro, Small and Medium Enterprises. Furthermore, the assistance of providing digital systems and support that elevates technology. The second is to encourage financial institutions to pay more attention to Micro, Small and Medium Enterprises, and the third to increase business to make it more accessible, simple processes and easy permits is a way to improve the supporting ecosystem for Micro, Small and Medium Enterprises.

After that, such as encouraging the development of industrial estates, encouraging standardization and halal certification, and using public infrastructure. Ma'ruf said that the government also had to carry out a system for setting the goals of this system to ensure that these goals could be achieved with a poverty alleviation strategy program. Ma'ruf also wants universities to become MSME actors. Ma'ruf also believes that after the end of the Covid 19 pandemic, MSME players must immediately be given assistance so they can rise and survive, and has hopes that campuses in Indonesia will participate to have an active role in fostering MSME actors, who are the majority of MSME players in the country. The government, in order to help MSMEs who are recovering from Covid 19, has issued a PEN or National Economic Recovery policy to support them by allocating a budget in the form of Rp. 96.21 trillion which can be allocated to MSMEs is like getting a discount on interest rates (KUR and non-KUR), investment funds from the government supporting working capital loans that make a profit.

## CONCLUSION

Micro, Small and Medium Enterprises (MSMEs) are important drivers of economic growth, accounting for a large share of employment and GDP in many countries. Therefore, empowering MSMEs can be a potential solution to create jobs and encourage economic growth. One way to empower MSMEs is to provide them with access to financial resources, technical assistance, and business development support. By providing MSMEs with access to financial resources such as microcredit and equity financing, they can expand their operations and increase production capacity, which can lead to the creation of new jobs. Apart from financial support, providing technical assistance and business development training to MSMEs can improve their managerial skills and increase their competitiveness in the market. This can lead to increased demand for their products and services and subsequently create more job opportunities. Another way to empower MSMEs is through government policies and programs that support their growth. Governments can provide incentives such as tax breaks, subsidies or grants for research and development initiatives that can lead to technological advances, production efficiency and productivity in a business.

Suggestion: This writing is far from perfect, there are still many mistakes in writing, because writers are only humans who make many mistakes and sins. And we also need suggestions or criticisms so that they can be used as motivation for a better future than in the past. We also thank the supervising lecturer for the Kapita Selektta Kenegaraan course, Prof. Dr. Tundjung Herning Sitabuan S.H., C.N., M.Hum., Dr., who has given the author the task of making a journal, I hope this writing can be of benefit and insight to those who read it.

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