

Effectiveness of Local Government Supervision in Small Business Licensing: An Empirical Study of The Ampyang Industry in Gadingan Village in Mojolaban

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Abstract

The growth of local food-based small businesses, particularly the ampyang industry in Gadingan Village, has demonstrated significant economic contributions, but still faces issues of business legality and weak licensing oversight by the local government. This study offers novelty by specifically analyzing the effectiveness of local government oversight in licensing small businesses at the village level and its implications for legal protection and business development, which have not been widely studied. This study aims to analyze the effectiveness of local government oversight of the legality and development of small businesses in the ampyang industry and examine the views of business actors on the implementation of such oversight. The method used is empirical juridical with a legislative and sociological approach through in-depth interviews and literature studies. The results of the study indicate that supervision has been carried out through data collection, legality checks, licensing socialization, and coaching, which has resulted in increased legal awareness for business actors. However, its implementation has not been optimal due to limited resources, lack of coordination, and uneven oversight coverage. Business actors assess supervision as positive because it not only functions as administrative control but also provides mentoring, increases market confidence, and supports business development. Therefore, the effectiveness of local government supervision plays a crucial role in promoting the sustainability of small businesses based on the local economy.

Keywords:business legality; ampyang industry; business licensing

INTRODUCTION

Micro, small, and medium enterprises (MSMEs) are a crucial sector in the Indonesian economy because they employ a large workforce and contribute significantly to national economic growth. MSMEs not only play a role in increasing community income but also in promoting equitable economic development across regions (1,2). This is in line with Article 33 of the 1945 Constitution, which mandates that the national economy be organized based on economic democracy with the principles of togetherness, equitable efficiency, sustainability, environmental awareness, independence, and maintaining a balance between progress and national economic unity (3). This provision emphasizes that economic development must be

oriented toward growth, equity, and prosperity, so the government needs to play an active role in encouraging MSMEs and the development of local commodities to provide broad benefits to the community (4).

Micro, Small, and Medium Enterprises (MSMEs) are an economic activity carried out by the majority of the Indonesian population as their primary source of income (1). In 2024, data from the Ministry of Cooperatives and SMEs recorded that the number of MSMEs reached 65 million units in 2024. Overall, MSMEs contribute significantly to the Indonesian economy, contributing 60% to Gross Domestic Product (GDP) and absorbing almost 97% of the total workforce and covering 99% of the total Indonesian business units (5).

The development of MSMEs requires regulatory support and government oversight to ensure orderly, legal, and sustainable business operations. Law Number 20 of 2008 concerning MSMEs emphasizes that MSME development is carried out to improve a just national economy. Business licensing reforms were then implemented through the Online Single Submission (OSS) and risk-based licensing as regulated in Government Regulation Number 5 of 2021 and Law Number 6 of 2023 concerning Job Creation (6,7). This change shifts the paradigm from licensing based on a list of permits to being based on risk levels, so that business legality is issued through a Business Identification Number (NIB) with supervision adjusted according to risk level, in order to simplify and accelerate access to business legality while also demanding adjustments to the supervision mechanism at the regional level (8).

Regional governments play a crucial role in the development of small businesses as part of the implementation of regional autonomy, particularly in the informal sector, such as the ampyang industry, which contributes to job creation and increased community income. This role encompasses facilitating, supervising, and controlling functions through a licensing system to create an orderly and sustainable business climate. The legal basis for this is Law No. 23 of 2014 concerning Regional Government, which grants district/city governments the authority to manage business licensing through the Online Single Submission (OSS) system, and is further strengthened by Law No. 20 of 2008 and Law No. 6 of 2023, which guarantee ease of licensing and protection for micro, small, and medium enterprises. (9)

Regulations related to business licensing, such as Government Regulation Number 5 of 2021 concerning the Implementation of Risk-Based Business Licensing, stipulate the stages of business legality, including the issuance of NIB (Business Identification Number) and technical

standards, and explicitly regulate procedures for monitoring risk-based business licensing (10). The implementation of licensing supervision at the regional government level still faces various challenges that require attention. First, regional government capacity in terms of human resources, budget, and information systems is often limited, especially for supervising small businesses spread across many villages or households. Second, inter-agency coordination mechanisms are still suboptimal, so supervision is sometimes partial or reactive. Finally, post-licensing guidance is often weak; businesses that have obtained permits are not always routinely guided or monitored, so legality becomes merely a formality without significant changes to business practices (11).

Even though licensing has been simplified, many MSMEs still do not have legal status due to limited understanding, minimal assistance, and the assumption that legal status adds to the administrative burden (12,13). While local governments have the authority to provide guidance and supervision to ensure legal compliance and business standards, this situation results in inaccurate business data, ineffective oversight, and poses risks to consumers and market access. Therefore, structured and ongoing support, such as training and assistance with OSS/NIB, is key to strengthening MSME empowerment (14).

One form of MSME that is developing in the community is the traditional food industry based on local potential. The traditional food industry based on local potential is one form of MSME that plays a role as a source of income while preserving culture. For example, the ampyang industry in Gadingan Village, Mojolaban, is known as a center for traditional food production and a driver of the community's economy, with small-scale, family-based businesses utilizing local raw materials and local labor. Based on data from the Sukoharjo Regency Industry Office in 2018, this village is a major production center with a significant contribution to the local economy, although it still faces various challenges in its development (15).

The ampyang industry still faces licensing and oversight issues, with approximately 40%–50% of businesses lacking complete permits to avoid bureaucracy, according to a 2017 report. Furthermore, government oversight is uneven, with businesses in village centers being inspected more frequently than those in outlying areas, potentially leading to violations of business standards.

Incomplete legality and weak supervision of small businesses give rise to various risks, such as limited access for business actors to formal market capital, product rejection due to unmet

quality and food safety standards, and suboptimal local economic potential (13). In innovation, and reputation, including halal certification, legality is an important factor in increasing competitiveness. However, the implementation of licensing policies at the regional level often falls short of expectations due to technical and administrative obstacles and weak supervision (16). Research results show that even though regulations are available, the licensing process still takes a long time, costs are relatively high, and integration between agencies is not yet fully effective (17).

The implementation of supervision of small businesses in the regions still faces obstacles such as limited resources, facilities, and coordination between agencies, so that it is not optimal in controlling businesses that do not meet legality and production standards (13,18). This condition also occurs in the ampyang industry in Gadingan Village, Mojolaban, which despite its high economic potential, still faces problems with legality and business standards, resulting in limited access to capital, difficulty entering the formal market, and low consumer protection (19).

This research is novel because it not only examines small business licensing regulations normatively but also empirically analyzes the effectiveness of local government oversight in implementing risk-based licensing in the ampyang industry at the village level. Furthermore, this study uncovers a gap between licensing policies through the OSS system and their implementation in practice, particularly in locally based traditional food businesses, which have rarely been studied in previous research.

Based on the above description, this study aims to analyze the effectiveness of local government supervision in licensing small businesses in the ampyang industry in Gadingan Village, Mojolaban District, Sukoharjo Regency, and to determine the views of business actors regarding the implementation of such supervision. The results of this study are expected to provide benefits both theoretically and practically. Theoretically, this study is expected to enrich the study of small business licensing supervision from the perspective of administrative law and public policy. Practically, this study is expected to serve as evaluation material for local governments in increasing the effectiveness of supervision of MSMEs and supporting the development of legal and sustainable small businesses.

METHOD/IDEA

This research uses an empirical juridical research method with a case study approach. This type of research was chosen because it not only examines legal provisions regarding small business licensing normatively but also analyzes in depth how these regulations are applied in practice in the ampyang industry in Gadingan Village, Mojolaban District, Sukoharjo Regency. The research focuses on the implementation of business licensing and the effectiveness of local government supervision in an empirical context at the village level. The approaches used include a legislative approach and an empirical sociological approach. The legislative approach is carried out by examining various related regulations, including the 1945 Constitution, Law Number 20 of 2008 concerning MSMEs, Law Number 6 of 2023 concerning Job Creation, and Government Regulation Number 5 of 2021 concerning Risk-Based Business Licensing. While the empirical sociological approach is used to understand the implementation and perceptions of business actors and government officials in the field (20).

The data in this study consists of primary data and secondary data. Primary data was obtained through in-depth interviews which are semi-structured with key informants, namely the Investment and One-Stop Integrated Services Agency (DPMPTSP) of Sukoharjo Regency, the Head of Gadingan Village, and two ampyang industry business actors. The selection of informants was carried out using purposive sampling, taking into account their direct involvement in the business licensing and supervision process. Interviews were conducted narratively to explore experiences, perceptions, and obstacles encountered in business licensing practices. Meanwhile, secondary data was obtained through a literature review that included laws and regulations, legal research methods books, scientific journals, and relevant official documents (20,21).

Data collection was conducted through in-depth interviews and literature review. Interviews were conducted flexibly to allow informants to comprehensively explain their experiences and views regarding business licensing and local government oversight. The data obtained were then analyzed using qualitative analysis methods with descriptive-analytical techniques, namely by reviewing and connecting empirical data in the field with applicable legal provisions to assess the effectiveness of small business licensing supervision in the ampyang industry in Gadingan Village (20).

RESULTS AND DISCUSSION

The Influence of the Effectiveness of Regional Government Supervision on the Progress and Legality of Small Businesses in the Ampyang Industry in Gadingan Village, Mojolaban

Micro and small businesses play an important role in the regional economy because they are able to absorb labor and become a source of livelihood for household-based communities, as well as contributing to economic growth and equitable distribution of prosperity. Their development is not only influenced by the production capacity of business actors, but also by the support of government policies, especially in the aspects of licensing and business supervision (23). This is in line with Article 33 paragraph (1) of the 1945 Constitution which emphasizes that the economy is structured as a joint effort based on the principle of family, and is reinforced in Article 1 number 1 of Law No. 20 of 2008 concerning MSMEs which defines micro businesses as productive businesses owned by individuals or individual business entities that meet the criteria as stipulated in the law.

Business legality is emphasized in Article 6 paragraph (1) of Law No. 6 of 2023 concerning Job Creation, which requires business actors to have business permits, one of which is through ownership of a NIB. This permit is implemented through the OSS system as regulated in PP No. 5 of 2021 to simplify the licensing process and encourage small businesses to enter the formal sector, while also providing legal certainty and access to financing and empowerment programs (24,25). One area with potential for small businesses is Gadingan Village, Mojolaban District, Sukoharjo Regency, where many residents operate household industries such as shuttlecock production and traditional food businesses, including ampyang, as a source of income and a driving force for the local economy.

Based on data from the Sukoharjo Regency Investment and One-Stop Integrated Services Agency (DPMPTSP) in 2024, there were 41 home industry businesses registered as having business permits in various business sub-sectors. However, in the ampyang industry sector, the number of businesses with business legality is still relatively small. Research observations indicate that in Gadingan Village, there are only two active ampyang industry businesses: Partini's Ampyang Kacang Ario business and Slamet Widodo's "Pak Ranto" Ginger Flavored Ampyang Cake business. These two businesses were respondents in the study to determine the effectiveness of local government oversight of small business legality.

To analyze the effectiveness of this supervision, this study uses the legal system theory proposed by Lawrence M. Friedman, which states that the functioning of law in society is influenced by three main elements, namely legal structure, legal substance, and legal culture. Legal structure is related to the institutions or apparatus that implement the law, legal substance is related to the applicable rules or regulations, while legal culture is related to the attitudes and awareness of society towards the law (26).

Legal structure aspects. Lawrence M. Friedman states that legal structure is related to institutions, implementing officials, and working mechanisms that implement and oversee the implementation of the law. This view shows that the effectiveness of small business licensing supervision is not only determined by the existence of legal regulations, but also by how authorized institutions carry out these supervisory functions. In small business licensing supervision, the legal structure involves several local government agencies that have different duties and authorities, both at the district and village levels (26).

At the district level, the Investment and One-Stop Integrated Services Agency (DPMPTSP) plays a role in issuing business legality and conducting administrative supervision of businesses that already have permits. DPMPTSP's supervision focuses on businesses that have been officially registered through a Business Identification Number (NIB). This was conveyed by Ahzan Miftahudin Zuhri, A.Md.Kom. from the Sukoharjo Regency DPMPTSP, who explained that supervision is carried out based on business permits that have been entered into the licensing system. He stated:

"The DPMPTSP (Directorate General of Private Enterprises) does have supervisory activities, but they are focused on investment. Supervision is based on existing permits. So, if a business already has a business permit and a Business Identification Number (NIB), we will conduct supervision. For businesses that don't yet have permits, that's handled by the technical department, namely the Sukoharjo Regency Cooperatives, SMEs, and Trade Office."

This statement indicates that licensing oversight is based on legality, so businesses that do not yet have a permit are not fully covered by formal oversight mechanisms. This division of authority illustrates that the legal structure for small business oversight operates through coordination between regional government agencies. After a business permit is issued, oversight by the DPMPTSP focuses more on the administrative compliance of business data. Ahzan Miftahudin Zuhri explained that inspections are conducted to ensure the data listed in the permit matches the business conditions. He said:

"Once the permit is issued, we double-check its compliance. For example, whether the business area still matches the one stated on the permit, whether the business sector remains the same, whether the business owner's name remains the same, or whether there have been any changes."

This administrative oversight demonstrates that the DPMPTSP's role is more concerned with ensuring orderly licensing administration, rather than technical oversight of business production activities. If technical violations or violations requiring enforcement are discovered, they are handled through coordination with the relevant technical agencies and the Public Order Agency (Satpol PP).

The oversight structure also involves the village government, the party closest to the community. According to an interview with the Head of Gadingan Village, Parji, A.Md., the village government plays a role in collecting business data and providing assistance to MSMEs before the licensing process begins. He also explained that the village government first collects data on businesses in its area and then connects them with assistance if they are interested in obtaining business permits. Parji stated:

"Before a permit is issued, we conduct a data collection. Then, for MSMEs interested in obtaining a business permit, we connect them with a support team."

In addition to data collection, the village government also held outreach activities to increase public understanding of the importance of business legality. This activity involved inviting business owners and presenting speakers to explain the procedures and benefits of business licensing. Parji explained:

"We conduct outreach by inviting residents and presenting resource persons... so that business actors understand and realize the importance of business legality."

The role of the village government demonstrates that the legal structure not only carries out a supervisory function but also plays a role in business development and mentoring. In some situations, the village government even assists business owners experiencing administrative difficulties or challenges using digital systems by providing direct assistance until the licensing process is completed. Through this involvement, the village government acts as a liaison between business owners and licensing agencies, streamlining the permitting process. This assistance also helps improve business owners' understanding of the importance of business legality as part of their business activities (27).

Institutionally, the legal structure for supervising licensing for small businesses in the ampyang industry in Gadingan Village has been established through the involvement of several

government agencies. However, supervision, which is still focused on businesses that already have permits, and the limited supervisory authority at the village level, indicates that the effectiveness of this legal structure has not been fully optimal. This is in line with research findings on MSME licensing supervision, which state that the effectiveness of supervision is greatly influenced by inter-agency coordination and the intensity of guidance provided by the local government (28). Therefore, although the legal structure for supervising licensing for small businesses in Gadingan Village is institutionally in place, its implementation still requires strengthening inter-agency coordination and expanding the scope of guidance so that business actors' compliance with business legality can be improved more comprehensively.

Legal substance aspects, Lawrence M. Friedman is the substance of law (*legal substance*). Legal substance relates to the overall norms, laws and regulations, and policies that govern societal behavior in a particular field. Friedman explains that the law will not work effectively if the rules governing it are unclear, do not provide easy implementation, or are unable to meet the needs of society. The effectiveness of small business licensing supervision is not only influenced by the performance of the supervisory agency, but is also determined by the quality of the regulations governing the legality of the business (26).

Normative rules regarding business legality have been comprehensively regulated in various laws and regulations. Law No. 20 of 2008 concerning Micro, Small, and Medium Enterprises emphasizes that MSMEs are a strategic part of the national economy that plays a role in economic growth and poverty alleviation. Article 6 regulates the criteria for micro businesses, including having a maximum net worth of IDR 50,000,000 excluding land and business buildings or having annual sales results of IDR 300,000,000 at most. This regulation shows that the state provides special classifications for small businesses to obtain protection and policy facilitation, including in aspects of business legality (29).

The obligation to maintain business legality is further emphasized through a risk-based business licensing policy stipulated in Law No. 6 of 2023 concerning Job Creation. Article 6 paragraph (1) stipulates that every business actor is required to have a business license, one of which is realized through ownership of a Business Identification Number (NIB) (9). The NIB serves as an official business identity and serves as a company registration mark, customs access, and import identification number if the business actor carries out import-export activities.

Ownership of a NIB is not only administrative but also serves as a legal instrument that connects business actors to the formal economic system (30).

The legality of micro and small businesses is also strengthened through Government Regulation No. 7 of 2021 concerning the Facilitation, Protection, and Empowerment of Cooperatives and MSMEs. Article 12 emphasizes that the central and regional governments provide business licensing facilities to micro and small businesses through a risk-based business licensing system. This provision demonstrates that the state not only requires business legality but also has an obligation to facilitate the licensing process. Article 13 emphasizes that these facilities are provided in the form of simplified requirements, accelerated permit issuance, and assistance in processing business legality (31).

From a technical implementation perspective, the implementation of business licensing is regulated in Government Regulation Number 5 of 2021 concerning the Implementation of Risk-Based Business Licensing. Article 1, number 12, explains that the Business Identification Number (IBC) is a business actor's identity issued by the OSS agency after the business actor has registered. Article 4 emphasizes that every business actor is required to have a business license based on the risk level of their business activities. Meanwhile, Article 5 states that risk-based business licensing is implemented through an electronically integrated OSS system (10).

The OSS system is a crucial tool in simplifying the licensing process, particularly for micro, small, and medium enterprises. This system eliminates the need for multi-layered bureaucracy and allows for online processing with simpler procedures. This regulation is designed to encourage MSMEs to enter the formal economic system, obtain legal protection, and facilitate access to financing and government empowerment programs (32).

Based on research in Gadingan Village, the normative ease of access stipulated in various regulations has not been fully translated into equitable levels of business legality. Some ampyang industry players still lack business permits, despite streamlined procedures. This situation demonstrates a gap between the substance of the law and its implementation on the ground. Obstacles include limited technological understanding in accessing the OSS (Online Shopping Center), minimal licensing assistance, and the perception that business legality is not yet a priority.

In terms of legal substance, the legality of micro, small, and medium enterprises (MSMEs) has been comprehensively formulated through the MSME Law, the Job Creation Law,

and various implementing government regulations. These regulations, in normative terms, provide convenience, protection, and licensing facilitation for small businesses. However, their implementation at the village level still requires enhanced outreach, mentoring, and policy integration to ensure the legal substance of the formulated law is effective in encouraging legal compliance among small businesses in the ampyang industry.

Aspects of legal culture, Lawrence M. Friedman is a legal culture (*legal culture*), namely the attitudes, values, perceptions, and behavioral patterns of society towards applicable laws. Friedman emphasized that the law will not work effectively if it is not supported by awareness and acceptance of society as a legal subject (26).

Legal culture is reflected in how business actors understand the importance of business legality, interpret licensing obligations, and align their business activities with applicable legal provisions. In the ampyang industry in Gadingan Village, the legal culture of business actors is still influenced by the character of household businesses that are run from generation to generation. Business legality is not fully viewed as a primary requirement, but rather is often considered an administrative complement to be taken care of when necessary. This results in an uneven level of business permit ownership in the ampyang industry sector, even though regulations have facilitated the licensing process as explained by Ahzan Miftahudin Zuhri, A.Md.Kom. from the DPMPTSP of Sukoharjo Regency who stated:

"In terms of regulations, it's actually quite easy, and the procedures are simple. However, business owners themselves sometimes don't feel the need. They usually only apply for permits when they need them, such as to participate in aid, training, or other government programs."

At the village level, efforts to build legal awareness continue through outreach and mentoring activities. In addition to outreach, the village government also provides assistance to businesses experiencing difficulties in obtaining permits. Gadingan Village Head, Parji, A.Md., explained that the village government has held several outreach sessions on the importance of business legality for the community. He said:

"We've conducted several outreach campaigns, inviting business owners, presenting speakers, and explaining the importance of business permits. However, not everyone applies for them immediately. Some feel their businesses are small and therefore don't need permits. However, having a permit would actually protect their business. If there are business owners who want to apply for permits but don't understand how, we assist them. If necessary, we even direct them directly to the relevant government agency or MPP so the process can be completed."

Business owners' understanding of business legality also demonstrates varying levels of awareness. Partini, the owner of Ampyang Kacang Ario, a business that already has a Business Identification Number, views business legality as crucial to her business's development. She explains:

"At first, I didn't really understand business permits. But after they explained the process and helped me through it, I felt more at ease. If there's data collection for aid, training, or government programs, my business can participate. So, I believe business permits are important, not just a formality. With this permit, I feel like my business is recognized."

On the other hand, some business owners have different understandings of business legality. Slamet Widodo explained that his previous business license was registered for karak, while he also produces ginger ampyang and several other processed products.

"My business does indeed include karak, ginger ampyang, and several other processed foods. When I applied for permits, I registered for karak first. I thought that represented all the businesses I run, so I didn't need to register them individually."

These two statements demonstrate differing perspectives on business legality among business actors. Some are beginning to understand the benefits of business permits for the sustainability and development of their businesses, while others still believe that a single business legal document is sufficient to cover all production activities. This situation illustrates that the administrative legal culture among micro-entrepreneurs is still developing, particularly regarding the understanding of the obligation to update business permit data.

In general, the legal culture of ampyang industry players in Gadingan Village is still developing. Some business owners understand the benefits of business legality, while others still view business permits as a secondary need. Therefore, continuous improvement of legal culture is necessary through outreach, mentoring, and ongoing coaching to raise business awareness of the importance of business legality. Supervision cannot simply rely on institutions and regulations; it must also be balanced with efforts to increase legal awareness among business owners through ongoing outreach and mentoring.

Views of Small Business Actors in the Ampyang Industry on Permit Supervision Carried Out by the Regional Government

Business actors' views on licensing supervision are an important indicator in assessing the effectiveness of business legality policies in the community, which is influenced by their experiences interacting with the government and the benefits they feel after obtaining a business license (33,34). In the ampyang industry in Gadingan Village, this perception is more formed from practical experience running a daily business. This study used a questionnaire to two ampyang business actors, namely Partini (Ampyang Kacang Ario) and Slamet Widodo (Ampyang Kue Jahe "Pak Ranto"), to measure understanding of OSS licensing obligations and procedures, socialization and access to licensing information, ease of the licensing process, attitudes towards government supervision, and the impact of business legality on business development.

Interview results indicate that business actors' understanding of business legality obligations is relatively good. Both informants understand the importance of legal documents, such as a Business Identification Number (NIB) or other business permits, as a basis for legally operating a business. However, technical understanding of digital licensing procedures remains limited, as some business actors obtain information through assistance from village governments or MSME advisors (35).

Regarding licensing outreach, informants stated that the government had provided education on business legality through MSME development activities or mentoring by village governments. This outreach played a role in increasing legal awareness among business actors regarding the importance of business legality. Other research also shows that licensing outreach and training can increase business actors' understanding and encourage them to process business permits independently (36).

Regarding the ease of the licensing process, informants gave a positive assessment of the licensing service system. The licensing procedure was deemed relatively easy in terms of requirements, costs, and service access, and was also supported by assistance from village officials and the local government in the business permit process. This assessment indicates that the current licensing service system has made it easier for small businesses to obtain business legality. Relatively simple requirements, reasonable processing costs, and assistance from the village government and related agencies make the licensing process accessible to micro-

businesses. For ampyang industry entrepreneurs in Gadingan Village, this ease is also supported by assistance from village officials who help provide information and facilitate the business permit process through the OSS system.

Business actors' attitudes toward local government oversight also tend to be positive. Informants stated that local governments have conducted supervision or visits to business locations and provided guidance to business actors. This supervision includes not only administrative inspections but also mentoring and providing information regarding business obligations, thus being perceived as a form of guidance.

This positive attitude demonstrates that local government oversight is not viewed as an oppressive form of control, but rather as a form of guidance for business actors. Visits or inspections by government officials provide business actors with an opportunity to obtain clarification regarding their business obligations and the various regulations they must comply with in carrying out their business activities. Through these interactions, business actors can convey the challenges they face and receive guidance on more orderly business management.

In terms of the impact of business legality on business development, informants also provided a positive assessment. Business legality and government oversight are considered to provide benefits for business development, including increasing consumer trust, facilitating access to government programs, and encouraging business actors to conduct their businesses in a more orderly manner (37).

The research results show that having a legal business license is not merely viewed as an administrative obligation but also has a tangible impact on the development of small businesses. With legal business licenses, business owners feel more confident in conducting their operations because their business is officially recognized. Consumer trust in the products produced also tends to increase when the business has clear permits.

Furthermore, business legality also opens up opportunities for entrepreneurs to access various government development and support programs. Businesses with business permits have easier access to training, mentoring, and government-provided assistance programs. This demonstrates that business legality not only fulfills legal obligations but also plays a role in encouraging the development of small businesses, enabling them to operate more orderly and have opportunities for broader growth.

Business actors' acceptance of licensing and oversight policies is influenced not only by the existence of legal regulations, but also by their direct experiences interacting with the government. For small business owners, such as those in Gadingan Village, business legality begins to be viewed as beneficial when they experience tangible impacts, such as ease of participation in government programs or increased consumer confidence in the products they sell. Furthermore, business actors' perceptions of the law are shaped more by practical experience than by a normative understanding of laws and regulations. In other words, the success of licensing policies depends not only on existing regulations but also on the government's ability to build communication, mentoring, and good relationships with business owners so that these regulations are understood as business needs, not merely administrative obligations.

Based on these results, it can be seen that the views of ampyang industry business owners in Gadingan Village regarding business licensing and local government oversight are positive. Business owners understand the importance of business legality and believe that government oversight benefits their business development. However, technical understanding of the digital licensing system still requires strengthening through ongoing outreach and mentoring to improve business compliance.

CLOSING

Local government oversight of small business licensing in the ampyang industry in Gadingan Village has been ongoing, but it is not yet fully optimized. Supervision is carried out through the issuance of business permits, data collection, outreach, and coaching for business actors. However, implementation is still limited to businesses that already have legal status, thus not reaching all business actors. Furthermore, obstacles such as limited resources, lack of coordination, and business actors' limited understanding of the digital licensing system also affect the effectiveness of supervision.

On the other hand, business actors expressed a generally positive view of government licensing and oversight. Business legality is not merely viewed as an administrative obligation, but also provides tangible benefits such as increased consumer trust, easier access to government programs, and encouraging more orderly business operations. Therefore, ongoing outreach and mentoring are needed to improve business actors' understanding and compliance with business legality, enabling more effective and equitable oversight.

Based on the research findings, local governments need to increase oversight by reaching out to businesses that don't yet have permits, not just those that are registered. Furthermore, outreach and assistance for OSS-based licensing needs to be conducted more frequently to facilitate business actors in understanding and managing their business legality. Furthermore, business actors are expected to be more proactive in managing and adjusting business permits to suit their business activities, as legality is not only an obligation but can also foster business development and increase consumer trust.

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