

**MONIK PRO UMKM: AN INNOVATION IN BUSINESS LICENSE SERVICES AT  
DISKOPUKM WEST SUMATRA PROVINCE**

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**ABSTRACT**

*The low number of MSMEs in West Sumatra with legal business status hinders their competitiveness. This is due to distant licensing locations, complicated procedures and low awareness of the importance of legality. In order to overcome this problem, the West Sumatra Province Cooperative and UKM Office launched a business licensing innovation called Monik Pro UMKM. However, its implementation still faces challenges. Descriptive qualitative method was used as research approach through interviews and documentation. The results of the study show that the Monik Pro UMKM innovation has been implemented quite well in accordance with Rogers' innovation attribute theory. The supporting factors are leadership that supports innovation, employees who are educated and trained and the development team. While the inhibiting factors are internet network and low public understanding of service technology.*

*Keywords: Service innovations; public service; Business Licensing*

## INTRODUCTION

In essence, human beings are never separated from public services to meet their needs. Therefore, the government is responsible for providing excellent public services for its residents. As mandated in Article 1 paragraph 1 of Law Number 25 of 2009 concerning public services which defines public services as activities to meet the needs of the government for all its citizens which includes the needs of goods, services and administrative services. The services provided cover various sectors of human life, one of which is the economic sector, including the Micro, Small and Medium Enterprises (MSMEs). The MSME sector plays an important role in realizing national stability, advancing economic growth and income equity (Wardani, 2022). The latest data in 2024 shows that the number of MSMEs will reach 66 million units with a contribution to the Gross Domestic Product (GDP) of 61.07%, which is worth 9,590 trillion rupiah. This makes MSMEs one of the important pillars in the Indonesian economy. Therefore, the government needs to make various efforts to 2 strengthen services in the MSME sector through various policies and programs.

With such a large number, MSMEs in Indonesia have great potential but unfortunately still have many obstacles and challenges. Among them are related to capital, business management, technology application, product marketing to business licensing. Regarding legality or business licensing, the challenge is that there are still many business actors who do not have licenses. According to, the factor that affects this is the lack of public understanding regarding the importance of business legality, the procedure for managing business licenses which takes time and the process is complicated. Not having time to take care of it is also the reason why many business actors still do not have permits. In fact, licensing is very important for a business because it can function as legal protection, facilitate access to capital and be a condition for receiving assistance and empowerment from the government. (Prastiwi et al., 2021)(Arum et al., 2022)

The same thing is also experienced by MSMEs in West Sumatra Province. West Sumatra has 19 districts/cities that have MSMEs with the potential to improve the regional economy. In 2023, the number of MSMEs in West Sumatra will reach 428,126 units engaged in various fields. Even though there are quite a large number of MSMEs, the competitiveness of these MSMEs is quite low. This is because MSMEs in West Sumatra are hampered in the marketing process because they do not have business legality. The legality of the business itself is not only a legal protection but also plays a role as a self-identity that can make it easier for business marketing. If a business already has a business license, the license can be included in the product marketed so that consumers will feel guaranteed in buying the product (Soimah & Imelda, 2023)

Based on the results of a survey conducted by the Center for Integrated Business Services for Micro, Small and Medium Enterprises (PLUTUMKM), 70% of MSMEs in West Sumatra do not have a license. This is due to the complexity of the licensing administration process in related agencies and the limited accessibility of licensing services, especially for areas where the government center is quite far (plutkumkm-sumbar.com). Licensing administration often has to go through a complicated and time-consuming process. The location of its management is far from the place of business is also an obstacle for the community to take care of permits because they feel uneasy to leave their business. Thus, to overcome these obstacles, the West Sumatra Province Cooperatives, Small and Medium Enterprises Office (DISKOPUKM) together with the West Sumatra Province PLUTUMKM launched an innovative business license service called Monik Pro UMKM with a ball pick-up system. Where service providers go directly to people who need services to their location. The implementation of this innovation is supported by West Sumatra Provincial Regulation Number 16 of 2019 concerning the Empowerment and Protection of Cooperatives and Small Businesses.

Business license service innovations with a similar system, namely the ball pick-up system, have been implemented in several regions in Indonesia since 2021 with various names and implementation models such as the Si Peri Jempol Boss innovation in Kulon Progo Regency, the Lapak 215 innovation in Trenggalek Regency, the Single Submission Online Based Business Field Assistance Program in Tabanan Regency, the SIAP KAKA innovation in East Java Province, innovation of JOSS BANGET MASS in Blitar Regency and others. However, this Monik Pro MSME innovation is the only business licensing innovation with a ball pick-up system in West Sumatra Province.(Damar Yanti & Sasmito Aji, 2022)(Purnawati, 2023)(Gayatri et al., 2023)(Puspita Styreni, 2021)

The innovation, which has been implemented since mid-2022, offers a shorter and less time-consuming business licensing process by directly visiting the community of business actors who need licensing services. However, in its implementation, this innovation still has several obstacles such as

the absence of a definite schedule in the implementation of the program, limited facilities and infrastructure where the cars used in Monik Pro UMKM still amount to one unit and the last obstacle is related to the lack of socialization to the community. Therefore, in this article, the author will examine the implementation of innovation in Monik Pro MSME business license services by the West Sumatra Province DISKOPUKM and the factors that affect its implementation.

## RESEARCH METHODS

This research uses a qualitative method. According to Cresswell, qualitative methods are a means to explore and understand the meaning given by individuals or groups to a social or human problem. This research uses a type of descriptive research that aims to describe and present systematically valid data about the actual state of the object. The data collection technique was carried out by two methods, namely interviews and documentation. Interviews were conducted with informants which were decided through the purposive sampling method, which is a method of selecting informants based on certain criteria. The criteria for informants of this study are people who are related to and directly involved in the implementation of Monik Pro MSMEs. Furthermore, documentation techniques involve written documents and images related to the topic of the problem. To test the validity of the data, the source triangulation technique was used. Data analysis based on the stages of qualitative data analysis of Miles and Huberman presented by. The stages include data collection, data reduction, data presentation and drawing conclusions, Sugiyono (2017).

## RESULTS AND DISCUSSION

### Implementation of Innovation in Monik Pro UMKM Business License Service Relative Advantages

When an innovation is carried out, the advantages possessed by the innovation must be considered. Talking about relative profits, of course, it is related to the usefulness of an innovation compared to previous innovations or methods used previously. This is as conveyed by Rogers in relative advantage is the extent to which innovation can provide benefits for its users which is judged by economic benefits, social status and comfort and satisfaction provided. The Monik Pro UMKM innovation has provided benefits in its implementation, both for the implementing agencies and the community that uses the service. For innovation implementing agencies, it allows them to reach MSMEs throughout the West Sumatra region to areas that have difficulties in accessing business services, especially licensing services. This is because the Monik Pro UMKM innovation is packaged in the form of a mobile car that can operate by approaching directly people who need business license services. The car used in the implementation of Monik Pro MSMEs as shown in figure 1. (Sipahutar, 2021)



Source: PLUT MSME Documentation

**Figure 1. Monik Pro UMKM Car**

The advantage for the community is the ease in the business license management process. Business actors can take care of business licensing easily, practically with a processing time of only 15 minutes. The requirements requested by the officer are not complicated, only you need an ID card and mobile phone number, then within 15 minutes the legality of the business in the form of a Business Identification Number (NIB) can be issued. Usually, business license services through Monik Pro UMKM are opened in the yard of the village/nagari government office or in the market and anywhere as long as there is an adequate internet network. Therefore, the public considers this kind of service to be quite satisfactory, because they no longer need to go directly to the official office to

take care of a business that does not guarantee that direct permits can be obtained because the community is first asked to complete certain requirements.

### **Compatibility**

An innovation carried out must be in accordance with the applicable values, past experience and the needs of the recipient. Based on the data collected by the author, Monik Pro UMKM have met the suitability indicators which are in accordance with the needs of innovation recipients. Its implementation has been carried out based on the results of data collection carried out by the West Sumatra Province DISKOPUKM. Based on the results of the survey, it was found that there are many MSMEs, especially in areas that do not have business licenses. The obstacle is the distance of the location of business license processing and their lack of understanding of the importance of business licenses. To overcome these problems, DISKOPUKM developed an innovation in business license services in the form of Monik Pro UMKM with a pick-up system that directly visits people who need business license services. (Sipahutar, 2021)

### **Complexity**

The complexity in implementing a program or innovation is one of the important points to consider. The complexity in question is judged from the complexity of the procedure and the terms of service. The innovation of business licensing through Monik Pro UMKM, is considered to have no complexity, which means that it actually provides convenience to the community in taking care of business licensing. This is evidenced by uncomplicated procedures, mechanisms and service requirements. The implementation of Monik Pro UMKM can be done by two methods, namely first, the agency directly visits the location considered to be the most in need of business license services. Another way is done based on requests from local areas that need services. In that case, the local area can directly send a request letter to the West Sumatra Province DISKOPUKM which is then followed up. Meanwhile, services to the community can be carried out with the condition of ID cards and mobile phone numbers. Later the public will be directed to take the queue number and then will be called based on the queue number. However, if there are not too many people, they will be directly directed to the service counter. Furthermore, Monik Pro UMKM officers will immediately carry out the business license control process. In the process, the public is asked to activate an OSS account with a verification code that will directly enter the community's mobile number. (Sipahutar, 2021)

Based on this presentation, the indicators of the complexity of Monik Pro MSME innovation can be said to have been met. However, even in its procedures and terms of service there is no significant complexity. There are several obstacles faced in its implementation. The first obstacle is related to the limited service time because the people who take care of business licenses are blown up so that not all people can get services right away. Even so, there are efforts made by Monik Pro UMKM officers to prevent the community from failing to get services, namely by continuing to take data from the community who will take care of business licenses to be processed online from the head office in Padang. People who have not had time to be served will later be contacted online to continue the business management process. Another obstacle is related to the level of public understanding of technology. The use of smartphones in the process of obtaining OSS accounts that will be used to take care of business licenses is an obstacle for some people, especially those who are still unfamiliar with technology. To overcome this, Monik Pro UMKM officers help provide briefings and guidance to the community before and during the service process. However, due to differences in people's ability to understand information, these obstacles still occur.

### **Triability**

The Monik Pro UMKM innovation launched by the West Sumatra Provincial Cooperatives and SMEs Office has gone through a public test phase. Rogers in (Sipahutar, 2021) argues that the ability to be tested refers to the degree to which an innovation can be tested there is a certain limit. In order for its implementation to be carried out, an innovation must be able to show or demonstrate its excellence. Monik Pro UMKM is present through a trial process which is carried out in the form of socialization. Socialization was carried out with the aim of introducing the existence of this innovation to the community. The implementation of socialization was carried out in an event held by the Cooperatives and SMEs Office by inviting stakeholders and also the business actors' community. However, the socialization was only carried out once in Padang City. Meanwhile, for other regions, socialization was not carried out but directly carried out services that were concurrent with the introduction of Monik Pro UMKM in the area.



**Figure 2. Acara Social Entrepreneur**

**Observability**

Based on this indicator, an innovation must be easily observable how it works and how it produces something more profitable than before its existence. If these innovations can bring positive results, it will be easier for the innovation to be accepted by the community, and vice versa. Monik Pro UMKM has had a positive impact on the community, especially business actors. They no longer have to come directly to the office to take care of permits. Which can make them save costs incurred in the permit process such as transportation costs and can save time. For business actors who are reluctant to leave their business for too long because the location of the permit processing is far away, they are no longer worried because Monik Pro MSMEs use a pick-up system that visits service recipients directly. On the other hand, the requirements, procedures and service mechanisms are easy and not convoluted. With an ID card and mobile phone number, business actors can already manage business licenses. In addition, the procedures and mechanisms have been clearly explained by the Monik Pro MSME service officer before the service starts. During the service process, Monik Pro UMKM officers also intervened to guide and direct the licensing applicants. (Sipahutar, 2021)

In addition, Monik Pro UMKM has brought positive results that can be easily observed. This can be seen from the number of business legalities in the form of Business Identification Numbers (NIB) issued through Monik Pro UMKM compared to before the existence of this innovation. Before the existence of Monik Pro UMKM, the number of NIBs issued manually at the official office only reached an average of 300 every year. With the existence of Monik Pro UMKM, there has been an increase as stated in table 1.

Yes	Year	Number of NIBs issued
1	2022	568
2	2023	613
3	2024	674

Source: PLUT MSME Archive

**Table 1. Number of NIB issued through Monik Pro UMKM**

**Factors Influencing the Implementation of Monik Pro MSMEs**

**Supporting Factors**

The supporting factor for the Innovation of Business License Services Through the researcher's Monik Pro UMKM is a factor that facilitates the implementation process. This includes leadership that supports innovation, educated and trained employees and innovation team developers.

1) Leadership that supports innovation

The innovation process requires leaders who have the ability to make changes, are able to make parties aware of the importance of innovation and are able to drive and set an example that supports the innovation process. Based on the results of the research, Monik Pro UMKM has been supported by leaders, both the head of the agency as the head of the organization that implements the innovation and the governor as the regional leader. Monik Pro UMKM itself is a tangible manifestation of the desire of the Head of the West Sumatra Provincial DISKOPUKM in distributing equal access to licensing throughout the West Sumatra region. The leadership of the Governor and Deputy Governor of West Sumatra is a leadership that supports the innovation of Monik Pro UMKM. This can be seen from the desire to improve existing public services, including

business licensing services, to be better than before this innovation was implemented. The leadership's support for this program is in the form of financial support that supports the operations of Monik Pro UMKM. In addition, Monik Pro UMKM was also appointed to represent West Sumatra Province in the regional innovation election event to occupy the top 16 positions at the national level.

2) Educated and trained staff

Employees who are implementers are an important factor in an innovation because it is the brand that directly goes to the field to carry out and provide services to the community. As conveyed by the company (Scott, 2008), without employees who have the ability, it will be difficult to obtain sustainable and systemic innovation. In its implementation, the officers of Monik Pro MSME come from PLUT-MSME employees under the auspices of the West Sumatra Province DISKOPUKM. The officer has been adequate in carrying out business licensing services through Monik Pro UMKM both in terms of quantity and quality. It can be said that it is adequate because they have been equipped with education and training so that they have knowledge and expertise, especially in the field of MSMEs. So this is a support for the implementation of Monik Pro MSMEs.

3) Team development

According to (Scott, 2008), an innovation is not an individual job but requires good teamwork. The cooperation in question is not just a formality but can work in harmony in supporting the implementation of innovation. The development of the Monik Pro UMKM innovation team has been carried out in a structured and comprehensive manner through increasing the capacity of the human resources involved. All employees involved in this innovation are equipped with relevant knowledge about service procedures. This is expected to make them able to carry out their duties optimally in the field. In addition, cooperation between team members is a key element that supports the effectiveness of the program. Each team member complements each other in the implementation of tasks, especially when facing technical and non-technical obstacles. The collaboration formed among members creates a conducive work environment, where the exchange of information and solutions can take place openly and efficiently. This shows that the team does not only run based on an administrative structure, but grows into a functional and adaptive team.

### **Inhibiting Factors**

Muluk (2008) stated that sometimes innovation in public sector organizations experiences obstacles during the implementation process that can hinder it from achieving its goals. These obstacles can come from internal or external organizations. Monik Pro UMKM Innovation faces several factors that hinder its implementation, namely the internet network and the lack of public understanding of technology. Monik Pro UMKM in its implementation is supported by a system for business license management so that the internet network is very crucial to support its implementation. However, the internet network is often an obstacle that hinders implementation, especially in areas where it is difficult to access the internet network. Monik Pro UMKM provide their own wifi modem to support services, but in some locations that do not support wifi modem signals. Another problem comes from the service user community, which is related to the public's understanding of the use of technology. The Monik Pro UMKM service procedure involves the use of a smartphone for the account activation process which will be used for the management of the Business Identification Number (NIB). However, some people, especially those who are unfamiliar with technology, are often confused in these stages. Public confusion in the account activation process has an impact on the optimal implementation of Monik Pro UMKM services, because officers have to spend more time guiding the activation process one by one, which ultimately slows down the overall service flow.

## **CONCLUSION**

*The implementation of Monik Pro UMKM has basically provided real benefits for implementers and service users. This can be seen from the wider range of service access and the licensing process that becomes easier, faster, and more efficient. This innovation has also been proven to be in accordance with the needs and problems previously faced, so that its application is felt to be relevant by the agency and the MSME actors. Although it is generally not a significant complexity, the implementation of Monik Pro MSMEs still faces obstacles such as limited service time and low level of public understanding of technology. In terms of trials, this program has been socialized even though it has only been carried out once in Padang City so that it has not been able to reach all targets evenly. The results of this innovation can also be clearly observed through the positive response of the community to the ease of service and through data on the increase in the number of Business Identification Numbers issued every year. The factors that affect the implementation of this innovation include leadership support, adequate employee competence, and the formation of an innovation development team as supporting factors. Meanwhile, the limitations of the internet network in several regions and the low technological literacy of the community are still obstacles that need further attention so that the goals of Monik Pro UMKM innovation can be achieved optimally.*

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