

**LEGAL EFFECTIVENESS OF RISK-BASED BUSINESS LICENSING FOR THE  
RICE MILLING INDUSTRY IN THE SAWIT DISTRICT OF BOYOLALI  
REGENCY****Adelia Zahra Nugroho**Legal Studies Program, Faculty of Law, Universitas Muhammadiyah Surakarta  
E-mail [c100220056@student.ums.ac.id](mailto:c100220056@student.ums.ac.id)**Nunik Nurhayati**Legal Studies Program, Faculty of Law, Universitas Muhammadiyah Surakarta  
E-mail [nn123@ums.ac.id](mailto:nn123@ums.ac.id)**ABSTRACT**

Modern business in Indonesia brings both positive and negative impacts, where licensing regulations, such as those stipulated in Law Number 11 of 2020 on Job Creation and Government Regulation Number 5 of 2021, aim to improve a conducive business climate and reduce bureaucracy, but implementation still faces technical obstacles and access inequality that can hinder the achievement of compliance and efficiency. The purpose of this study is to explain about: (1) description of risk-based business licensing in the rice milling industry in Sawit District after the Job Creation Law; and (2) legal effectiveness in the application of rice milling licensing in Sawit District after the Job Creation Law. By analyzing the legal effectiveness of risk-based business licensing for the rice milling industry in Sawit District, Boyolali, with an empirical juridical approach. Based on the research results, out of 26 rice milling industry businesses in Sawit District, 22 do not have a Business Identification Number (NIB), while only 4 have applied for one, with the main obstacles being a lack of understanding of the importance of licensing, limited access to technology, and concerns about additional tax burdens. Although the Online Single Submission (OSS) system has been introduced to simplify the risk-based licensing process, low digital literacy and lack of socialization from local governments are still the main obstacles in improving business compliance with licensing regulations. Legal effectiveness in rice milling licensing in Sawit District is still hampered by the weak legal structure, less than optimal implementation of legal substance, and the low legal culture of the community. Strengthening the role of implementing apparatus, simplifying the licensing mechanism, and more intensive socialization are needed so that the implementation of risk-based licensing can run more effectively and be accepted by the community.

Keywords: Legal Effectiveness; Rice Mill; Business License

## INTRODUCTION

Modern business in Indonesia has both positive and negative impacts. The positive impact is to improve the community's economy, reduce unemployment, and reduce poverty by creating jobs and reducing crime.<sup>1</sup> Law No. 23/2014 regulates business activities, including rice milling, by emphasizing the importance of licensing. Article 1 paragraph (1) sets out the local government's goal of improving community welfare through compliance with licensing regulations. Article 29 authorizes local governments to issue business licenses to ensure legality and compliance with applicable regulations.<sup>2</sup>

Risk-based business licensing is getting easier with the enactment of Law No. 11/2020 on Job Creation. With this approach, the government hopes to cut red tape and improve the economic climate. With easier and clearer licensing, it is expected that business actors can be more compliant with applicable regulations. This will encourage economic growth and the creation of new jobs in addition to increasing compliance.<sup>3</sup> Government Regulation Number 5 of 2021 regulates the implementation of risk-based business licensing with the aim of creating a more conducive and efficient business climate.<sup>4</sup> To improve business compliance, local governments must socialize licensing, develop an efficient system, and monitor and evaluate its implementation. In addition, incentives for compliant businesses and cooperation with stakeholders are also required.<sup>5</sup>

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<sup>1</sup> Alwendi A. Penerapan E-Commerce Dalam Meningkatkan Daya Saing Usaha. *Jurnal Manajemen Bisnis*. 2020 Aug 31;17(3):317-25.

<sup>2</sup> Mizan ML. *Kebijakan Panitia Pengadaan Tanah Dalam Penetapan Validasi Bidang Tanah Antara Regulasi dan Implementasi Pada Pembangunan Jalan Tol Ruas Pemalang-Batang di Desa Cepagan Kecamatan Warungasem Kabupaten Batang* (Master's thesis, Universitas Islam Sultan Agung (Indonesia)).

<sup>3</sup> Rahmawati SN, Munawiroh A, Prayogi B. Kritik Terhadap Sistem Ekonomi Kapitalis: Studi UU No 11 Tahun 2020 Tentang Cipta Kerja Perspektif Teori Nilai. *Rechtenstudent*. 2021 Aug 31;2(2):197-210.

<sup>4</sup> Kansil HD, Walewangko EN, Masinambow VA. Analisis Perizinan Berusaha Berbasis Risiko Untuk Meningkatkan Ease of Doing Business Pada Kota Manado. *JURNAL PEMBANGUNAN EKONOMI DAN KEUANGAN DAERAH*. 2024 Feb 1;25(1):14-29.

<sup>5</sup> Sumarni S, Aristhantia IT, Nursafitri D, Laelasari S, Nurani R. Pendampingan Masyarakat dalam Pembuatan Nomor Induk Berusaha (NIB) untuk Pengembangan UMKM melalui Online Single Submission (OSS): Pengabdian kepada Masyarakat di Desa Imbanagara Raya-Ciamis. *Khidmat*. 2024 Aug 9;3(1):56-67.

In the perspective of Islamic law on the context of business licensing, Muslims are commanded to obey Allah and His Messenger and their leaders. This is reflected in the regulation of licensing by the government as part of Islamic law:

وَالَّذِينَ هُمْ لِأَمْتِهِمْ وَعَهْدِهِمْ رَاعُونَ

Meaning: “(Fortunate are) those who keep their trusts and their promises.”

QS. Al-Mukminun: 8-11

Also, Allah SWT commands that slaves and children who have not reached puberty seek permission before entering private premises at certain times. This shows the importance of permission in social interactions, which can also be applied in the context of business:

يَا أَيُّهَا الَّذِينَ ءَامَنُوا لِيَسْتَأْذِنَكُمْ الَّذِينَ مَلَكَتْ أَيْمَانُكُمْ وَالَّذِينَ لَمْ يَبْلُغُوا الْحُلُمَ مِنْكُمْ ثَلَاثَ مَرَّاتٍ ۚ مِنْ قَبْلِ صَلَاةِ  
 الْفَجْرِ وَحِينَ تَضَعُونَ ثِيَابَكُمْ مِنَ الظَّهْرِ وَمِنْ بَعْدِ صَلَاةِ الْعِشَاءِ ۚ ثَلَاثُ عَوْرَاتٍ لَكُمْ ۚ لَيْسَ عَلَيْكُمْ وَلَا عَلَيْهِمْ  
 جُنَاحٌ بَعْدَ هُنَّ ۚ طَوْفُونَ ۚ عَلَيْكُمْ بَعْضُكُمْ عَلَىٰ بَعْضٍ ۚ كَذَلِكَ يُبَيِّنُ اللَّهُ لَكُمْ ءَايَاتِهِ ۗ وَاللَّهُ عَلِيمٌ حَكِيمٌ

Meaning: “O you who have believed, let your male and female slaves and those who have not reached puberty among you ask your permission three times a day: before Fajr prayer, when you take off your outer garments in the middle of the day, and after Isha' prayer. (These are) the three awrahs for you. There is no sin on you nor on them apart from these three times. They serve you, and some of you have need of others. Thus Allah explains the verses for you. And Allah is All-Knowing, All-Wise.”

However, in reality, based on interviews with several business owners in Sawit District, there are various reasons why they have not applied for a Business Identification Number (NIB). Wardi, a trader from Bendosari Village, revealed that he had not applied for a business license due to a lack of understanding about the importance of business legality and felt that the registration process through the Online Single Submission (OSS) system was too complicated. He is also concerned that having a Business Identification Number will result in additional tax obligations that could burden his business. Meanwhile, Bambang, a rice mill owner in Kateguhan

Village, stated that the main obstacle for him was limited access to technology, as he did not have adequate equipment and had difficulty operating a digital-based system. In addition, the lack of socialization from the local government on how to register for a Business Identification Number is also a factor that discourages him from applying for a license. This reflects a common problem in the region, where low levels of digital literacy, lack of understanding of the benefits of business legality, and fear of potential tax burdens are the main factors hindering compliance with risk-based licensing regulations.<sup>6</sup> Integrated licensing services are not just a local issue, but part of the national authority. The government is removing local monopolies on these services to ensure better standards.<sup>7</sup>

Minimum Service Standardization (SPM) is required in the implementation of licensing services related to one-stop integrated licensing services in order to realize superior one-stop integrated licensing services. People who need one-stop integrated licensing services consider that the obstacle faced at this time is the absence of the same service standardization in its implementation, so that the one-stop integrated licensing service process seems slow and difficult. Although there is a method and/or process for implementing one-stop integrated licensing services, one-stop integrated licensing services, especially those under the authority of technical agencies, are still constrained by poor licensing services.<sup>8</sup>

Through research by Soebandrio & Slamet, it is stated that due to time constraints and the excess number of license types issued by the Semarang Regency Integrated Licensing Office, one applicant was selected who submitted the most applications, with an average of ten applications per day. These are applicants for new trade licenses or re-registration of existing trade licenses, excluding applicants for other types of trade licenses. For the time being, a Trade

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<sup>6</sup> Interview Results on January 10, 2025.

<sup>7</sup> Fona TR, Ridwan M. Efektivitas Pelayanan Pembuatan Surat Izin Usaha Perdagangan (SIUP) Pada Dinas Penanaman Modal Pelayanan Terpadu Satu Pintu Provinsi Sumatera Utara. *Innovative: Journal Of Social Science Research*. 2023 Sep 24;3(4):8270-80.

<sup>8</sup> Lubis NS. *Kualitas Pelayanan Penerbitan Siup pada Dinas Penanaman Modal dan Pelayanan Terpadu Satu Pintu Kota Medan* (Doctoral dissertation, Universitas Sumatera Utara).

Business License, hereinafter referred to as SIUP, is a license that must be able to conduct trade business activities.<sup>9</sup>

The negative impacts of a business vary depending on the type of activity, such as water, soil, air or environmental pollution. If left untreated, this pollution can have adverse effects on humans, including health problems. Therefore, legal regulations are needed to prevent arbitrary actions or irregularities. In this case, businesses that have the potential to cause adverse impacts are required to have a business license issued by the government as a means of legal protection, ease of business development, and a form of legal compliance. In addition, a business interruption permit serves to provide legality, supervise and control business actors and places, and ensure a sense of security for the surrounding community.<sup>10</sup>

One type of business that requires a business license is the rice milling business. In the rice milling business, there are processes that have a negative impact on the health of people who are around the business. For example, dust and smoke arise from the rice milling machine. The dust can cause shortness of breath and other respiratory problems. If the rice milling industry entrepreneur has obtained a permit, it can create legal certainty for the business and create a business that runs in an orderly and safe manner. A rice mill entrepreneur must really understand about his business and the negative impacts that can be caused by the business. Therefore, entrepreneurs have responsibility for everything related to their business, just as the government has responsibility for every business that is within the scope of its authority.<sup>11</sup> The enactment of laws and regulations is expected to increase the compliance of rice milling business actors, improve business quality, and provide benefits to the community. Licensing compliance also reduces illegal business practice that harm licensed business actors and the community.

Based on the above facts, the author formulates the problems of this research in the form of: (1) How is the description of risk-based business licensing in the rice milling industry in

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<sup>9</sup> Soebandriyo S, Slamet S. Pelaksanaan Pelayanan Perijinan Satu Pintu Pada Kantor Pelayanan Perijinan Terpadu Di Kabupaten Semarang (Pelayanan Surat Ijin Usaha Perdagangan). *Jurnal Litbang Provinsi Jawa Tengah*. 2010 Dec 1;8(2):155-61.

<sup>10</sup> Law No. 8 Year 2013 Article 3 on the Implementation of Nuisance Permits.

<sup>11</sup> Ningrum YA. *Pendirian usaha penggilingan padi tanpa izin usaha perspektif masalah mursalah: Studi penggilingan padi di Kelurahan Ngenep* (Doctoral dissertation, Universitas Islam Negeri Maulana Malik Ibrahim).

Sawit District after the Job Creation Law? (2) How is the legal effectiveness in the application of rice milling licensing in Sawit District after the Job Creation Law?

## **RESEARCH METHOD**

This research uses an empirical juridical approach to analyze the legal effectiveness of risk-based business licensing for the rice milling industry. The type of research used is descriptive, aiming to explain legal phenomena in detail based on data collected in Sawit District, Boyolali Regency. Data sources consist of primary data through interviews and questionnaires to rice milling entrepreneurs, as well as secondary data from literature, government records, and research findings. The legal materials used include primary legal materials such as Article 28D of the 1945 Constitution, Law No. 20 of 2008 on MSMEs, Law No. 6 of 2023 on Job Creation, Government Regulation No. 5 of 2021 on Business Licensing, and Boyolali District Regulation No. 6 of 2023. In addition, secondary legal materials include journals, books, research papers, and legal articles, while tertiary legal materials include legal dictionaries, KBBI, and mass media rubrics.

Data collection methods were carried out through literature studies and field studies with direct observation and interviews. The data obtained were analyzed using qualitative inductive methods in two stages, namely general research which includes pre-field, field study, and data analysis stages, as well as a cyclical approach with steps such as descriptive observation, domain analysis, focused observation, taxonomy analysis, selected observation, component analysis, and theme analysis.

## **RESULT AND DISCUSSION**

### **A. An Overview of Risk-Based Business Licensing in the Rice Milling Industry in Sawit District Post Job Creation Law**



**Figure 1.** *Map of Sawit District, Boyolali*

Source: Central Bureau of Statistics of Boyolali Regency 2020

Sawit District is one of 19 districts in Boyolali Regency. Banyudono district is bordered by Sawit district to the north, Klaten District to the south, Teras district to the west, and Sukoharjo District to the east. The twelve villages included in Sawit according District to the map are Bendosari Village, Gombang Village, Karangduren Village, Guwokajen Village, Cepokosawit Village, Jenengan Village, Jatirejo Village, Kateguhan Village, Manjung Village, Kemasari Village, Tegalorejo Village, and Tlawong Village. There are 119 hamlets, 33 subvillages, 43 RWs, and 180 RTs in total, with each village having its own hamlets, subvillage, RW, and RT.

Land utilization in Sawit District is 17,2318 hectares, divided into dry land and paddy fields. Dry land is 447,9306 hectares and wetland is 1,275,2512 hectares. Paddy fields are utilized for rainfed agriculture, simple irrigation, semi-technical irrigation, and technical irrigation. In contrast, dry land is utilized for ponds and fish ponds, moorland and gardens, as well as yards and buildings.

**Table 1.** *List of Rice Millers and Rice Mill in Sawit District in 2023*

No	Village	No	Name of Rice Millers	No	Name of Rice Mill
1.	Bendosari	1.	Wardi	1.	Wardi
		2.	Dadiyo	2.	Karya Tani (Utara Pabrik)
				3.	Paryanto (Mloko)
2.	Jatirejo	1.	Sri (Jatimulyo)	1.	Sularsih
		2.	Biyanto (Jatimulyo)	2.	Hari
		3.	Agus (Jatimulyo)	3.	Biyanto

		4.	B. Daldiri		
3.	Kateguhan	1. 2.	Sriyanto Bambang	1.	Gandung
4.	Karangduren	1.	Saugi	1. 2. 3.	Diyono (Keringan) Sucipto (Klewer) Irsad Rosadi (Klewer)
5.	Gombang	1.	Daryanto	1.	Daryanto
6.	Tlawong	1. 2.	Karsito Supodo	1.	Karsito
7.	Tegalrejo	1.	Mardinah	1.	Mardinah
8.	Guwokajen	1. 2.	Sugeng Suradi	1. 2.	B. Sarmi B. Niken
9.	Jenengan	1. 2.	Jayadi Mulyono	1.	APOB
10.	Manjung	1. 2.	Sarno (Tegalsari) Suryani (Manjung)	1.	Suryani
11.	Kemasan	1.	Salim Abdullah		-
12.	Cepokosawit		-	1.	SP3T

Source: Primary Data from Research Results in Sawit District by Researchers Year 2025

As for the results of the research that the researchers conducted, they obtained the results below:

**Table 2.** Classification of Business Licensing Data

No	Village	Name of Rice Millers/Rice Mill	No NIB yet	Already have NIB
1	Bendosari	Wardi, Dadiyo	2	-
2	Jatirejo	Sri, Biyanto, Agus Kardianto	-	3
3	Kateguhan	Sriyanto, Bambang, Gandung	3	-
4	Karangduren	Saugi, Diyono, Sucipto, Irsad Rosadi	3	1
5	Gombang	Daryanto	1	-
6	Tlawong	Karsito, Supodo	2	-
7	Tegalrejo	Mardinah	1	-
8	Guwokajen	Sugeng, Suradi, B. Sarmi, B. Niken	4	-
9	Jenengan	Jayadi, Mulyono, APOB	3	-
10	Manjung	Sarno, Suryani	1	1
11	Kemasan	Salim Abdullah	1	-
12	Cepokosawit	SP3T	1	-
<b>Total</b>			22	4

Based on this data, it can be seen that the level of ownership of a Business Identification Number among rice milling industry businesses in Sawit District, Boyolali Regency, is still low.

Although the Online Single Submission (OSS) system has been introduced to simplify the risk-based business licensing process, many business actors have not yet applied for a Business Identification Number. Based on observations and data collected, there are various reasons and constraints that have led to this situation.

In Jatirejo Village, some business actors such as Biyanto, Agus Kardianto, and Munziati already have a Business Identification Number, but there are still many who are not licensed. Business actors who do not yet have a Business Identification Number in this village generally have difficulty understanding the importance of business legality and feel that the Online Single Submission process is too complicated. In addition, there is a fear that business legality will bring additional consequences such as unexpected tax burdens.

In Karangduren Village, Saugi is one of the business owners who already has a Business Identification Number. However, many other business owners are still reluctant to apply for licenses due to a lack of knowledge about the risk-based licensing process. Other obstacles include the perception that business legality does not provide immediate benefits to their business. Some businesses are even concerned that a business license will negatively impact their income due to the administrative obligations that come with being registered.

Similar conditions were also found in other villages, such as Gombang Village, Tlawong Village, and Guwokajen Village. Businesses in these villages face similar challenges, ranging from a lack of socialization about the Online Single Submission system to technical difficulties in the permit application process. Many of them feel that the digitization of the licensing process is not in line with local conditions, which still rely on traditional methods of running a business. While certain business actors have exhibited initiative in acquiring a Business Identification Number, there is a necessity for further enhancement of awareness and comprehension regarding the significance of risk-based licensing. Local governments are expected to provide more intensive assistance and more effective socialization regarding the benefits and procedures of risk-based licensing to encourage compliance of business actors in the rice milling industry sector in Sawit District.

From the data obtained, there are various obstacles that cause rice milling business actors in Sawit District, Boyolali Regency not to apply for or renew the Business Identification Number

(NIB) in accordance with the new regulations. These obstacles are influenced by various factors that reflect the unique characteristics and challenges faced by business actors in each region. One of the most dominant obstacles is the lack of understanding of the importance of licensing and the Online Single Submission (OSS) system. In Gombang Village, for example, many business owners are unaware that the Online Single Submission system has been launched by the government to simplify the licensing process. They consider that business licenses have no significant impact on the sustainability of their business activities. This low understanding of the benefits of business legality makes them feel there is no need to register or renew their Business Identification Number.

Moreover, technological limitations pose a substantial challenge, particularly in Bendosari and Kateguhan Villages. A significant number of older business proprietors lack the technological devices, such as smartphones or computers, necessary to access and execute the online licensing process through the Online Single Submission system. Furthermore, the majority of these individuals lack familiarity with digital technology, which complicates the process of utilizing these devices, even in cases where the devices are physically available. This difficulty is exacerbated by the requirement of entering and uploading documents, further hindering the accessibility and convenience of the technology. Another significant obstacle pertains to the perception that the licensing process is complicated. This sentiment was echoed by business owners in Tlawong and Jenengan Villages who attempted to register but encountered significant obstacles due to the numerous administrative requirements. The respondents expressed dissatisfaction with the arduous and protracted nature of the process, which they asserted impeded the execution of their daily business operations, a priority they acknowledged as being of high importance.

On the other hand, fear of potential additional costs and taxes was a common reason in Guwokajen Village. Business owners are concerned that after obtaining a Business Identification Number, they will be subject to business taxes, which are perceived as an additional burden on their already minimal income. This perception is further exacerbated by the lack of correct information about government policies regarding licensing fees, which are actually free. Not only that, the lack of socialization and assistance is also a serious obstacle felt by business actors

in almost all regions, including Gatak Village. Despite the presence of Village Partners who are supposed to assist with the registration process, business owners stated that information on the licensing process, benefits and requirements was not shared equally. Even some elderly business owners found it difficult to get direct assistance from the available assistants.

Based on these obstacles, it is clear that efforts to increase understanding and more intensive assistance are needed. A socialization strategy that directly targets business actors and a community-based approach with simpler technology can be an effective step to encourage them to apply for and renew their Business Identification Number according to the new regulations. Referring to Article 209 of Government Regulation Number 5 of 2021, Micro and Small Enterprises (MSEs) are given various licensing facilities through a single license that includes Business Licensing, Indonesian National Standards (SNI), and halal product guarantee certification.<sup>12</sup> Moreover, Article 210 stipulates that business licensing is subject to a risk-based regulatory framework, with the assessment of risk conducted through the Online Single Submission system.<sup>13</sup> Although this regulation is intended to simplify the administrative process, the reality on the ground shows that rice milling businesses in Sawit District still face various challenges in utilizing the facility.

In the context of the Job Creation Law and its derivative regulations, such as Government Regulation No. 5 of 2021 on the Implementation of Risk-Based Business Licensing, this licensing system is based on the level of risk posed by the business. For low-risk businesses, such as the rice milling industry in Sawit District, Boyolali Regency, the licensing process is sufficient to obtain a Business Identification Number (NIB) as a business identity and legality. The registration process is carried out through the Online Single Submission (OSS) system, which includes several stages: business actors register on the Online Single Submission portal, fill in business-related data, and validate the level of business risk.<sup>14</sup> This indicates the need for

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<sup>12</sup> Rahmasari MI, Nunik Nurhayati SH. *Efektivitas Hukum Perizinan Berusaha terhadap UMKM Pengrajin Payung Lukis Pasca Undang-Undang Nomor 6 Tahun 2023 Tentang Cipta Kerja di Desa Tanjung, Kecamatan Juwiring, Kabupaten Klaten* (Doctoral dissertation, Universitas Muhammadiyah Surakarta).

<sup>13</sup> Ikhsan M, Ayunda R. Implikasi Hukum Umkm Pasca Hadirnya Putusan Mahkamah Konstitusi Terkait Undang-Undang Cipta Kerja. *Maleo Law Journal*. 2022 Oct 10;6(2):200-16.

<sup>14</sup> Devara E, Priyanta M, Adharani Y. Inovasi Pendekatan Berbasis Risiko Dalam Persetujuan Lingkungan Berdasarkan Undang-Undang Cipta Kerja. *LITRA: Jurnal Hukum Lingkungan, Tata Ruang, dan Agraria*. 2021 Sep 13;1(1):101-16.

special attention from the government to ensure that the policies that have been designed can actually be implemented effectively and reach all business actors, including those in remote areas.<sup>15</sup>

## **B. Legal Effectiveness in the Implementation of Rice Mill Licensing in Sawit District after the Job Creation Law**

The consistency between the rule of law and its application determines how effective the law is. Due to the coercive nature of laws, they may also be the result of public compliance. Sometimes, laws enacted by legitimate authorities do not reflect societal norms. If this is the case, the law is ineffective, unenforceable, or even leads to civil disobedience for some reason.<sup>16</sup> The way the law is applied in everyday life is often ineffective.<sup>17</sup> Three factors in the form of legal structure, legal substance, and legal culture determine whether law enforcement is effective or ineffective, according to Lawrence M. Friedman's book on the legal system. The following are indicators of the legal system:

### **1. Legal Structure**

According to Lawrence M. Friedman, legal structure includes institutions, law enforcement officials, and mechanisms that support the effective operation of legal regulations.<sup>18</sup> Legal structure is an important element in ensuring that licensing rules can be implemented properly in the community.

In Sawit District, the legal structure related to rice mill licensing involves the Boyolali Regency Investment and One Stop Integrated Service Office (DPMPTSP) and Village Partners who are tasked with providing services and assistance in the licensing process. The Online

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<sup>15</sup> Nugroho AY. Pendampingan Penerbitan Nomer Induk Berusaha (NIB) Untuk Usaha Mikro: Langkah Menuju Penguatan Ekonomi Untuk Kesuksesan Bisnis. *Indonesian Journal of Community Engagement*. 2024 Sep 16;1(1):16-20.

<sup>16</sup> Pangestu B, Nunik Nurhayati SH. *Efektivitas Hukum Dalam Penerapan Perizinan Nonberusaha Terhadap Kegiatan Pengeringan Tanah Di Kecamatan Banyudono Kabupaten Boyolali Pasca Undang-Undang Cipta Kerja* (Doctoral dissertation, Universitas Muhammadiyah Surakarta).

<sup>17</sup> Suarto J. *Penegakkan Hukum Pasal 277 Undang-Undang No. 22 Tahun 2009 Tentang Lalu Lintas Dan Angkutan Jalan Yang Dilakukan Polisi Lalu Lintas Kepada Pengendara Kendaraan Bermotor Penyandang Disabilitas (Studi D* (Doctoral dissertation, Universitas Brawijaya).

<sup>18</sup> Suyatno SS. Kelemahan Teori Sistem Hukum Menurut Lawrence M. Friedman Dalam Hukum Indonesia. *IUS FACTI: Jurnal Berkala Fakultas Hukum Universitas Bung Karno*. 2023 Jul 5;2(1 Juni):197-205.

Single Submission system introduced by the government aims to simplify the risk-based licensing process with a digital approach.

However, research shows that this structure has not functioned optimally. Some villages, such as Bendosari and Kateguhan, experience constraints in accessing services due to limited technological equipment and a lack of technical knowledge among businesses on how to use the Online Single Submission system. Village partners assigned to assist businesses often lack the capacity to assist in the Business Registration Number process. In addition, limited internet infrastructure in some locations also hampers the smooth licensing process. In addition, there is no effective monitoring mechanism from the One-Stop Investment and Integrated Service Office for business actors who have not applied for licenses. This indicates that there is a need to strengthen the role of the implementing apparatus and increase the capacity of assistance in the field so that the legal structure can run more optimally.

## 2. Legal Substance

The substance of the law includes regulations, policies and norms that form the basis for the implementation of the law. In the context of risk-based licensing in Sawit District, the substance of the law has been clearly regulated through various regulations, such as:

- a. Article 28D of the 1945 Constitution which guarantees the right to legal certainty for every citizen.
- b. Law Number 11 of 2020 concerning Job Creation which has an impact on the ease of the business licensing process.
- c. Government Regulation Number 5 of 2021 concerning the Implementation of Risk-Based Business Licensing.
- d. Boyolali Regent Regulation Number 6 of 2023 regarding local licensing policies.

These regulations provide a clear and complete legal basis for the implementation of risk-based rice milling licensing. With a low-risk approach, rice milling businesses are only required to have a Business Identification Number (NIB) as a form of legality. However, although the regulations are in place, their implementation has not been effective.<sup>19</sup> A significant number of

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<sup>19</sup> Adi KR, Ratnawati N. Sosialisasi dan Pendampingan Pembuatan Nomor Izin Ber-Usaha Berbasis Resiko untuk Pelaku Usaha di Desa Langlang. *JPM (Jurnal Pemberdayaan Masyarakat)*. 2024 May 31;9(1):76-83.

businesses continue to exhibit reluctance in applying for a Business Identification Number, citing concerns that doing so would result in increased tax obligations and undesired administrative burdens. This perception stems from the government's perceived failure to effectively disseminate information regarding the advantages of operating within the bounds of legality, including the provision of more straightforward access to financial resources and enhanced legal safeguards.

In Guwokajen Village, for example, many business owners stated that the Online Single Submission registration process was complicated and time-consuming. They feel more comfortable running a business without legality even though it makes them vulnerable to legal problems. In fact, regulations state that licensing for small businesses is provided free of charge. The digitization of the licensing process is not yet fully in line with the conditions of local communities who are accustomed to the manual approach. Business actors who are elderly or do not have technological devices find it difficult to access the Online Single Submission system. Therefore, more flexible policies are needed, such as manual registration services at district offices.

### 3. Legal Culture

Legal culture is an element that describes people's values, perceptions, and attitudes towards the law.<sup>20</sup> According to Friedman, legal culture greatly affects the effectiveness of a legal system because it reflects the extent to which people accept and comply with existing rules.<sup>21</sup>

The findings of research conducted in Sawit District indicate that a primary impediment to the implementation of risk-based licensing is the limited public legal awareness. A significant number of business actors are not cognizant of the significance of business legality and the advantages that can be accrued by obtaining a Business Identification Number. In Tlawong and Jatirejo Villages, for instance, business actors indicated a lack of awareness regarding the Online Single Submission system that had been initiated by the government. They perceive that

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<sup>20</sup> Oktaviana P, Andriana V, Harahap CB. Perspektif Budaya Hukum dan Pluralisme Hukum pada Kelompok Ahmadiyah di Indonesia. In Gunung Djati Conference Series 2025 Jan 30 (Vol. 50, pp. 31-40).

<sup>21</sup> Rahmasari MI, Nunik Nurhayati SH. *Efektivitas Hukum Perizinan Berusaha terhadap UMKM Pengrajin Payung Lukis Pasca Undang-Undang Nomor 6 Tahun 2023 Tentang Cipta Kerja di Desa Tanjung, Kecamatan Juwiring, Kabupaten Klaten* (Doctoral dissertation, Universitas Muhammadiyah Surakarta).

licensing does not directly benefit their business and are instead concerned about the potential tax burden that may arise. This attitude indicates a lack of adequate education and information from the government. In addition, the community's habit of running businesses informally without legality is also a challenge in improving compliance with licensing regulations. In Guwokajen Village, several business owners mentioned that they were more focused on the daily operations of the business rather than taking care of licenses that were considered irrelevant to their needs.

To enhance the legal culture of the community, the government must adopt a more intensive and innovative approach. The process of socialization should be executed through methods that align with the characteristics of the local community, including group discussions, direct visits, and the utilization of communication media that are readily accessible to the community. Community-based mentoring has been demonstrated to be an effective solution in improving community understanding and compliance with licensing regulations.

In Friedman's view, legal effectiveness can be achieved if the legal structure, legal substance, and legal culture run in harmony. Based on the analysis in Sawit District, it appears that although the legal structure and substance are in place, the community's unsupportive legal culture is the main challenge. Therefore, strategic steps such as training on the use of simple technology, intensive mentoring, and equitable information dissemination need to be taken to improve the effectiveness of risk-based licensing. A more comprehensive approach, coupled with the promotion of synergies between local governments and communities, is expected to facilitate the more effective implementation of risk-based licensing in the rice milling sector. This will not only provide legal certainty for business actors but also support sustainable regional economic growth.

## CONCLUSION

Based on research conducted in Sawit District, Boyolali Regency, it can be concluded that the implementation of risk-based licensing in the rice milling industry after the Job Creation Law has not been fully effective. This is due to the low level of Business Identification Number (NIB)

ownership among business actors, which is caused by various obstacles, such as a lack of understanding of the importance of business legality, the perception that licensing does not provide direct benefits, and technical difficulties in accessing the Online Single Submission (OSS) system. While the system is designed to simplify the licensing process, constraints such as technological limitations and poor socialization of risk-based licensing hinder optimal implementation at the local level.

In improving legal effectiveness in risk-based licensing, local governments are expected to strengthen socialization and assistance to business actors, especially those in remote areas. Community-based approaches and the use of simpler technology can be a solution to improve compliance with licensing regulations. By improving understanding and facilitating access to the Online Single Submission system, it is expected that business licensing in the rice milling industry sector can run better, provide legal certainty, and support regional economic growth more effectively.

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