

## IMPLEMENTATION OF BUSINESS LAW IN EFFORTS TO STIMULATE THE PERFORMANCE OF MSMEs IN PANGKAJENE KEPULAUAN REGENCY

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### ABSTRACT

*Micro, Small, and Medium Enterprises (MSMEs) play a vital role in the economy of Pangkajene Islands Regency, serving as key drivers of employment and sources of community income. However, various challenges, such as limited access to financing, complex regulations, and a lack of understanding of business law, often hinder the growth of these enterprises. In this context, the effective implementation of business law is crucial for creating a conducive environment for the development of MSMEs. This research examines the important role that business law plays in improving the performance of MSMEs in Pangkajene Islands Regency. Sound business laws can establish a stable regulatory framework, protect entrepreneurs' rights, and promote healthy competition. The study focuses on several aspects of business law that influence MSMEs, including business registration, tax incentives, and consumer protection. Employing a normative juridical approach, this qualitative research utilizes descriptive methods to analyze the relevant issues. While challenges such as insufficient awareness of existing laws and convoluted regulatory processes persist, strategies including legal education, procedural simplification, and affordable legal support can be implemented to address these issues. Furthermore, collaboration between the government, industry associations, and educational institutions is essential to foster an ecosystem that supports MSME growth. By effectively implementing business law, it is hoped that the performance of MSMEs in this region can improve, thereby encouraging sustainable economic growth. This discussion aims to provide solutions on how such collaboration can be achieved in the future.*

Keywords: Implementation, Business Law, Stimulation, Performance, MSMEs

### INTRODUCTION

The development of Indonesia's economy is closely linked to the performance of Micro, Small, and Medium Enterprises (MSMEs), especially in providing employment opportunities and sources of income for people with low or modest earnings. The MSME sector also plays a highly strategic role, both economically and politically, by supplying goods and services to consumers with low to moderate purchasing power. In this way, MSMEs can assist the government in its mission to eradicate poverty through the development of a people-centered economic system.

Micro, Small, and Medium Enterprises (MSMEs) are business activities that can expand employment opportunities and provide broad economic services to the community. They play a key role in the process of income redistribution, economic growth, and in contributing to national stability. MSMEs are also productive enterprises, owned by individuals or legal entities, that meet the criteria set by Law No. 20 of 2008. MSMEs must, of course, understand the legal aspects regulated under the Job Creation Law (UU Ciptaker) and its derivative regulations.

In this regard, MSMEs, as referred to, need to be implemented in a comprehensive, optimal, and sustainable manner through the development of a conducive environment, provision of business opportunities, support, protection, and the broadest possible development of enterprises. This approach aims to enhance the position, role, and potential of Micro, Small, and Medium Enterprises in realizing economic growth, income equality, improvement of public welfare, job creation, and poverty reduction. (Considerations of Law No. 20 of 2008 on Micro, Small, and Medium Enterprises).

According to data from katadata.co.id, (Kamsidah, 2022) the number of MSMEs in Indonesia in 2019 reached 65.5 million. This number represents an increase compared to the previous year, which was 64.2 million MSMEs. Of the total number of MSMEs, those in the Manufacturing sector constitute a significant portion, amounting to 21,439 MSMEs, which include industries such as food and beverages, fashion, and handicrafts.

One of the regions in South Sulawesi with significant potential for MSME development is Pangkajene and Kepulauan Regency. This potential is supported by the availability of natural resources and its geographical location, which can be leveraged by the local community. As a result, the development of MSMEs can make an active contribution to advancing the region's economic growth. The government, in essence, has the responsibility to address the classic challenges faced by MSMEs, such as issues related to capital, distribution access, and technology. To achieve this, it is necessary to develop strategies that can help meet specific objectives, ensuring that all processes are well-managed and controlled. According to data from the Office of Cooperatives, Micro, Small, and Medium Enterprises (UMKM) in 2021, there are approximately 53,882 MSMEs in the region. These numerous small and medium-sized business groups play a significant role in promoting economic independence in Pangkajene and Kepulauan. It is hoped that MSMEs in the Pangkajene and Kepulauan area can enhance their competitiveness.

The performance of micro and small enterprises (MSEs) in Indonesia requires significant effort, as they are still lagging behind in translating creative product ideas to compete in the business world. Many of these businesses struggle to compete, fail to grow, or even go bankrupt. This is primarily due to the low level of competence they possess. In line with this, Dipta (2012) stated that the low performance of MSMEs in Indonesia is caused by the low quality of Human Resources (HR), or in other words, the lack of entrepreneurial competencies. This is further evidenced by the still limited development and mastery of knowledge among MSME actors in areas such as management, organization, technology, marketing, and other competencies essential for running a business.

Based on initial observations, several MSME actors in Pangkajene and Kepulauan Regency, with diverse educational backgrounds, still face challenges in understanding or mastering key aspects such as legality, ways to improve product quality and standardization, expanding and improving access to financing, strengthening and enhancing access to technology for MSME development, increasing promotional access both domestically and internationally, and building global business networks.

Law is a tool that can be used to support the growth, welfare, harmony, and economic balance of MSMEs. Legal aspects that MSMEs need to pay attention to include issues related to capital addition, permits, taxes, and the licensing process. The impact of digitalization, in terms of design, packaging, and products, makes them vulnerable to imitation, which, from a legal perspective, is prohibited. MSMEs need knowledge regarding the legalization of designs and packaging, such as the procedures for registering products with the National Agency of Drug and Food Control (BPOM) and registering trademarks, copyrights, industrial designs, and trademark disputes with the Directorate General of Intellectual Property (DJKI).

Mochtar Kusumaatmaja stated that a good (and therefore effective) positive law is one that aligns with the living law, which serves as the inner order of society and reflects the values that are alive within it. In relation to the issues raised above, A. Hamid S. Atamimi pointed out that the difficulty in using law as a tool to bring about societal change is that we must be very cautious to avoid causing harm to society. (Sidharta, 2016) According to Mochtar Kusumaatmadja, among the many difficulties, one of the most rational and certain challenges is establishing priorities that align with the needs and legal awareness of society, which is difficult to cultivate. To fully understand the problems at hand, law-makers must conduct social research to understand the perceptions of society about the law and the aspects of their interests.

Micro, Small, and Medium Enterprises (MSMEs) play a vital role in the economy of Pangkajene and Kepulauan Regency, acting as drivers of employment and sources of income for the community. However, various challenges, such as limited access to financing, complex regulations, and a lack of understanding of business law, often hinder the growth of MSMEs. In this context, the effective implementation of business law becomes crucial in creating a conducive environment for the development of MSMEs.

Therefore, this research aims to answer questions regarding the form of business law implementation in efforts to stimulate the performance of MSMEs, thereby encouraging their growth. This study seeks to discuss the implementation of the legal function in Indonesia in order to address the challenges faced by MSMEs, particularly in terms of legal protection for their activities. Based on this background, the author is interested in conducting research on how Business Law implementation can stimulate the performance of MSMEs in Pangkajene and Kepulauan Regency.

## **RESEARCH METHODS**

This research uses a normative legal research method, which focuses on analyzing laws and regulations, legal doctrines, and legal principles that are relevant to the implementation of business law in supporting the performance of MSMEs in Pangkajene and Kepulauan Regency. The normative legal approach aims to examine how existing legal frameworks, particularly those related to legal protection for MSMEs and regulations supporting the development of micro, small, and medium enterprises, are applied in practice. This research will also assess whether the current regulations align with the needs and challenges faced by MSMEs in the Pangkajene and Kepulauan area. This normative legal research is conducted to generate new arguments, theories, or concepts as prescriptions for addressing the issues at hand. The aim is to offer a theoretical framework or legal solutions that can be applied to resolve the challenges faced. (Marzuki, 2009)

In addition, this study incorporates a SWOT analysis (Strengths, Weaknesses, Opportunities, Threats) to evaluate the internal and external factors affecting the performance of MSMEs in relation to the implementation of business law. The SWOT analysis will help identify the strengths and weaknesses within MSMEs in utilizing business law, as well as the opportunities and threats arising from external factors such as government policies, market access, and technology. With this approach, the research is expected to provide a more comprehensive understanding of the legal challenges faced by MSMEs and propose strategies to improve their performance and competitiveness.

In this research, the key informants are MSME actors in Pangkajene and Kepulauan Regency. These informants are selected based on their direct involvement and experience in managing or operating MSMEs, making them crucial sources of information regarding the practical challenges, opportunities, and experiences related to business law and MSME performance in the region. Their insights are expected to provide valuable perspectives on the implementation of business laws, including the impact of legal regulations on the growth and sustainability of MSMEs.

The analysis of legal materials used in this research employs a descriptive method, which focuses on elaborating on issues, presenting, interpreting, and analyzing legal materials. This method is expected to produce conclusions based on the legal materials that are well-supported and accountable.

## **RESULTS AND DISCUSSION**

### **A. The Role of Business Law in the Development of MSMEs**

The legal policy for MSMEs in Indonesia aims to support the growth and development of this sector, which makes a significant contribution to the national economy. According to the Republic of Indonesia Law No. 20 of 2008, MSMEs are defined as businesses that meet certain criteria in terms of turnover and the number of employees. This policy creates a conducive business

environment with the goal of encouraging the development and sustainability of small and medium enterprises. (RI, Undang-Undang No. 20 Tahun 2008 tentang Usaha Mikro, Kecil, dan Menengah, 2008)

One of the key aspects of this policy is the ease of licensing and the provision of tax incentives. Local governments are given the authority to create lighter regulations, making the process of establishing and operating MSMEs faster and more affordable. Government Regulation No. 29 of 2016 further emphasizes the government's commitment to facilitating access to financing, including through the People's Business Credit (KUR) program, which offers low-interest loans for MSMEs to obtain working capital. (RI, PP No. 29 Tahun 2016 tentang Perubahan atas Peraturan Pemerintah No. 17 Tahun 2013 tentang Usaha Mikro, Kecil, dan Menengah, 2016)

Education and training are another key focus in the legal policy for MSMEs. These training programs aim to enhance managerial capacity and legal understanding among MSME actors. Adequate legal education is crucial for business owners to manage risks and optimize opportunities in running their businesses. It also helps them better understand their rights and obligations as entrepreneurs (Ministry of Cooperatives and MSMEs, 2023).

Protection of Intellectual Property Rights (IPR) is an essential part of the legal policy supporting innovation among MSMEs. Law No. 28 of 2014 on Copyright and Law No. 13 of 2016 on Patents provide guarantees of protection for the products and innovations created by MSMEs. This protection encourages MSME actors to innovate without the fear of losing rights over their creations (Republic of Indonesia, 2016).

Overall, the legal policy for MSMEs in Indonesia focuses on creating a supportive business climate through regulations that simplify processes, improved access to financing, and legal education and protection. These policies are expected to enhance the performance and competitiveness of MSMEs, which, in turn, will contribute to national economic growth (Ministry of Cooperatives and MSMEs, 2023).

In the context of Pangkajene and Kepulauan Regency (Pangkep), the implementation of business law must be tailored to local characteristics and the challenges faced by MSMEs in the region, such as limited access to capital and low levels of digitalization. One crucial aspect addressed by business law is financing. In Pangkep, the majority of MSMEs face difficulties accessing formal capital from banks. The People's Business Credit (KUR) program, a national policy, has been implemented in Pangkep to provide low-interest capital to MSME actors. However, in practice, financial literacy limitations and administrative requirements often pose obstacles for many micro-entrepreneurs.

## **B. Implementation of Business Law in Stimulating the Performance of SMEs in Pangkajene Kepulauan**

The implementation of business law in Pangkajene and Kepulauan Regency has had a significant impact on stimulating the performance of MSMEs. According to data from the Cooperative and MSME Office of South Sulawesi, the MSME sector in Pangkajene Kepulauan contributes more than 60% of the local employment, with over 7,000 MSME units operating across various sectors, particularly in fisheries, marine, and agriculture. The existence of regulations such as Law No. 20 of 2008 on MSMEs and the implementation of the Job Creation Law (Omnibus Law) has facilitated MSMEs' access to financing through the People's Business Credit (KUR) program. In 2023, KUR disbursed over IDR 50 billion to MSMEs in Pangkep, supporting their growth and development.

These legal frameworks have made it easier for MSMEs to access capital and other resources, which are essential for improving productivity and competitiveness. By simplifying regulatory processes, improving access to financing, and creating legal protections for business activities, the implementation of business law has helped create a more favorable environment for MSMEs to thrive. As a result, MSMEs in Pangkajene and Kepulauan have been able to expand their operations, create more jobs, and contribute significantly to the local economy.

However, according to a field survey conducted by the Cooperative and MSME Office of South Sulawesi in 2022, approximately 40% of MSMEs in Pangkajene and Kepulauan (Pangkep) still lack formal legal status, which limits their access to formal financing facilities and legal incentives. This data highlights that, despite regulatory support, many MSMEs have yet to fully utilize available legal opportunities, primarily due to low levels of legal and financial literacy. The lack of understanding of the Online Single Submission (OSS) system, which is essential for obtaining business permits, hampers the integration of local MSMEs into the formal economic system.

On the opportunity side, a report from Bank Indonesia shows a 35% increase in MSMEs' participation in e-commerce platforms in South Sulawesi, including Pangkep. This indicates a significant opportunity for MSMEs to expand their market reach through digitalization. However, infrastructure challenges, such as limited internet access in the island regions, remain a major obstacle. Data from the Central Statistics Agency (BPS) indicates that only about 45% of Pangkep's total area has stable internet access, which slows down the adoption of technology by MSMEs in the region.

From the perspective of threats, data from the Ministry of Trade indicates a 20% increase in imported products within the consumer goods category, which directly compete with MSME products, particularly in the processed food and handicraft sectors. This competition threatens the survival of local MSMEs, especially those that have not been able to innovate in terms of product quality and production efficiency.

Overall, the data shows that the implementation of business law has provided tangible support in terms of access to capital and ease of doing business. However, significant challenges remain in terms of technology adoption, formal legal status, and market competition. Therefore, improving legal and financial literacy, expanding digital infrastructure access, and promoting product innovation programs should be prioritized, so that MSMEs in Pangkep can survive and thrive in the era of global competition.

The effective implementation of business laws plays a crucial role in stimulating the performance of SMEs in Pangkajene Kepulauan (Pangkep). A supportive legal framework provides a solid foundation for the growth and development of these businesses. The legal measures taken in the region have had a significant impact on improving the performance of Micro, Small, and Medium Enterprises (UMSMEs) by creating a conducive environment through various regulations and government programs.

### 1. Simplification of Licensing Processes

The implementation of the *Online Single Submission* (OSS) system has simplified the process of obtaining business permits. The time for issuing permits has been reduced from 30 days to just 5 days (Dinas Koperasi dan UKM, 2023). This allows SMEs to operate legally, providing them access to various government support programs. The OSS system facilitates the bureaucratic process, ensuring that entrepreneurs can focus more on business development rather than navigating complicated administrative hurdles.

### 2. Access to Financing through KUR

The *Kredit Usaha Rakyat* (KUR) program has significantly contributed to the financing of SMEs. In 2023, the total KUR disbursed in Pangkep reached IDR 25 billion, with over 2,000 SMEs benefiting from the program (Kementerian Koperasi dan UKM, 2023). KUR offers low-interest loans and more lenient requirements, which help SMEs expand their businesses, improve their operational capacity, and access working capital, ultimately driving economic growth at the local level.

### 3. Training and Capacity Building

The local government actively provides training and mentoring to SME owners. In 2022, more than 1,500 SME actors participated in government-facilitated training programs (Dinas Koperasi dan UKM, 2023). These programs focus on key areas such as financial management, marketing, and product development. The knowledge gained from such training has positively impacted the competitiveness and performance of local SMEs, equipping them with the skills needed to navigate challenges and grow sustainably.

### 4. Intellectual Property Protection

The implementation of laws protecting intellectual property (IP) rights is also crucial for encouraging innovation within SMEs. In 2022, 300 products from Pangkep's SMEs were registered for copyright protection, indicating increased awareness among business owners about the importance of safeguarding their creations (Direktorat Jenderal Kekayaan Intelektual, 2022). This not only helps SMEs protect their innovations but also enhances their brand value and marketability, both domestically and internationally.

### 5. Support for Digitalization

Support for the digitalization of SMEs through programs such as *Gerakan Nasional Bangga Buatan Indonesia* (Gernas BBI) has encouraged about 40% of SMEs in the region to adopt e-commerce as a sales channel in 2023 (Kementerian Koperasi dan UKM, 2023). This initiative provides SMEs with broader market access and opens up opportunities to sell products online, reaching a larger customer base. By embracing digital technologies, SMEs can improve their business models, enhance marketing strategies, and increase sales, helping them become more competitive in both local and global markets.

## C. SWOT Analysis

A SWOT analysis is crucial for understanding the situation and conditions of Small and Medium Enterprises (SMEs) in Pangkajene Kepulauan Regency, particularly in the context of the implementation of business laws to stimulate SME performance in the region.

### Strength

#### 1. Local Government Support

Pangkajene Kepulauan Regency (Pangkep) receives full support from the local government to advance the SME sector. Both central and local governments actively encourage the development of SMEs through regulations and policies that are supportive, such as Law No. 20 of 2008 on SMEs and the Job Creation Law. In Pangkep, policies such as the People's Business Credit (KUR) and the Online Single Submission (OSS) licensing system have been implemented to ease SMEs' access to capital and business legality. This provides a clear legal framework and facilitates the growth of SME actors. This is evident from the implementation of various government programs such as KUR and the provision of business training facilities for SME players. These local policy supports are a crucial foundation for the development of SMEs in Pangkajene Kepulauan Regency.

#### 2. Diversity of Natural Resources

Pangkajene Kepulauan Regency is rich in natural resources, especially in the fisheries, marine, and agriculture sectors, which serve as the primary base for SME products. The diverse natural potentials in the region offer significant opportunities for SMEs to develop unique local products with high market value, both in domestic and export markets.

#### 3. Local Culture and Product Uniqueness

SME products in Pangkep often reflect the richness of local culture. For instance, handmade crafts, processed seafood products, and traditional agricultural goods have a distinct appeal in the market. This unique value strengthens the competitiveness of SMEs in terms of product differentiation.

## Weaknesses

- 1. Limited Legal and Financial Literacy**

Despite government support such as the People's Business Credit (KUR), many SMEs in Pangkajene Kepulauan (Pangkep) still face limited access to capital, primarily due to a lack of financial literacy and inadequate administrative documentation. This lack of legal and financial literacy prevents many SMEs from utilizing government-provided funding schemes or facilities, such as KUR and the Online Single Submission (OSS) system. Additionally, many SMEs operate informally, limiting their access to formal services like banking.
- 2. Low Technology Adoption**

The majority of SME actors in Pangkep have not optimally utilized digital technology, either in the production process or in marketing. This results in weak competitiveness of SME products in broader markets, particularly in the rapidly growing digital trade and e-commerce sectors. Moreover, supporting infrastructure, such as road access, transportation, and digital technology in the archipelago region, remains limited, hindering both distribution and market access.
- 3. Infrastructure and Accessibility Limitations**

As an archipelagic region, Pangkep faces significant infrastructure challenges, such as limited transportation and technological access. This obstructs the distribution of SME products to wider markets and restricts their access to business training and mentoring. The implementation of business laws that rely on digitalization, such as the OSS system, becomes ineffective if supporting infrastructure, like internet access, remains inadequate. Additionally, the lack of supporting infrastructure, such as roads, transportation, and digital technology, in the archipelago further impedes distribution and market accessibility.
- 4. Scarcity of Skilled Human Resources**

The capacity of human resources (HR) involved in SMEs in Pangkep is still relatively low, both in terms of managerial skills, technical expertise, and understanding of business regulations. This limitation impacts the pace of innovation, business management, and the implementation of best practices in running businesses. As a result, SMEs face challenges in improving operational efficiency, adopting new business models, and ensuring long-term sustainability.

## Opportunities

- 1. Market Expansion Opportunities through Digitalization**

With the increasing internet penetration in Indonesia, digitalization can become a solution for SMEs in Pangkajene Kepulauan (Pangkep) to expand their market reach. E-commerce and digital platforms enable SME products in the archipelago to reach consumers in various regions without facing geographical barriers. Government programs such as the *Gerakan Nasional Bangga Buatan Indonesia* (Gernas BBI) can also be leveraged to enhance the exposure of local products.
- 2. Partnerships with the Private Sector**

Opportunities for collaboration with the private sector, including large industries and multinational companies, can open up wider market access for SMEs in Pangkajene Kepulauan (Pangkep). Through partnership programs, SMEs can improve product quality, expand distribution networks, and receive more intensive support related to technology and business management. For example, under Government Regulation No. 29 of 2021, which encourages partnerships between large businesses and SMEs, SME actors can collaborate with large companies to gain access to markets, technology, and training.
- 3. Opportunities for Sustainable Product Development**

The global trend towards sustainability and eco-friendly products presents significant opportunities for SMEs in Pangkep, especially those in the fisheries and agriculture sectors. Products derived from natural resources that are produced sustainably can attract international consumer interest and add value to SME offerings. By focusing on sustainability, SMEs in Pangkep can differentiate their products in the global market, responding to growing demand for environmentally conscious and socially responsible products.

## Threats

- 1. Global Competition**

In the era of globalization, SMEs in Pangkajene Kepulauan (Pangkep) must compete not only with businesses from other regions of Indonesia but also with imported products entering the domestic market. Competition with foreign products, especially from countries with lower production costs and higher quality, poses a serious threat to the sustainability of local SMEs. The ability of international companies to offer products at competitive prices and superior quality can undermine the market share and growth prospects for SMEs in Pangkep.
- 2. Limited Logistics Infrastructure**

As an archipelagic region, Pangkep faces limitations in logistics, particularly in the distribution of products to other parts of Indonesia. High shipping costs and inadequate transportation infrastructure reduce the competitiveness of SME products in reaching broader markets. The lack of efficient and affordable logistics can be a significant barrier for SMEs aiming to expand their market reach, both domestically and internationally.

**3. Economic and Policy Instability**

Changes in economic policies, both at the national and international levels, can have a direct impact on SMEs in Pangkep. For example, increases in raw material prices, fluctuations in exchange rates, or changes in export-import regulations can affect the stability of SMEs that rely on imported raw materials or are oriented toward export markets. Economic instability and unpredictable policy shifts can create an uncertain business environment, making it more challenging for SMEs to plan and sustain long-term growth.

**Conclusion of the SWOT Analysis:**

**1. Strengths:**

The clear implementation of business laws and strong policy support provide a solid foundation for SMEs in Pangkajene Kepulauan (Pangkep) to grow. Additionally, the potential of local natural resources offers opportunities for distinctive regional products to compete in broader markets. The alignment of local resources with supportive legal frameworks can drive the development of unique products with high market value.

**2. Weaknesses:**

The biggest challenges in implementing business laws are the low levels of legal and financial literacy among SMEs, as well as limited infrastructure. These issues hinder entrepreneurs' access to the resources and regulations that could facilitate the growth of their businesses. Without proper knowledge and adequate infrastructure, SMEs struggle to take full advantage of available opportunities, including financing and market expansion.

**3. Opportunities:**

Digitalization and government support in areas such as marketing and business partnerships provide significant opportunities for SMEs in Pangkep to grow and compete. The implementation of e-commerce platforms and partnerships with larger companies can help SMEs overcome market access limitations. These initiatives offer a way for SMEs to reach broader markets, improve operational efficiency, and gain valuable training and resources.

**4. Threats:**

Global competition and economic uncertainty remain significant threats. SMEs in Pangkep must be able to innovate and enhance their competitiveness to avoid being displaced by foreign products or goods from other regions with better infrastructure access. Economic fluctuations and changes in trade policies may also impact their stability, making it essential for SMEs to remain adaptable and resilient to external challenges.

**SWOT MATRIX TABLE**

SWOT Matrix	Strengths (S)	Weaknesses (W)
<b>Opportunities (O)</b>	<b>SO Strategy (Strengths-Opportunities)</b>	<b>WO Strategy (Weaknesses-Opportunities)</b>
	1. Utilize legal policy support and partnerships with the private sector to strengthen MSMEs.	1. Provide more intensive business law training to enhance the skills of MSME human resources.
	2. Leverage technology to assist MSMEs in legal compliance and access to formal financing.	2. Improve legal infrastructure and technology that supports reporting and legal compliance.
	3. Develop local markets with better access to financing.	3. Provide incentives to encourage legal compliance among MSMEs.
<b>Threats (T)</b>	<b>ST Strategy (Strengths-Threats)</b>	<b>WT Strategy (Weaknesses-Threats)</b>
	1. Address regulatory uncertainty with strong policy support and legal oversight.	1. Increase access to legal information to address regulatory uncertainty.
	2. Leverage technology and legal policies to strengthen MSME resilience to major crises.	2. Improve legal awareness and education among MSMEs to mitigate risks.
	3. Foster relationships with the government and private sector to reduce the risk of economic crises.	3. Build cooperation with stakeholders to support MSME resilience in facing economic uncertainty.

### Explanation of the SWOT Matrix:

1. **SO Strategy (Strengths-Opportunities):** Leverages internal strengths to capture external opportunities available in the environment.
2. **WO Strategy (Weaknesses-Opportunities):** Minimizes internal weaknesses in order to maximize the potential of external opportunities.
3. **ST Strategy (Strengths-Threats):** Utilizes internal strengths to counter or reduce the impact of external threats.
4. **WT Strategy (Weaknesses-Threats):** Minimizes internal weaknesses to effectively confront or mitigate external threats.

The implementation of business law, supported by strong policies (strengths) and the potential to overcome internal obstacles such as inadequate infrastructure (weaknesses), significantly impacts the performance of MSMEs (Micro, Small, and Medium Enterprises). The adoption of technology (opportunities) strengthens the influence of business law by facilitating reporting, marketing, and business management. However, regulatory uncertainty and competition from larger businesses (threats) can pose challenges. Mitigation strategies should focus on strengthening the internal capacity of MSMEs to address external threats such as regulatory uncertainty and competition. The implementation of technology and training is key to enhancing the resilience of MSMEs.

### Strategies Based on SWOT Analysis

1. **Maximizing Strengths and Opportunities (SO Strategy)**
  - **Leveraging Digitalization for Market Expansion:** Encourage SMEs to utilize e-commerce platforms and social media to increase the exposure of local products. The local government can provide training and technical support to assist SMEs in adopting technology. This strategy can help SMEs access broader markets and enhance competitiveness.
  - **Partnerships with the Private Sector:** Establish partnerships with large companies to improve production capacity and marketing efforts. Collaborative programs can be implemented to support technology transfer and provide training for SMEs, enhancing their overall capabilities.
  - **Sustainable Product Development:** Focus on creating eco-friendly and sustainable products aligned with global trends. Educating SMEs on sustainable practices can help enhance the appeal of their products in both domestic and international markets, responding to the increasing demand for environmentally conscious products.
2. **Reducing Weaknesses by Leveraging Opportunities (WO Strategy)**
  - **Improving Legal and Financial Literacy:** Organize workshops and training programs on financial literacy and business regulations for SME owners. This will help them better utilize government programs such as KUR and OSS. Building awareness and understanding of available resources will improve SME participation in formal financing and legal frameworks.
  - **Infrastructure and Accessibility Development:** Collaborate with the government to improve basic infrastructure, such as road access and internet connectivity, which are critical for product distribution. This effort could include advocating for infrastructure projects specifically designed for the archipelagic region, ensuring better connectivity and access for SMEs.
  - **Human Resource Education and Training:** Partner with educational institutions and training organizations to build the capacity of SME workers. Training programs should focus on areas like management, digital marketing, and product innovation, equipping SMEs with the necessary skills to stay competitive in the evolving market.
3. **Utilizing Strengths to Face Threats (ST Strategy)**
  - **Government Policy Support to Enhance Competitiveness:** Encourage local governments to further strengthen regulations that support SMEs, including protecting local products from unfair competition. This could involve creating legal frameworks that favor local businesses and limit the impact of imports.
  - **Logistics Network Development:** Develop partnerships with logistics providers to address distribution challenges. This could include creating business groups that collaborate on more efficient product distribution, potentially reducing costs and expanding market reach.
  - **Product and Market Diversification:** Encourage SMEs to diversify their products and target markets to reduce dependency on a single product or market. This will make SMEs more resilient to economic shifts and external market changes, improving long-term stability.
4. **Addressing Weaknesses and Threats (WT Strategy)**
  - **Improved Access to Capital for SMEs:** Promote the establishment of alternative financing schemes, such as savings and loan cooperatives or crowdfunding, to help SMEs that struggle with accessing formal financial institutions. These alternative funding sources can support SMEs in overcoming capital constraints, especially in remote areas.
  - **Advocating for Infrastructure Improvements:** Advocate with the government to prioritize logistics and transportation infrastructure, particularly in the archipelagic regions where distribution is a major challenge. Improving transportation networks and reducing logistical costs will help SMEs access larger markets and reduce barriers to trade.

- **Research and Innovation Development:** Initiate research and innovation programs that involve SMEs in finding solutions to the challenges they face, including the application of new technologies in production and marketing. Encouraging innovation can help SMEs enhance efficiency, reduce costs, and stay competitive in the global market.

## CONCLUSION

The implementation of business law in Pangkajene Kepulauan Regency has played a pivotal role in stimulating the performance of Micro, Small, and Medium Enterprises (MSMEs). Through various policies and regulations, such as the simplification of licensing processes via the *Online Single Submission* (OSS) system, easier access to financing through the *Kredit Usaha Rakyat* (KUR) program, and capacity-building initiatives, the government has created a supportive business environment that encourages MSME growth. Additionally, government efforts to promote digitalization and intellectual property protection have provided further stimulation for local MSMEs, allowing them to expand their market reach and improve their competitiveness in both domestic and international markets, thus opening up new opportunities for business expansion.

However, to further enhance the stimulation of MSME performance, several challenges remain, particularly regarding limited legal and financial literacy, low technology adoption, and inadequate infrastructure. To address these challenges, more effective stimulation can be achieved by strengthening training and education in financial management, business law, and digital technologies. Moreover, improving infrastructure and providing better access to capital are crucial factors in supporting MSMEs to become more competitive and resilient in the face of global competition. With continuous stimulation efforts and collaboration between the government and the private sector, MSMEs in Pangkajene Kepulauan can grow sustainably and be better prepared to navigate the challenges of globalization.

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