

Regional Government Strategy in Developing Small and Medium Industries (IKM)

Najmah¹, H. Abdurrahman², M. Ariy Dermawan³

Universitas Muhammadiyah Mataram

Article Info

Article history:

Received: 23 May 2024

Published: 1 July 2024

Keywords:

Strategy

Developer

Small and Medium Industry

Abstract

Small and medium industries have an important role in driving overall economic growth. Industrial development, especially small industry, is aimed at becoming a high-quality role in the economy, so that it is able to compete both domestically and abroad. The aim of this research is to determine local government strategies in developing small and medium industries (IKM). Mataram City Regional Regulation Number 15 of 2016 concerning the formation and composition of Mataram City regional apparatus. The problem with the research is that there is still minimal information for SMEs to access capital in banking institutions, there is no supporting facilities such as machine tools. The location in this research is the Department of Industry, Mataram City SME Cooperative as the research object. This type of research uses descriptive with a qualitative approach. The data collection techniques that researchers used in this research were interviews, observation, documentation. Data analysis techniques use data reduction, data display, and drawing conclusions. The results of this research show. The strategy implemented by the Mataram City SME Cooperative Industrial Service was carried out well even though it was not 100% realized. Supporting factors provided by the Mataram City SME Cooperative Industrial Service. City SME cooperative industry. Providing training guidance, preparing budgets and providing facilities through cooperatives or banking institutions.

This is an open access article under the [Creative Commons Attribution](https://creativecommons.org/licenses/by-sa/4.0/)

[ShareAlike 4.0 International License](https://creativecommons.org/licenses/by-sa/4.0/)



Corresponding Author:

Najmah

Universitas Muhammadiyah Mataram

Alamat e-mail: najmahnazwa@gmail.com

1. INTRODUCTION

Small and medium industries have an important role in driving overall economic growth. The role of small industry in Indonesia is felt to be very important, especially in aspects such as employment opportunities, equal distribution of income, economic development in rural areas, equal distribution of labor, and so on.

Industrial development, especially small industry, is aimed at becoming a high-quality role in the economy, so that it is able to compete both domestically and abroad. The development of the people's economic sector in regional autonomy, especially in the small industrial sector, receives extra attention from the government, because the small industrial sector has a lot of impact on labor absorption, as well as people's income which can improve the standard of living of lower-class people. Every year industry or small businesses always grow and develop, apart from that industrialization plays an important role in improving the quality of human resources and making optimal use of natural and other resources.

One of the causes of slow economic growth in Indonesia is the small number of entrepreneurs as economic actors, including entrepreneurs, traders, industrialists and others. In the realm of economic development and globalization, what is needed is not only reliable entrepreneurs, but also entrepreneurs who put their trust in God Almighty, are honest, dedicated, have a patriotic spirit who are aware of their spirit and sense of nationality.

One of the areas contributing to industry in Indonesia is the city of Mataram. The city of Mataram, which is located on the island of NTB, is an area that has potential and contributes to the development of large, medium and small-scale industries. The table below is the industrial development in the city of Mataram over the last three years.(Fitragusi, 2014)

So that the writing has logical value and fits the facts in the field, the writer first studies the results of writing or research that are relevant to the writer's study.

In this research proposal, the author will use several theories that are relevant to the study that the author wants to examine in the research, including: Public Policy Theory and Edward III's Policy Implementation Theory.

Policy is a government instrument, not only in the sense of government which only concerns state apparatus, but also governance which touches on the management of public resources. Policies are essentially decisions or action choices that directly regulate the management and distribution of natural, financial and human resources for the benefit of the public, namely the people, population, society or citizens. Policy is the result of synergy, compromise or even competition between various ideas, theories, ideologies and interests that represent a country's political system.

2. RESEARCH METHOD

Qualitative research using the descriptive analysis method is intended to compile a picture of the object being studied by first collecting data at the research location, then processing and interpreting the data so that analysis and interpretation can then be carried out from the data that has been presented. (Pavin 2020)

This research will use a descriptive type of research, meaning that the researcher will narrate in written form and combine the data obtained from the research results with the theory that the researcher uses and synchronize it with the legal bases used in this research. Data is the most important part of research, the author can find out what this research is about, by using data obtained from various sources and applying various data collection techniques, then doing this continuously until the data obtained can be maximized in this research. In accordance with the characteristics of the data required in this research, the data collection techniques used by the author in this research used observation, interview and documentation methods (Jailani, 2020), as follows:

a. Observation Techniques

In using this observation technique, the author will try to go directly into the field to visit the Small and Medium Enterprises Cooperative Industry Service. The author will observe and record the objects of research in order to obtain the necessary data. The purpose of this observation is to describe the activities that occur, the people who take part in the activities, the time of the activities and obtain data from the research results that are needed, while the author observes the research location.

b. Interview Techniques

In this interview technique, the author will conduct face to face with informants who are relevant to the author's research objectives. In this interview technique, the author uses the snowball sampling technique, which is a method for determining and retrieving data in networks that are interconnected with each other.

The sampling method is the method used to confirm the sample. So, good research must pay attention to and use a method that will be used as a research subject. Snowball sampling is one method of taking samples from a population. Where snowball sampling is a non-probability sampling method, meaning samples with unequal probabilities (Lenaini, 2021).

c. Documentation Techniques

The documentation referred to in this research is material or data in visual form. Some of the available data is in the form of letters, reports, photos, daily notes and so on. This form of data is not limited to space and time so that the author can know things that happened during the research.

3. RESEARCH RESULT

The Mataram City Small and Medium Enterprises Cooperative Industry Service was formed based on Mataram Mayor Regulation Number 46 of 2016 concerning Position, Organizational Structure, duties and functions and work procedures of the Mataram City Industry, Cooperatives, Small and Medium Enterprises Service, that is to implement the provisions of article 13 of the City Regional Regulation Mataram Number 15 of 2016 concerning the formation and composition of Mataram City regional apparatus, the position, organizational structure, duties and functions, as well as work procedures of regional apparatus and work units under them need to be regulated by a Mayor's Regulation, based on the considerations as intended in letter a, it is necessary to determine Mayor's Regulations regarding Position, Organizational Structure, Duties and Functions and Work Procedures of the Department of Industry, Cooperatives, Small and Medium Enterprises of Mataram City.

4. RESEARCH RESULT

a. Regional Government Strategy in Developing SMEs in Mataram City

Based on the direction of Mataram City regional government policy Number 3 of 2014 concerning the empowerment of micro, small and medium enterprises, Micro, Small and Medium Enterprises in the City of Mataram as business actors have an important, strategic role and position in supporting the economic resilience of the community and as a vehicle for job creation and poverty alleviation and the human resources involved in Micro, Small and Medium Enterprises are not yet accompanied by adequate capabilities in the fields of management, capital, marketing, technology and the ability to compete, so coaching is needed for Micro and Small Enterprises, and Medium as one of the actors in the economic development of the City of Mataram need to be empowered comprehensively, optimally and sustainably through developing a conducive climate, providing business opportunities, support, protection and business development as widely as possible, so as to be able to improve the position, role and the potential of Micro, Small and Medium Enterprises in advancing development and realizing economic growth in the City of Mataram.

b. Performance Achievement Analysis

The results of this measurement are evaluated and analyzed regarding the achievement of each activity performance indicator to provide further explanation about the activity. This evaluation aims to determine the realization, progress and obstacles faced in efforts to achieve the mission, so that it can be assessed and studied in order to improve and perfect the implementation of programs and activities in the following year. Evaluation of the achievement of each activity performance indicator in an effort to achieve the targets and programs that have been set in 2022 using the following performance achievement measures: very satisfactory 85% - 100%, satisfactory 70% - 84%, less satisfactory 55% - 69% and Unsatisfactory 54%

From the results of research interviews in the field regarding regional government strategies in developing small and medium industries where in the research on strategies for developing small and medium industries using the George Edward III policy model

which is influenced by four aspects, namely Communication, Resources, Position and Bureaucratic Structure.

c. Inhibiting Factors for Regional Governments in Developing Small and Medium Industries (IKM)

From the results of the interview with Mrs. Farida, she explains what inhibiting factors support local governments in developing small and medium SME industries.

"The inhibiting factor for local governments in developing small and medium industries is that the level of marketing of technology is still limited. This technology is important for increasing MSMEs for technology because costs are already high, of course ultimately, we talk about the budget."(Tuesday 02-27-2024)

From the results of the interview above, it can be concluded that local governments still have limited technology to improve SMEs because they are constrained by costs.

5. DISCUSSION

According to policy expert George Edward III, an important stage of public policy is policy implementation. Policy implementation is often considered to be merely implementing what has been decided by decision makers or the legislature, as if this stage has little influence. However, in reality, the implementation stage is very important because a policy will not mean anything if it cannot be implemented properly and correctly. In other words, implementation is the stage where a policy is implemented optimally and can achieve the policy objectives that have been made.

There is several programs run by the regional government which are regulated in the Mataram City regional regulation number 3 of 2014 concerning the empowerment of micro, small and medium enterprises, that Micro, Small and Medium Enterprises in the City of Mataram as business actors have an important meaning, role and position. strategic in supporting the economic resilience of the community as well as as a vehicle for job creation and poverty alleviation and the human resources involved in Micro, Small and Medium Enterprises are not yet accompanied by adequate capabilities in the fields of management, capital, marketing, technology and the ability to compete, Therefore, guidance is needed for Micro, Small and Medium Enterprises as one of the actors in Mataram City's economic development.

The program performance targets and sub-activities of the Department of Industry, SME Cooperatives of Mataram City in 2022 include:

Program TargetsActivities and Sub-Activities for 2022

Sub-activity programs/activities	Target	Realization
MSME empowerment program	3,005,926,012%	97.81%
Sub-activity: Data collection on potential and development of micro businesses	2,878,652,541	98.19%
Sub-activity: Facilitate ease of licensing for Micro Businesses	127,273,471	89.33%
Sub-activity programs/activities	Target	Realization

Development program (UMKM)	529,555,000	88.27%
Micro Businesses Become Small Businesses in the Development of Production and Processing, Marketing, Human Resources and Design and Technology	529,555,000	88.27%

Source: Department of Industry, Mataram City SME cooperative

Based on the Program Target table, Sub-Activities at the Department of Industry, Cooperatives, Small and Medium Enterprises consist of 2 programs and 3 activities in 2022, including:

- 1) Medium Enterprise Empowerment Program, Small Enterprises and Micro Enterprises (MSMEs) Micro enterprise empowerment activities carried out through data collection, partnerships, licensing, institutional strengthening and coordination with stakeholders are budgeted at IDR 3,005,926,012 with realization of IDR 2,940,334,318 or 97.81% consists of 2 activities. City local government policy Mataram Number 3 of 2014 concerning the empowerment of micro, small and medium enterprises, namely Micro, Small and Medium Enterprises.
 - a) Potential data collection activities and micro business development were budgeted at IDR 2,878,652,541 with realization at IDR 2,826,640,051 or 98.19%
 - b) Activities to facilitate micro business licensing were budgeted at IDR 127,273,471 with realization of IDR 113,694,267 or 89.33%
- 2) Development Program (MSME)

Micro business development activities with an orientation towards increasing the business scale to become a small business are budgeted at IDR 529,555,000 with realization of IDR 467,372,112 or 88.27% consisting of 1 activity. Mataram City regional government policy Number 3 of 2014 concerning the empowerment of micro, small and medium enterprises, namely Micro, Small and Medium Enterprises.

 - a) Facilitation activities for micro businesses to become small businesses in the development of production and processing, marketing, human resources, as well as design and technology were budgeted at IDR 529,555,000 with a realization of IDR 467,472,112 or 88.27%.

According to public policy expert George Edward III, an important stage of public policy is policy implementation. Implementation is often seen as merely implementing what has been decided by decision makers or the legislature, as if this stage has little influence. However, in reality, the stages mean nothing if they cannot be implemented properly and correctly. In other words, implementation is the stage where a policy is implemented optimally and can achieve the policy objectives that have been made. Strategy is often interpreted as a variety of approaches. One of the existing approaches is "as an activity, strategy is the efforts made by each individual, organization or company to win over competitive companies, in order to achieve the expected or predetermined goals". The author uses Edward III's theory in implementing regional government strategic policies in developing small and medium industries. Edward III explained that there are four variables that are indicators of the success of implementing a public policy, namely communication factors, resources, disposition and bureaucratic structure.

6. CONCLUSION

Based on the results of research analysis regarding regional government strategies in developing small and medium industries in Mataram City, several conclusions can be drawn as follows:

- 1) The strategy implemented by the Mataram City UKM Cooperative Industry Service has been successful because the strategy carried out using 4 indicators has gone well, but in its implementation there are still many things that have not been implemented where the implementation of Communication indicators and resources has not been optimal because communication has not gone well where the indicators have not completely running well between one another because there are still miscommunications, resources have not been met in carrying out a policy implementation, but on the other hand it has also gone well judging from the position indicators that it has run well and in terms of the bureaucratic structure to handle it has according to their respective fields.
- 2) For supporting factors, the Mataram City SME Cooperative Industrial Service provides support to business actors such as providing training, preparing budgets and providing facilities through cooperatives or banking institutions. And the inhibiting factors are the lack of information for SMEs to access capital in banking institutions, the absence of supporting facilities such as machinery and equipment to support operational activities.

7. ACKNOWLEDGEMENT

Thanks are expressed to the leadership of the Muhammadiyah University of Mataram, colleagues, and all parties who have supported so that this research can be completed and published in the journal of Government and Politics, Faculty of Social Sciences and Political Sciences of the Ummah.

8. BIBLIOGRAPHY

- Aditya, H., (2008), Pengaruh Merek, Orientasi Strategik, dan Inovasi Terhadap Keunggulan Bersaing: Studi Pada UKM Tanggulangin di Kota Sidoarjo, *Jurnal Sains Pemasaran Indonesia*, Vol. 3, No. 3.
- Agustino, Leo. 2016. *Dasar-dasar Kebijakan Publik*. Bandung. Alfabeta
- Anoraga, P., (2002), *Koperasi, Kewirausahaan dan Usaha Kecil*, Penerbit: Rineka Cipta, Jakarta.
- Astamoen, M.P. (2008). *Entrepreneurship Dalam Perspektif Kondisi Bangsa Indonesia*. Bandung: Alfabeta.
- Effendi.et al., 2022. PERAN DINAS PERINDUSTRIAN KOPERASI DAN UKM KOTA MATARAMDALAM PEMBERDAYAAN PELAKU USAHA MIKRO KECIL MENENGAH
- FADIRIANTO. 2017. PERANAN PEMERINTAH DAERAH DALAM PEMBINAAN DAN PENGEMBANGAN INDUSTRI KECIL MENENGAH
- Fitragusi, V. P. (2014). Analisis Deskriptif Perilaku Kewirausahaan pada Pengusaha Industri Mochi di Kota Sukabumi
- Firmansyah, A. I. (2019). 1) (Firmansyah, 2019). Pengaruh Pertumbuhan Usaha Mikro, Hesty. (2020). Strategi Pengembangan Industri Kreatif Untuk Inovasi
- Holilah. (2013). Etika Administrasi Publik. *Jurnal Review Politik*, 03.
- https://disperin.ntbprov.go.id/sites/default/files/Dokuments/BAB%20III%20REV_RENS TRA%20PERINDUSTRIAN.pdf
- <https://lombokpost.jawapos.com/ekonomi-bisnis/1502800284/dinas-perindustrian-koperasi-dan-ukm-kota-mataram-targetkan-100-ukm-miliki-legalitas>
- <https://lombokpost.jawapos.com/ekonomi-bisnis/1502800161/ini-kendala-yang-kerap-di-alami-umkm-ntb>

- <https://web.mataramkota.go.id/storage/app/media/RPJMD%20KOTA%20MATARAM%20%202021-2026.pdf>
- <https://www.suarantb.com/2022/12/06/ukm-kota-mataram-harus-naik-kelas/>
- Jailani, M. A. , A. M. , & H. S. (2020). Implementasi Rehab-Rekon Perumahan Pasca Gempa Bumi Di Nusa Tenggara Barat. *Jurnal Pemerintahan Dan Politik (JGOP)*, 2(2), 127–140
- JUNARI. 2021. EFEKTIVITAS DINAS PERINDUSTRIAN DALAM MEMBERDAYAKAN INDUSTRI KECIL DAN MENENGAH TERHADAP KESEJAHTERAAN PELAKU USAHA DI KOTA MATARAM. Universitas Muhammadiyah Mataram.
- Lenaini, I. (2021). Teknik Pengambilan Sampel Purposive Dan Snowball Sampling. 6(1), 33–39. <https://doi.org/10.31764/historis.vXiY.4075>
- Pavin, A. (2020). Peran Dinas Koperasi Dan Ikm Kota Mataram Dalam Pengembangan Ukm Di Kota Mataram Tahun 2018. Universitas Muhammadiyah Mataram..
- Raco. (2010). Metode Penelitian Kualitatif Jenis, Karakteristik Dan Keunggulannya. PT Gramedia Widiasarana Indonesia.
- Rangkuti, F. (2006). Manajemen Strategi: konsep-konsep. Jakarta.
- UU RI, 2. (2008). Undang-Undang Nomor 20 Tahun 2008 Tentang Usaha Mikro, Kecil, dan Menengah. Undang-Undang Republik Indonesia.
- Yuniningsih, T. , dkk. (2018). Etika Administrasi Publik (T. Yuniningsih, Ed.). Program Studi Doktor Administrasi Publik Press FISIP-UDIP.
- Zulkarnain. et. al., 2017. STRATEGI PENGEMBANGAN SEKTOR INDUSTRI KECIL KOTA TARAKAN. Universitas Borneo Tarakan
- Agustino, Leo. 2016. Dasar-dasar Kebijakan Publik. Bandung. Alfabeta