IMPLEMENTATION OF POLICIES FOR MICRO, SMALL AND MEDIUM ENTERPRISES (UMKM) DEVELOPMENT IN INCREASING BUSINESS COMPETITIVENESS
(Study in Micro, Small and Medium Enterprises in Kendari City)

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ABSTRACT
This study aims to find out and explain the implementation of policies for the
development of micro, small and medium enterprises (MSMEs) in improving
business competitiveness in Kendari City and to describe the effectiveness of the
policies for developing micro, small and medium enterprises (MSMEs) in
increasing business competitiveness. This study uses a narrative qualitative
approach. Data collection techniques used are interviews, in-depth observation,
and Snowball sampling. The results of the study found that the implementation
of policies realized through training programs in the effort to develop micro,
small and medium enterprises (MSMEs) in order to have competitiveness was
not maximized due to the lack of follow-up (evaluation) of the programs that had
been implemented, the existence of micro-entrepreneurs, small and medium
enterprises (MSMEs) that have not gained understanding after participating in
training such as financial report management, still inadequate human resources
(HR) in the Department of Trade, Cooperatives and UMKM Kendari City and do
not have special expertise to conduct financial management assistance, and not
yet there is a center of service for products produced by micro, small and medium
enterprises (MSMEs).

Keywords: Policies, MSMEs, Competitiveness.
1. **INTRODUCTIONS**

Micro, small and medium enterprises (MSMEs) are important sectors in realizing national economic development. According to Tambunan (2009) micro, small and medium enterprises (MSMEs) groups have provided many employment opportunities compared to the employment opportunities provided by large companies. Although micro, small and medium enterprises (MSMEs) can be said to be able to have resistance from the turmoil of the global crisis, but in reality, the problems faced are very complex. According to Abor (2010), the development of micro, small and medium enterprises (MSMEs) has always been limited by a number of factors, such as lack of access to appropriate technology, limited access to markets, the existence of laws, regulations and rules that hinder the development of the micro business sector, small and medium enterprises (MSMEs), weak institutional capacity and lack of management and training skills. Therefore, micro, small and medium enterprises (MSMEs) need to get serious attention in terms of empowerment so that they can develop. According to Nurjannah (2014) the efforts taken to develop micro, small and medium enterprises (MSMEs) are increasing the ability of micro, small and medium enterprises (MSMEs) in accessing financing sources, namely increasing quantity and quality through entrepreneurship training, increasing the quantity and quality of services financing for micro, small and medium enterprises (MSMEs), providing facilities and support for financial institutions in providing financing services for micro, small and medium enterprises (MSMEs). Observing the various roles and contributions, as well as the problems faced by micro, small and medium enterprises (MSMEs) in the business continuity process, micro, small and medium enterprises (MSMEs), need policy instruments that can be used to support the development of micro, small and medium enterprises. (UMKM).

1.1 **Problem Formulation**

What is the implementation of the policy of developing micro, small and medium enterprises (MSMEs) in increasing business competitiveness in Kendari City? How is the effectiveness of the implementation of the development policies of micro, small and medium enterprises (MSMEs) in increasing business competitiveness in Kendari City?

1.2 **Research Objectives**

The aims and objectives of this article are as follows:
a. Knowing and explaining the implementation of policies for developing micro, small and medium enterprises (MSMEs) in increasing business competitiveness in Kendari City.

b. Knowing and explaining the effectiveness of the implementation of the development policies of micro, small and medium enterprises (MSMEs) in improving business competitiveness in Kendari City.

2. THEORY STUDY

2.1 Micro, Small and Medium Enterprises (MSMEs)

According to Law No. 20 of 2008 concerning micro, small and medium enterprises (MSMEs) the definition of Micro Enterprises is a productive business for individuals and / or individual business entities that meet the criteria of micro-enterprises (UM). Small businesses (UK) are productive economic businesses that are independent, carried out by individuals or business entities that are not subsidiaries or not branches of companies that are owned, controlled, or become part of either directly or indirectly from medium-sized businesses (UM). Medium-sized businesses (UM) are productive economic businesses that are independent, carried out by individuals or business entities that are not subsidiaries or branches of companies that are owned, controlled, or become part of either directly or indirectly with small (UK) or large businesses with the amount of net assets or annual sales.

2.2 Policy Implementation

According to Fatih (2010) policy implementation is a good and correct implementation of the program in order to achieve policy objectives. According to Meter (1975) the implementation of policies, as actions carried out either by individuals or officials or government or private groups directed at achieving the objectives outlined in the policy decision.

2.3 Effectiveness

According to Effendy (1989), the effectiveness is communication that the process to achieve planned goals in accordance with budgeted costs, the time set and the number of personnel determined. Whereas according to Susanto (1975:156) effectiveness is the message power to influence or the level of the ability of messages to influence. According to Weiss (1972), the size of program effectiveness can be measured using 5 main elements in the program evaluation model, among others, program objectives, program
objectives, program socialization, appropriate management and guidance, program monitoring.

3. RESEARCH METHODS

3.1 Types of research

In this study, the author uses a type of narrative qualitative research that is about a series of events related to human experience (Creswell, 2015). Data collection is done by in-depth interviews, observations to participants and snowball sampling techniques. The researcher seeks to describe, describe and interpret the problem and then draw conclusions from the problem regarding the implementation of the policy of developing micro, small and medium enterprises (MSMEs) in increasing business competitiveness in Kendari City.

3.2 Research Focus

The focus of research is the things that are the center of attention in research so that it will facilitate research to determine which data is needed for a study. Therefore, the focus of the research is the implementation, effectiveness, and impact of the development policies of micro, small and medium enterprises (MSMEs) in enhancing business competitiveness in Kendari City, which includes:

a. The implementation of the policy of developing micro, small and medium enterprises (MSMEs) in enhancing business competitiveness includes the program model used to solve the problems of small and medium micro enterprises (MSMEs).

b. The effectiveness of the implementation of micro, small and medium enterprises (MSME) development policies in enhancing business competitiveness include:
   1) Program objectives
   2) Program objectives
   3) Program socialization
   4) Management and guidance
   5) Program monitoring

3.3 Research Sites

This research was conducted in Kendari City, with the target of the research object being micro and small business owners (MSMEs) who had been registered with the Kendari City Trade, Cooperative and MSME Office.

3.4 Research Informants
Informants in this study were (1) Head of the Kendari City Trade, Cooperative and MSME Office (2) Head of Kendari City Trade, Cooperatives and MSMEs (3) Micro, Small and Medium Enterprises (MSME) Players.

3.5 Research Instruments

The instrument used by researchers in collecting data related to the implementation of policies for the development of micro, small and medium enterprises (MSMEs) in improving business competitiveness, namely observation, interviews, and documentation:

a. Observation

In this study, observations were made related to the implementation of the policy of developing micro, small and medium enterprises (MSMEs) in enhancing business competitiveness in Kendari City. The researcher observes and also interacts with business actors directly. Researchers also make observations and go directly to the field.

b. Interview

In this study, researchers used semi-structured interview methods. The researcher asked questions spontaneously and heard the opinions of the informants more. The question that was asked even though it was spontaneous but must be as offensive as possible related to the problem formulation.

c. Documentation

The data needed is related to the implementation of policies for the development of micro, small and medium enterprises (MSMEs) in increasing business competitiveness in Kendari City in the form of documents or reports from previous researchers. Record the documents owned by the Kendari City Trade, Cooperative and UMKM Office as well as community participation and so on as secondary data to support research.

3.6 Data collection and Data Analysis Techniques

Kendari City as the capital of Southeast Sulawesi province has a land area of 295.89 Km2 or 0.78 percent of the land area of Southeast Sulawesi Province. Currently the city of Kendari consists of 10 districts and 64 villages with a population of 359,371 inhabitants. This condition is an opportunity for the growth and development of business actors, especially micro, small and medium enterprises (MSMEs), which until now has recorded 10 862 business
units in micro, small and medium scale. Based on data from the Department of Commerce, Cooperatives and SMEs in the city of Kendari, the number of micro, small and medium enterprises (MSMEs) based on business classification in the city of Kendari can be seen in the following table.

Table 5.1 Data on the Number of MSMEs in Kendari City in (2018)

<table>
<thead>
<tr>
<th>City</th>
<th>Micro (unit)</th>
<th>Small (unit)</th>
<th>Medium (unit)</th>
<th>amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kendari</td>
<td>8 498</td>
<td>1 897</td>
<td>467</td>
<td>10 862</td>
</tr>
</tbody>
</table>

Source: Department of Industry and Commerce of Kendari City (2018)

In the table, it can be seen that the number of micro, small and medium enterprises (MSMEs) in the city of Kendari is 10 862 business actors consisting of 8 498 micro businesses, 1 897 small businesses and 467 medium businesses. With this amount it can be said that the role and contribution of micro, small and medium enterprises (SMEs) in the city of Kendari is very large on the economy of Kendari. Seeing the number of businesses in the city of Kendari, including in the service sector, trade and industry, it is very appropriate if the city of Kendari earned the nickname of the forefront of the economy of Southeast Sulawesi (Southeast Sulawesi). If the superior potential of these businesses is developed and managed with a strong commitment by the Kendari city government especially the Industry, Trade, Cooperatives and SMEs Office of the city of Kendari it will provide great benefits for the Kendari city government and the people of this city in advancing revenue and level economy.

In addition, the number of MSMEs in the city of Kendari can also be seen by district. This can be seen in table 5.4 below;

Table 5.2 Data on the number of MSMEs in Kendari City based on District in (2018)

<table>
<thead>
<tr>
<th>No</th>
<th>Districts</th>
<th>Business Criteria</th>
<th>amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Micro (unit)</td>
<td>Small (unit)</td>
</tr>
<tr>
<td>1</td>
<td>Mandonga</td>
<td>4 244</td>
<td>375</td>
</tr>
<tr>
<td>2</td>
<td>Baruga</td>
<td>201</td>
<td>102</td>
</tr>
<tr>
<td>3</td>
<td>Puuwatu</td>
<td>672</td>
<td>106</td>
</tr>
<tr>
<td>4</td>
<td>Kadia</td>
<td>231</td>
<td>221</td>
</tr>
<tr>
<td>5</td>
<td>Wua-wua</td>
<td>293</td>
<td>257</td>
</tr>
<tr>
<td>6</td>
<td>Poasia</td>
<td>894</td>
<td>176</td>
</tr>
<tr>
<td>7</td>
<td>Abeli</td>
<td>283</td>
<td>96</td>
</tr>
<tr>
<td>8</td>
<td>Kambu</td>
<td>596</td>
<td>356</td>
</tr>
<tr>
<td>9</td>
<td>Kendari</td>
<td>295</td>
<td>123</td>
</tr>
<tr>
<td>10</td>
<td>Kendari Barat</td>
<td>789</td>
<td>85</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>8 498</td>
<td>1 897</td>
</tr>
</tbody>
</table>

Source: Department of Industry and Commerce of Kendari City (2018)
In the table, it can be seen that the number of micros, small and medium enterprises (MSMEs) in Kendari City is 10,862 business actors consisting of 8,498 micro businesses, 1,897 small businesses, and 467 medium businesses. With this number, it can be said that the role and contribution of micro, small and medium enterprises (MSMEs) in Kendari City is very large on the economy of Kendari City.

3.1 Forms of Micro, Small and Medium Enterprises (MSME) Development Policies in Increasing Business Competitiveness

Efforts to develop micro, small and medium enterprises (MSMEs) in Kendari City so that they have competitiveness in order to be able to compete, the Kendari City government made several development policies for micro, small and medium enterprises (MSMEs), namely, as follows:

a. Financing and Capital Facilitation Policy;
b. Product and Promotion Marketing Support Policy;
c. Business Licensing Policy.

4.3 Implementation of Micro, Small and Medium Enterprises (MSME) Development Policies in Increasing Business Competitiveness

The implementation of micro, small and medium enterprises (MSMEs) development policies in improving competitiveness in Kendari City was carried out operationally by the Kendari City Office of Trade, Cooperatives, and MSMEs through programs such as training to improve the quality of micro, small and medium enterprises (MSMEs) resources. The results of interviews conducted by researchers showed that the implementation of the program carried out by the Department of Trade, Cooperatives and UMKM of Kendari City was carried out according to the procedure but in its implementation it had not achieved maximum results because there were still SMEs who had not been able to manage financial reporting.
4.4 Effectiveness of the Implementation of Micro, Small and Medium Enterprises (MSME) Development Policies in Increasing Business Competitiveness

In measuring the effectiveness of the implementation of the development policies of MSME micro, small and medium enterprises in Kendari City researchers have five elements that are used as references in interviewing research informants, among others, program objectives, program socialization, management and guidance, and monitoring.

a. Program Objectives

The program aims at training in the development of MSME micro, small and medium enterprises in Kendari City to improve the welfare of micro, small and medium enterprises (MSMEs) as well as the creation of Industry, Trade, Cooperatives and MSMEs as the main actors in a highly competitive regional economy through skills improvement programs for micro, small and medium enterprises (MSMEs) in Kendari City. But that goal has not been reached and realized to the fullest. This is because there are still programs that have not been realized effectively such as the existence of micro, small and medium enterprises (MSMEs) that have not been able to manage business financial accounting. In addition, there was also a lack of knowledge from a part of Kendari City's Trade, Cooperative and UMKM staff to provide intense assistance.

b. Program Objectives

The targets of the partnership program are small entrepreneurs or micro, small and medium enterprises (MSMEs) that meet the requirements and data and have a permanent business.

c. Program socialization

The process of socialization carried out by the Department of Trade, Cooperatives and MSMEs in Kendari City is to involve related agencies and interested institutions as well as micro, small and medium enterprises (MSMEs). However, the socialization that has been carried out so far has not given a positive impact, it was revealed by the research informant that the program socialization carried out by the Service was due to the existence of constraints, namely the existence of sectoral egos between agencies related to micro, small and medium enterprises development programs (MSMEs in Kendari City, so that the micro, small and medium enterprises (MSMEs) are confused in attending training that must be followed sometimes by the training held by micro, small and medium enterprises (MSMEs).
confusion in training that must be followed sometimes by training by the service related together with other services by the relevant service together with other services.

d. **Management and Coaching**

Management and guidance conducted by the Kendari City Office of Trade, Cooperatives and MSMEs in developing the skills of MSME actors in order to be competitive can be seen from the accuracy of the processes carried out by the implementers in planning, preparing funds, channeling, guiding and reporting on Program funds. Based on the results of interviews obtained from the research informants, the description and management of the Department of Trade, Cooperatives and SMEs in Kendari City is still not effective because there is still a lack of understanding of human resources (HR) owned by the Department of Trade, Cooperatives, and MSMEs. Kendari City to conduct routine training. In addition, there is still a lack of experts in direct assistance to micro, small and medium enterprises (MSMEs).

e. **Program monitoring**

Program monitoring carried out by the Kendari City Office of Trade, Cooperatives and UMKM in the development of micro, small and medium enterprises (MSMEs), namely by collaborating with relevant agencies. However, it is still focused on the vision of the growth data report not yet in the process of directly looking at the business development of micro, small and medium enterprises (MSMEs) in the field so that the researchers draw the conclusion that the monitoring carried out by the Office is still not having a good impact because it is still monitoring, which only looks at the growth data, not to the process of looking directly at developments in the field. Therefore, it is highly expected that the implementing parties will pay attention to the management and guidance process in order to make the evaluation that has been carried out so that it can have a positive impact on micro, small and medium enterprises (MSMEs) so that they can have valuable competitiveness.

5.1 **CONCLUSIONS**

Based on the results of the research and discussion previously stated, it can be concluded that efforts to develop micro, small and medium enterprises (SMEs) in the city of Kendari in order to have competitiveness so as to be able to compete, the Kendari city government made several policies. The form of the
policy that was made is the first policy of financing and capital facilitation; both product marketing support and promotion policies; as well as three business licensing ease policies. The program implementation is carried out through training programs. The training programs carried out so far are training in financial management specifications, technical training in packaging and design specifications, technical management in business management and marketing. However, the travel process has not yet had an effective impact because (1) there has been no follow-up (evaluation) of the programs that have been implemented, (2) there are still micro, small and medium business (MSME) entrepreneurs who have not gained understanding after participating in training, (3) the inadequate human resource (HR) skill of the Disperindag of Kendari city, (4) the lack of specialized personnel to provide financial management assistance, and (5) the absence of an ole-by center for products produced by micro businesses, small and medium enterprises (MSMEs). In addition, the training program implemented by the Office of Trade, Cooperatives and SMEs in Kendari City was felt to be ineffective as seen from the program's effectiveness principles which included a) Program Objectives b) Program Objectives c) Program Socialization d) Appropriate Management and Development e) Program Monitoring.

5.2 SUGGESTIONS

Based on the results of the research and discussion previously stated, the researcher provides a suggestion that is, the training programs implemented by the City of Industry and Trade Office of Kendari are expected to maximize (1) the contents of the training material, (2) implement a constructive training strategy and system, (3) conduct evaluation in every training conducted, (4) Need to conduct a program to improve the quality of the apparatus of the Office of Commerce, Cooperatives and SMEs in the city of Kendari so as to improve the quality of employees in order to understand the task of providing assistance and guidance to micro, small and medium business (MSME), and (5) The need for procurement of facilities and infrastructure, such as centers for ole-ole centers of products produced by micro, small and medium enterprises (MSMEs).
REFERENCES


