ANALYSIS OF PUBLIC SECTOR INVOLVEMENT IN LOCAL ECONOMIC EMPOWERMENT AS IMPLEMENTATION OF MICRO AND SMALL ENTERPRISE DEVELOPMENT POLICIES

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Abstract

The purpose of this study is to examine the public sector's involvement in local empowerment economies as well as the implementation of policies for micro and small businesses. The research method used is qualitative research. Qualitative research is a research method used to understand social phenomena in depth. This type of research is literature study research, which researchers carry out by collecting, studying, and analyzing references or sources obtained in written or written form, such as books, journals, articles, documents, and other sources of information that are significant to the topic or title being researched. The study's findings show that empowering the local economy, particularly through support for micro and small businesses (UMK), plays a critical role in increasing economic growth and sustainable development in Indonesia. MSEs don't only become a bone-back economy locally by creating fieldwork and contributing to domestic income, but they also strengthen the resilience economy area to change the global economy. Apart from that, MSEs also play a role in strengthening identity culture and the local sustainability environment with produce-rooted goods and services in inheritance culture and local traditions. Empowering the local economy through support for MSEs involves not only increasing access to sources of power but also empowering the public to play a role in their development.

Keywords: Analysis, empowerment economy, business micro and small

Abstrak

Penelitian ini bertujuan untuk menganalisis keterlibatan sektor publik dalam pemberdayaan ekonomi lokal sebagai implementasi kebijakan pengembangan usaha mikro dan kecil. Metode penelitian yang digunakan adalah penelitian kualitatif, penelitian kualitatif merupakan metode penelitian yang digunakan untuk digunakan untuk memahami fenomena sosial secara mendalam, Adapun jenis penelitian ini adalah penelitian studi pustaka yang peneliti lakukan dengan mengumpulkan, mempelajari, dan menganalisis referensi atau sumber-sumber yang diperoleh dengan tertulis atau berbentuk tulisan seperti buku, jurnal, artikel, dokumen, dan sumber informasi lainnya yang signifikan dengan topik/judul yang diteliti. Hasil penelitian menunjukkan bahwa pemberdayaan ekonomi lokal, khususnya melalui dukungan terhadap usaha mikro dan kecil (UMK), memiliki peran yang sangat penting dalam meningkatkan pertumbuhan ekonomi dan pembangunan berkelanjutan di Indonesia. UMK tidak hanya menjadi tulang punggung ekonomi lokal dengan menciptakan lapangan kerja dan menyumbang pada pendapatan domestik bruto, tetapi juga memperkuat ketahanan ekonomi daerah terhadap perubahan ekonomi global. Selain itu, UMK juga berperan dalam memperkuat identitas budaya lokal dan keberlanjutan lingkungan dengan memproduksi barang dan
Introduction

Background study This aim is to explain the context and the reason why the study needs to be done. Empowering the local economy is an important strategy for increasing economic growth in a specific area. UMK plays an important role in the development of the Indonesian economy, serving as the backbone of the local economy in many areas. They not only create fieldwork for the public but also deliver significant contributions to income, domestic gross (GDP), and distribution income. Through UMK, many people can be involved in the activity economy, whether they are businessmen or workers, who in turn increase well-being and reduce local poverty levels. Additionally, according to Mustafa (2021), MSEs also play a role in strengthening the resilience economy area to change the global economy. With a strengthened MSE sector, regional economies can reduce dependence on sector-specific and diversified sources to power their economies. This issue has the potential to make the local economy more resilient in the face of external challenges such as global market fluctuations or national economic policy changes.

In contributing to the economy, MSEs also play a role in strengthening identity and sustainability culture locally. Many MSEs in Indonesia produce unique and different goods and services, often rooted in local inheritance culture and traditions (Muhajir et al., 2023). supports and promotes MSEs, basically supporting preservation, inheritance culture, and sustainability environment, which are important assets for sustainability in society and the local environment. Therefore, empowerment of the local economy through support for MSEs is a very important strategy to increase growth in the economy and development sustainability in Indonesia (Nurhayati & Khoiruddin, 2023). This is not only about increasing access to source power economics but also about empowering the public to take an active role in the development economy. With proper support to MSEs, fine in matter access to capital, training, infrastructure, or market access, government, and stakeholders' interest can create a conducive environment for growth and sustainability of MSEs, which in turn will impact positively the economy local and national in a way whole.

Maulana (2022) explains in an Indonesian context that micro and small businesses (UMK) play an important role in the development economy. However, according to Mutmainnah & Ramadani (2023), there are still various hindering challenges to the empowerment of the local economy, like limitations on access to capital and a lack thereof knowledge. Therefore, an analysis of the involvement of the public sector in the empowerment economy as a local implementation policy for MSE development is very necessary to evaluate the effectiveness of policies that have been
implemented. The study's goal is to examine the public sector's involvement in the empowerment of the local economy as well as the implementation of policy development for micro and small businesses. That goal can be achieved through the identification of roles, instruments, and policies used by the public sector to facilitate and support the empowerment of the local economy. This study is also purposeful for evaluating the effectiveness of implementation policy development of MSEs in increasing empowerment in the local economy. The results of this study can provide valuable input for parties related to formulating more policies effective for the development of MSEs in Indonesia.

Through a multidimensional approach, research This aim is to identify, analyze, and evaluate the role of the public sector as well as the role of MSEs in facilitating and supporting growth as well as the sustainability of MSEs as one of the main pillars in the empowerment economy locally. One of the main foci This is for a comprehensive role and function sector that supports MSEs. This includes the identification of various instruments and policies that have been implemented by the government at the central and regional levels to strengthen the MSE ecosystem. From the provision of access to financing to the development infrastructure and support to develop MSE HR capacity, the roles sector, and the public are very important in creating a conducive environment for MSE growth.

Additionally, research This aspect of effective implementation policy MSE development. Evaluation This covers an analysis of the successes and challenges faced in applying various programs and policies, as well as their impact on the empowerment economy as a whole. To evaluate effectiveness, research can give valuable insight into what has been done as well as lessons learned for future improvements. As for the influencing factors, a collaboration between the sector public and various stakeholders is interest-related, including the sector private, institutional academics, and society as a whole. Effective collaboration between various parties is key to creating an ecosystem that supports MSEs as a whole and is holistic and sustainable. Therefore, the research will analyze the dynamics, interests, and possible obstacles that arise in collaboration.

Study This is also a research impact from the empowerment economy sector, supported by the local public, including in matter creation field work, improved income, and deductions from the gap in the economy between regions. With an understanding of the impact, we can measure the effectiveness of existing policies and programs applied, as well as evaluate the contribution of MSEs in strengthening the local economy as a whole. Studying this will also focus on innovation and sustainability in MSE development. Because Ramadannisa (2023) involves the public sector in pushing innovation and practicing sustainable business, MSEs can become more competitive in an increasingly global market complex.

Therefore, research will explore various innovative initiatives that have been carried out by the sector public to support MSEs, as well as identify new opportunities to increase innovation and
sustainability in the future. In this research, we will see the importance of technology and
digitalization in supporting MSE growth. Through application technology information and
communication (ICT), MSEs can increase operational efficiency, expand market reach, and increase
access to various services and resources. Therefore, research This will explore how the public sector
can facilitate the integration of ICT in MSEs and improve digital literacy among MSEs. Finally,
studying this will also focus on aspects of continuity in MSE development. With increasing awareness
of the importance of a continuity environment, MSEs are expected to adopt a practice-friendly,
business-friendly, environmental, and responsible answer in a social way. Therefore, research This
will explore how the public sector can support MSEs in adopting sustainable business practices,
including through incentive-promoting finance and a regulatory continuity environment.

Thus, research will make a significant contribution to strengthening the MSE ecosystem and
encouraging growth in an inclusive, sustainable, and competitive economy in Indonesia.
Comprehensive analysis of the role of the public sector in empowering local economies and
conducting research. This will provide a better understanding of the factors that impact the success
of MSE development programs. It will also provide concrete policy recommendations to improve the
effectiveness and impact of efforts to empower the local economy.

Methods used in the study This is to see the involvement of the sector, the public empowerment
economy, and local, and implementation policies for MSE development. Data will be collected
through studies, literature, analysis policies, and research fields. Approach Qualitative is also used to
obtain a deep understanding of the role of the sector public and its impact on implementation policy.
The analysis results will be presented in a narrative manner and supported with relevant secondary
data. With this method, this is an expected study. This can give a better understanding of the
involvement of the public sector in the empowerment economy locally as an implementation policy
for MSE development.

Methods

The research method used in this research is qualitative. Qualitative research is a research
method used to understand social phenomena in depth (Iswadi et al., 2023). Qualitative research does
not just describe phenomena but also seeks to understand the meaning and context of these
phenomena (Jaya, 2020). This type of research is library research, which researchers carry out by
collecting, studying, and analyzing references or sources obtained in written form, such as books,
journals, articles, documents, and other significant sources of information with the topic or title.
researched. Then the researcher analyzes and concludes to find answers to what the researcher is
studying.
Results and Discussion

Based on the results study literature about the involvement sector public in the empowerment of the economy local as implementation policy development businesses micro and small, we obtained findings that the role sector public is very significant in increasing the economy local through the empowerment of business micro and small (UMK). The involved sector public can form various policies, programs, and support provided to MSEs to increase power competitiveness, productivity, and market access. One key finding is that engaging the public sector in empowering MSEs benefits both the MSEs and the local economy as a whole. With businesses like giving assistance, training, and access to the market, it will of course help MSEs grow and develop, create new fields, improve income, house stairs, and push the local economy to growth.

In addition, the engagement sector contributes to a better environment by providing basic infrastructure such as electricity, water, and telecommunications (Wulan et al. 2019). According to the findings of the study and Alwin and Rahd (2023), adequate infrastructure is a prerequisite for the growth of MSEs and their ability to access the market efficiently. Therefore, the findings also indicate that the effectiveness of the involvement of the public sector in the empowerment process varies depending on a variety of factors. Anzelbee (2023) emphasizes the importance of coordination between government institutions, institutions of finance, and non-governmental organizations in implementing MSE empowerment programs.

Apart from sustainability and ability in the MSE empowerment program, attention is important. Many MSE empowerment programs are only projects, short and long, and do not have a clear strategy. Foster continuity in MSE businesses after the program. As a result, it is important to consider the related public in terms of the ongoing planning and implementation of MSE empowerment programs. Findings furthermore show that the public sector promotes the empowerment of MSEs based on their needs and characteristics alone. Sahuda explains that every MSE has different challenges; therefore, a one-size-fits-all approach is not effective. On the contrary, the public sector must adopt an inclusive, needs-based approach at the local level to ensure that MSE empowerment programs are beneficial.

Apart from giving financial and technical help to MSEs, the involvement sector plays a public role in increasing MSEs' access to the market. Rochmah (2023) suggests various methods to achieve this, such as establishing a cooperative or network business locally, facilitating participation in exhibitions or local markets, or offering assistance in marketing and promoting MSE products. Next, the findings show the importance of strengthening the capacity of local institutions to support SMEs. Public involvement can aid in enhancing the capabilities of
institutions such as microfinance, center training, or research and development, thereby enabling them to provide more services to MSEs (Putra & Mustafa, 2023).

The findings also highlight the importance of development-supportive policies for MSEs, such as facilitating MSE access to financing, policies that reduce the burden on regulations and bureaucracy, or encouraging collaboration between MSEs and company-wide or institution-wide education. In the context of globalization and development technology, findings show that the public must notice changes that occur in the environment and economy. This matter includes challenges like the 5.0 era revolution and its impact on fieldwork, changing consumption patterns in society, or the necessity to increase digital literacy for MSEs so that they can compete in a growing market connected digitally (Sarnia et al., 2023). This research aims to determine: 1. the influence of work-life balance on work fitness for houseworkers in South Buton Regency Hospital. 2: The influence of work life on key keys for honorary nurses at the South Buton Regency Hospital. This study uses a quantitative method approach. Data collection in the process uses statistical observation, literature study, and the distribution of questionnaires. The population in the study was 56 respondents using a sampling technique, namely the sens method. The research instrument study used the validity and reliability test with SPSS 22.0. The data analysis techniques used in this research were measurement model testing (outer model) and structural model testing (inner model) with Smart PLS 4.0. Based on research results, it is known that there is a positive and significant influence between the work-life balance variable shown and the work stress variable (0.000), while the stress variable has no effect on job satisfaction, as shown by the P value of 0.368.

Lastly, the findings confirm that the involvement of the public sector in MSE empowerment is not an objective end but is part of a wider effort to reach development in an inclusive and sustainable economy. Therefore, it's necessary that there be a commitment period long from sectors public, private, and community in a way whole to ensure that the empowerment of MSEs can be done and become the driving force behind growth in the local, sustainable, and impactful positive for well-being in a way whole.

Thus, based on the results of the study literature, you can conclude that the involvement of the public sector in the empowerment economy locally through development business, both micro and small, plays an important role in increasing power competitiveness, productivity, and inclusiveness in the economy. However, to achieve optimal results, good coordination between various stakeholder interests, sustainable planning, and an inclusive approach that takes into account characteristics and needs unique to the MSE alone is required. Whereas results analysis of complex dynamics between sector public and the empowerment economy, especially in context development business micro and small businesses (UMK) in Indonesia, require a deep
understanding of various mutual factors that interact. Following this is the results analysis dynamics complex:

1. The Role of the Public Sector in Empowerment of MSEs: The public sector plays a central role in the empowerment of MSEs in Indonesia. Through policies, programs, and allocations of source power, the government facilitates the growth and development of MSEs by providing financial assistance, access to markets, training skills, and an infrastructure base.

2. Challenge Regulations and Bureaucracy: Although the public sector endeavors to support MSEs, the biggest challenges often arise from complex regulations and complicated bureaucracy. Licensing, tax, and administration processes can become obstacles for MSEs, limiting their ability to develop and compete.

3. Intergovernmental Coordination: Dynamics between the central and regional governments also influence the empowerment of MSEs. Good coordination between the central and regional governments is important. To ensure that implemented policies and programs are in accordance with local conditions and supportive MSEs growth overall,

4. Inclusion Financial: Access to financing is a key factor in MSE development. The public sector needs to strengthen institution finance and push innovation in products and services with appropriate finances to meet MSE needs.

5. Infrastructure: Investments in infrastructure bases like transportation, energy, and telecommunications are critical to supporting MSE growth. The public sector must ensure that infrastructure is available in a way that is evenly distributed throughout the region, including in rural areas, which often become MSE locations.

6. Education and Training: The public sector must focus on improving quality sources. Power man through education and training appropriate skills to meet market needs. This matter will help MSEs increase productivity and be more competitive in the challenging growing economy.

7. Development and Promotion: In addition to providing direct support to MSEs, the public sector requires that the ecosystem business be strengthened locally by promoting MSE products, facilitating market access, and developing a network of sustainable businesses.

8. Adaptation to Global Change: Along with the dynamics of the global economy, sectors of the public in Indonesia must adapt policies and strategies for empowering MSEs to overcome challenges like revolution in industry 4.0, climate change, and dependence on global markets.
9. Monitoring and Evaluation: The importance of monitoring and evaluation to the success of the MSE empowerment program cannot be ignored. The public sector needs to keep going, monitor, and evaluate the impact of implemented policies and programs to ensure their effectiveness in increasing the economy, local welfare, and public welfare.

10. Public-Private-Community Partnerships: Lastly, partnerships between sectors (public, private, and community) become key for reaching empowerment, the economy, local, and sustainability. Strong and inclusive collaboration between various holders of interest will strengthen efforts to increase the MSE and reduce the gap in the economy (Martin, 2017; Satria & Marom, 2020).

According to Tuhumury et al., (2023), one of the main pillars of the local empowerment economy is the role of the public sector in facilitating and supporting the growth and sustainability of Micro and Small Enterprises (UMK).

1. Identifying the Role of the Public Sector: Through analysis, it can be identified that the public sector plays a main role in facilitating and supporting growth as well as the sustainability of MSEs. This role covers provision policies and programs as well as source power financial and non-financial requirements to strengthen MSEs.

2. Analysis of Public Policy: The analysis of public policy shows that the sector public has implemented various purposeful policies for the repair environment business for MSEs. This includes supportive policies, access to the market, financing micro, training skills, and development infrastructure, as well as subtraction bureaucracy and regulations that burden MSEs.

3. Support Financial: Evaluation shows that the public sector provides various types of financial support to MSEs, such as credit micro, subsidies, interest, and capital assistance programs. Support helps MSEs overcome financial constraints, which are often a major barrier to growth.

4. Training and Mentoring Program: The public sector is also involved in organizing training and mentoring programs for MSEs. These programs aim to increase the managerial, technical, and marketing skills of MSEs so they can increase productivity and be more competitive in the market.

5. Development Infrastructure: The public sector plays a role in developing and supporting infrastructure for MSE growth, such as network transportation, telecommunications, energy, and access to clean water. Adequate infrastructure allows MSEs to access the market with more efficient and improved distribution of their products.
6. Subtraction Obstacle Regulation and Bureaucracy: As part of the role sector public, efforts have been made to reduce obstacle regulations and bureaucracy that often become burdensome for MSEs. Simplification of the licensing process, reduction of tariff taxes, and increased transparency in administration are steps taken to facilitate MSEs.

7. Program Monitoring and Evaluation: Evaluation of programs implemented by the sector public shows the importance of ongoing monitoring and evaluation. This matter makes it possible for the public for the public sector to evaluate program effectiveness, identify weaknesses, and make necessary repairs to increase the positive impact on the growth and sustainability of MSEs.

8. Partnership and Collaboration: As an effort to strengthen the role as well as sector public empowerment, partnerships and collaboration with sector private and public civilians have too developed. Partnership This increases MSEs' access to new sources of power and opportunities, while also strengthening the local ecosystem business in general.

9. Development Inclusive Policies: Public Sector Keep going in your endeavor to develop inclusive and sustainable policies for MSEs. This matter covers confession to MSE diversity, empowerment of women and groups prone to others, as well as integration principles and sustainable development in every implemented policy and program.

10. Empowerment Community Local: One aspect important in the role sector public is the empowerment community local. Take a role actively in the development economy, incl. through the formation of cooperatives, group businesses together, and network work.

Whereas for aspect effectiveness, implementation policy the development of micro and small enterprises (UMK) in Indonesia involves various necessary factors that are evaluated in a careful way. According to Tjilen (2019), the following are a number of key aspects that can be noticed in evaluating the effectiveness of implementation policy for MSE development in Indonesia:

1. Suitability Policy with MSE Needs: Important to ensure that policies are implemented in accordance with the needs, characteristics, and challenges faced by MSEs in various countries, sectors, and regions in Indonesia. This matter needs a deep analysis of market conditions, regulations, and infrastructure, as well as the skills and capacity of MSE entrepreneurs.
2. **Availability Resources: Effectiveness Implementation Policy** MSE development also depends on the availability of a source. Power comes from facet financial, human, and infrastructure. Provision source adequate power possible implementation policy with smooth and efficient.

3. **Coordination between Central and Regional Government: Policy** MSE development must be implemented in a way coordinated between government central and regional. Good coordination between various levels of governance is very important to ensure consistency, synergy, and conformity of policy with local conditions.

4. **Participation Party, Private, and Civil Society: Effectiveness of Implementation Policy** MSE development is also influenced by the participation of active parties, private and public. Involvement sector in providing capital, technology, and markets, as well as support from organizations public and civil in giving training, mentoring, and advocacy for MSEs, you can increase results policy.

5. **Monitoring, Evaluation, and Learning: System**-effective monitoring, evaluation, and learning are required to evaluate the impact of policy development on MSEs as a whole periodically. Data and information obtained from monitoring and evaluation This can be used as an improvement and adjustment policy to make MSEs more effective and responsive to changing conditions and needs.

6. **Availability Infrastructure Support: Adequate infrastructure like access to transportation, electricity, clean water, and technology is very important information for supporting MSE growth. Policy MSE development is also a must-do. To increase MSE access to infrastructure.**

7. **Training and development skills: training and development programs Skills for MSE entrepreneurs also need to be evaluated. measure impact on enhancement productivity, innovation, and power MSE competitiveness. Appropriate training with market needs and sustainability over a long period of time will have many benefits for MSEs.**

8. **Empowerment of women and groups Vulnerable: Policy** MSE development is also a must-notice empowerment for women and groups prone to others, like disabled persons and groups with public customs. Empowerment This requires a special strategy to increase access, capacity, and opportunities for groups in entrepreneurship.

9. **Innovation and Technology: Policy** MSE development is necessary to push innovation and utilization of technology, information, and communication (ICT) for
MSEs. The provision of access and training related to digital technology can help MSEs improve efficiency in operations, market access, and power competitiveness.

10. Key Stakeholder Engagement: Lastly, effective implementation policy MSE development also depends on active involvement from key stakeholders like organizations, entrepreneurs, institutions, finance, colleges, and institutional research. Partnership and collaboration between various parties can strengthen efforts to support the growth and sustainability of MSEs in Indonesia.

With these aspects, the government and related stakeholders can increase the effectiveness of implementation policy development for MSEs, which can have a big impact on strengthening the MSE sector and encouraging growth in the very good economy of Indonesia.

Conclusion

Based on the findings and discussion above, it can be concluded that empowerment of the local economy, especially through support for business micro and small (UMK), has a very important role in increasing growth and sustainable development in Indonesia. MSEs don't only become a bone-back economy locally by creating fieldwork and contributing to domestic income, but they also strengthen the resilience economy area to change the global economy. Apart from that, MSEs also play a role in strengthening identity culture and the local sustainability environment with produce-rooted goods and services in inheritance culture and local traditions. Empowering the local economy through support for MSEs involves not only increasing access to sources of power but also empowering the public to play an active role in their development.

In the Indonesian context, MSEs play a central role in economics and research. This provides a comprehensive understanding of the public sector's role in supporting MSEs, the effectiveness of MSE development policies, and the challenges and opportunities for local economic empowerment. Findings from the study This provides a solid foundation for policymakers to develop effective strategies to support the growth and sustainability of MSEs, benefiting the local and national economies as a whole. Thus, the empowerment economy locally, especially through support towards MSEs, is a key component in strengthening the ecosystem economy locally, reducing the disparity between economies between regions, and promoting growth-inclusive and sustainable economies in Indonesia. Therefore, those steps for increasing access to capital, training, infrastructure, and market access for MSEs must become priorities for the government and stakeholders to reach objective development that is more extensive and sustainable.
References


