



## Legal Legality in Managing UMKM Business Online

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### ABSTRACT

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Understanding this legality is very important for MSME players. It can also provide confidence to customers, business partners, and investors that the MSME business is run with integrity and in accordance with established standards. The development of information technology in the era of globalisation has caused the world to become free and caused various social dynamics to occur directly, continuously and quickly, so that the life lived by humans feels easier, as well as freedom in making choices in life. What is currently growing rapidly is the occurrence of transactions and buying and selling agreements that do not require direct face-to-face contact, but can be done through the world of information technology connected to the internet network. Through the internet, communities that specialise in trading certain goods are now starting to grow. Business people are now starting to join sites that accommodate their communities. These sites require users to become members first, but some do not. As an online shop that offers goods to be traded via the internet (Ecommerce).

### KEYWORDS:

legality, law, business, umkm

### INTRODUCTION

The understanding of legality for MSME actors is supported by the Government's movement to stipulate Presidential Regulation No. 98 of 2014 concerning licensing for micro and small businesses which aims to provide legal certainty and means of empowerment for Micro and Small Business Actors (PUMK) in developing their businesses. Thus, the need to understand this legality is very important for MSME players. It can also provide confidence to customers, business partners, and investors that the MSME business is run with integrity and in accordance with established standards. Furthermore, business legality and distribution permits can protect the rights of businesses, owners, and consumers. (Sukma et al., 2024)

The purpose of a contract is to formulate the parties' wishes, protect their interests, and help achieve the desired goals. Characteristics of contracts, including consensualism, freedom of contract, pacta sunt servanda, good faith, and personality. The importance of understanding the legal terms of the agreement and the role of the debtor in fulfilling contractual obligations, including cases of default which can take the form of non-performance, poor performance, or delay are also explained. Not only that, overmacht conditions

are explained. Overmatch itself occurs when a contract cannot be performed due to reasons that cannot be predicted or known in advance that prevent the debtor from fulfilling its obligations. (Sinaga, 2021)

Protection of consumers, both materially and formally, is considered very important, given the rapid development of science and technology that serves to mobilise production power and the ability of entrepreneurs to produce goods or services for the purpose of achieving business targets. (Rizan et al., 2022). The plan to strive for and achieve these two things, as a result, whether by direct or indirect means, the user will mostly feel the impact. So, the plan to fulfil complete protection to the interests of consumers is an extension then followed by an important thing that must immediately find a solution, especially in Indonesia, considering how successive problems regarding consumer protection, especially welcoming the era of free trade that is coming soon. (Kristiyanti, 2022).

MSMEs play an important role in Indonesia's economic growth. The government has also endeavoured to simplify the business licensing system through the Risk-Based Business Licensing Online Single Submission. (Sarif, 2023). The benefits of business licences were discussed, including legality for businesses, legal protection, access to finance, and access to government assistance programmes. In addition, it was explained that business risks are classified according to the business field and the type of licence required depends on the risk level. MSMEs with low risk only need to have a Business Identification Number (NIB), while

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those with high risk need additional licences. The business licensing process can now be done easily through the official Risk-Based OSS website, which is managed by the OSS Agency (Ministry of Investment/BKPM). This system is expected to create an ecosystem that supports investment and is more efficient than the previous licensing system. (Bahrul, 2024).

As a manifestation of one of the principles of freedom of contract, currently there are a number of agreements that have various forms, one of which is an electronic agreement, due to the rapid development of technology. Technology is one of the causes of the birth of electronic contacts. The convenience provided by technological advances causes every legal subject to easily make agreements with each other using the help of internet technology even though the parties cannot meet in person. Technological developments have also led to an increase in online trade transactions, online trade transactions are increasing, as a solution to not being able to trade freely due to restrictions on social activities. (Hernikawati, 2021).

A sale and purchase agreement is an agreement or agreement in which one party binds itself to deliver an object while the other party binds itself to pay the promised price. In Indonesia itself has begun to use a buying and selling system, namely e-commerce. Law Number 19 of 2016, in the provisions of article 1 number 2 concerning Information and Electronic Transactions, states 'Electronic transactions are legal actions carried out using computers or other electronic media'. Electronic buying and selling transactions are one of the manifestations of the above provisions and this electronic transaction process also has a high risk, one of which is fraud. So in this case the author will discuss aspects of electronic law and its protection. In online buying and selling transactions, the two parties that are interrelated, perform legal acts created from an agreement or contract which is also made by electronic means. As the provisions of Law Number 19 of 2016 article 1 number 17 concerning Information and Electronic Transactions, states electronic contracts are agreements contained in electronic documents or other electronic media. (SIHOMBING, 2022).

The sale and purchase transaction cannot be separated from the agreement, because the sale and purchase stage must begin with an agreement, where this agreement has been included in an agreement. In the provisions of Article 1313 of the Civil Code, it states that 'an agreement is an act in which one or more people bind themselves to one or more other people'.

The agreement or contract made by each party according to their respective wishes in terms of form, type or content, this is a form of freedom of contract as outlined in BW paragraph 1 of article 1338 explaining 'all contracts legally made agreements apply as Law for those who make them'. Even so, no matter how free a person makes a contract, it is still obligatory to pay attention to the legal requirements of the agreement as stated in article 1320 of the Civil Code,

not against positive legal regulations, decency and public order. An agreement between two or more parties gives birth to rights and obligations to each party so that if one party does not fulfil its obligations voluntarily, the other party can demand it. To be used as a lesson to the community regarding an agreement or contract. However, what we need to remember is that the principle of freedom of contract must not violate the validity requirements of the agreement in the Civil Code. The validity of an agreement is regulated in Article 1320 - Article 1337 of the Civil Code. (Budianto, 2017)

## **RESEARCH METHOD**

The type of research used in this writing is a type of normative legal research that only examines laws and regulations. The data sources used in this writing are primary data in the form of laws and regulations and legal literature related to legal legality in MSME businesses. The type of approach in this writing is a statutory approach (The Statute Approach). This research uses a qualitative method with a library research approach, namely collecting data or scientific papers related to the object of research or collecting library data. This research discusses the implementation of online MSMEs and their legality. The author uses several recent materials, including the latest texts related to the legal legality of online MSMEs in Indonesia, the latest data on MSMEs and their legality, websites of organisations (professional, health, and government), formal news (online). As well as conducting analytical interpretation with strict verification, the aim is to see how the text fits into the context of the current case (Gentles et al., 2016).

## **RESULTS AND DISCUSSION**

Consumer protection is well known in western countries. Countries in Europe and America have also long had rules on consumer protection. International organisations such as the United Nations have not skimped on this case. It is proven that the UN issued resolution No.39/248 of 1985. In this resolution the interests to be protected are: 1) Protecting consumers from harmful effects on health and safety; 2) Promotion and protection of the socio-economic importance of consumers; 3) The availability of adequate information to consumers in order to give them the ability to make choices that are appropriate and in accordance with their wants and needs; 4) Consumer education; 5) Effective compensation for damages; 6) Freedom to form consumer associations. (Zulham, 2017).

The protection of consumers, both materially and formally, is seen as very important, given the rapid pace of science and technology that serves to drive production power and the ability of entrepreneurs to produce goods or services for the purpose of achieving business targets. Although the use of the internet promises convenience in conducting electronic transactions, this does not mean that electronics is a safe device from problems, so advanced a technology, it

must still provide a problem. The development of buying and selling via the internet has caused many problems.

Online buying and selling transactions are buying and selling carried out through online media or applications. In conducting online buying and selling transactions, sellers do not have to meet directly with buyers. This electronic transaction has been regulated in Law Number 19 of 2016 concerning the law on information and electronic transactions in article 1 paragraph 2 which reads 'Electronic transactions are legal actions carried out using computers, computer networks, and / or other electronic media'. The contract in electronic transactions is not the same as a direct contract, in general, electronic transactions are carried out through writing. Goods are posted on the internet page and prices are listed. Then consumers who buy must make payments according to the price and added with shipping costs or what is commonly called postage. In order to accelerate the recovery of the national economy, which is dominated by Small, Micro and Medium Enterprises (MSMEs), the Government seeks to optimise the potential and productivity of MSMEs by encouraging digitalisation or onboarding for offline MSMEs and providing various stimuli for MSMEs that have been digitalised. (Abdi & Batubara, 2022).

The government has initiated the Proudly Made in Indonesia National Movement, where millions of MSMEs have been on board various e-commerce platforms and given stimulus such as coaching, promotion, loan distribution from the State-Owned Bank Association (Himbara), and placement in the government procurement e-catalogue. "This recovery condition is also expected to be enjoyed by MSMEs as the pillar of the national economy. The number of Indonesian MSMEs reaches 64 million or 99% of the business structure in Indonesia, which contributes no less than 61% to the national Gross Domestic Product (GDP) and is able to provide 97% of employment.

No less important than the go-digital MSME effort is the go-legal MSME effort that the Government is addressing by removing various regulatory barriers in the ecosystem through the Job Creation Law and its derivative regulation PP No. 7 of 2021 concerning Ease, Protection, and Empowerment of Cooperatives and MSMEs. So far, the Government has also provided an MSME and Corporate Support PEN Program of IDR 191.13 trillion aimed at maintaining the momentum of economic recovery, as well as so that all levels of the business world can continue to maintain their businesses and also as an effort to reduce the potential for workforce reduction. A survey from Bank Indonesia in March 2021 revealed that 87.5% of MSMEs were negatively affected by the pandemic. The strategy is to sell online and product variations, because there has been a shift in people's behaviour patterns towards digitalisation during the pandemic. (Pulungan, 2022).

Increasingly fierce competition, with the opening of domestic and global markets, has made the guidance and development of MSMEs more urgent so that MSMEs can

increase their independence. With an increasing level of independence, it is hoped that it will also have an impact on community income, open up employment opportunities, and prosper the community as a whole. Micro, Small and Medium Enterprises (MSMEs) are the pillars of the community's economy (Kadeni, 2020). In addition, MSMEs are also a very strategic sector of the national economy in people's economic development, which has always been a central issue contested by politicians in attracting mass sympathy. In its development, this sector actually faces many problems that until now have not received serious attention to overcome them. Small and medium enterprises (SMEs) need special protection in the face of the free market. The expected protection is in the form of, among others, strengthening the capacity of human resources, capital, training, promotion, and a conducive business climate (Sarmigi et al., 2023).

Several things related to the development of MSMEs in Indonesia, especially to increase competitiveness in the global market, are as follows: (1) The amount of assistance to MSMEs is not well-targeted, so it is necessary to coordinate assistance to MSMEs so that it is well-targeted, disciplining ministries/agencies that provide assistance to innovate in formulating assistance schemes. Another thing is that technical training assistance in production, finance, marketing, and entrepreneurship needs to be increased in quantity and quality. (Heri Kusmanto & Warijo, 2019).

The rapid growth of business will continue in line with population growth. Therefore, it must be supported by proper legal functions that can enforce justice and discipline in business. The existence of laws governing business, or business law, allows businesses to protect their behaviour and activities from harming others, including citizens who may be affected by externalities. Existing commercial law should address the universal legal objectives of lawfulness (harmony) and justice. Most MSMEs are business entities and their scope is not very broad (based on definitions and available information), but MSME managers are not ignorant in explaining business law. Examples of business laws are the Consumer Protection Act, which requires the launch of products that do not harm consumers, and the Labour Act, which contains rights and obligations between workers and industry.

Regarding licensing, it is stated in Law Number 11 of 2020 Article 91. Specified in this article, it explains that MSMEs can register online or attach a letter of commerce from the Identity Card (KTP) and RT so that MSME businesses can obtain a Business Registration Number from an electronic business permit. The business registration number is the main valid permit for all business activities. In addition, Article 92 of the Taxation Law regulates the tax administration of MSMEs. Paragraph (2) explains that MSMEs applying for a business licence can obtain incentives in the form of fee exemptions.

Similarly, the various types of legal guarantees stipulated in the PP are also explained in Article 51, which

explains that MSMEs will get legal assistance and assistance. The central and local governments will at least identify legal issues for MSMEs, give news to MSMEs on structures and strategies to get legitimate guide administration, and subsidise the implementation of legal programmes and facilities. Given this, the legal protection of MSMEs should be regulated by Law No. 11 of 2020 on Job Creation and Decree No. 7 of 2021 on the Guidance, Protection, and Strengthening of Cooperatives, which MSMEs do right. If the central and local governments are more interested in financing, it is easier to grant licences and provide goods/services to MSMEs. Law No. 11/2020 is a breath of fresh air for MSMEs, whereas the previous Law No. 20/2008 on MSMEs did not provide comprehensive legal protection to MSMEs. (Ahmadi & Sutrisno, 2023).

The sources of law that apply in Indonesia are sources of material law and sources of formal law. The source of material law is law that is seen in terms of its content and comes from factors that determine the content of the law, namely socio-economic conditions, religion, and the legal system of other countries. While the source of formal law is a source of law related to the procedure or method of formation and can be directly used to create law. Sources of formal law, among others, consist of laws and regulations such as the 1945 Constitution, laws, government regulations, presidential decrees, and regional regulations, treaties, namely agreements between countries made in a certain form, doctrine from jurists; and jurisprudence, namely judge decisions. The two sources of law above are the basis for the formation of business law or law used in running a business.

Legal actions in the form of electronic transactions made between the parties to the transaction cannot be separated from the legal problems that occur. Default is one of the legal actions that injure the electronic transaction process that often occurs, one of the parties to the transaction should have to carry out its obligations, but in the process one of the parties cannot fulfil the agreed achievements. Based on Article 1233 of the Civil Code, if one of the parties to the agreement does not fulfil the performance that has become an agreement (default), so that the consequences of the actions taken result in material loss. Therefore, such detrimental actions as a result of one of the parties not carrying out its responsibilities in accordance with the agreed agreement through online media can be legally sued through the court.

An agreement is a legal relationship made between a person and another person that results in legal consequences. A buy-sell agreement is an agreement between the seller as a provider of goods and the buyer as a recipient of goods based on a request, so that an agreement is formed and gives rise to rights and obligations. In general, the law has regulated the sale-purchase agreement, so it can be said that the sale-purchase agreement carried out on the object in the form of goods is a named agreement. The regulation of the sale-purchase agreement is in the explanation of Article 1457 to

the explanation of Article 1540 of the Civil Code. (Kurniawan et al., 2020).

Online buying and selling is a buying and selling transaction through the internet media between sellers and buyers separated by distance. UUTE in Article 1 point 17 provides an understanding that electronic transactions / electronic buying and selling are agreements through electronic media, either the internet or others. Online buying and selling media is usually often used by entrepreneurs to make a profit by offering goods / objects legally. To find out the characteristics of buying and selling using online media can be seen by; a). There is an agreement / contract offered in the form of merchandise; b). Agreements are made via the internet; c). Transactions are carried out over long distances; d). Agreements are made with social media networks; d). Freedom and openness of access to goods / objects sold. E-commerce agreements are known by two actors, namely merchants/business actors who make sales and buyers/customers/consumers who act as buyers. In addition to business actors and consumers, in buying and selling transactions through internet media also involves providers as internet service providers and banks as a means of payment.

A company or online trading account in cyberspace that sells online stores is very easy to set up compared to setting up a company in the real world. As the fact that the establishment of a company in the real world requires permission from the relevant officials / agencies. But in establishing or building an online store in cyberspace, only renting a place in cyberspace and creating an online store web design on an Internet Service Provider (ISP), this online store can operate like a store in the real world. The ease of creating an online store is a problem for consumers who will buy products at the online store. The implications of the development of online buying and selling have good and bad impacts on society. The good impact of the online buying and selling system is that it provides breadth for the community to be able to start a business with the internet media, so that they are able to compete to provide the best products they have. From the consumer session, the positive impact is in addition to time efficiency, it also provides many options / or choices of goods / objects to be purchased so as to get the best goods / objects. However, online buying and selling is also inseparable from the negative side, namely the irresponsible use of the media so that it can harm consumers as buyers.

Modern business using electronic means (internet) that is cross-border, mass and fast-paced is very vulnerable to the emergence of disputes between interested parties. But of course, the parties do not expect disputes to occur. If such disputes occur, they must be resolved quickly and appropriately so as not to disrupt the business activities of the parties themselves. There are two options that can be used in resolving business disputes including disputes in electronic transactions, namely through court (litigation) and non-litigation (Anggraeni & Rizal, 2019).



It is important to note that whatever method is chosen, it must fulfil the principles of speed, effectiveness, efficiency and legal certainty. First, Litigation. In resolving disputes, the function of the court has received a lot of criticism from the justice-seeking community. In general, the criticisms are that the courts are very slow and expensive, judges have generalist knowledge, publicity and court decisions place the parties in the position of the winner and the loser, not a win-win solution. Second, Non-Litigation (Alternative Dispute Resolution-ADR). Nowadays, dispute resolution has begun to shift from settlement through litigation to non-litigation, as is the case in the United States and Australia where almost 90% of disputes are resolved through non-litigation, especially among entrepreneurs, as well as in Indonesia, although the frequency is still very low. Some of the considerations that make many people choose ADR include dissatisfaction with the courts, non-publicity, private nature, cost and time considerations, the desire for a win-win solution, arbitrators/mediators who are experts in their fields and the freedom of the parties to choose the most appropriate way to resolve disputes. According to Law No. 30/1999 on Arbitration and Alternative Dispute Resolution, dispute resolution can be done by negotiation, conciliation, mediation, expert opinion and arbitration. However, it is unfortunate that the law is more. Third, Negotiation. Negotiation is a bargaining process conducted by the disputing parties to find alternative solutions to problems peacefully. Negotiations are conducted without involving other parties. Negotiation is an option that is pursued if the parties still have trust and confidence that the dispute can still be resolved quickly. This means that the parties must have the will and good faith not to prolong the dispute. If the negotiation results in an agreement, it is then set out in writing and binds the parties to implement it. The agreement resulting from the negotiation applies like an agreement to the parties (Dedy Mulyana, 2019).

### CONCLUSION

Increasingly fierce competition, with the opening of domestic and global markets, has made the guidance and development of MSMEs more urgent so that MSMEs can increase their independence. With an increasing level of independence, it is hoped that it will also have an impact on community income, open up employment opportunities, and prosper the community as a whole.

In order to accelerate the recovery of the national economy, which is dominated by Small, Micro and Medium Enterprises (MSMEs), the Government seeks to optimise the potential and productivity of MSMEs by encouraging digitalisation or onboarding for offline MSMEs and providing various stimuli for MSMEs that have been digitalised. The legality of a sale and purchase agreement via the internet must have the same legality as a conventional agreement as long as it can be proven and fulfils the provisions in Article 1320 of the Civil Code. The basis of

legality occurs if both parties agree and there is a word of agreement between the buyer and seller in communicating regarding the offer of goods and the selection of the desired goods and both have agreed that there is an agreement.

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