The effectiveness of local government programs in improving the performance of micro-enterprises in Takalar Regency

Henni Zainal[1], Andi Idham Danal Ashar[2], Nasir Mahmud[3]

Business Administration Study Program, Department of Administrative Sciences, Faculty of Social Sciences and Law, Makassar State University[1]
Mega Buana Mamuju High School
University of East Indonesia[3]
E-mail:hennizainal@unm.ac.id[1], andiidham31@yahoo.co.id2

ABSTRACT

This study aims to analyze the effectiveness of programs run by the local government in improving the performance of micro-enterprises in Takalar Regency. Micro-enterprises have a strategic role in the local economy, but often face various obstacles such as limited capital, market access, and limited managerial capabilities. The local government has launched various initiatives, such as entrepreneurship training, licensing facilitation, and capital assistance, but the effectiveness of the implementation of these programs has not been fully measured comprehensively. Using a quantitative descriptive approach and data collection through surveys and interviews with micro-enterprises and related officials, this study found that most government programs were considered quite helpful in increasing production and marketing capacity. However, challenges in terms of consistency of assistance, bureaucracy, and accuracy of targeting are still major obstacles. The results of this study are expected to be input for the local government to improve policies and strategies for empowering micro-enterprises in a more targeted and sustainable manner.

Keywords: Micro-enterprise, program effectiveness, local government, economic empowerment.

INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs), especially micro-enterprises, are an important pillar in the structure of the Indonesian economy. Based on data from the Ministry of Cooperatives and SMEs, more than 90% of business units in Indonesia are classified as micro-enterprises, which absorb around 97% of the national workforce and contribute significantly to the national Gross Domestic Product (GDP) (Purwanti, T., Ristiyana, R., Libriantono, B., Widayati, T., Budiman, N. A., Nugroho, L., ... & Canberra, I. J., & Sari, 2022)(Kemenkop UKM, 2023). In the regional context, including Takalar Regency in South Sulawesi Province, micro-enterprises play a vital role in supporting local economic growth, job creation, and poverty reduction (Tambunan, 2017; Williams & Snow, 2012)

The local government plays a strategic role in encouraging the development of micro-enterprises through various programs, ranging from skills training, capital assistance, market access facilitation, to licensing simplification. In Takalar Regency, a number of programs have been implemented, such as training for new entrepreneurs, grant assistance for production equipment, and partnerships between business actors and local cooperatives. However, the effectiveness of these programs in improving the performance of micro-enterprises has not been fully identified as a whole.

Some business actors still face various challenges, such as limited managerial knowledge, minimal access to technology, and limited marketing networks. In addition, there are structural obstacles in the implementation of government programs, such as complicated bureaucracy, lack of ongoing assistance, and a mismatch between the programs offered and the real needs of business actors (Tambunan, 2019). Therefore, it is important to assess the extent to which the programs run by the local government are effective in increasing the capacity and competitiveness of micro-businesses in this area.

Effectiveness in the context of public policy is defined as the level of success of a program in achieving its stated goals, taking into account the relationship between input, process, output, and outcome (Dunn, 2003). In the context of micro-enterprise empowerment, program effectiveness can be seen from its impact on increasing production capacity, business management, market access, and the welfare of business actors.

Micro-business empowerment programs run by the government generally include technical training, capital or production equipment assistance, business mentoring, and marketing network facilitation (Tomy Rizky Izzalqurny, Rifaldy Adinandra Ferdiansyah, Apriana Rahmawati, 2024; Zainal, Henni and Parinsi, Kristina and Hasan, Muhammad and Said, Farid and Akib, 2018). However, the success of the program is highly dependent on the local context, the characteristics of business actors, and adaptive policy governance to changes in the economic and social environment.

Takalar as a region with agricultural and maritime characteristics has great potential in developing micro-business sectors based on local commodities, such as agriculture, fisheries, and crafts. However, this potential has not been fully utilized optimally due to limited human resource capacity and a supporting ecosystem that is not yet strong. Therefore, evaluation of government programs that have been implemented is important to understand what has been running effectively, as well as what still needs to be improved or fixed.

METHODS

This study uses a descriptive qualitative approach, which aims to understand in depth how local government programs in Takalar Regency are implemented and how effective they are in improving the performance of micro-enterprises. This approach was chosen because it is able to explore contextual, in-depth, and interpretive data on the phenomenon being studied (Creswell, 2014). Qualitative research does not focus on numbers or generalizations, but rather on meaning, subjective experiences, and dynamics that occur in the field. With this approach, researchers seek to understand social reality from the perspective of micro-entrepreneurs and government officials as research subjects. This research was conducted in Takalar Regency, South Sulawesi Province, which is one of the areas with quite significant growth in the micro-enterprise sector. The location was chosen purposively because there are various local government programs aimed at supporting the development of micro-enterprises. The informants in this study were based on certain considerations that were relevant to the research objectives. The informants were 5 micro-entrepreneur informants, 1 cooperative and UMKM office, and 5 village officials in Takalar Regency. Data collection techniques were observation, interviews, and documentation. The data analysis technique used is triangulation with data reduction, data presentation and drawing conclusions (Miles, M. B., Huberman, A. M., & Saldaña, 2014; RK., 2009).

RESULTS AND DISCUSSION

Takalar Regency is one of the areas with a strong local economic base in the agriculture, fisheries, and small trade sectors. Based on data from the Takalar Regency Cooperatives and SMEs Service (2024), there are more than 11,000 micro-entrepreneurs spread across various sub-districts, with the majority engaged in home culinary, handicrafts, agricultural production, and small service businesses. From the results of interviews with the Cooperatives and SMEs Service apparatus, it is known that micro-enterprise empowerment programs have been carried out routinely every year, in collaboration with various agencies and financial institutions. However, its implementation has not been evenly distributed to all business actors, especially in sub-districts far from the city center.

Most of the micro business actors who were informants admitted to having participated in entrepreneurship training, but not all of them received capital assistance or further mentoring. In addition, there are limitations in the reporting and monitoring system for program results, which makes the evaluation of program performance less than optimal. Based on the results of observations and interviews with 12 micro business actors, it was found that most acknowledged an increase in aspects of business knowledge, marketing, and financial management after participating in the training program. Several business actors also stated that government capital assistance was very helpful in expanding production capacity.

However, some business actors have not felt significant changes in increasing business income or wider market access (Henni Zainal, Aslinda, 2025; Henni Zainal, Nurmillah, Azhar Aljurida, Andi Risma Jaya, 2024; Umi Farida, Henni Zainal, 2023). This is due to the lack of promotion and post-training assistance, as well as low digital and managerial literacy among some business actors.

Several major obstacles were found in the implementation of local government programs, including:

- Mismatch between the program and the real needs of business actors, for example training that is too general or assistance with tools that are not appropriate for the type of business.
- Lack of ongoing support after training or assistance.
- Lack of integration between sectors, such as between the Cooperatives Service, the Industry Service, and financial institutions.
- Bureaucracy and delays in disbursement of funds, which hinder timely program implementation. (Kurniawan, T., & Widodo, 2022; Orbawati, Jalunggono, Armando, & Triaji, 2021; Wibowo, B. A., & Darsono, 2022).

This study shows that in general, local government programs in Takalar Regency have made a positive contribution to increasing the capacity of micro-entrepreneurs, especially in terms of business knowledge and entrepreneurial motivation. However, the effectiveness of the program has not been maximized due to weak aspects of technical implementation and sustainability of assistance. This finding is in line with Dunn's opinion (2016), which states that the effectiveness of public policy is largely determined by the quality of implementation, apart from the policy design itself. Meanwhile, Rahmawati (2021) also emphasized the importance of targeting accuracy and continuous monitoring in community economic empowerment programs.

In the context of empowering MSMEs, an integrative and adaptive approach is needed so that the program is not only symbolic, but actually creates a real economic impact. This is where the importance of collaboration between agencies, increasing the capacity of human resources managing the program, and formulating policies based on data and field needs.

CONCLUSION

Based on the results of the research and discussion that has been conducted, several important things can be concluded regarding the effectiveness of local government programs in improving the performance of micro businesses in Takalar Regency: Local government programs have generally been running and reaching some micro business actors, especially in the form of entrepreneurship training, capital

assistance, and product promotion facilitation. The implementation of the program shows the seriousness of the local government in encouraging the growth of the micro business sector as part of the local economic development strategy. The level of program effectiveness is classified as moderate to good, especially in terms of increasing managerial knowledge and entrepreneurial motivation. Business actors who participated in the training admitted to experiencing improvements in business management, financial records, and basic marketing. Capital assistance is also considered beneficial for business development, although its value is limited.

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