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# MARKETING | RESEARCH ARTICLE

# The Role of Cooperatives for Trade, Industry, Mining, and Energy Office in Empowering SME

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**Abstract:** The objectives of this study are: Firstly, to find out the factors driving and inhibiting the empowerment of SMEs in the Bulukumba district. Secondly, to find out the role of the Department of Cooperatives, SMEs, Trade, industry, mining, and energy in empowering MSEs in the Bulukumba district. The methodology used and the results obtained in this study are the author uses an experimental research method with an inductive approach. The results of this study are: 1). creating a conducive climate, 2). increasing financing and capital for SMEs, and 3). targets for increasing cooperation for all business actors, both private and government. From this observation, it is suggested that the empowerment of micro, small, and medium enterprises in the Bulukumba Regency is carried out by the Bulukumba Regency government, and the Bulukumba Regency to promote small-capitalized businesses jointly. As conclusion, the government needs to cooperate with other agencies such as banks so that they can get capital quickly for SME actors, which are still very difficult to reach, which can encourage and increase SMEs. So, government can advance funds in implementing SME empowerment programs and to increase the income.

Keywords: Economic Development, SME, Cooperative, Regional Economic Growth, Marketing Practices.

JEL Classification Code: F63, O1, L83

# 1. INTRODUCTION

Indonesia Law Number 20/2008 concerning Micro, Small, and Medium Enterprises provides a breath of fresh air for entrepreneurs who are still starting businesses with small capital. With support from the government, Indonesia's economic sector may get better. The government is optimistic that the cooperative sector and small and medium enterprises (SMEs) will become Indonesia's most consequential pillars of the people's economy (Jamal, 2005; Leyerzapf et al., 2018; Pfajfar et al., 2022). Even the government believes that Micro, Small, and Medium Enterprises (MSMEs) will be able to boost economic growth and reduce unemployment and poverty in Indonesia. Small and medium enterprises (SMEs) have a strategic role in national economic development because, apart from playing a role in economic growth and employment, they also play a role in the distribution of development outcomes (Islam et al., 2021). In the financial crisis that occurred in our country some time ago, where many large-scale businesses have stagnated or even stopped their activities, the small and medium enterprises (SME) sector has proven to be more resilient in dealing with the crisis (García-Pérez-de-Lema et al., 2022; Henry, 2010; Mitrega & Choi, 2021; Roth, 2021). Given the experience faced in Indonesia during the problem, it would not be excessive if the development of the private sector was focused on SMEs. Moreover, these business units are often neglected just because their production is on a microscopic scale and may only be underestimated by the government (Ahmedova, 2015; Distanont & Khongmalai, 2018).

The development of SMEs needs to get significant attention from the Central Government and Regional Governments and get support from the community to develop more competitively with other economic actors. Government policies in the future need to be made more conducive to the





growth and development of SME. The government needs to increase its role in empowering SMEs, developing mutually beneficial business partnerships between large and small entrepreneurs, and improving the quality of their human resources (Adla et al., 2020; Mitręga & Choi, 2021). Suppose you want to look at it further. In that case, the development of the private sector, especially SME, needs to be done considering that this sector has the potential to maintain economic stability, increase labor, increase GDP, develop the business world, and increase government expenditure (APBN and APBD) through taxation (Wardani, 2013). The development of the private sector is something that no doubt needs to be done. MSMEs have an essential role in business development in Indonesia. MSMEs are also the forerunners of the growth of large businesses. Almost all large companies start from small and medium enterprises (SMEs) must continue to be active and improve to advance and compete with large companies. If not, SMEs in Indonesia, which are at the heart of the Indonesian economy, will not be able to progress and develop (Nurhilalia et al., 2019). One thing to remember in the development of MSMEs is that this step is not solely a step that must be taken by the government and is only the government's responsibility. As the party is being developed, SME actors can take steps together with the government.

The Ministry of Cooperatives and SMEs, with its current policy, hopes to see the SME sector develop more rapidly in Indonesia because it is a fundamental pillar of the Indonesian economy, so it is no longer dependent on foreign products by providing capital loans in the form of a program that can facilitate small communities. To expand funding sources, there are also people's business credit programs and loans in the form of government bonds (Jaka Perdana, 2017). There are two credit guarantee institutions, including the distribution of People's Business Credit (KUR). Government bonds can be used for micro and small business loans (Rifa'atussa'adah, 2017). This credit is used for business expenses with a capital of Rp 50 million to Rp 500 million. The interest for this loan is limited to no more than 7 percent. Local governments, especially district and city governments, play an essential role in promoting SMEs in their respective regions under the auspices of the Cooperatives and SMEs Office at the district and city levels. Whereas with Law Number 32/2004 concerning Regional Government, each part can manage its household without interference from the Central Government. The Bulukumba Regency Government, a regency located in South Sulawesi Province, the southernmost region of the island of Sulawesi, must further improve the performance of its apparatus to reduce the unemployment rate in Bulukumba Regency. Because the natural potential of the Bulukumba Regency is very abundant, starting from the agricultural, plantation, fisheries, and tourism sectors.

SMEs feel very far from Bulukumba Regency, located approximately 150 km from the capital city of South Sulawesi Province. They have small capital because of the limited facilities and infrastructure owned by SMEs in Bulukumba Regency, where the distance is quite far. This can hamper the economic growth rate in Bulukumba Regency, primarily through the SME marketing sector; limited market access will cause the products not to be marketed competitively in national and international markets. Capital is the main factor needed to develop a business unit. The lack of SME capital in the Bulukumba Regency is because, generally, small, and medium enterprises are private businesses or closed companies that rely on minimal capital from the owner. In contrast, loan capital from banks or other financial institutions is difficult to obtain due to administrative requirements. The quality of human resources, which is still very lacking, is also a factor inhibiting the pace of the SME sector. On average, the quality of human resources in each regency in Indonesia is still far above the average of the population of the regency, not least in Bulukumba Regency, because the education sector is a booster for the quality of human resources to advance a product. The products are produced by actors engaged in business, micro, small, and medium enterprises, especially those in Bulukumba Regency. Isensee et al. (2020) argues that: It is difficult to face the challenges of strengthening the structure of the national economy. The development of small entrepreneurs should be more directed at increasing the ability of small entrepreneurs to become medium entrepreneurs. However, it is also realized that the development of small businesses faces several obstacles such as abilities, skills, expertise, human resource management, entrepreneurship, marketing, and finance. Lack of information related to advances in science and technology causes the facilities and infrastructure that Bulukumba Regency must develop slowly and does not support its business's expected progress. In addition, it is not uncommon for SMEs to find it challenging to find a place to run their business due to high rental





prices or a lack of strategic location (Raju et al., 2011). This is very much needed to help buy and sell goods and services. It is also imperative whether SME actors in Bulukumba Regency can compete with products from within the country and foreign products. Limited market access will result in products that cannot be marketed competitively in national and international markets. "Marketing" is the result of a product produced by the SME sector. The SME Centers can also be divided into several sectors, where each sector has a vital role in advancing SMEs in Bulukumba Regency, which can be seen in table 1 below:

		Scale Enterprises			
No	Economic Sector	Micro Business	Small Business	Medium Enterprise	SME
1	2	3	4	5	(3+4+5)
1.	Agriculture, animal husbandry, forestry, and fisheries	1.621	40	24	1685
2.	Mining and Milling	55	42	26	123
3.	Processing industry	371	26	30	427
4.	Electricity, Gas and Clean water	-	-	-	18
5.	Building	85	-	-	85
6.	Trade, Hotel and Restaurant	3.190	1.021	121	4.332
7.	Transportation and Communication	212	39	21	272
8.	Finance, Leasing, and corporate services	33	22	16	71
9.	Private services	48	26	21	95
	Total	5.615	1.216	259	7.108

Source: Bulukumba Regency Statistics Center 2021

From the data in table 1, it shows that the micro business sector is still the most in-demand by the people of Bulukumba district as a source of livelihood, with a total of 5,615 types of businesses, with the trade, hotel, and restaurant business sectors being the most widely used sources of livelihood, with a total of 3,190. The type of business and the least used as a source of livelihood is the mediumsized business sector, with a total of 259 types of companies, perhaps capital factors, taxes, and business permits are inhibiting factors, so this sector is still less attractive to the people of Bulukumba district. The criteria for the type of business and the number of workers, which are grouped and are a benchmark for the Central Statistics Agency in assessing micro, small and medium enterprises, can be seen in table 2 below:

Micro	Small	Medium	Large
Business	Business	Enterprise	Business
Total manpower (People) > 4	5-19	20-99	> 100

#### Table 2: Benchmarks of the Central Bureau of Statistics in assessing SME

Table 2 above shows that the number of workers needed for micro-enterprises is approximately four people, small businesses have five to 19 people, and the most needed workers are large businesses with more than 100 people. Each region has a center of excellence in plantation, agriculture, trade, industry, and other sectors. Bulukumba district has advantages in the trade sector and the home industry of morning corn, which can be seen in the data below. The leading industry of the Bulukumba district is shown in table 3 below:

No.	I and in a Southan	Type of Business			
110.	Leading Sector	Micro Business	Small Business	Medium Business	
1.	Marning Corn	Yes	-	-	
2.	Shipbuilding	-	-	Yes	
3.	Clove Plantation	-	Yes	-	
4.	Mixed goods	Yes	-	-	

Table 3: Main Sectors Business of Bulukumba Regency and Types of Business



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No.	Leading Sector	Type of Business			
110.	Leading Sector	Micro Business	Small Business	Medium Business	
5.	Bira tourism	-	Yes		
6.	Rubber plantation	-	-	Yes	
7.	Agriculture	-	Yes	-	

Source: Office of Cooperatives, MSMEs, Trade, Industry, Mining and Energy 2021

The data from Table 3 above can be seen that the leading sectors of the Bulukumba district government in the field of SMEs and as a source of local revenue or GDP, where the top industry has become an attraction for the people of Bulukumba, started a business in the field and type of superior business. Therefore, the formulation of the problem in this study. 1). What are the driving and inhibiting factors for the empowerment of SME in the Bulukumba Regency? 2). What is the role of the Department of Cooperatives, SME, Trade, Industry, Mining, and Energy in empowering SMEs in the Bulukumba Regency?

## 2. Literature Review

#### 2.1. Research Background

Abidin, (2008) In his study entitled: Development of Micro, Small and Medium Enterprises (MSMEs) as a Strategic Strength in Accelerating Regional Development. The method used is a descriptive analysis of the results. The first conclusion is that the potential for developing SMEs in the region is tremendous. Second, the development of SMEs must be carried out according to the local culture and the potential of the region concerned. Third, the SME sector plays a significant role in tackling social problems in areas with a very high labor absorption. Fourth, the role of increasing human resources, utilization of technology, access to capital, marketing, information, and management are significant in developing micro-enterprises. Fifth, Natural resources and human resources, as well as an increasingly open world market in the global era, is great potential if the design and replication strategy that includes a network of government, NGOs, private institutions, and individuals and groups are managed effectively in the form of partnerships.

Suardi et al. (2019) In his study entitled The Role of the Government in the Development of Export-Oriented SMEs Case Study: Kasongan Cluster in a Global Added Value Chain, the method used is a descriptive analysis of the conclusions of the research that has been carried out. It can be concluded that the Kasongan pottery industry cluster has made a lot of progress, but this development cannot be said to run as a whole, but only on certain aspects (partial). Although the upgrading strategy has been implemented, this strategy is considered unsuccessful in repositioning SMEs in the value chain. Second, the program carried out by the government has not been able to solve the rent problems faced by the Kasongan cluster in the VGC chain; this is related to the implementation of the program that is not optimal because there are still deficiencies in the synergy process.

Polnaya & Darwanto, (2015) The book's title is Building the Competitiveness of SMEs in the National Economy. This paper's research method and writing use a descriptive approach to analyze existing data. The data used is secondary data, which is data issued by statistic beureau. This study uses the sources of previous research as analytical literature. In conclusion, the role of SMEs is very strategic in the national economy, so it needs to be the focus of national economic development in the future. It is hoped that the structured and sustainable empowerment of SMEs will be able to harmonize the structure of the national economy, accelerate national economic growth, reduce the open unemployment rate, reduce poverty levels, dynamize the real sector and improve people's incomes.

Soedjito, (2018) His study is entitled "The Role of Local Governments in Empowering SMEs." The typical research method used in this study is a descriptive type of research. Conclusion Local governments can use SMEs for poverty alleviation. For this reason, local governments can empower SMEs through the authority to make regulations. Empowerment is intended to make SMEs solid and independent businesses in the national economy. The empowerment process involves the government, the business world, and the community. In this case, the government must create a conducive business climate and conduct guidance and development through advice and other





assistance. In this case, the government can encourage SMEs to be assessed based on their feasibility and not only on collateral. The government can encourage SMEs to build partnerships with big companies in the spirit of mutual benefit. Local governments must be able to promote socialization and awareness of various elements in the business world in their respective areas. Thus, the HR development approach will be prioritized to socialize and cultivate entrepreneurship, especially in developing SMEs.

Wardani (2013) in hers study title The Role of the Department of Cooperatives and SMEs in the Empowerment of Small and Medium Enterprises in Malang (Study on the Department of Cooperatives and SMEs in Malang). Research Methods The type of research used in this research is descriptive research. In conclusion, the implementation of empowerment, carried out by the Department of Cooperatives and SMEs of Malang City, is still not running optimally and evenly. Some SMEs that have joined the Amangtiwi Community are already empowered. Still, the Department of Cooperatives and SMEs of Malang City focuses on empowering SMEs that are members of the Amangtiwi Community and are not as neglected. Meanwhile, factors that support the implementation of SME empowerment activities are the existence of an integrated organizational structure at the Cooperatives and SMEs Office, the presence of the Amangtiwi association, which houses SMEs, the awareness of SMEs to join the Amangtiwi Association, the formation of the Amangtiwi Cooperative, the use of e-business technology, and support from related parties. The inhibiting factors for implementing SME empowerment activities are limited human resources, limited budget, SME capital difficulties, and SME technical problems. Small and household industries have an essential role in the Indonesian economy regarding business units and employment. Small and household industries could survive during the crisis that hit Indonesia; the number of business units and labor absorbed was greater than large-scale industries. Nor moderate. So the government must support the role of Small and Home Industries as one of the drivers of the Indonesian economy. The government should actively empower Small and Household Industries, including providing policies that favor Small and Household Industries (Kuncoro, 2002). The absorption of labor in small industries is influenced by several factors, including the number of business units, the amount of output, the minimum wage, and other factors.

Concepts are terms and definitions used to describe an event abstractly, group, or individual that is the center of social science research. Based on this understanding, the authors put forward the definitions of several concepts used (Wahyuni, 2019), namely:

- 1. Empowerment is the process of giving or transferring some of the power, strength, or ability (power) to the community, organization, or individual to become more empowered.
- 2. Small Business is a stand-alone productive economic business carried out by individuals with a total workforce of 5 to 9 people and a maximum annual sales income of up to 2,5000.000.000 (two billion five hundred million rupiahs).
- 3. Medium Enterprises are independent, productive economic businesses carried out by individuals with a workforce of 20-99 people, and the maximum annual sales results are up to > 50,000,000,000 (fifty billion rupiahs).
- 4. Small and Medium Enterprises Empowerment is an effort to actualize SMEs' potential.

The influence of Small and Medium Enterprises Empowerment is that SMEs can stimulate high economic growth in the Bulukumba district in a relatively short period and provide broader and more employment opportunities, reducing the open unemployment rate and poverty rate in Bulukumba district. The influence of Small and Medium Enterprises Empowerment in Improving the economic development of the Bulukumba district community is the community's ability to increase productivity, and purchasing power, create jobs, and grow economic value added in the SME sector, and can be seen in the framework below, in Figure 1.



1.

2.

3.

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Driving Factor	Obstacle Factor
Support from the district government. Bulukumba	1. Capital
Economic factors	2. Human Resource Management
There is still a lack of competent entrepreneurs	3. Marketing

The Driving and Inhibiting Factors For Smes

Empowering SME in Bulukumba district	
1. Creating a conducive climate.	
2. Improving the ability of	
financing and capital for	
SMEs.	
3. Increase cooperation for all	
actors, both private and	

government

	The Role of the Department of Cooperatives and MSMEs in Empowering SMEs
1	Entrepreneurship Development Program
2	Cooperative Institutional Quality Improvement Program.
3	Entrepreneurship Development Program and competitive SMEs
4	MSME support system development program
5	Cooperative Institutional Quality Improvement Program
6	Program for Creating a Conducive Small and Medium Business Climate
7	Consumer Protection and Trade Safeguard Program
8	International Trade Cooperation Enhancement Program
9	Domestic Trade Efficiency Improvement Program
10	Street Food and Street Trade Development Program
11	Rural Infrastructure Development Program
12	Potential Industrial Center Development Program
13	Small and Medium Industry Development Program
14	Industrial Technology Capability Improvement Program

#### Figure 1: Research Objectives

#### 2.2. Hypothesis Development

The hypotheses in this study are (1). The driving and inhibiting factors of SMEs in Bulukumba district have an influence in empowering SMEs in Bulukumba district. (2). The empowerment of SMEs in Bulukumba Regency has an influence on the Department of Cooperatives, SMEs, Trade, Industry, Mining and Energy in Bulukumba Regency. The role of the Department of Cooperatives, SMEs, Trade, Industry, Mining, and Energy, has an influence on the driving and inhibiting factors for SMEs in Bulukumba Regency.

## 3. Research Method and Materials

#### 3.1. Research Approach

In this study, the author uses an experimental research method with an inductive approach. This exploratory research generally explores the causes or things that affect the occurrence of something in the studied item. This research was conducted using a systematic process. It starts from the interest in a person in understanding certain phenomena, which then develops into ideas, theories, and concepts. This research method answers problems that generally arise in government bureaucratic activities. Research is a scientific way to solve a problem and provide alternative solutions so that it can be studied more broadly. Research activities collect and process these facts so that the committee can communicate them, and the results can be used for the benefit of humans. This study uses an





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exploratory approach, which is a research method in which the researcher explores extensively the causes or things that influence the occurrence of something so that an overview and information can be obtained based on the phenomena that occur in the field regarding the efforts of the Cooperatives, Small and Medium Enterprises, Trade, Industry, Mining, and Energy in empowering Micro, Small and Medium Enterprises (SMEs) in Bulukumba Regency. After knowing the general meaning of research and the steps for conducting research, we must collect and analyze the data.

## 3.2. Data Criteria and Data Analysis

This secondary data is in the form of time series data. The data used in the period 2016 to 2021 is in annual form. This study obtained data from the Bulukumba Regency Industry and Trade Office, Bulukumba Regency Central Statistics Agency. Data analysis is the process of systematically searching for and compiling data obtained from interviews, field notes, and documentation by organizing the data into categories, breaking them down into units, synthesizing them, arranging them into patterns, and choosing which ones are important and which are essential. They will be studied and come to conclusions so that they are easily understood by themselves and others. Qualitative data analysis is inductive, namely, an analysis based on the data obtained, then developed into a hypothesis. Based on the formulation of the view, the data is classified into two variables, independent and dependent, to facilitate the process of further research activities. It can be stated whether the theory is accepted or not. Suppose it is based on facts in the field where the testing mechanism is repeated using triangulation techniques, and it turns out that the hypothesis is accepted. In that case, the idea develops into a theory. According to (Sugiyono, 2019), "Data analysis has started since formulating and explaining the problem, before going into the field, and continues until the writing of research results." Data analysis becomes a guide for further research until, if possible, a grounded theory (basic theory) is developed. What is meant by grounded theory in Chen (2022) states that: Theories are defined by experts as a qualitative research method approach that uses a set of systematic procedures to develop a fundamental theory obtained inductively about a phenomenon. The basic theory aims to create a spectacle that identifies the primary constructs or categories in terms of the basic theory, its relationships, and context and process, thus providing a theory of the wonder that goes beyond descriptive review.

Meanwhile, according to Miles and Huberman, and Spradley in (Kurtulmuş & Warner, 2015), "activities in qualitative data analysis are carried out interactively and take place continuously until completed so that the data is saturated." The analysis is carried out to simplify a research result that is easy to interpret. The research analyzes the data that has been collected with the following steps:

- a. Reduce data. Sugiyono (2019) states that reducing data means "summarizing, choosing the main things, focusing on important things, looking for themes and patterns." By consolidating data, a researcher will find it easier to get a clearer picture of what he is researching and make it easier to find.
- b. Presenting data (data display). According to Sugiyono (2019), in qualitative research, "data presentation can be done in the form of brief descriptions, charts, relationships between categories, and so on." The most frequently used are narrative descriptions.
- c. Verification (concluding). Conclusions in qualitative research are findings that describe an object. The problem under study becomes apparent through qualitative research, which can be a causal relationship or a theory.

Thus, referring to the above understanding, the author conducted qualitative research by classifying the past data and comparing other relevant data descriptively with an inductive approach. This is to obtain the necessary empirical data to sharpen later the author's analysis based on the results of direct interviews combined with theories relevant to the research object.

## 3.3. Operational Definition and Measurement

An operational definition is needed to avoid differences in understanding and provide firm limits on each variable. This study uses three variables (SME empowerment in the Bulukumba district,





driving and inhibiting factors, and the role of the cooperative and SME services). It is based on the hypothesis that variables influence the SME empowerment variable, driving and inhibiting factors, and the role of the district SME Cooperative Service. Bulukumba, to know more about these three variables, see below:

- 1. Empowerment means making something empowered or having power or having power.
- 2. The driving and inhibiting factors in empowering SMEs in the Bulukumba district. The driving factor is a supporting factor that becomes an opportunity and strength for the Office of Cooperatives, SMEs, Trade, Industry, Mining, and Energy to achieve the objectives of implementing SME empowerment in the Bulukumba Regency.
- 3. Driving factor
  - Support from the local government of Bulukumba district. Support from the Bulukumba Regency Government for businesses with small capital is something that other Regency Governments should emulate so that with this support, SME actors do not need to feel anxious about the fate of those who depend on the Micro, Small, and Medium Enterprises sector. So this is where the role of the Bulukumba Regency Government is by publishing various programs that have been made through the Department of Cooperatives, SMEs, Trade, Industry, Mining, and Energy in Bulukumba Regency. Hopefully, it can help the poor who want to improve their living standards through the business world.
  - Economic Factors. The economic problem is also a problem that is quite old and often heard in our ears because it is a benchmark between the rich and the poor. These economic problems can be used as a driving force and encouragement to achieve a goal for the people of the Bulukumba Regency. They must occur at all levels of society if faced with economic problems.
  - There is still a lack of competent entrepreneurs who have skills above average such as those found on the island of Java, making Bulukumba Regency an excellent land for prospective entrepreneurs who have skills in various fields they are involved in because there is still a lack of products produced according to their needs. With what is expected by the community from the lower middle class, namely quality products at affordable prices.
- 4. Inhibiting Factors
  - Capital: The limited access to capital makes it difficult for SME actors in Bulukumba Regency to increase business capacity
  - Human Resources. It is undeniable that human resources are driving and inhibiting factor whether a business advances, and for this reason, one of the inhibiting factors for not being able to develop a business is due to the lack of good human resources, either in the form of expertise, talent, or those forged from training. Training costs a lot of money but does not produce output that is less able to compete with entrepreneurs who have been active in the business world for a long time.
  - Marketing. The marketing sector is the end of production of products produced by SME actors; in Bulukumba Regency itself, the marketing sector is only in the scope of Bulukumba Regency, very few of whose production goods are sent to the Capital of South Sulawesi Province, namely Makassar City because the perpetrators SMEs in Bulukumba Regency are still unable to compete with SME actors in the city of Makassar
- 5. The role of the Department of Cooperatives, SMEs, Trade, industry, mining, and energy in the Bulukumba district, by implementing various programs, as follows:
  - Entrepreneurship Development Program and Competitive Advantage of SME
  - Cooperative Institutional Quality Improvement Program
  - Entrepreneurship Development Program and Competitive advantage of Small and Medium Enterprises
  - Business Support System Development Program for Micro, Small, and Medium Enterprises
  - Cooperative Institutional Quality Improvement Program
  - Program for Creating a Conducive Small and Medium Business Climate
  - Consumer Protection and Trade Safeguard Program



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- International Trade Cooperation Enhancement Program
- Domestic Trade Efficiency Improvement Program
- Street and Peddler Development Program
- Rural Infrastructure Development Program
- Potential Industrial Center Development Program
- Small and Medium Industry Development Program Industrial
- Technology Capability Improvement Program

# 4. Results and Discussion

## 4.1. Observed Phenomenon

a) Lack of Capital by SME Actors

Capital is the main factor needed to develop a business unit. Lack of SME capital: generally, small, and medium enterprises in Bulukumba Regency are private businesses or companies that are closed in nature, relying on minimal Capital from the owner. In contrast, loan capital from banks or other financial institutions is difficult to obtain due to administrative requirements. And technical requirements requested by the bank cannot be fulfilled. The conditions that become the biggest obstacle for SMEs in Bulukumba Regency are provisions regarding procedures for borrowing Capital because not all SMEs have adequate assets to be used as Capital. Related to this, SMEs in Bulukumba Regency also encounter difficulties in terms of access to financing sources. So far, they are familiar with the financing mechanism provided by banks where the collateral is required. In terms of access to another financing, such as investment, most do not have to access it. From the investment side, some things still need to be considered if the investment gates are to be opened for SMEs, including policies, timeframes, taxes, regulations, treatment, land rights, infrastructure, and business climate.

## b) Quality of Human Resources (HR)

Most small businesses grow traditionally and are family businesses passed down from generation to generation in Bulukumba Regency. The limited quality of small business human resources in terms of formal education and knowledge and skills dramatically affects the management of their business, so the company is challenging to develop optimally. In addition, SMEs with limited quality of their human resources make it relatively difficult for these business units to adopt new technological developments to increase the competitiveness of the products they produce.

- 1. Weak Business Network and Market Penetration Capability Small businesses, which are generally family business units, have minimal business networks and low market penetration capabilities, plus the products produced are very limited in number and of less competitive quality. In contrast to large businesses that already have a solid network and are supported by technology that can reach internationally and good promotions.
- 2. Mentality of SMEs Entrepreneurs a vital thing often forgotten in any discussion about SMEs is the high enthusiasm experienced by SMEs in the Bulukumba district. The SME entrepreneurs themselves, the spirit referred to here, among others, are the willingness to continue to innovate, be tenacious without giving up, willing to sacrifice, and have the energy to take risks. The rural atmosphere that is the background of SMEs often has a hand in shaping performance. For example, the work rhythm of SMEs in the regions is relaxed and less active, so it is often the cause of the previously lost opportunities that existed according to facts.
- 3. Lack of Transparency between the initial generation of SME builders and the next generation. A lot of information and networks are hidden and not disclosed to the parties who then run the business, creating difficulties for the next generation in developing their business.

#### c) Product Properties with Short Durability

Most small industrial products have characteristics such as products and handicrafts with short durability. In other words, the products produced by SMEs in Bulukumba Regency are easily damaged and do not last long. Not all products made by SME actors in Bulukumba Regency have





good resistance because a hazardous material is needed if you want to get a product with long durability. So, the products produced by SME actors in Bulukumba Regency are not very good.

## d) Limited Market Access

Limited market access will cause products that cannot be marketed competitively in national and international markets. Marketing is the result of a product produced by the SME sector. Because marketing is essential for the continuity of a product, in Bulukumba Regency, marketing is lacking because it is still unable to compete with more advanced products. Formerly had a name and was already known by some and all levels of society in Bulukumba Regency.

## e) Limited Facilities and Infrastructure

Lack of information related to advances in science and technology causes the facilities and infrastructure that Bulukumba Regency has not to develop quickly and does not support the progress of its business as expected. In addition, it is not uncommon for SMEs to find it challenging to find a place to run their business due to high rental prices or a lack of strategic location. This is very much needed to help buy and sell goods and services. It is also essential whether SME actors in Bulukumba Regency can compete with products from within the country and even be able to compete with foreign products.

## 4.2. Discussion

1. Encouraging and Inhibiting Factors for Empowerment of Micro, Small and Medium Enterprises (SMEs) in Bulukumba Regency

The efforts of the Department of Cooperatives, SMEs, Trade, Industry, Mining and Energy in implementing the empowerment of SMEs in Buukumba Regency are influenced by several factors as follows:

# a) Driving Factor

The driving factor is a supporting factor that becomes an opportunity and strength for the Office of Cooperatives, SMEs, Trade, Industry, Mining and Energy to achieve the objectives of implementing SME empowerment in Bulukumba Regency.

## i. Support from the local government of Bulukumba district.

Support from the Bulukumba Regency Government for businesses with small capital is something that other Regency Governments should emulate so that with this support, SME actors do not need to feel anxious about the fate of those who depend on the Micro, Small, and Medium Enterprises sector. So, the role of the Bulukumba Regency Government in empowering Micro, Small, and Medium Enterprises in the Bulukumba Regency is perfect for SME actors in Bulukumba Regency. Bulukumba Regency Government is only in vain if SME actors do not take advantage of this opportunity, as quoted by (Jaka Perdana, 2017), stating that:

SMEs can be included as an essential element of national policies to increase job opportunities and create income, especially for the poor; this also explains why SME growth is becoming increasingly important in rural areas".

From the statement above, the role of SMEs in increasing the income of an area or region, especially rural areas, is where the Bulukumba District Government has given the green light for MSME actors in Bulukumba District. Aside from increasing the welfare of the people, MSMEs are also a poverty alleviation program that may be at this time the Indonesian nation; the average number of poverties in Indonesia is vast when measured by the potential of its abundant natural resources. So, this is where the role of the Bulukumba Regency Government is by publishing various programs that have been made through the Department of Cooperatives, SMEs, Trade, Industry, Mining, and Energy in Bulukumba Regency. Hopefully, it can help the poor who want to improve their living standards through the business world.



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#### ii. Economic Factor

One of the driving factors for the people of Bulukumba Regency to start their business is an urgent economic factor, which then becomes an encouragement for the people of Bulukumba Regency to begin their business capital with loans from banks. Cooperatives from loan capital that the MSME actors in Bulukumba Regency develop and show the graph of the increase is quite good for the Regency, which has just turned 58 years old on February 4 this month, the Regency which is still relatively young compared to the development of SMEs in Bulukumba Regency. Every member of the community must yearn for what is called welfare, not only welfare because of assistance from the Central government, either in the form of Direct Cash Assistance (BLT) or the Rice for the Poor (Raskin) program, which only provides welfare at certain times, but welfare in the form of time benefits. Every day is sufficient for primary and even secondary needs for the welfare of small communities from time to time. The economic problem is also a problem that is quite old and often heard in our ears because it is a benchmark between the rich and the poor. These financial problems can be used as a driving force, encouraging the achievement of a goal for the people of the Bulukumba Regency. It must occur at all levels of society if faced with economic problems.

## *iii.* There is still a lack of competent entrepreneurs.

There is still a lack of entrepreneurs with skills above average as found on the island of Java, making Bulukumba Regency an excellent land for prospective entrepreneurs with skills in various fields they are involved in because there is still a lack of products produced following what is expected. People from the lower middle class expect quality products at affordable prices. This becomes a whip for young scholars who have not found decent jobs but have skills but cannot distribute them to produce works that can be sold in the domestic and foreign markets. The development of a business entity is determined by the availability of human resources and adequate financial or capital resources. However, many entrepreneurs are innovative and have prospects of developing their businesses. Still, they must run aground in the middle of the road because they are unable to compete with other business actors, and over time they will fail. Bankrupt and lose. Bulukumba Regency itself has provided programs and training, but entrepreneurs in Bulukumba Regency are still unable to or still unable to compete with other entrepreneurs. Hopefully, there are still many incompetent SME actors who can trigger prospective entrepreneurs with innovation, imagination, and, if possible, a dream to make SME actors more prosperous.

#### b) Obstacle factor

Other business developments are still running in place; some even went bankrupt because they could compete with SME actors in Bulukumba Regency. However, SMEs are one of the jobs carried out by most people in Indonesia because, apart from the capital required, the income is not large enough to meet their daily needs. Micro, Small, and Medium Enterprises found in regions in Indonesia generally cannot be separated from various obstacles. And the following are various factors that inhibit SME actors from developing.

#### i. Capital

The limited access to capital makes it difficult for SME actors in Bulukumba Regency to increase business capacity to compete with products of better quality even though the Government has provided solutions with various easy and cheap credit scheme policies. It is still tough to reach SMEs in Bulukumba Regency.

#### ii. Human Resources

It is undeniable that human resources are driving and inhibiting factor whether or not a business advances, and for this reason, one of the inhibiting factors for not being able to develop a business is the lack of good human resources, either in the form of expertise, talent, or forged from pieces of training that cost a lot of money but do not produce outputs that are less able to compete with entrepreneurs who have been active in the business world for a long time. Quality human resources with innovations and imagination in Bulukumba Regency are still lacking due to various problems that might cause unstable unemployment if left unchecked. Occur therefore, the role of the





Bulukumba Regency government, especially in the Cooperatives, SME, Trade, Mining, and Energy, is to deal directly with this SME problem.

#### iii. Marketing

The marketing sector is the end of production of products produced by SME actors; in Bulukumba Regency itself, the marketing sector is only within the scope of Bulukumba Regency, very few of which make goods sent to the Capital of South Sulawesi Province, namely Makassar City, because SME actors in Bulukumba Regency are still unable to compete with SME actors in the city of Makassar. Even in the city of Makassar, they are still unable to do anything else outside of Sulawesi, especially on the island of Java, where the SME sector is already able to compete with international markets, for example, Cibaduyut, which is in West Java Province. The location of the capital city of South Sulawesi Province, which is still very far away, is approximately 150 KM; if on the island of Java, the distance of 150 KM is not too far because of the supporting facilities and infrastructure.

2. Empowerment of Micro, Small, and Medium Enterprises (SMEs) in Bulukumba Regency by the Department of Cooperatives, MSME Trade, Mining, and Energy of Bulukumba Regency

Empowerment is to make something powerful or have power or power. Empowerment is one way to anticipate a changing environment; one of the coaching involved is a theme related to empowerment, namely releasing community abilities and skills that benefit themselves. The current economic crisis in Asia has led to serious debate and reflection on the fundamental character of this crisis, how far actions and changes and improvements have brought results, and steps to prevent a recurrence of the situation, as Sutedi has stated (2012). :9) that "At a time when the Asian economy is starting to recover, the problem of corporate governance remains a major concern" the quote above further emphasizes the importance of SMEs in Indonesia because, at the time of the crisis, the Micro, Small and Medium Enterprises sector (SMEs) are not affected by the impact of the situation that occurred at the time of the problem. Therefore, the Bulukumba Regency Government began to empower Micro, Small, and Medium Enterprises (SMEs) in Bulukumba Regency with various efforts made through the Cooperatives, UMKM, Trade, Mining, Industry, and Energy Offices in Bulukumba Regency.

a) SME Empowerment Program in Bulukumba Regency

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As a public sector agency, the district government, especially the Department of Cooperatives and SMEs, Trade, Industry, Mining and Energy, Bulukumba Regency, has a plan that is oriented toward what it wants to achieve throughout 5 (five) years, namely 2015 - 2021 considering the potential, opportunities, and constraints that exist, or may arise. Planning for the Office, Cooperatives and SME, Trade, Industry, Mining, and Energy of Bulukumba Regency includes the Vision, Mission, Objectives, targets, and how to achieve the goals. In the performance accountability system of Government Agencies, Planning is the first step to measuring the performance of government agencies. Strategic planning of Government agencies requires the integration of human resource expertise with other resources to meet stakeholders' wishes and respond to the demands of the development of the strategic environment. Analysis of the organizational environment internally and externally is a critical step in calculating strengths, weaknesses, opportunities, and challenges/constraints (treats).

The leading sector of MSMEs in Bulukumba Regency is the marning corn center, which is very widespread in Bulukumba district; when viewed from the data below, the SME sector is located in every sub-district in Bulukumba district, in table 4 below:

Table 4: Data on Micro, Small and Medium Enterprises (SMEs) According to Bulukumba
Regency District

No.	Subdistricts in Bulukumba	SME (unit)	Production Values (Rp. 000)	Workforce (People)
1	2	3	4	5
1	Gantarang	1.980	88.912	3.912
2	Kindang	123	612	458
3	Ujung Bulu	3.478	170.980	6.090
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No.	Subdistricts in Bulukumba	SME (unit)	Production Values (Rp. 000)	Workforce (People)
1	2	3	4	5
4.	Kajang	54	174	88
5	Rilau Ale	85	341	273
6	Ujung Loe	890	809	479
7	Bulukumpa	1090	879	506
8	Bonto Bahari	98	321	249
9.	Bonto Tiro	78	301	214
10	Herlang	65	219	90
	Total	7.931	264.029	12.807

Based on the data in table 4, the sub-district with the greatest number of business units is the Ujung Bulu sub-district, where this sub-district is included in the Bulukumba district city sub-district. The number of business units is 3,013, with a total production of 170,980 and requires 6,090 workers. In contrast, the sub-district with the least number of business units is the Kajang sub-district, which is the outermost area of the Bulukumba district with 18 business units. Business, with a total production of 174 productions and requires 88 workers, so the total number of business units in Bulukumba district is 5,080 business units, with a total output of 264,029 complete presentations, and has a workforce of 12,807 workers, based on data obtained from the Department of Cooperatives, SMEs, Trade, Industry, Mining and Energy, Bulukumba Regency. Based on the brief description above, the main elements that need to be formally defined in a strategic plan are the statement of vision and mission, the elaboration of strategic goals and means, and the formulation of strategies for achieving goals/targets in the form of programs and activities carried out by the Department of Cooperatives, SMEs, Trade, Mining. and Energy below:

- 1. Entrepreneurship Development Program and SME Competitive Advantage
- 2. Cooperative Institutional Quality Improvement Program
- 3. Entrepreneurship Development Program and Competitive Advantage of Small and Medium Enterprises
- 4. Business Support System Development Program for Micro, Small, and Medium Enterprises
- 5. Cooperative Institutional Quality Improvement Program
- 6. Program for Creating a Conducive Small and Medium Business Climate
- 7. Consumer Protection and Trade Security Program
- 8. International Trade Cooperation Enhancement Program
- 9. Domestic Trade Efficiency Improvement Program
- 10. Street Vendor and Peddler Development Program
- 11. Rural Infrastructure Development Program
- 12. Development Program for Potential Industrial Centers
- 13. Small and Medium Industry Development Program Industrial
- 14. Technology Capability Improvement Program

However, the program that has been implemented has been running well but has not been maximized; therefore, the Head of the Cooperative, SME, Trade, Industry, Mining, and Energy Service has a fairly heavy task because it is not only SMEs that he handles, but there are several agencies in it if in developed areas the services have been reduced to several offices, but Bulukumba Regency is a developing area that has several offices but under one auspice. The Bulukumba Regency Office, Cooperatives and SMEs, Trade Industry, Mining, and Energy performance can be seen in 34 (thirty-four) activities from 18 (eighteen) programs. In general, the Department, Cooperatives and SMEs, Trade, Industry, Mining, and Energy of Bulukumba Regency have carried out the main tasks that are the organization's responsibility. Of the 34 activity targets set, all have achieved the expected performance, but the level of success has not been realized optimally. Formulation of the success of achieving the target, if the indicators of success from the Input can be realized more than 98.57 (%), ideally, the achievement of the target is measured by the achievement of the conditions to be realized





at the level of benefits and impacts. However, measures at this level still cannot be done; this is due to, among others:

- 1. The indicators of benefits and impacts cannot be realized in 2020
- 2. Indicators of benefits and impacts may have been realized, but measurements have not yet been made, so measures/achievements of success have not been carried out.

For the reasons mentioned above, most of the achievement of this target can only be done at the outcome level. Details of the analysis of the accomplishments of each target can be described as follows in the form of the table below:

## 1. Creating a Conducive Business Climate

Table 5: Indicators of Targeting Community Groups and SMEs								
No.	Performance Indicator	Unit	Target	Realization	%			
1.	Availability of a Conducive Business Climate	Unit	5	5	100			
2.	The Creation of Successful Cooperatives	Cooperative	10	10	100			
3.	Realization of Supervision of Circulation of Goods and Services	Month	12	12	100			
4.	Implementation of Market Rehabilitation	Unit	5	5	100			

Source: Department of Cooperatives, SMEs, Trade, Industry, Mining and Energy, 2021

According to the data in table 5, the target indicators for community groups and SMEs are the creation of a conducive climate for SME arrangements in the Bulukumba Regency with 100% performance indicators.

## 2. Improving Financing and Capital Capability for SMEs

Table 6: Targets for Increasing Financing and Capital Capability for SMEs

No.	Performance Indicator	Unit	Target	Realization	%
1.	Business Administration	Coop/People	25	25	100
2.	Increased Monitoring of Coordination of Business Support for SMEs	%	100	100	100
3.	Increased Price Stability	%	100	100	100

Source: Department of Cooperatives, SMEs, Trade, Industry, Mining and Energy, 2021

According to table 6, it shows that the target of increasing cooperation for all business actors, both government and private, reaches 100%.

3. Improving cooperation for all business actors that are mutually beneficial, can be seen in table 7 below:

## Table 7: Targets for Increasing Cooperation for All Business Actors, both Private and Government

No.	Performance Indicator	Unit	Target	Realization	%
1.	Implementation of Guidance for Street Vendors and hawkers	Unit	5	5	100
2.	Implementation of Partnership Cooperation Facilitation	Unit	228	228	100
3.	Implementation of information facilities for the community	Time	3	2	66,67
4.	Improve monitoring and coordination of business support for SMEs	Subdistrict	10	10	100

Source: Department of Cooperatives, SMEs, Trade, Industry, Mining and Energy, 2021

Based on table 7 above, all the programs that have been carried out have been implemented, but the information facilities for the community have not been achieved because they only reached 66.67%.



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# 5. Conclusion

In the implementation of the empowerment of SMEs, there are still supporting and inhibiting factors and the role of the Cooperatives, SMEs, Trade, industry, mining, and energy offices, namely:

- 1. The supporting factor in implementing SME empowerment is support from the Bulukumba Regency Government, especially the Cooperatives, SMEs, Trade, Industry, Mining, and Energy Offices in Bulukumba Regency.
  - a) Support from the Regional Government of Bulukumba Regency
    - Support from the Regional Government of Bulukumba Regency for businesses with small capital is something that other Regency Governments should emulate. With this support, MSME actors do not need to feel anxious about the fate of those who depend on the sector for their lives. The Micro, Small, and Medium Enterprises. So, this is where the role of the Bulukumba Regency Government is by publishing various programs that have been made through the Department of Cooperatives, SMEs, Trade, Industry, Mining, and Energy in Bulukumba Regency. Hopefully, it can help the poor who want to improve their living standards through the business world.
  - b) Economic Factors Economic

Problems are also a problem that is quite old and often heard in our ears because it is a benchmark between the rich and the poor. These economic problems can be used as a driving force and encouragement to achieve a goal for the people of the Bulukumba Regency. They must occur at all levels of society if faced with economic problems.

c) There is still a lack of competent entrepreneurs.

Still a lack of entrepreneurs who have skills above the average as found on the island of Java, making Bulukumba Regency an excellent land for prospective entrepreneurs who have skills in various fields they are involved in because there is still a lack of products and services. The products produced follow what the community expects from the lower middle class: quality products at affordable prices.

- 2. Inhibiting factors in the implementation of SME empowerment include:
  - a) Capital

The limited access to capital makes it difficult for SME actors in Bulukumba Regency to increase business capacity.

b) Human Resources

It is undeniable that human resources are driving and inhibiting factor whether or not a business advances, and for this reason, one of the inhibiting factors for not being able to develop a business is the lack of good human resources, either in the form of expertise, talent, or forged from pieces of training that cost a lot of money but do not produce outputs that are less able to compete with entrepreneurs who have been active in the business world for a long time.

c) Marketing

The marketing sector is the end of production of products produced by SME actors; in Bulukumba Regency itself, the marketing sector is only within the scope of Bulukumba Regency, very few of which make goods sent to the Capital of South Sulawesi Province, namely Makassar City because SME actors in Bulukumba Regency are still unable to compete with SME actors in the city of Makassar.

3. The efforts of the Office of Cooperatives, SMEs, Trade, Industry, Mining, and Energy in empowering SMEs include empowering SMEs, both programs that the Cooperatives have established, SMEs, Trade, Industry, Mining, and Energy Offices, as well as various pieces of training that have been carried out by the prospective SME actors, as well as those who have been in the business world for a long time. And improvement of Human Resources; in this case, the SME actors have received various programs. The efforts of the Cooperatives, SMEs, Trade, Industry, Mining, and Energy Offices in empowering SMEs have been going well. However, they are still not optimally carried out because there are many obstacles to implementing SME empowerment in the Cooperatives, SMEs, Trade, Industry, Mining, and Energy Offices.





Based on the conclusions above, the authors advise the Office of Cooperatives, SMEs, Trade, Industry, Mining, and Energy:

- 1. The Office of Cooperatives, SMEs, Trade, Industry, Mining, and Energy, needs to add facilities and infrastructure in the implementation of SME empowerment activities both for the Cooperatives Service. SMEs, Trade, Industry, Mining, and Energy, as well as for SME actors, making it easier for the Office of Cooperatives, SMEs, Trade, Industry, Mining, and Energy to pay more attention to SME actors in Bulukumba Regency.
- 2. The Department of Cooperatives, SMEs, Trade, Industry, Mining, and Energy needs to cooperate with other agencies such as banks so that they can get capital quickly for SME actors, which are still very difficult to reach, which can encourage and increase SMEs in Bulukumba district so that they can advance funds in implementing SME empowerment programs and submit proposals to increase the amount of the budget in the following year.

Many inhibiting factors in implementing the empowerment of SMEs, the Office of Cooperatives, SMEs, Trade, Industry, Mining, and Energy need to increase the socialization of SME empowerment programs accompanied by the provision of direct assistance in each activity so that SME actors are interested in participating in these activities. With the socialization activities in the implementation of SME empowerment, it can increase public awareness to remain productive in utilizing their potential to start innovating and imagining to be able to raise the excellent name of Bulukumba Regency, especially in the Micro, Small, and Medium Enterprises sector.

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