

Analysis of The Implementation of Business Licensing for Partners of The National Nutrition Agency in Karanganyar Regency

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Abstract

The implementation of the Free Nutritious Meal Program through a partnership with the National Nutrition Agency requires certainty of business legality, so that business licensing is a crucial aspect in ensuring the accountability and quality of nutrition services in the region. This study aims to explain the practice of implementing business licensing by the National Nutrition Agency partners at SPPG Karanganyar and its supporting and inhibiting factors. This study uses an empirical juridical method with a legislative and sociological approach, qualitative descriptive, with primary data through interviews and secondary data from laws and regulations and legal literature. The results show that the implementation of licensing has been carried out through the OSS system with the fulfillment of basic legalities such as NIB, business risk classification, and administrative and technical verification, although it still requires assistance in understanding business procedures and standards. Supporting factors include policy support, local government facilitation, and institutional coordination, while inhibiting factors include administrative obstacles, low licensing literacy, and social rejection due to the impact of business operations. In conclusion, the implementation of business licensing for partners of the National Nutrition Agency in Karanganyar Regency has been running, but its effectiveness still needs to be optimized through strengthening guidance, supervision, and harmonization of technical regulations.

Keywords: Legal Certainty; National Nutrition Agency; Business Licensing; SPPG.

INTRODUCTION

Indonesia is a developing country with the fourth largest population in the world, at 280 million. According to a report from the Central Statistics Agency (BPS), the number of children aged 0-17 years will reach 78.4 million by 2024. Coordinating Minister for Community Empowerment, Muhaimin Iskandar, stated that 422,000 children fall into the extreme poverty category. (1) Seeing this phenomenon, the government needs a new breakthrough to address the various problems affecting children, including education, economics, and health. Based on Article 28B of the 1945 Constitution, children have the right to receive protection so they can grow, develop, and have their dignity and honor guaranteed. (2)

In 2024, Indonesia held a presidential election which was won by the pair number two Prabowo Subianto and Gibran Rakabuming Raka. In the presidential debate that took place, the pair number two Prabowo Subianto and Gibran Rakabuming Raka brought up an idea or concept regarding free nutritious food which was planned to be provided to every student in the educational environment. (3) This program aims to provide children with adequate nutrition to improve their learning abilities and focus at school. Providing free lunches is expected to boost their academic performance and attention during the learning process.(4). This free lunch program falls within the category of social policy and is often described in economic literature as a “Robin Hood” policy (5).

This program offers many benefits, such as improving nutritional adequacy and greater access to education. Financial impacts and sustainability considerations also need to be taken into account. The National Campaign Team (TKN) revealed that the budget requirements for this program range from IDR 100 trillion to IDR 120 trillion in the first year, with an estimated total cost that could reach IDR 450 trillion by 2029 (6). Budiman Sudjiatmiko, a member of the TKN Expert Council, explained that to run this program, it is necessary to provide 6.7 million tons of rice, 96 million tons of beef, 1 million tons of fish, and 4 million kiloliters of fresh cow's milk annually. Efforts to support the supply chain require a budget allocation of around IDR 50 trillion to IDR 60 trillion of the total financing required. According to Esther Sri Astuti, Director of *Institute for Economic and Financial Development Program* (INDEF), the implementation of this program will require time and will likely be very dependent on the APBN, which is currently experiencing limited fiscal space. (6,7)

The presence of the free nutritious meal program effectively initiated inequality and encouraged a more equitable distribution of economic resources. From an economic perspective, this policy has the potential to increase the number of jobs in the long term, but also presents challenges related to financing and fiscal resilience (8). This Free Nutritious Meal (MBG) is a program that has a direct impact on the Indonesian people, especially children, to obtain healthy and nutritious food according to standards by nutrition experts, with another goal of implementing as stated in the 5th principle of Pancasila, which reads "Social Justice for All Indonesian People." (9,10)

The free nutritious food program implemented in Indonesia, of course the government cannot implement this program alone but must involve many human resources. In 2024 President

Prabowo Subianto issued Presidential Regulation Number 83 concerning the establishment of the national nutrition agency. The national nutrition agency is a non-ministerial government institution committed to fulfilling the nutrition of the national community, with a primary focus on improving the quality of life through structured and organized programs as an organizer in implementing the program as a solution so that the program can be implemented and appropriately the government opens opportunities for business partners. Business partners who are affiliated with the national nutrition agency are hereinafter referred to as nutrition fulfillment service units (SPPG). (11)

This collaboration requires legal business registration, including a Business Identification Number (NIB) through the OSS system. This provision refers to Law Number 6 of 2023 concerning Job Creation and Government Regulation Number 28 of 2025 concerning the Implementation of Risk-Based Business Licensing. The risk-based licensing system divides business activities into four risk levels and places both central and regional governments in supervisory roles. (12)

Business legality is the basis for BGN partners' accountability. Without valid permits, cooperation with state institutions cannot be carried out responsibly. (13) The National Nutrition Agency emphasized that registration for prospective partners is free and transparent. While the procedure is transparent, implementation in the field remains a matter of public concern, for example, the quality of the free nutritious meal program run by partners does not comply with technical guidelines. This indicates that despite existing regulations, implementation has not been fully implemented. Several aspects of the National Nutrition Agency's partner program require improvement, such as partner verification, program quality monitoring, and solutions for ensuring partners adhere to the principles outlined in the regulations. (14)

In fact, the implementation of business licensing for National Nutrition Agency partners at the regional level is a crucial aspect in ensuring the success of the Free Nutritional Meal Program. In Karanganyar Regency, the involvement of the Nutrition Fulfillment Service Unit (SPPG) and the DPMPTSP as technical implementers as authorized agencies in licensing services places the region in a strategic position to ensure that each BGN partner has met the business legality requirements in accordance with statutory provisions. However, differences in understanding, administrative obstacles, and coordination challenges between agencies remain, potentially impacting the effectiveness of business licensing implementation for BGN partners.

Furthermore, the effectiveness of business licensing is determined not only by the existence of regulations, but also by how those regulations are implemented and monitored. The partner verification process, oversight of business activity compliance with nutritional standards, and business risk control mechanisms are important indicators in assessing whether the risk-based business licensing system is operating optimally. If licensing is not implemented effectively, it can impact the quality of nutrition services, accountability of collaboration, and public trust in the National Nutrition Agency (BGN) program. Therefore, a study on the effectiveness of BGN partner business licensing implementation in Karanganyar Regency is relevant to assess the alignment between legal provisions and the reality of their implementation on the ground.

Based on the above description, an analysis of the implementation of business licensing by National Nutrition Agency partners in Karanganyar Regency is important to assess the conformity between legal norms and field practices. This study is expected to provide an overview of licensing implementation practices and the supporting and inhibiting factors faced by partners in complying with applicable legal provisions. Therefore, the research problem formulation is how the implementation of business licensing by National Nutrition Agency partners in Karanganyar SPPG and what supporting and inhibiting factors are faced in fulfilling business licensing requirements.

METHOD/IDEA

The research method used in this study is an empirical juridical method, namely a legal research approach that combines the study of legal norms or regulations with the conditions of their application in the field. This research is descriptive qualitative, aiming to provide a systematic overview of how legal provisions regarding licensing are applied in practice. From a legal perspective, this research uses a statutory approach (*legal approach*) and conceptual approach (*conceptual approach*) by examining various regulations, doctrines, and legal literature related to business licensing and the implementation of the National Nutrition Agency program (15). Meanwhile, empirically, this research uses a legal sociological approach to find out how these legal norms are implemented in practice and the obstacles that arise in implementing the business activities of National Nutrition Agency partners in Karanganyar Regency.

The data used in this study consisted of primary and secondary data. Primary data were obtained directly through interviews with the Head of the SPPG of Karanganyar Regency, as a party involved in the implementation of business licensing for partners of the National Nutrition Agency, to obtain an overview of the licensing process, verification, supervision, and obstacles encountered. Secondary data consisted of primary legal materials, such as Law Number 6 of 2023 concerning Job Creation, Government Regulation Number 28 of 2025 concerning the Implementation of Risk-Based Business Licensing, and Presidential Regulation Number 83 of 2024 concerning the National Nutrition Agency, and secondary legal materials in the form of books, journals, and opinions of legal experts. Data collection techniques were carried out through interviews and literature studies, while data analysis used descriptive qualitative analysis to describe phenomena occurring in society and assess how legal provisions regarding business licensing for partners of the National Nutrition Agency are applied in practice. (15,16)

RESULTS AND DISCUSSION

Practices of Business Licensing Implementation by National Nutrition Agency Partners at SPPG Karanganyar

The implementation of business licensing by partners of the National Nutrition Agency (BGN) at the Karanganyar SPPG is based on Law Number 6 of 2023 concerning Job Creation (17). Article 1 number 4 explains that business licensing is the legality granted to business actors to start and run their businesses and/or activities. This provision emphasizes that every business activity must have a legal basis as an operational prerequisite. Therefore, business activities carried out by food provider partners in the national nutrition fulfillment program must also have legality before operational activities are carried out. This legality serves as the basis for the government to ensure that the business activities carried out have complied with applicable legal provisions (18,19).

The Job Creation Law also introduces the Risk-Based Business Licensing (PBBR) approach as a system used in administering business licensing. Article 6 explains that improving the investment ecosystem and business activities is implemented through several instruments, one of which is the implementation of risk-based business licensing. Furthermore, Article 7 paragraph (1) states that business licensing is carried out based on determining the risk level and scale of a business activity. This risk assessment is based on several aspects, such as health,

safety, the environment, and resource utilization and management. This regulation indicates that the form of licensing that must be fulfilled by business actors will be adjusted to the risk level of the business activity being carried out. (17,20)

In this regard, business activities within the Nutrition Fulfillment Service Unit (SPPG) are essentially large-scale food supply businesses that directly impact public health. Based on their characteristics, these activities are not considered low-risk businesses but are more accurately categorized as medium-risk businesses due to their relationship to food safety, food production processes, and potential environmental impacts such as waste. Therefore, SPPG partners are not only required to have a Business Identification Number (NIB), but are also required to meet business standards, as evidenced by a Standard Certificate, and technical requirements such as hygiene and sanitation. These requirements have essentially been implemented, as evidenced by the fulfillment of legal requirements through the OSS system, administrative verification, and technical inspections by relevant agencies. However, their implementation is still not fully optimal due to obstacles in partners' understanding of licensing obligations and the need for assistance in meeting technical standards. Consequently, there remains a gap between normative provisions and field practice.

Risk classification determines the type of permits that businesses must fulfill. Article 8 stipulates that low-risk business activities require a Business Identification Number (NIB) as legal business identification. Meanwhile, Article 9 stipulates that medium-risk businesses require a NIB and a Standard Certificate, while Article 10 emphasizes that high-risk businesses must have a NIB and a government-issued permit before undertaking any business activity. This regulation indicates that the higher the business risk, the stricter the licensing requirements. In addition to permit issuance, the Job Creation Law also regulates supervision of business activities. Article 11 states that supervision is carried out based on the level of risk and the level of business actor compliance. This provision emphasizes that the licensing system does not stop at the stage of issuing legal documents but also includes monitoring and evaluation of business implementation to ensure compliance with established standards. (21,22)

The technical regulations for PBBR are further regulated in Government Regulation Number 28 of 2025. Article 1 number 1 defines PBBR as a permit based on risk analysis, while Article 2 paragraph (2) contains the scope of implementation, starting from basic requirements, Business Permit (PB), PB UMKU, to supervision and sanctions. Article 4 paragraph (1)

emphasizes that every business actor is required to have a PB after fulfilling the basic requirements, which include the Suitability of Space Utilization Activities (KKPR), Environmental Approval (PL), as well as Building Approval (PBG) and Certificate of Functional Worthiness (SLF) as regulated in Article 12 paragraph (1). The entire process is carried out electronically through the OSS system which is integrated across ministries and local governments.

The involvement of business partners in the implementation of the national nutrition fulfillment program cannot be separated from the institutional framework established by the government. The legal basis for this institution is regulated in Presidential Regulation Number 83 of 2024 concerning the National Nutrition Agency, which stipulates the formation, position, duties, and functions of the National Nutrition Agency as the institution implementing the national nutrition fulfillment program. The establishment of this institution is based on the need to optimize the implementation of national nutrition fulfillment as part of the development of quality human resources. Article 1 number 1 states that BGN is a government institution established by the President to carry out the task of fulfilling national nutrition, and Article 2 confirms its position under and responsible to the President. Articles 3 and 4 contain the duties and functions of BGN, including the formulation of technical policies, distribution coordination, and supervision. Article 31 opens up space for the establishment of Technical Implementation Units (UPT), which form the basis for the formation of Nutrition Fulfillment Service Units (SPPG) in the regions. (23)

The Technical Guidelines for the Implementation of the Free Nutritious Meal Program, as stipulated in the Decree of the Head of the National Nutrition Agency Number 244 of 2025, also regulate the requirements for facilities and operational locations of Nutrition Fulfillment Service Units (SPPG). These provisions explain that one SPPG unit is generally designed to serve approximately 3,000 beneficiaries per day. The SPPG location must also be within a distribution range that allows for effective food distribution, namely within a radius of approximately 6 km or a maximum travel time of approximately 30 minutes from the beneficiary's location. This provision is intended to ensure that the food distribution process can be carried out in a timely manner and maintain the quality of the food provided to beneficiaries (24).

In addition, the technical guidelines also stipulate that SPPG buildings are principally designed as production kitchens with a minimum size of approximately 20 x 20 meters or 20 x

15 meters. The building must be equipped with a food processing room, production area, food storage room, and adequate sanitation facilities. This arrangement aims to ensure that large-scale food production processes can be carried out safely, hygienically, and in accordance with food safety standards established in the program implementation (24).

The SPPG's operations are supported by a clear organizational structure to ensure smooth program implementation. The SPPG is led by a service unit head who is responsible for managing operational activities. In addition, there are nutrition experts who ensure menu composition complies with established nutritional standards, as well as kitchen operational staff responsible for processing and distributing food to beneficiaries. This organizational structure demonstrates that program implementation depends not only on the availability of physical facilities but also on the readiness of human resources capable of carrying out food production activities safely, hygienically, and in accordance with program service standards.

At SPPG Karanganyar, fulfilling business legality is the initial stage before partners are assessed as ready to carry out program operational activities. The Head of SPPG Karanganyar explained that each prospective partner must first complete administrative documents such as a Business Identification Number (NIB), business data, and other administrative documents. Once these documents are declared complete, the SPPG assesses the partner's operational readiness to run the program. This process demonstrates that business legality is not only viewed as administrative completeness, but also as a basic requirement that determines whether a partner can participate in program implementation or not. With this stage, SPPG can ensure that collaborating partners have a clear legal basis before operational activities are carried out (25).

Conceptually, the importance of business legality is also explained by Rahmanisa Anggraeni, who stated that business legality is a form of state recognition of the existence of business actors and is the basis for legal protection for business actors in carrying out their business activities. Through this legality, business actors obtain legal certainty so that the business activities they carry out have a legitimate standing before the law. From the perspective of state administrative law, Philipus M. Hadjon also explains that permits are a means used by the government to control community activities, especially business activities that have the potential to have an impact on the public interest. Therefore, the existence of business legality is not only related to the completeness of documents, but also becomes part of the government's oversight mechanism for business activities in the community (25).

The Technical Guidelines for the Implementation of the Free Nutritious Meal Program, as stipulated in the Decree of the Head of the National Nutrition Agency Number 244 of 2025, emphasize that program implementing partners must have a clear and legally accountable institutional form. This institutional form can be a Limited Liability Company (PT), Commanditaire Vennootschap (CV), Cooperative, Foundation, Village-Owned Enterprise (BUMDes), Micro, Small and Medium Enterprises (UMKM), or other forms of business entity. This provision is intended to ensure that each partner involved in the program has a clear organizational structure and legal responsibilities so that program implementation can proceed in an orderly and accountable manner (24).

In addition to the institutional form, partners are also required to complete administrative identity and business legality documents. These documents include a Business Identification Number (NIB), Taxpayer Identification Number (NPWP), the company's deed of establishment and any recent amendments, and a legal entity approval letter from the Ministry of Law and Human Rights. All of these documents serve as the basis for program organizers to verify the validity and eligibility of partners before being officially appointed. Once the verification process is deemed to meet the requirements, new partners can be appointed through an official decree and outlined in a Cooperation Agreement (PKS) as the legal basis for implementing the activities (24).

The Technical Guidelines for the Implementation of the Free Nutritional Meal Program also stipulate that before a Nutrition Fulfillment Service Unit (SPPG) is declared ready to operate, a verification process is carried out to determine the partners' administrative and operational readiness. This verification includes checking the completeness of institutional documents, the readiness of production kitchen facilities, the availability of food processing equipment, and the readiness of the food distribution system to beneficiaries. Through this mechanism, the National Nutrition Agency ensures that partners involved in the program not only meet administrative requirements but also have adequate operational capacity before nutrition service activities are implemented (24).

Legality is not only administrative but also technical. Based on the provisions of Government Regulation No. 5 of 2021 in conjunction with Government Regulation No. 28 of 2025, medium- and high-risk businesses are required to meet sectoral standards. At the Karanganyar Food and Beverage Service (SPPG), partners are required to obtain a Certificate of

Hygiene and Sanitation (SLHS) through the Health Office as proof of compliance with food safety standards. The Head of SPPG explained that this process involves field inspections and extends beyond digital processing through the OSS (Online Shopping Center). Thus, legality is understood as a multi-layered system involving cross-agency coordination.

The conformity of business activities with risk classification is an important aspect of a risk-based business licensing system. In this system, each business actor must align their type of business activity with the predetermined classification because this classification will determine the level of risk and the licensing obligations that must be fulfilled. Philipus M. Hadjon explains that permits in state administrative law not only function as grants of rights to carry out a business activity, but also as instruments that limit and bind business actors to carry out their activities in accordance with the scope of the permit granted. Thus, the business activities carried out must be in line with the type of business registered and the operational standards set by the government (25).

In line with this, the OECD and the World Bank explain that the risk-based licensing approach is designed to focus government oversight on sectors that have a direct impact on public safety. Business activities related to providing food to the public are included in the category that require stricter oversight due to their relationship to health and food safety. Therefore, in implementing public programs such as the free nutritious meal program, food provision activities must meet established standards, from the production process and distribution system to the nutritional composition of the food provided to beneficiaries. These provisions are stipulated in the National Nutrition Agency's Technical Instructions as operational guidelines for partners in implementing the program safely and according to standards (26,27).

The government's role in issuing and overseeing permits demonstrates the state's control function in administrative law. Ridwan HR explained that the authority to grant permits is a form of state regulation of community activities to ensure that activities remain within the framework of the public interest and legal order. The division of authority for administering business permits is regulated in Government Regulation Number 28 of 2025, which divides duties between the central government and regional governments. The central government establishes national policies and standards, while licensing services are implemented through the Online Single Submission (OSS) system, which is integrated with various ministries, institutions, and regional governments so that the licensing process can be carried out in a coordinated manner (28).

At the regional level, the government's role extends beyond verifying the completeness of administrative documents to providing guidance and overseeing business activities. The Head of the Karanganyar SPPG explained that before partners can fully commence operations, they undergo a review of their permit documents and the suitability of their business activities. This review ensures that partners' operations align with the registered business type and prevent future legal issues. This process also ensures that program implementation complies with applicable licensing regulations.

The business licensing process at the Karanganyar SPPG (Servings and Producers' Association) involves several interrelated stages. These stages begin with the issuance of a Business Identification Number (NIB) through the OSS system, followed by verification of the partner's institutional structure and a completeness check of administrative documents. Afterward, partners must meet technical requirements related to health and food safety standards before being officially established through a Cooperation Agreement (PKS). This series of stages demonstrates that business legality is a prerequisite for assessing partner eligibility before program operations begin.

Legality, in this context, is not merely understood as the completeness of administrative documents, but also as the basis for ensuring that business activities are carried out in accordance with applicable legal provisions. In addition to fulfilling legal documents, compliance with risk classifications and oversight by the implementing agency are also crucial elements of licensing implementation. This demonstrates that the risk-based business licensing system is implemented as an effort to maintain service quality and protect public interests. The implementation of business licensing at the Karanganyar SPPG reflects the function of state administrative law, which not only regulates business activities but also controls and protects the public interest.

Supporting and Inhibiting Factors Experienced by National Nutrition Agency Partners in Fulfilling Business Licensing Requirements

Compliance with business licensing requirements by partners of the National Nutrition Agency (BGN) at the Karanganyar SPPG is influenced by both administrative and social factors. Licensing implementation depends not only on applicable legal norms but also on the quality of institutional support and the dynamics of the environment surrounding the business's operations.

1. Policy Support and Licensing Process by the National Nutrition Agency and Local Governments

Supporting factors in fulfilling business licensing requirements by partners of the National Nutrition Agency can be seen from policy support that provides clear direction for the implementation of the licensing system. In recent years, the government has implemented reforms in the business licensing sector through Law Number 6 of 2023 concerning Job Creation. This regulation introduced a Risk-Based Business Licensing (PBBR) approach, transforming the previous licensing pattern, which tended to be procedural, to one that is more tailored to the risk level of business activities. This system is implemented through Online Single Submission (OSS) as an integrated licensing service platform. Through this system, the process of applying for permits, issuing a Business Identification Number (NIB), and fulfilling basic requirements is carried out electronically and is connected with ministries, institutions, and local governments. This reform aims to simplify procedures previously considered complicated while providing legal certainty for businesses. The World Bank notes that changes to the licensing system in Indonesia are aimed at reducing the administrative burden and building a more integrated and efficient service system for businesses (27).

This policy support is also evident in the implementation of the Free Nutritious Meal Program coordinated by the National Nutrition Agency. This institution's existence has a clear legal basis through Presidential Regulation Number 83 of 2024 concerning the National Nutrition Agency. This regulation establishes the National Nutrition Agency as a government agency directly responsible to the President and tasked with planning, coordinating, implementing, and supervising the national nutrition fulfillment program. This clear institutional structure is important because it provides a clear division of authority in program implementation (23).

In his public administration studies, Peters explains that unclear authority is often the cause of policy implementation failure, because the actors involved do not have clear guidelines regarding their respective responsibilities and roles. Through a clear institutional structure through the National Nutrition Agency, coordination between the central government, regional governments, and program implementers in the field becomes more focused. This condition also supports the implementation of business licensing by program

partners, because there are institutional and administrative guidelines that can be used as a reference in carrying out licensing obligations (29).

This policy support is also reinforced in the Technical Guidelines for the Implementation of the Free Nutritious Meal Program, prepared by the National Nutrition Agency as an operational guideline for program implementers in the field. These technical guidelines provide a more detailed explanation of the administrative stages, institutional requirements, and documents that partners must fulfill before carrying out operational activities. With these guidelines, partners do not have to interpret regulatory provisions independently, as they are provided with a guide explaining the procedures to be followed and the administrative flow that must be fulfilled. These guidelines also help bridge normative legal provisions with the technical requirements of program implementation, so that partners have a clearer picture of the administrative obligations that must be fulfilled in the business licensing process (24).

At the implementation level, the licensing process is also supported by ongoing administrative communication between program implementers and relevant agencies. The Head of the Karanganyar Regency SPPG explained that since the initial stages of establishing the service unit, partners have received guidance on the administrative stages and required documents. If there are incomplete documents or procedures that are not understood, partners can consult with technical services or relevant authorities for further clarification. This coordination pattern facilitates partners in fulfilling administrative requirements because it provides an open communication space to discuss any challenges encountered. The relationship established between the government and program implementers reflects the practice of collaborative governance, a governance model that emphasizes coordination and cooperation between the government and implementing actors in implementing public policy. Through this collaborative pattern, the licensing process can be carried out in stages and is more easily understood by partners involved in program implementation (24,30).

2. Social Environmental Rejection and Objection Due to Unpleasant Odors from Business Waste Management

Business activities that produce organic waste almost always face issues of social acceptance in the surrounding environment. Environmental sociology studies show that community resistance to economic activities often stems not from a rejection of the business's

goals, but from the actual disruptions experienced in daily life. Unpleasant odors, noise, and potential health problems are the main factors triggering conflict between business operators and local residents. Schively explains that environmental conflict at the local level generally arises when communities feel they are bearing the burden of externalities without directly benefiting from the activity (31).

The issue of odor as a trigger for social conflict also has a scientific basis. The management of organic waste, particularly food waste, produces compounds such as ammonia and hydrogen sulfide, which are highly sensory-disturbing, even at low concentrations. World Health Organization (WHO) notes that continuous exposure to organic waste odors can trigger psychological disorders, reduce the comfort of life, and worsen people's perceptions of the source of the odor. These disturbances often develop into social protests, especially if people feel they were not involved in the initial process of establishing a business (32).

The phenomenon of social rejection due to environmental disturbances has also been documented in various studies in Indonesia. Conflicts over waste processing facilities in Yogyakarta indicate that odor and concerns about health impacts are the primary reasons residents reject these facilities (33). Furthermore, negative public perceptions of waste odors are strongly correlated with the emergence of social pressure on businesses, even when those businesses have formal permits (34).

Issues like these demonstrate that compliance with administrative regulations is not necessarily sufficient to guarantee social acceptance. While a business may be legally legitimate, social legitimacy must still be established through good relationships with the surrounding community. Gunningham, Kagan, and Thornton refer to this condition as *social license to operate*, namely the need for businesses to obtain informal social approval in order to operate sustainably. Without this social legitimacy, business activities are at risk of facing prolonged conflict even if they do not violate legal provisions (35).

This indicates that the design of the business licensing system still tends to focus on fulfilling administrative and technical requirements, while the social acceptance dimension has not been fully addressed. While environmental permits regulate impact management standards, they do not always provide adequate mechanisms for community participation at the operational stage. This leads to the potential for social conflict to persist even when formal obligations have been met.

In addition to the issue of social legitimacy, business activities that generate waste are also bound by formal legal obligations in the form of environmental permits. The Indonesian environmental legal system positions environmental permits as a preventive control instrument against the potential impacts of business activities. Law Number 32 of 2009 concerning Environmental Protection and Management stipulates that every business and/or activity that has the potential to impact the environment must obtain environmental approval as a prerequisite for operation. This provision is reflected in Article 22 paragraph (1), which requires activities with significant impacts to have an AMDAL (Environmental Impact Assessment), and Article 36 paragraph (1), which states that businesses required to have an AMDAL or UKL-UPL (Environmental Management and Environmental Management Plan) must obtain an environmental permit before obtaining a business license. This regulation was further clarified through Government Regulation Number 22 of 2021, which classifies environmental document requirements into AMDAL, UKL-UPL, or SPPL according to the risk level of the business activity.

Large-scale food production businesses, such as SPPG operations, generate substantial organic waste and wastewater that can potentially cause environmental disruption if not managed adequately. Therefore, these types of activities are not only subject to OSS-based business permits but also to structured environmental management obligations. The Ministry of Environment and Forestry (KLHK) explains in its Environmental Approval Implementation Guidelines that the existence of UKL-UPL or SPPL documents is not merely an administrative formality, but rather a control instrument to ensure business actors have a concrete commitment and mechanism for managing environmental impacts (36).

The unpreparedness of the waste management system in the early stages of operations at the Karanganyar SPPG indicates that environmental issues are not solely related to the disruption felt by the community, but also reflect the suboptimal fulfillment of environmental aspects in the management of business activities. From an environmental administrative law perspective, this situation can be understood as the suboptimal implementation of preventive obligations, namely the obligation to anticipate and control environmental impacts from the outset of activities. When environmental impact management is not yet an integrated part of daily operations, the potential for environmental disturbances becomes more likely to arise. Therefore, community objections to unpleasant odors can also be understood as a result of the

lack of integration of business permit fulfillment with the actual implementation of environmental protection obligations.

A similar situation was also observed in the operational implementation of the SPPG in Karanganyar Regency. Large-scale food production activities generate daily organic waste in the form of food scraps, washing water, and kitchen waste. The Head of the SPPG in Karanganyar Regency explained that in the initial stages of operations, some local residents raised objections due to the odor emanating from the accumulation of waste, especially when the volume of waste increased and was not promptly removed. These complaints were accepted as input because operational management is not only related to program implementation but also requires attention to the surrounding environmental conditions. This demonstrates that the environmental issues that arise are not merely theoretical assumptions, but rather empirical experiences that actually occur in the implementation of activities in the field.

The objections expressed by residents near the SPPG site should not be viewed simply as emotional reactions, but rather as a response to the disruption to the comfort of their living environment. Residential environments generally have a certain level of comfort expected by residents. When operational activities in the area produce a pungent odor, it can cause discomfort for those living nearby. This situation indicates that the objections raised are related to residents' direct experiences with changes in environmental conditions around their homes.

In this study Environmental Psychology Bell, Greene, Fisher, and Baum explain that the condition of the physical environment is related to an individual's psychological well-being (37). An environment that experiences continuous disturbances, such as the emergence of odors from production activities or waste management, can affect people's comfort in carrying out their daily activities. Odors that persist for a long time can disrupt concentration, reduce feelings of comfort while at home, and in some circumstances can affect social relationships between residents in the residential area.

The problem of odor is also influenced by initial limitations in the waste management system in their operations. Many small to medium-sized business units face difficulties in establishing optimal waste management systems from the initial stages of operation. The Ministry of Environment and Forestry (KLHK) in its national waste management report noted

that the main weakness of small business actors lies in the waste management aspect, not in the production aspect. Total national waste production reaches around 67.8 million tons, with organic waste as the largest component at around 57%. The report also shows that around 38% of waste is managed through recycling, composting, or disposal in landfills, while around 62% is not managed properly (38). Similarly, the condition of SPPG, which in the initial stage is more focused on meeting service targets than on an ideal waste management system.

In the early stages of operations, greater attention is often given to meeting program service targets, leaving supporting aspects such as waste management a priority. This situation demonstrates that obstacles to meeting licensing requirements are not always caused by regulatory complexity, but also related to the internal capacity of business actors in managing their operational activities. The Head of the Karanganyar Regency Waste Management Service (SPPG) also stated that the issue of waste management had become a concern due to complaints from local residents. According to him, these complaints indicated that the waste management system at that time was not functioning optimally and needed immediate improvement. If left unchecked, not only could it potentially disrupt the surrounding environment, but it could also lead to broader opposition to the SPPG's existence. This suggests that the emerging social barriers are directly related to the operational dynamics of business activities in the field.

During the operational implementation of the Waste Management Service (SPPG) in Karanganyar Regency, complaints submitted by residents were then followed up with improvements in operational management. The Head of the SPPG in Karanganyar Regency stated that following complaints from the community, several adjustments were made, particularly in waste management patterns and improved communication with the surrounding community. Waste collection was carried out more regularly to prevent long-term accumulation, and management also began to actively communicate with the surrounding community. These steps were taken to ensure the community knew that their complaints were being addressed and addressed through improvements in operational management.

This fact demonstrates that social barriers are not static, but can be managed through changes in practice. More broadly, the issue of social rejection due to odor also reflects the limitations of licensing regulations, which tend to emphasize administrative and technical aspects, while paying less attention to the social dimension. Business licensing generally

regulates technical environmental standards, but does not always provide adequate mechanisms for social participation. Arnstein has long criticized the pseudo-participatory model in public policy and emphasized that without real community involvement, conflict still has the potential to arise (31).

The experience of the Karanganyar SPPG demonstrates that successful business operations depend not only on meeting permits and technical standards, but also on the ability to build social relationships with the surrounding community. Even legal, state-supported businesses can still face resistance if their social impacts are not managed sensitively. This aspect is crucial because the sustainability of public programs is heavily influenced by the level of acceptance by local communities.

This description demonstrates that social rejection and objections due to unpleasant odors are real and complex inhibiting factors. These obstacles arise from the interaction between the physical impacts of waste management, public perception, and the quality of social communication. The case of the Karanganyar Regency SPPG demonstrates that this issue is not merely theoretical, but rather an empirical experience that influences the program's implementation. Better waste management and more open social communication are essential prerequisites for businesses to be not only legally valid but also socially acceptable (39).

CONCLUSION

The implementation of business licensing by the National Nutrition Agency's partners at the Karanganyar SPPG has essentially been carried out in accordance with the risk-based business licensing system, where SPPG activities are categorized as medium-risk businesses that require a Business Identification Number (NIB), Standard Certificate, and compliance with technical standards such as hygiene and sanitation. The licensing process is carried out through the OSS (Online Shopping Center) and administrative and technical verification, but implementation has not been fully optimized due to limited partner understanding and the need for assistance.

Supporting factors include risk-based licensing policies, the OSS system, and coordination and communication with relevant agencies. Meanwhile, inhibiting factors include administrative constraints and community opposition due to environmental impacts,

particularly waste management. This demonstrates that licensing compliance depends not only on legal aspects but also on managing social and environmental impacts.

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