

# IMPLEMENTATION OF CONSUMER PROTECTION ACT AND BUSINESS ETHICS TOWARDS BATIK CRAFT ENTREPRENEURS IN KAMPUNG BATIK SEMARANG

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## **ABSTRACT**

*In the free market era, the relationship between producers as entrepreneurs and consumers is increasingly open. The Government intervention to regulate this relationship needs more attention through the consumer protection system. In running their businesses, the entrepreneurs need to adhere more to business ethics. This is because the entrepreneurs and consumers will always be bound into a mutual relationship that needs and benefits each other. The key for successful application of the Consumer Protection Act for batik craft entrepreneurs is by building understanding and correctly implementing consumer's rights and obligations as well as the entrepreneurs' rights and obligations according to the current law in Indonesia.*

*Keywords: Rights and Obligations, Consumers, Entrepreneurs.*

## **A. INTRODUCTION**

Consumer protection is very much needed by both goods and services consumers. This is due to the advancement of economic movements and the competition among entrepreneurs in acquiring higher profits. In the context of pursuing higher profits, the entrepreneurs might cause losses to the consumer. Therefore, certain measures are needed to provide adequate consumer protection, so that consumer are not disadvantaged by business actors. In Indonesia, the problems faced by consumers are numerous and complex, especially since trading get freer in the market.

There are various prominent businesses with many consumers, one of them is a batik business in Kampung Batik Semarang. Batik crafts in Kampung Batik Semarang, which were sold very well, are well-liked by domestic and foreign consumers, because of their distinctive features and the quality is quite good. Batik craftsmen in Kampung Batik Semarang are very successful in their businesses.

The history of Kampung Batik Semarang, located in Rejomulyo Village, East Semarang District, began with the existence of Kampung Batik in Semarang in 1942 during the Japanese occupation and have experienced ups and downs. In

1980, batik craftsmen began to rise with their efforts and was on its peak in 2006. Kampung Batik was raised and developed by the Semarang Government through the Regional National Crafts Council, providing batik training and socialization of Semarang-style Batik (interview with Chairman of Batik Craftsman Association Mr. Eko Hariyanto in Kampung Batik Gedong Semarang dated August 19, 2019 at 13:00).

Batik Gedong Village is one of the Thematic Villages from 32 villages in 16 sub-districts in the city of Semarang. Kampung Batik Gedong became a tourist site for those who want to buy batik or who want to learn batik craft. The number of tourist who visits Semarang are 5.56 million people, including those who visit Kampung Batik Semarang. (Akhmad Safuan, Kampung Batik Semarang Returns to Glory, Media Indonesia 24 September 2018, 11.20 WIB).

Under the guidance of the coordinator Mr. Eko Hariyanto, who is also the chairman of the Batik Craftsmen Association in the Kampung Batik, not only provides knowledge and practical skills to

craft batik, but also provides understanding and application of Act No. 8 of 1999 concerning Consumer Protection, which one of its aims is to ensure that entrepreneurs must not always think about big profits by inflicting financial loss to the consumer. It is due to people become more critical and dare to sue if they feel disadvantaged by the entrepreneurs. This Consumer Protection Act refers to the national development philosophy, including the development of laws that provide true protection for consumers<sup>1</sup>.

The application of the Consumer Law for batik craftsmen in Kampung Batik Semarang is very suitable. In addition to protecting consumers as a whole, it is also to provide an understanding for the entrepreneurs while practicing their business to pay more attention to the rights of consumers in accordance with the consumer protection act. The application here is interpreted as a way of applying.<sup>2</sup> So by applying what is contained in the contents of Law No. 8 of 1999 concerning consumer protection properly and correctly, harmony will arise

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<sup>1</sup> Gunawan Wijaya, Ahmad Yani, *Hukum tentang Perlindungan Konsumen*, Jakarta, PT Gramedia Pustaka Utama, 2003, hal 17.

<sup>2</sup> Departemen Pendidikan Nasional, *Kamus Besar Bahasa Indonesia Pusat Bahasa*, Jakarta, PT Gramedia Pustaka Utama, cetakan ke tujuh, edisi IV, tahun 2013, hal 1448.

between consumers and the entrepreneurs.

In the global economic situation and approaching the era of free trade, efforts to retain consumers or maintaining wide market are the desire of every producer, given the more fierce business competition.<sup>3</sup> Business competition is a normal thing but ethics must be prioritized in doing business, because it will have a negative impact on consumers. Business ethics needs to be prioritized so that consumers and businesses are not disadvantaged by each other.

Ethics is a way of dealing with other humans. It is necessary in various aspects of human life in order to foster harmonious relations with each other.<sup>4</sup> Ethics are also defined as "the code of moral principles that sets standards of good or bad, or right or wrong behavior" or moral rules that apply standards of good or bad, right or wrong behavior.<sup>5</sup> Ethics is not only interpreted as a way of dealing with fellow human beings who naturally prioritizes good procedures or behavior, manners and rules that prioritize personal values, but it can also be interpreted more broadly in the field of

sale and purchase transactions or the use of services between consumers and any business, including batik business, which is currently done by many entrepreneurs, both small entrepreneurs, medium entrepreneurs or large entrepreneurs.

Ethics is important in the business world because ethics is also a science. Ethics as a science is interpreted as a critical, methodical and systematic reflection on human behavior that determines what can be done and what cannot be done. Ethics in terms of business ethics is to act or carry out a business activity properly by taking into account the norms of the existing rules, and being responsible. Doing business ethically will have better result, because it is in accordance with the rules of law.

In principle, a business activity must have the principle of goodwill, so that business activities can be carried out smoothly and honestly. We will have a successful business if we also understand about the behavior of our consumers, one of which is that we must be able to put our consumers on the satisfaction of our work that we sell, in our case batik clothes and materials. Batik, which is an ancestral

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<sup>3</sup> Tri Siwi Kristiyanti, *Hukum Perlindungan Konsumen*, Jakarta, Sinar grafika, 2019, hal 6.

<sup>4</sup> Kamsir, *Etika Customer Service*, Jakarta, PT Raja Grafindo Persada, 2004, hal 2.

<sup>5</sup> Banawi, Muhamad Arifin, *Etika dan Profesi Pendidikan*, Yogyakarta, Ar Ruzz Media, 2012, hal 48.

heritage, is still the pride of Indonesian people. The meaning of "batik" comes from the word "Tik" meaning "dot" which is a fabric decorated with carvings made of dotted lines.<sup>6</sup>

Indonesian batik is indeed the most distinctive style or motif, because it is based on the philosophy of cultural roots and history as our ancestral heritage. Batik as a work of art and culture has a broad understanding because it relates to the meaning of philosophy, art, methods or techniques and skills. This means that batik is an expression and idealism of hope and beauty that lives in the fabric of society.<sup>7</sup> Batik for Indonesian people has a high value, in the sense of aesthetic and philosophical values and cultural expressions, therefore in Indonesia there are various patterns depending on their respective regions as to the peculiarities of their style. As for those sold in Kampung Batik Semarang there are 3 types, with Semarang-style:

1. Manual batik cloth.
2. Printed batik cloth.
3. Screen printing batik cloth.

Usually the most expensive is manual batik cloth, because it also uses good

material, which is number one mori cloth, crafting it is quite complicated and requires expertise and professionals from the crafters, and also the process is quite long.

The increasing number of batik artisans in the city of Semarang will cause various problems between batik entrepreneurs and consumers if entrepreneurs did not understand the legal and ethical rules in doing business. These problems often create lawsuits from the consumer towards entrepreneurs. Regarding these problems, the authors formulate the problem in this study, namely the extent to which batik artisans in Kampung Batik Semarang have implemented the Consumer Protection and Ethics Law in Business.

## **B. RESEARCH METHODS**

The author in conducting this research uses normative juridical research. According to Soejono Sukamto and Sri Mamudji, normative juridical research is a legal research conducted by examining literature or secondary data as a basic material to be investigated by conducting a search of regulations and literature relating to the problem to be

<sup>6</sup> Chandra Irawan Soekamto, *Batik dan Membatik*, Jakarta, CV Akadoma, 1983, hal 9.

<sup>7</sup> Primus Supriyono, *The Heritage of Batik Identitas Pemersatu Kebanggaan Bangsa*, Yogyakarta, Penerbit Andi Yogyakarta, 2016, hal 4.

examined. 12 Theoretical scientific research can not be separated from practical things, even science is expected to be applied in the form of practical results.

The type of data the authors use in this study are primary and secondary data. Primary data were obtained by conducting direct interviews with batik artisans and batik entrepreneurs in Kampung Batik Semarang, Mr. Eko Hariyanto. Whereas for secondary data obtained from the 1945 Constitution; Law Number 8 of 1999 concerning Consumer Protection; RI Regulation Number 58 of 2001 concerning Development and Supervision of Consumer Protection and books on literature and other sources relating to the author's title. The results of primary and secondary data collection are then analyzed and used to draw conclusion.

## C. DISCUSSION

### 1. Consumer Protection in Legislation

The Consumer Protection Act has a very good and just goal, namely to balance the position between the parties, entrepreneurs and consumers or buyers

of goods so that they are not disadvantaged.

The government in this case specifically issues laws and regulations to protect the interests of consumers because in the relationship between entrepreneurs or sellers and consumers as users of goods or services, it does require independent regulations, as an effort to protect and obtain their rights in accordance with what has been agreed between buyer and seller. Because if consumers are disadvantaged, they can sue the entrepreneurs through institutions tasked with resolving disputes between consumers and entrepreneurs.

The legal basis of the Consumer Protection Act is in the 1945 Constitution, namely in the Preamble of the 1945 Constitution in the 4th paragraph, which reads: "*Then to form an Indonesian Government that protects all Indonesians.*"<sup>8</sup>

From the word "protect" it can certainly be interpreted as protecting the entire Indonesian nation, including consumers and Indonesians.

Consumer protection is the principles and legal rules governing the rights and obligations of consumers and businesses

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<sup>8</sup> Tim IQ Edukasi, UUD 1945 Beserta Amandemen I, II, III, & IV, PT Grasindo, Jakarta, 2019, hal 43.

in meeting their needs, both the needs of goods and services.

Consumer protection in addition to being reviewed in paragraph 4 of the 1945 Constitution, is also implied in article 27 paragraph 1 which reads: "all citizens are at the same position in law and regulation and must uphold the law and government with no exception",<sup>9</sup> so all Indonesians including consumers and entrepreneurs must uphold existing laws in Indonesia, including the Consumer Protection Law.

Consumer protection and its laws and regulations are also contained in Law Number 8 of 1999 concerning Consumer Protection which is also strengthened by Government Regulation of the Republic of Indonesia Number 58 of 2001 concerning Consumer Protection Development and Supervision.

The legal rules governing the relationship and legal issues between the business actor providing the goods and / or service providers and their consumers are each contained in:

- 1) The Civil Code, especially the Second, Third, and Fourth Book.
- 2) The Code of Commerce, the First and Second Book.

- 3) Various other laws and regulations that contain civil legal norms regarding legal subjects, legal relations and problems between providers of goods or certain service providers and consumers.<sup>10</sup>

## **2. Consumer Protection and Business Ethics of Batik Entrepreneur.**

Consumer protection is an important thing in an era that has begun to advance in all fields, especially in the field of technology and information that can already be enjoyed by consumers and businesses.

The more advanced the business world, the more selective the consumer is to choose the desired product. Consumers are defined as every user of goods or services, while entrepreneurs are producers who produce goods or services used by consumers.

The principles and objectives of Consumer Protection according to Wahyu Utami and Yogabakti Adipradana.

Principle of Consumer Protection:

- 1) Principle of Benefit: regulation of consumer protection will be utilized optimally for humanity, improvement

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<sup>9</sup> Ibid, hal 81.

<sup>10</sup> Ibid, hal 69.

- of people's welfare and personal development of each country.
- 2) Principle of Justice: arrangements regarding consumer protection can provide a sense of justice.
  - 3) Principle of Balance: regulations concerning consumer protection will be able to create a balance between the interests of consumers and producers.
  - 4) Principle of Consumer Safety: consumer protection regulations will provide a conducive atmosphere for consumers in the use of products.
  - 5) Principle of Legal Certainty: consumer protection regulations will be able to provide legal certainty regarding rights and obligations between consumers and producers.

Purpose of Consumer Protection:

- 1) Increase awareness, ability and independence of consumers to protect themselves.
- 2) Raise the dignity of consumers.
- 3) Increase consumer empowerment.
- 4) Creating a consumer protection system.

- 5) Raising awareness of entrepreneurs about the importance of consumer protection.
- 6) Improve the quality of goods and or services.<sup>11</sup>

The Consumer Protection Act creates honest attitudes and responsibilities of entrepreneurs in producing and selling their production goods, because the government will oversee the quality standards of the production of goods or services, and include standard labels and clauses, this is reinforced by Government Regulation of the Republic of Indonesia Number 58 of 2001 , concerning the Development and Supervision of the Implementation of Consumer Protection. Thus any business must also be ethical, so that no loss arises to others (consumers).

"Ethics" is defined as practical values meaning moral values and norms, so Business Ethics is about ethical issues in business.<sup>12</sup> Many business people who run their business unethically are not honest in conveying the quality of goods as viewed by author in Kampung Batik Semarang. With the adoption of the Consumer Protection Act for consumers and batik entrepreneurs, the results are

<sup>11</sup> Wahyu Utami, Yogabakti Adipradana, Pengantar Hukum Bisnis Dalam Perspektif Teori Dan Praktek Di Indonesia, Jakarta, Jala Permata Aksara, 2017, hal 127-128.

<sup>12</sup> K. Bertens, Etika Bisnis, Yogyakarta, Kanisius, 2000, hal 33.

very good, namely the business of batik craftsmen and Batik sellers can be honest and responsible.

Business activities that were not carried out with honesty or ethically will credisputesute involving the government. Here the government has formed the Consumer Dispute Settlement Agency which is regulated in Chapter 11 articles 49 to article 58, Consumer Protection Act No. 8 of 1999.

To follow up on the provisions of this law, the Minister of Industry and Trade of the Republic of Indonesia has issued Decree No.350 / MPP / Kep / 12/2000 concerning Consumer Dispute Settlement Agency. Disputes were resolved through conciliation, mediation or abitation, based on the agreement of the parties concerned.

Furthermore, the government also established the National Consumer Protection Agency through Government Regulation No.57 of 2001 concerning the National Consumer Protection Agency. The National Consumer Protection Agency is an agency formed to assist efforts to develop consumer protection.

By looking at government efforts in consumer protection, the application of the contents of the Consumer Protection Act must be understood and

implemented in all business activities in Indonesia. Thus, in doing business, it will run smoothly between business people and consumers who mutually comply with the law and the rules that apply in doing business.

Based on Law Number 8 of 1999 concerning Consumer Protection, the rights and obligations of consumers and business actors are as follows Consumer rights are:

- the right to comfort, security and safety in consuming goods and / or services;
- the right to choose goods and / or services and to obtain goods and / or services in accordance with the exchange rate and conditions and guarantees promised;
- the right to correct, clear and honest information about the conditions and guarantees of goods and / or services;
- the right to be heard and complaints about the goods and / or services used;
- the right to obtain advocacy, protection and efforts to resolve consumer protection disputes appropriately;
- the right to consumer guidance and education;

- the right to be treated or served properly and honestly and not discriminatory;
- the right to receive compensation, compensation and / or compensation, if the goods and / or services received do not comply with the agreement or are not as intended;
- rights regulated in other statutory provisions.
- the right to self-defense as appropriate in the settlement of consumer dispute laws;
- the right to good reputation rehabilitation if it is legally proven that consumer losses are not caused by the goods and / or services traded;
- rights regulated in other statutory provisions.

Consumer obligations are:

- read or follow instructions and procedures for the use of goods and / or services, for security and safety;
- have good intentions in conducting purchases of goods and / or services;
- pay according to the agreed exchange rate;
- follow efforts to properly resolve consumer protection disputes.

Entrepreneurs rights are:

- the right to receive payments in accordance with the agreement regarding the conditions and exchange rates of the goods and / or services traded;
- the right to obtain legal protection from consumer actions in bad faith;

Entrepreneurs obligations are:

- have good faith in carrying out its business activities;
- provide true, clear and honest information about the conditions and guarantees of goods and / or services and provide an explanation of the use, repair and maintenance;
- treat or serve consumers properly and honestly and not discriminatory;
- guarantee the quality of goods and / or services produced and / or traded based on the provisions of the applicable quality standards of goods and / or services;
- provide an opportunity for consumers to test, and / or try certain goods and / or services and provide guarantees for goods manufactured and / or traded;

- provide compensation for losses resulting from the use and utilization of traded goods and / or services;
- provide compensation and / or replacement if the goods and / or services received or used are not in accordance with the agreement.<sup>13</sup>

In the data analysis, the author uses a qualitative method describing the data obtained in the field conducted by interview techniques at the resource persons, namely the Chairman of the Batik Craftsmen Association and batik entrepreneurs in Kampung Batik Semarang City. The results of the interview were analyzed, followed by drawing conclusions with the inductive method, then general conclusions are drawn to answer the problems raised.

Based on field findings, batik artisans and entrepreneurs have understood about the implementation of the Consumer Protection Act, as well as applying ethics in their business.

Balance and fairness between consumers and batik entrepreneurs in carrying out their activities were achieved by obeying to the rights and obligations of

consumers and business actors, so that it does not cause legal consequences.

Consumer protection is a very important thing for humans in their lives, when they need goods or services. In this case the application of consumer protection is considered very important because of the relationships between consumers, business actors and the government. The government is also responsible if there is a dispute between consumers and entrepreneurs. For this reason, entrepreneurs and consumers must have openness and honesty so as not to be detrimental to each other. Among them are article 3 letter d of the Consumer Protection Act aimed at creating a consumer protection system that contains elements of legal certainty and information disclosure as well as access to information disclosure.

Referring to article 3 letter d, the Consumer Protection Act in the consumer protection system of batik users, must obtain an honest and truthful information disclosure from batik entrepreneurs, because the right to information is very important to convey to consumers in order to be able to choose products that are in accordance with what we want, we

<sup>13</sup> Redaksi Sinar Grafika, Undang Undang Perlindungan Konsumen (UU RI No. 8 Tahun 1999), Jakarta, Sinar Grafika, 2018, hal 5-8.

can describe it in the analysis of research results that by applying the Consumer Protection and Business Ethics Act, it will create the protection of consumer rights correctly, clearly and honestly in accordance with consumer expectations, both in the form of goods and services.

#### **D. CONCLUSION**

Consumer Protection is an effort to guarantee the existence of legal certainty to provide protection to consumers. Consumer protection is based on benefits, fairness, balance, and consumer safety and legal certainty. The objectives of consumer protection include increasing the awareness, ability and independence of consumers to protect themselves.

The Consumer Protection Act can bring honest and responsible attitudes of business actors in producing or selling their products. Because the government will oversee the quality standards of the production of goods or services and include standards and clauses.

In protecting consumers, the government has also formed a Consumer Dispute Settlement Agency to resolve problems that occur between consumers and business actors. The application of the Consumer Protection Act in Indonesia is appropriate, considering that at this time

Indonesia has entered the era of free trade, where if the relationship between producers and consumers is not in accordance with the rules in the law, it will certainly cause various problems.

This study found that batik artisans in Kampung Batik Semarang have understood and implemented the Law on Consumer Protection and Business Ethics well.

With the application of the law on consumer protection, entrepreneurs and producer become more careful in conducting business in accordance with applicable rules and rules. Because the position of consumers is weaker than the position of producers, consumer protection law and its application in the community, especially in batik businesses, must be applied consistently, because consumer protection laws must be fair to both consumers and producers by carrying out responsibilities to their rights and obligations honestly and responsibly, and implement good and right ethics.

It is expected that awareness of understanding and complying with the law, especially the Consumer Protection Act which has been successfully understood and carried out by batik business people in Kampung Batik Semarang can be disseminated as a good

example of batik entrepreneurs who obey the law and are ethical in doing business

to foster business attitudes, so as to create an advanced and healthy economy.

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