

STRATEGIES FOR ADDRESSING THE CHALLENGES, REGULATIONS, AND LEGAL ASPECTS OF MSMEs IN SOUTH KEMBANGAN SUBDISTRICT, WEST JAKARTA (COMMUNITY SERVICE BY UNIVERSITAS MERCU BUANA JAKARTA)

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ABSTRACT

This community service (PkM) activity aims to increase the understanding of the community and micro, small, and medium-sized enterprises (MSMEs) in South Kembangan Subdistrict regarding the issuance of several new regulations, business legality, and the registration of MSME permits, both through direct registration with government agencies and via the Online Single Submission (OSS) website. The activity also seeks to strengthen sustainable business strategies through good governance, with the hope that MSMEs will be able to face various challenges and support the government's Asta Cita program. Based on the situational analysis, it was found that the number of registered MSMEs in South Kembangan is still small, with industrial sector activities remaining limited, and various challenges are faced, such as limited understanding of legal aspects, new regulations, management and marketing strategies, and proper financial reporting systems. The PkM activity was conducted through socialization, training, and group discussions with a collaborative approach between lecturers, students, and the community, especially MSME entrepreneurs, on February 26, 2025. The event was attended by at least 35 participants, including subdistrict staff and students from Universitas Mercu Buana. Evaluation results indicated an improvement in participants' understanding, with an average score increase from 3.229 to 3.571 on a scale of 4. This activity supports the achievement of Key Performance Indicators (IKU) and the Merdeka Belajar Kampus Merdeka (MBKM) program. It is expected that the sustainability of the program, through periodic mentoring, will strengthen the competitiveness of MSMEs in the South Kembangan area, which has now become the heart of trade in West Jakarta.

Keywords: MSMEs, Legality & Regulations, Business Strategy, PkM, MBKM

1. INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) play a crucial role in the national economy, contributing more than 60% to the Gross Domestic Product (GDP) and absorbing 97% of the workforce. Currently, MSMEs fall under the Ministry of MSMEs, whereas they were previously part of the Ministry of Cooperatives and MSMEs. According to the Public Relations of the Ministry of MSMEs, dated January 25, 2025, this move aims to accelerate economic growth, with MSME entrepreneurs currently reaching approximately 65 million and capable of creating jobs for up to 97% of the workforce. Therefore, a dedicated institution is required to address the challenges, needs, and potential of MSMEs. Based on this, the Ministry of MSMEs was officially established in 2024 through Presidential Regulation Number 196 of 2024. (Source: Ministry of MSMEs, 2025).



Sumber : Kementerian UMKM 2025

Figure 1. Overview of MSMEs in Indonesia

President Prabowo Subianto, through his Asta Cita, aims to: Increase quality employment opportunities, encourage entrepreneurship, develop the creative industry, and continue infrastructure development; Strengthen human resource (HR) development, science, technology, education, health, sports achievements, gender equality, as well as strengthening the roles of women, youth, and people with disabilities. The Government's Asta Cita program today

serves as a guide and strengthens government support for MSMEs, which is becoming increasingly important and tangible to ensure that MSMEs can operate safely and in accordance with regulations. Through the Asta Cita program, which focuses on increasing quality employment, encouraging entrepreneurship, developing the creative industry, and continuing infrastructure development; Strengthening human resource (HR) development, it also aligns with the 2023-2027 PkM roadmap (5 years) as part of the implementation guide for PkM activities within Universitas Mercu Buana. The roadmap includes a prominent theme, which is business sustainability. This roadmap contains strategic steps to enhance and promote good governance, particularly for MSMEs, so that MSME businesses can be managed sustainably in line with the rapidly changing and dynamic times. Therefore, it is essential to increase understanding in various key areas, such as the understanding of regulatory changes, laws (UU), criteria, and other regulations currently applicable, especially concerning the development of MSMEs.

In Government Regulation No. 7 of 2021 concerning the Ease, Protection, and Empowerment of Cooperatives and MSMEs (PP UMKM), which was issued by the government along with 48 other implementing regulations of Law No. 11 of 2020 on Job Creation (UU Cipta Kerja) on February 16, 2021, PP UMKM revised several provisions that were previously regulated in Law No. 20 of 2008 on MSMEs (UU UMKM). One of the revisions pertains to the criteria for MSMEs themselves.

The comparison of MSME criteria is now significantly different, as detailed below:

Table 1. Comparison of MSME

INDICATOR	UU UMKM (Law No. 20 of 2008)	PP UMKM (PP UMKM No. 7 of 2021 - ENFORCED)
Business Classification	- MSMEs are classified based on net worth or annual sales. - Net worth is the total assets minus liabilities or obligations.	- MSMEs are classified based on business capital or annual sales. - Business capital refers to both personal capital and loan capital used to run business activities.
Business Scale or Business Capital	1. Micro Business: up to Rp 50 million 2. Small Business: more than Rp 50 million but less than Rp 500 million 3. Medium Business: more than Rp 500 million but less than Rp 10 billion ===== = In land and buildings for business premises.	1. Micro Business: up to Rp1 billion. 2. Small Business: more than Rp1 million up to a maximum of Rp5 million. 3. Medium Business: more than Rp5 million up to a maximum of Rp10 million. ===== Excluding land and business premises.
Annual Revenue	1. Micro Business: up to Rp 300 million 2. Small Business: up to Rp 300 million 3. Medium Business: up to Rp 2.5 billion	1. Micro Business: up to Rp2 million. 2. Small Business: more than Rp2 million up to a maximum of Rp15 million. 3. Medium Business: more than Rp15 million up to a maximum of Rp50 million.

Kriteria UMKM (Sumber : UU No.20 tahun 2008 atau UU UMKM) = SUDAH TIDAK BERLAKU		
Klasifikasi :	Kriteria	
	(1) Kekayaan Bersih	(2) Hasil Penjualan Tahunan
	= Keuntungan bersih - Seluruh kewajiban	Omset
Usaha Mikro	Maksimal 50 juta	Maksimal 300 juta
Usaha Kecil	> 50 juta sd 500 juta	> 300 Juta sd 2,5 M.
Usaha Menengah	> 500 juta sd 10 M.	> 2,5 M sd 50 M.
	Semuanya tdk termasuk Tanah dan Bangunan Tempat Usaha	
Kriteria UMKM : PP UMKM No.7/ 2021 = MASIH BERLAKU		
Ukuran Usaha	Kriteria	
	(1) Kekayaan Bersih atau Modal Usaha	(2) Hasil Penjualan Tahunan
	Modal Usaha (Modal Sendiri & Modal Pinj)	
Usaha Mikro	Maksimal 1 Milyar	Maksimal 2 Milyar
Usaha Kecil	1 M sd 5 M	2 M sd 15 M
Usaha Menengah	5 M sd 10 M	15 M sd 50 M
	Semuanya tdk termasuk Tanah dan Bangunan Tempat Usaha	

Figure 2. Criteria for MSMEs

The community and MSME entrepreneurs often fail to recognize the importance of a legal framework, such as business legality, even though this is crucial to avoid potential legal issues in the future and ensure the long-term continuity of business operations. Business legality is a standard that must be met by economic entities, and MSMEs need to comply with these requirements in order to compete in the free market era. These legal requirements become problematic because many business owners lack business legality. Such conditions are still common in various regions, including in the South Kembangan Subdistrict, West Jakarta. Based on the situational analysis, it was found that many MSMEs in this area are still not registered with official government agencies, and industrial sector activities remain limited. This raises the question: is this due to limited information and communication, such as the lack of understanding about changes in legal aspects, new regulations in the business licensing process, or because entrepreneurs are still facing other challenges, such as the lack of understanding of management and marketing strategies, as well as proper financial reporting systems for the community and MSME entrepreneurs?

Universitas Mercu Buana Jakarta, through its community service activities as part of the Tri Dharma of Higher Education, plays a significant role in supporting the community and MSME entrepreneurs. This service is carried out through various programs designed to provide tangible benefits. This PkM activity is conducted through socialization, training, and group discussions with a collaborative approach between lecturers, students, and the community, particularly MSME entrepreneurs, on February 26, 2025, with the theme: "Strategies for Facing the Challenges, Regulations & Legalities of MSMEs in South Kembangan Subdistrict, West Jakarta."

The South Kembangan Subdistrict area is part of the Western Primary Center, which is the heart of trade in West Jakarta. This area was previously an agrarian region, but like most other urban areas, infrastructure development and residential settlements have transformed much of the original land. The rapid transformation in this region began with the development of various infrastructures, supporting economic activities and other important places, which have affected the lives of the community. All of this reflects changes and developments in the area with the main sources of income being: wholesale & retail trade, repair, and maintenance of motor vehicles & motorcycles. Meanwhile, MSME entrepreneurs in this area are still relatively few. Most MSME entrepreneurs are involved in the industrial sector, such as furniture, textiles, ready-made clothing, food & beverage industries, while other industries remain minimal. The phenomenon of the limited number of MSME entrepreneurs registered in the South Kembangan Subdistrict attracts the writer's attention and serves as motivation to gather information/data to deepen the writer's understanding based on the actual conditions of the partners/community that will be empowered, specifically MSME entrepreneurs.

Participants of the PkM Activity:

The community & MSME entrepreneurs in the South Kembangan area.

1. Background of the Activity

- The number of MSMEs officially registered is still small, and the industrial sectors being handled by MSMEs are still limited to retail/simple businesses.
- The increasing number of new regulations, new legal requirements, and licensing processes from the government.
- The existence of the online licensing process through the OSS-RBA website or direct registration with official agencies, which is still not well understood by the business community, especially MSMEs.

- d. Strategies for MSME entrepreneurs to face various challenges.

2. Problem Formulation

- a. The still limited number of officially registered MSMEs and the limited industrial sectors being managed by MSMEs.
- b. The increasing number of new regulations: new legal requirements & processes from the government.
- c. The still limited understanding of the licensing process via the online OSS-RBA website or direct registration with official agencies by the business community, particularly MSMEs.
- d. The many challenges faced by the business community & MSMEs.

3. Objectives of the PkM Activity

- a. To provide understanding to the community and MSME entrepreneurs in the partner area about the importance of MSMEs being registered with official agencies, and the expanding industrial sectors managed by MSMEs, so that they can grow and develop.
- b. To enhance understanding about regulations & business legality for MSMEs, and to update MSME entrepreneurs' knowledge.
- c. To provide understanding of the business licensing process via the OSS-RBA online website and direct licensing processes with government agencies.
- d. To provide training on MSME strategies in facing challenges.

In the MSME sector, there are often major challenges, such as the limited understanding of the community and MSME entrepreneurs regarding legality, the many new regulations, management and marketing strategies, as well as financial reporting systems. These issues are also present in the South Kembangan Subdistrict, West Jakarta, which has developed into a new economic center. The limited access to legality, understanding of regulations, and weak business management, including the still limited number of MSME entrepreneurs officially registered with agencies, are issues that need to be addressed. The transformation of this area has not been accompanied by an increase in the number and quality of MSME entrepreneurs, which remain limited both in quantity and diversity of industries. Therefore, interventions from the government and stakeholders, including higher education institutions, are needed to strengthen understanding through empowerment and training programs, so that the community and MSME entrepreneurs can face various challenges, including business legality and the many new regulations, while also strengthening their business foundations for sustainability. By managing formal licensing & business legality for registration with government agencies, it is hoped that this will enhance economic independence, both in the welfare of the surrounding community and MSME entrepreneurs, both locally and nationally. Several previous community service activities had a key theme: Business Sustainability. Likewise, this PkM activity, which takes the theme: Strategies for Facing the Challenges, Regulations & Legalities for MSMEs in South Kembangan Subdistrict, West Jakarta, is an important and interesting topic to study. This theme is also in line with previous PkM activities on business sustainability, such as: Acceleration of MSME Business Establishment through the OSS-RBA Risk-Based System (KBLI 2020) in North Kembangan Subdistrict, West Jakarta (PkM Report by Edy Suroso, 2023), Economic Recovery Acceleration for Families & Strengthening MSMEs through Business Establishment & Legality in the New Normal Era in North Kembangan Subdistrict, West Jakarta (PkM Report by Edy Suroso, 2022), and Discovering Self Strength, Building Entrepreneurial Spirit Among Senior High School Students at Kembangan Subdistrict, West Jakarta (Report, PkM Edy Suroso, 2021) published in the journal *Discovering Self Strength, Building Entrepreneurial Spirit Among Senior High School Students At Kembangan Subdistrict West Jakarta (Preparing Millennials To Excel And Innovate)*, ICCD.ASIA eISSN 2622-5611 Vol.3 No.1, October 2021: 121-125. Additionally, the 2024 PkM activity is featured in the journal *Developing The Potential of Islamic Boarding Schools through RAS Method Fish Farming (UMSIDA Journal DOI: 10.21070/IJCCD.V1611.1050)*.

2. IMPLEMENTATION METHOD

A. The implementation method of the PkM includes three main stages:

- a. Pre-Activity: Survey and interviews with the South Kembangan Subdistrict partners to identify the needs and issues of MSMEs.
- b. Activity Implementation: Socialization and training were conducted on February 26, 2025, at the Subdistrict Office Hall, attended by 35 MSME participants. The topics covered included: OSS-RBA processing, understanding KBLI 2020, business legality, business strategies, and preparing simple financial reports.
- c. Evaluation and Follow-Up: Conducted through questionnaires and discussions. Participants requiring further assistance were provided with direct contact information for the PkM team.

The approach method involved presentations, focus group discussions (FGD), and practical case studies. Students also played a role as MSME mentors, in line with the implementation of the MBKM program.

B. Socialization Method of PkM Implementation:

- Providing discussion materials/slide/PPT related to the theme of the PkM activity.
- Presentation covering everything from the background, objectives, to a discussion: Q&A (Discussion Forum) directly.
- Providing a questionnaire related to feedback on the PkM activity.
- Providing evaluation/guidance either through post-socialization visits or via phone/ Q&A/consultation via WhatsApp messages.



Figure 3. Community Service Banner

3. RESULTS AND DISCUSSION

Based on the data analysis of 35 participants in the PkM activity from the community and MSME entrepreneurs with the theme: “Strategies for Facing the Challenges, Regulations & Legalities for MSMEs in South Kembangan Subdistrict,” a general perception was obtained showing that the participants gave positive feedback on the benefits of the training that was conducted. This is reflected in the average (mean) scores ranging from 3.229 to 3.571 on a 4-point Likert scale (4 = Strongly Agree, 3 = Agree, 2 = Disagree, 1 = Strongly Disagree).

Hasil Descriptive Statistics : Manfaat Pelatihan PKM

No	Pernyataan / Pertanyaan	N	Min	Max	Mean	Std. Deviation
1	Keahlian Tim PKM UMB dapat menyelesaikan permasalahan masyarakat	35	3	4	3.229	0.426
2	Tim PKM UMB memanfaatkan cara yang lebih cepat dan mudah	35	3	4	3.257	0.443
3	Pelatihan sangat berguna dalam mengembangkan ilmu pengetahuan masyarakat	35	3	4	3.571	0.502
4	Materi yang diberikan sangat bermanfaat sebagai bahan belajar bagi masyarakat	35	3	4	3.486	0.507
5	Pelatihan yang diberikan dapat berpeluang meningkatkan pendapatan masyarakat	35	3	4	3.400	0.497
6	Pelatihan yang diberikan dapat meningkatkan pengetahuan dan pemahaman masyarakat	35	3	4	3.343	0.483
7	Pelatihan yang diberikan dapat meningkatkan hasil produk masyarakat	35	2	4	3.400	0.553
8	Pelatihan yang diberikan memberi semangat untuk melakukannya dikemudian hari bagi masyarakat	35	3	4	3.371	0.490
9	Pelatihan yang diberikan dapat meningkatkan kualitas masyarakat	35	3	4	3.371	0.490
10	Kerjasama yang dilaksanakan bersama Tim PKM UMB bermanfaat bagi masyarakat	35	3	4	3.429	0.502
11	Kerjasama yang dilaksanakan bersama Tim PKM UMB memenuhi target kerjasama	35	3	4	3.371	0.490

Figure 4. Descriptive Statistics Results

The statement with the highest average score was:

- “The training is very useful in developing the community's knowledge” (Mean = 3.571), followed by:
- “The material provided is very beneficial as learning material for the community” (Mean = 3.486).

This shows that participants felt a significant benefit in the increase of their knowledge and understanding related to business regulations and legality. The statement with the lowest average score was:

- “The expertise of the UMB PKM Team can solve several community problems” (Mean = 3.229), but it still showed a positive response (Agree category). In addition, the collaboration between the PKM Team and the community was also considered beneficial, as seen from the statements:
- “The collaboration carried out with the UMB PKM Team is beneficial for the community” (Mean = 3.429),
- “The collaboration carried out with the UMB PKM Team met the cooperation target” (Mean = 3.371).

It is important to note that in statement Q7 about the improvement of the community's product outcomes, there was slight variation in the responses, with a minimum score of 2 (Disagree), as reflected in the highest Standard Deviation of 0.553. Overall, the analysis results show that the training conducted by the Universitas Mercu Buana PKM Team provided tangible benefits for MSME actors in the South Kembangan Subdistrict, particularly in terms of:

- Knowledge enhancement,
- Understanding of regulations and legality,
- Product development,
- Strengthening the spirit of running a business.

The PkM activity resulted in several key achievements:

1. Increased participant understanding: shown by the survey results with an average score of 3.229–3.571 (4-point scale).
2. Training materials and slides: distributed to all participants as a follow-up guide.
3. Interactive discussions between MSME actors, faculty members, students, and subdistrict officials: resulting in tangible solutions related to legality and business development.

This program also contributed to IKU 3 (faculty activities outside the campus), IKU 5 (faculty work used by the community), and IKU 7 (collaborative classes). In practice, this activity strengthened the relationship between the campus and the community, and empowered MSMEs to be more adaptive to regulations and digital transformation.

Understanding increased (average score 3.229–3.571), distribution of training materials, group discussion interaction, and impact achievement towards the institution's IKU.

Figure 5. Conditions During the Socialization

Challenges in Implementing the Activity

- a. The challenge faced after the socialization to improve understanding in the South Kembangan Subdistrict



One of the challenges was that many MSME business actors returned to their activities in various areas of South Kembangan, making it somewhat difficult for the PKM Team to conduct continuous monitoring/mentoring after the socialization event. However, the PKM Team had provided contact persons, phone numbers, and encouraged follow-up mentoring via online/phone/WhatsApp messages.

- b. Some members of the target community may still have limited understanding or lack sufficient knowledge about the topics discussed.

Through a post on Instagram from the South Kembangan Subdistrict, at the link: <https://www.instagram.com/p/DGhtt8aTSWD/?igsh=MTc5cndtNHNuMG45cg==>, the Head of the Subdistrict, RM Pradana Putra, in his speech during the PkM activity, highly appreciated the implementation of the PKM activity, which is expected to contribute to the improvement of the welfare of the residents. With the theme of improving the quality of MSME business actors in the digital era, it is hoped that this will have a positive impact on MSME actors, and ultimately support the local economy.

4. CONCLUSION

The PkM activity successfully enhanced understanding related to the theme presented. It is expected that by knowing and understanding various new regulations, rules, and business legality, whether through online business registration via the OSS-RBA website or direct registration with official agencies, the number of MSME entrepreneurs will increase, as well as those who understand the strategies and good governance of MSMEs. This community service activity successfully improved the knowledge of the community and MSME entrepreneurs about the importance of legality, understanding the latest regulations, and business strategies. Through a collaborative and participatory training method, this program has had a positive impact on local economic empowerment. It is important for the community and MSME entrepreneurs to understand the development of regulations related to their business. In addition to raising awareness about the importance of knowledge, understanding the latest regulations can serve as the basis for determining the steps to be taken in the business legalization or licensing process. Moving forward, periodic mentoring and broader partner involvement are needed to ensure that the achieved results are sustainable.

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