



## Efforts of the Mahakam Ulu Regency Regional Government in Empowering Small and Medium Enterprises

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**Abstract.** *This study aims to describe and analyze: How the Regional Government of Mahakam Ulu Regency Efforts in Empowering Small and Medium Enterprises and What is the socio-economic impact of the community from the empowerment of SMEs. Data Collection Techniques include: Interviews, Observations, Documentation. The research informants were Kadin and staff of the Mahakam Ulu Regency Industry, Trade, and Cooperatives Office. The data analysis technique using interactive model analysis was developed by Miles et al., (2014), namely data condensation, data presentation, and conclusion drawn. The results of the study showed. The empowerment program carried out by the Mahakam Ulu Regency Industry, Trade, and Cooperatives Office includes: a. Identify the potential and community empowerment programs in the economic sector. This is done with the development and Human Resources (HR) of the SMEs themselves, b. Coaching for industrial management magazines and improving entrepreneurship and c. Marketing development in an effort to increase market access through improving product quality and product marketing. Improving the quality of SME products accompanied by improving packaging quality, improving hygiene and product certification, and exhibiting small industries. Impact of SME empowerment carried out by the Mahakam Ulu Regency Industry, Trade, and Cooperatives Office: a. The productivity of MSME entrepreneurs shows optimal results. b. The impact of the empowerment of SMEs not only affects job opportunities in the surrounding community, but also has an impact on the income of the surrounding community.*

**Keywords:** Empowerment, Small and Medium Enterprises, Social, Economic.

### 1. INTRODUCTION

In the current era of globalization, development in various sectors, especially the economic sector, is very necessary. In this case, the most pronounced is because there are still many economic backwardness among the community, and development in this economic field occupies the top priority in efforts to achieve goals or in providing encouragement for changes and reforms in people's lives. Indonesia as a developing country, thus the direction of its development will be directed to the ability to eliminate the problem of poverty and economic underdevelopment of the community, both in urban and rural environments.

At this time, the economic sector is more directed to this field by issuing supportive policies such as Law No. 3 of 2014 concerning industry to regulate and provide protection for the development of industries in Indonesia. The development of the industrial sector that is in accordance with the conditions of this nation is the small industrial sector. The very large role of small industries during the economic recession and during the economic recovery process further strengthens the position of small businesses as very important economic actors.

In the implementation of industrial development, it is necessary to strive to strengthen the industrial structure and strengthen the linkages between sectors that support other

developments. It is also necessary to create a beneficial and mutually supportive relationship between large industries, medium industries and small industries. The existence of this industry is also supported by the existence of government policies, namely Law Number 20 of 2008 concerning Small Businesses, the industry plays a very important role, therefore it needs to be developed in a balanced and integrated manner with:

- a. Actively increase community participation
- b. Optimal use of all natural resources
- c. Optimal utilization of all human resources
- d. Optimally utilize all available sources of funds.

By referring to this foundation, the development of the appropriate industrial sector is small industry, considering that the reach of small industries is very wide so that it is able to reach remote areas and its existence is adjusted to the potential of surrounding natural resources and also small industries can later become the backbone and strengthen the national economic structure.

Small industry is an integral part of the national business world which has a very strategic position, potential, and role in realizing national development goals. Given their role in development, small businesses must continue to be developed with the spirit of family, complementing each other, strengthening each other between small and large businesses in the context of equitable distribution and realizing the greatest prosperity for all Indonesian people.

The community is the main actor of development, while the government is obliged to direct, guide, protect and grow the business climate (Law No.20 of 2008). Some of the advantages of small industries over large industries include (Subanar, 2001):

1. Innovations in technology can be easily done in product development efforts.
2. Intimate human relations within a small industry.
3. The ability to create enough job opportunities or its absorption of the workforce is quite high.
4. Flexibility and ability to adapt to rapidly changing market conditions compared to large-scale companies that are generally bureaucratic.
5. There is managerial dynamism and the role of entrepreneurship.

The existence of small industries, in addition to having several advantages, is also very beneficial in distributing community income and is able to create creativity that is in line with efforts to maintain and develop elements of tradition and culture of the local community. So that the existing traditions and cultures are not lost and remain firmly rooted, because these

traditions and cultures are the characteristics of the local community that need to be preserved and maintained.

In addition, small industries are also able to absorb labor on a large scale, considering the large number of Indonesian people and can reduce the number of unemployed. Small industries that thrive in the community, especially in the countryside, can also reduce the flow of urbanization and migration to cities. Small industries that are labor-intensive, using simple and easy-to-understand technology can be a forum for people to work. For creative and innovative people, such things are less attractive and there is a tendency to set up their own businesses; Self-employment usually starts with small-scale industries and can have potential and grow.

The existence of small industries in the region, in addition to getting a lot of profits, also experienced many obstacles, and it is not uncommon for them to go out of business. According to Tambunan (2002), the problems that are often faced by most small industries are as follows:

- a. marketing difficulties.
- b. financial limitations.
- c. the problem of limited human resources.
- d. raw material problems.
- e. technology limitations.

Furthermore, according to Tugiman (1995), the main problems that are often faced by Small Businesses are:

1. Human resource problems.
2. Marketing issues.
3. Capital problems.
4. Problems with the supply of raw materials.
5. Technology issues (related to industry standards).
6. Organizational and management issues.
7. Infrastructure issues.
8. Problems of business cooperation.
9. Lack of business insight (culture).
10. Competitor issues.
11. The problem of the next generation.
12. Lack of access to large businesses/governments.
13. Consumer issues.

Some of these obstacles or problems require more attention from the government through the Department of Industry and Trade so that small industries in Indonesia can grow and

develop properly. Small industries face obstacles in maintaining or developing the industry (business), including lack of business management knowledge, lack of capital, and weakness in the field of marketing. In addition, the market condition faced by small industries is a monopolistic market situation is also a problem in itself so that it is difficult for small industries to develop.

In economic development in Indonesia, small industry has always been described as a sector that has an important role, because most of the population is poorly educated and lives in small industry activities in both traditional and modern sectors. The role of small industries is a priority part in the planning of every development stage managed by two ministries, namely (1) the Ministry of Industry and Trade; (2) Ministry of Cooperatives and SMEs. However, the development efforts that have been carried out are still not satisfactory results, because in reality the progress of small industries is very small compared to the progress that has been achieved by large industries. The implementation of small industry policies by the government during the new order, only a few were implemented, more were just a slogan, so the results were very unsatisfactory. The government is more on the side of big entrepreneurs in almost all sectors, including trade, banking, forestry, agriculture, and industry.

At this time, which is in the era of globalization, small industries are facing increasingly fierce competition, because our country's participation in free market competition and the increasingly open foreign markets of the country, are a threat to small industries with an increasing number of goods and services coming in from outside due to the impact of globalization. Therefore, the development and development of small industries is currently felt to be increasingly urgent and very strategic to lift the people's economy, so that the independence of small industries is expected to be achieved in the future. With the development of small industries, it is hoped that it can increase people's income, open up job opportunities, and prosper the community as a whole.

Considering that the development and development of small industries is very important for the lower middle class, the plan taken by the Mahakam Ulu Regency government makes an empowerment policy for MSMEs to increase market access. The Mahulu Regency Government has collaborated with various parties, including the private sector and financial institutions, to provide training and assistance for MSMEs. This capacity building program includes business management, digital marketing, and access to capital. With this support, it is hoped that MSMEs in Mahakam Ulu can grow faster and be able to compete in a larger market. In addition, the Mahulu Regency Government also focuses on improving infrastructure that supports the accessibility of MSME products to the market, especially considering the

geographical challenges of Mahakam Ulu as an inland area. The construction of roads and transportation networks is a priority so that local products can be easily sold outside the region, including regional and national markets.

Mahakam Ulu Regency is expected to lead to a people-based micro-economy in the sense of small businesses that can grow and improve their capabilities from small businesses to resilient and independent businesses and can develop into medium businesses and also increase the role of small businesses in the formation of national products, expand job and business opportunities, increase exports, and increase and equalize income to realize themselves as a backbone and strengthen the national economic structure where this is in accordance with the mandate of Law Number 20 of 2008 concerning Small Enterprises.

To realize the above, it is supported by the development of local government capabilities in a way/effort through the establishment of many and formal small industrial centers which will later be summarized in a forum that can make them exchange ideas in the form of associations and provide forms of empowerment for their business/industrial development. Apart from that, the government and the industrial community will not work alone, so there must be a harmonious relationship between the government, the community and the private sector, this aims to have a mutually beneficial relationship that will later be able to boost the economic activities of small industries/small businesses.

In this regard, the empowerment of SMEs and the socio-economic impact of the community on SMEs in Mahakam Ulu Regency need to be considered. Considering that this small industry is one of the superior products of Mahakam Ulu district which is expected to help absorb labor and be able to distribute income evenly in rural areas where small industries are located and be able to improve community welfare. Community empowerment of this small industry is expected to be even better in the future as well as having high quality and quantity in order to increase development/production which is supported by various aspects so that an effectiveness and efficiency in work can be realized and can provide a better socio-economic impact for the community.

Based on this, this study more broadly aims to describe and analyze how the efforts of the Mahakam Ulu Regency Regional Government in Empowering Small and Medium Enterprises and how the socio-economic impact of the community from the empowerment of SMEs.

## 2. THEORETICAL STUDIES

Development is a business or a series of planned growth and change efforts that are consciously carried out by a nation, state and government towards modernity in the context of nation development (Suryono, 2004). Development is a process where continuous social/social structure changes and accelerated economic growth can be achieved (Riyadi, 2002). Thus, the main idea of development is that development is a process; development is a business that is consciously carried out; development is carried out in a planned manner and the planning is oriented towards growth and change; development leads to modernity; modernity achieved through development is multi-dimensional; development processes and activities are aimed at fostering the nation in order to achieve the goals of the nation and state that have been determined.

According to Riyadi (2002), development at least can be found several minimum similarities that are still universal, namely:

- a. That development must include the understanding of progress in living conditions.
- b. The national development of various countries, especially those classified as new or developing, does need to start from economic development.
- c. Development must imply a fundamental change in the entire economic and social structure with a positive capacity for changes in the system of production and demand, as well as an increase in the distribution of income and employment.
- d. The growth of development results should also not be satisfied only if it has included the main elements of social welfare or individual matters

Development efforts that rely on empowerment are understood as a process of transformation in social, economic, cultural, and political relations of the community. The expected structural change is a process that takes place naturally, that is, the one who produces must enjoy. And vice versa, those who enjoy must be the ones who produce. Community empowerment can be seen as a bridge for macro and micro development concepts. In this framework of thinking, various inputs such as funds, infrastructure and facilities allocated to the community through various development programs must be placed as stimuli to spur the acceleration of community socio-economic activities. This process is directed to increase community capacity building through the fertilization of capital sourced from the surplus generated and in turn can create income enjoyed by the community. Thus, the transformation process must be driven by the community itself.

Empowerment is an effort to build the power (community) by encouraging, motivating, and raising awareness of the potential it has and striving to develop it. Empowerment is a basic element that allows a society to survive and in a dynamic sense develop itself and achieve progress (Syarif, 2001). Empowerment is interpreted as the process of obtaining power, strength or ability, and or the process of giving power, strength or ability from the party who has power to the party who is less or not yet empowered (Sulistiyani, 2004).

Kartasmita (1997) provides the definition of community empowerment as a concept of economic development that summarizes social values. This concept reflects a new paradigm of development, which is community-centered, participatory, coaching, and sustainable. This concept is broader than merely meeting basic needs or providing mechanisms to prevent further impoverishment processes, which has recently been developed as an attempt to find alternatives to the growth concepts of the past.

Sulistiyani (2004) explained that the goal to be achieved from community empowerment is to shape individuals and communities to become independent. This independence includes the independence of thinking, acting and controlling what they do. Community independence is a condition experienced by the community which is characterized by the ability to think, decide and do something that is considered appropriate in order to achieve the solution of the problems faced by using the power/ability they have. Sumodiningrat (1999), people's economic empowerment is an effort to make the economy strong, large, modern, and highly competitive in the correct market mechanism. Because the obstacles to people's economic development are structural constraints, people's economic empowerment must be carried out through structural changes.

As a process, empowerment has three stages. The stages of empowerment are the awareness stage, the capacity stage, and the empowerment stage (Wrihatnolo and Dwidjowijoto, 2007).

In the awareness stage, the target target is the poor people are given the understanding that they have the right to be. In addition, they are also given awareness that they have the ability to get out of poverty. At this stage, the poor are made to understand that the empowerment process must come from themselves. It is also sought so that this community gets enough information. Through actual and accurate information, a natural process of awareness occurs. This process can be accelerated and rationalized with the presence of assistance efforts.

Capitation stage, this stage aims to enable the poor so that they have the skills to manage the paluang that will be given. This stage is carried out by providing trainings, workshops and

similar activities that aim to improve the life skills of the poor. At this stage, at the same time, access to key resources outside their community is introduced and opened as a bridge to realize their hopes and existence.

Empowerment Stage, at this stage the poor are given opportunities that are adjusted to their abilities through active and sustainable participation which is pursued by providing a larger role gradually according to their capacity and capability, accommodating their aspirations and being guided to conduct self-evaluation of their choices and the results of their implementation of their choices.

In the practice of empowering SMEs, according to Karsidi (2005) the steps that need to be taken are:

a. Potential Identification

Potential identification is intended to find out the characteristics of SME Human Resources (HR) and their internal environment, both the social, economic and Natural Resources (SDA) environment, especially those related to their business, as well as the external environment of SMEs. With this step, it is hoped that every movement of progress can rest on and utilize the capabilities and potentials of their respective regions. This identification involves SME stakeholders and community leaders as well as related agencies.

b. Needs Analysis

Needs analysis, this stage of analysis is carried out by representatives of SMEs which can be facilitated by universities/NGOs/private sectors, as well as related agencies about various needs and trends of products and markets. With this kind of needs analysis pattern, it is hoped that it will be able to encourage the realization of the manifestation of the needs of SMEs as individual entrepreneurs and as members of groups. Thus, between individual SMEs and groups, they can be expected to go hand in hand and support each other in achieving the goal of common progress.

c. Joint Work Plan

The joint work program plan, after the needs can be determined, then a joint work program plan is prepared to achieve the desired conditions based on the jointly determined priority scale. At this stage, both Universities/NGOs/Private, as well as related agencies as facilitators.

d. Implementation of Joint Work Programs

The implementation of the joint work program, if the work program has been agreed, the next step is the implementation of the work program. In this stage, the function of the relevant government agencies is as a facilitator, while universities/NGOs/private can act as consulting

service providers. As a consultant, ideally universities should get services from the services provided to SMEs.

e. **Monitoring and Evaluation.**

Monitoring is an effort to supervise the implementation of the program. Meanwhile, evaluation is an effort to assess the results of the program implemented.

### **3. RESEARCH METHODS**

Research on the Efforts of the Regional Government of Mahakam Ulu Regency in Empowering Small and Medium Enterprises was carried out using qualitative research. The research method to be used is a qualitative descriptive research method. The descriptive method is a method of researching the status of a group of people, an object, a condition, a system of thought or a class of events in the present (Nazir, 2011). Data collection techniques in this study include: Interviews, Observations, Documentation. The informants in the study included authorized officials, namely Kadin and staff of the Mahakam Ulu Regency Industry, Trade, and Cooperatives Office. The data analysis technique in the study using interactive model analysis was developed by Miles et al., (2014) with three procedures, namely data condensation, data display, and conclusion drawing.

### **4. RESULTS AND DISCUSSION**

#### **a. Efforts of the Mahakam Ulu Regency Regional Government in Empowering Small and Medium Enterprises**

The Community Empowerment Program is a program that prioritizes people's economic empowerment to encourage and grow local economic strength and lead to partnerships based on people's strength. Therefore, small and medium enterprises are one of the leading driving forces and economic development. The movement of the SME sector is vital to create growth and jobs. SMEs are quite flexible and can easily adapt to the ups and downs and direction of market demand. They also create jobs faster than other business sectors, and they are also quite diversified and make an important contribution to exports and trade.

Conceptually, SME empowerment can be mainly done with the SME actor empowerment system itself. The success of empowerment is highly dependent on the participation of SMEs as actors and other stakeholders who participate and play a role in its development. In this case, more emphasis is placed on the "bottom up" method, where planning is more sought to answer the needs of the target and is carried out in a participatory manner. In the practice of

empowering SMEs, to stimulate community participation, the target step taken is the identification of potential.

The findings of the research show that the Mahakam Ulu Regency Regional Government through the Mahakam Ulu Regency Industry, Trade, and Cooperatives Office conducts this human resource development by focusing on several things, including:

- 1) Education and training (Diklat) which aims to acquire educated and skilled personnel, especially those with technical skills, with this effort can obtain a high-quality industry and in accordance with market demand.
- 2) Providing guidance and counseling, including production technology issues consisting of production design, product diversification offerings, and production quality. This guidance and counseling aims to enable small entrepreneurs and craftsmen to be able to manage their company management or personnel who are managerial skills, because the management knowledge of small industry entrepreneurs of tempeh chips is very lacking

With the development of human resources, it is hoped that the ability of small industry entrepreneur management organizations will increase. In addition, it is also necessary to improve entrepreneurship, professionalism and technical skills, which are intended to improve the quality of human resources, competitiveness, productivity and effectiveness, so as to be able to overcome various dynamic environmental changes. Coaching that can be taken through activities other than education, training, and counseling are in the form of apprenticeships, comparative studies, and consultations. Apart from the development of a management system, it is to improve business management capabilities for small industry entrepreneurs, as well as the development of a management system that is in accordance with the level and type of business managed.

Guidance in improving industrial business facilities and infrastructure is aimed at small industrial entrepreneurs to have better business facilities and a good business environment so that productivity and production quality increase. In this industrial business, the policy taken by the Regional Government of Mahakam Ulu Regency through the Mahakam Ulu Regency Industry, Trade, and Cooperatives Office has made a production technology development program where one of the concrete activities is to provide seminars and product innovation training. The seminar and training were given because of the urgent need for small industry craftsmen, and the small industry has quite good potential for development.

One of the most effective patterns of community empowerment approaches in the economic sector in order to increase SME empowerment is the inner resources approach. This pattern emphasizes the importance of stimulating SMEs to be able to identify their wants and

needs and work cooperatively with the government and other agencies to achieve satisfaction for them. This pattern educates SMEs to be concerned about the fulfillment and solution of the problems they face by using their potential.

In carrying out empowerment, the involvement of the empowered party to be empowered is very important so that the goal of empowerment can be achieved optimally. Programs that involve the community have several objectives, namely to make the assistance effective because it is in accordance with their will and recognizes their abilities and needs, as well as increasing the empowerment of those empowered with experience in designing, implementing and accounting for self-improvement and economic improvement efforts.

The empowerment of SMEs carried out by the Mahakam Ulu Regency Industry, Trade, and Cooperatives Office refers to the word empowerment, which is an effort to actualize the potential that the SME group already has. So, the SME empowerment approach focuses on the importance of independent SMEs as a system that organizes themselves so that it is expected to give a role to SMEs themselves not just as objects, but rather as subjects of development actors who help determine the future and life of the community in general.

Community empowerment as well as SMEs, is the starting point for SMEs to be independent in order to improve their standard of living, optimize local resources as best as possible, both natural resources and human resources. Community empowerment will increase the ability of the community to convey their needs to service providers.

SME empowerment is an effort to actualize the potential that SMEs already have. So, the SME empowerment approach focuses on the importance of independent SMEs as a system that organizes themselves so that it is expected to give a role to individuals not just as parties, but rather as the subject of development actors who participate in determining the future and life of society in general. In relation to actors in the field of SMEs as objects to be empowered, empowerment is an effort to provide motivation / encouragement to actors in the field of SMEs so that they have the awareness and ability to determine for themselves what they must do to overcome the problems they face.

In terms of principle, in empowering the involvement of SMEs to be empowered is very important so that the goal of empowerment can be achieved to the maximum. The program that includes SMEs has several objectives, namely to make the assistance effective because it is in accordance with their will and recognizes their abilities and needs, as well as increasing the empowerment of SMEs with experience in designing, implementing and accounting for self-improvement and economic improvement efforts. In terms of process, empowerment as a process needs to be developed from a state of not being able or lacking to have the power to

achieve a better life. To increase the capacity of SMEs to be able to transfer power is a strategy to increase education and awareness.

Community empowerment as carried out in the tempeh chips craft business is an effort to prepare the community to be more advanced in its efforts to improve its welfare. Empowerment accompanied by efforts to strengthen community institutions will realize progress, independence and sustainable welfare. This empowerment is also an effort to increase the dignity and dignity of the community who are currently experiencing difficulties as a result of the economic crisis experienced by the Indonesian nation.

The Department of Industry and Trade is one of the ranks of the government whose duties are related to the running of the national economy, developing small businesses by improving quality, competitiveness. To achieve the goals that have been determined, the small business development program includes improving the quality of human resources aimed at developing an entrepreneurial spirit, skills and expertise that aims to utilize the potential of local resources and cultural values to meet the needs of traditional technology.

In accordance with the Regional Development Program, the empowerment of small businesses which is the task of the Mahakam Ulu Regency Industry and Trade Office is carried out continuously by always paying attention to aspects, including:

1. Strengthening aspects of capital, process efficiency, quality specifications, marketing management.
2. The development of partnership patterns based on the principle of mutual benefit and need.
3. Facility assistance is given selectively in the form of facilities and capital.

Entrepreneurial orientation and management ability synergize either intentionally or involuntarily through innovations and creative ideas realized by entrepreneurs and implemented to achieve profitable business performance. Development in entrepreneurship is the main strategy because it is related to creativity and innovation which is part of the entrepreneurial orientation, research and development will be able to be carried out on products, prices, places and promotions. Entrepreneurs develop and succeed because they have adequate research and development capabilities so that they create the right business strategy to create valuable and superior goods in the market.

Good management, in this case, the ability to communicate, the ability to deliver ordered goods quickly, the ability to make their own decisions, the ability to solve business problems, the ability to direct and motivate employees, the ability to delegate work, the ability to make a good strategic plan, the ability to see changes in the environment, the ability to build a reliable work team and have the ability to resolve internal conflicts, then he will get high trust both

from its employees or from its consumers. With a balance both from the conducive internal side and the level of consumer confidence in terms of the accuracy of the goods ordering process, this will have an impact on business performance that is increasing

The entrepreneurship policy for SMEs carried out by the Mahakam Ulu Regency Industry, Trade, and Cooperatives Office aims to encourage the creation of better governance. Of course, not all public policies that form the context of entrepreneurship and the availability of potential entrepreneurs can be classified as entrepreneurial policies. Education policy, for example, can affect business motivation, knowledge, expertise, and the formation of networks that are beneficial for students or students to become entrepreneurs in the future. Macroeconomic policies, for example, can affect the availability of short-term capital and international trade conditions which also affect the passion to develop new businesses in the context of entrepreneurship. Various inputs are needed from the legal, cultural, institutional, economic and educational systems that are conducive to entrepreneurship

The SME empowerment program includes marketing network development activities. This activity was born with the assumption that no matter how good SMEs are in managing their business, if they do not have a market to market their products, the SMEs will die slowly. This is one of the indicators of the success of SMEs. Because SMEs are said to be successful if they have a good and strong marketing network, which is reliable for the sales and development of their products. The Mahakam Ulu Regency Department of Industry, Trade, and Cooperatives hopes that with the overcoming of obstacles in the development of SME marketing networks in Mahakam Ulu Regency, existing SMEs will be able to develop and grow and the community will no longer be worried about opening small and medium enterprises because of these obstacles so that the hope that SMEs will later be able to play a role as the backbone of the community's economy can be realized

The increasingly aggressive market participants in seizing market portions has caused small and medium industries to see the need to implement innovative product strategies that compete in addition to increasing customer satisfaction. In the case of small and medium enterprises in Mahakam Ulu Regency, it can be concluded that the competitive advantage of innovative products with similar products is interesting to be further studied in different scopes to contribute to the company in the form of managerial implications related to the influence of entrepreneurial orientation, market orientation, and innovation on competitive advantage to improve marketing performance.

Market orientation is very effective in gaining and maintaining a competitive advantage, which starts with planning and coordination with all parts of the organization to satisfy the

needs and desires of consumers. Therefore, market orientation must emphasize the importance of analyzing the needs and desires of the target market more efficiently and effectively compared to its competitors in an effort to achieve competitive advantage. The emphasis of market orientation on competitiveness is based on the identification of customer needs so that every company is required to be able to answer the needs of consumers, either through the creation of new products or the development of existing products, in order to create superior value for its consumers in a sustainable manner and can be the main capital for companies to be able to win the competition.

**b. Community Socio-Economic Impact of SME Empowerment**

The empowerment of micro, small and medium enterprises (MSMEs) and cooperatives is a strategic step in improving and strengthening the economic basis of the majority of Indonesians, especially through the provision of jobs and reducing inequality and poverty levels. Thus, efforts to empower MSMEs must be planned, systematic and comprehensive both at the macro, meso and micro levels which include (1) the creation of a business climate in order to open up the widest possible business opportunities, as well as ensure business certainty accompanied by economic efficiency; (2) the development of a business support system for MSMEs to increase access to productive resources so that they can take advantage of open opportunities and potential resources, especially available local resources; (3) the development of entrepreneurship and competitive advantages of small and medium enterprises (SMEs); and (4) empowerment of micro-scale businesses to increase the income of people engaged in economic business activities in the informal sector that are micro-businesses, especially those who are still poor families. In addition, improving the quality of cooperatives to develop healthily in accordance with their identity and build collective efficiency, especially for micro and small entrepreneurs.

The empowerment of micro enterprises is mainly directed to support poverty alleviation and increase the income of low-income communities, namely by: (1) expanding the reach and capacity of microfinance institutions (MFIs) both conventional financing patterns and profit-sharing/sharia patterns, including by empowering women as micro-entrepreneurs; (2) improving the ability of micro-entrepreneurs in business management and production technical aspects; and (3) facilitate the development of traditional production centers and other productive economic enterprises in rural and disadvantaged areas.

The empowerment of SMEs carried out by the Mahakam Ulu Regency Industry, Trade, and Cooperatives Office is a business activity that is able to expand employment opportunities

and provide economic services widely to the community and can play a role in the process of equitable distribution and increase of community income, encourage economic growth, and play a role in realizing national stability. Although micro, small and medium enterprises have shown their role in the national economy, they still face various obstacles and obstacles, both internal and external, in terms of production and management, marketing, human resources, design and technology, capital, and business climate.

Small businesses are developed to expand employment opportunities and business opportunities, increase income more evenly, create a balance of community participation and healthier businesses, and for the government is to grow the economic activities of the community. Small and Medium Enterprises in Mahakam Ulu Regency have been able to produce handicrafts that are not only in demand by the people of the surrounding area. Law Number 20 of 2008 has clearly detailed solutions to solve problems related to the opening of business fields for MSMEs, which is contained in article 7 paragraph 1 point (f). Here it is emphasized that the Government and Regional Governments must grow the business climate by establishing laws and policies that cover several aspects, including (letter f) business opportunities. However, if you look further, the scope of the aspects referred to in the article is very broad and related to macro policies about all business actors, including large businesses and other business circles. Therefore, what is regulated in Law Number 20 of 2008 should be feared that it will not be effective. The arrangement of business opportunities will also be directly related to the interests of the business world, such as foreign investors who are deliberately invited to encourage the business world.

Talking about the problem of driving the people's economy is actually inseparable from talking about efforts to empower MSMEs. Referring to data obtained from the Ministry of Cooperatives and Small and Medium Enterprises of the Republic of Indonesia (2018), there was a growth of 2.02% in the number of Micro, Small, and Medium Enterprises (MSMEs) between 2017 and 2018. The number of MSMEs in 2017 reached 62,922,617 units, this number in 2018 increased by 64,194,057 units. During the year, it increased by 1,271,440 business units in the Micro and Small and medium categories. This will reduce the unemployment rate, both at the local and national levels, MSME products have at least contributed to economic growth and national income because not a few MSME products are able to penetrate the international market. Concretely, the presence of MSMEs has helped the government's program to absorb as much labor as possible and be able to increase GDP significantly. In addition to potentially creating job opportunities and increasing GDP, MSMEs can also contribute to the country's foreign exchange with a fairly high export value.

## 5. CONCLUSION

Conceptually, SME empowerment can be mainly done with the SME actor empowerment system itself. The success of empowerment is highly dependent on the participation of SMEs as actors and other stakeholders who participate and play a role in its development. The empowerment program carried out by the Mahakam Ulu Regency Industry, Trade, and Cooperatives Office includes: a. Identification of potential and community empowerment programs in the economic sector. This is done with the development and Human Resources (HR) of SMEs themselves, coaching in improving industrial business facilities and infrastructure. b. Coaching on industrial management and improving entrepreneurship and SMEs capabilities by: (1) Establishment of SME coaching and coaching bodies consisting of elements of educational and training institutions, associations, and large companies, (2) Granting competency certification to SMEs in business or cooperative management, (3) Organizing business culture and entrepreneurship training, as well as technical guidance on business management, (4) Entrepreneurship corrections, including expanding the introduction and spirit of entrepreneurship in the educational curriculum., (5) Development of the cooperative education, training and counseling system for members and managers. and (6) Providing incentives and facilities for outstanding SMEs. c. Marketing development in an effort to increase market access through improving product quality and product marketing. Improving the quality of SME products accompanied by improving the quality of packaging, improving hygiene and product certification, conducting small industry exhibitions.

The impact of SME empowerment carried out by the Mahakam Ulu Regency Industry, Trade, and Cooperatives Office: a. The productivity of MSME entrepreneurs with the empowerment of SMEs has shown optimal results. This can be seen from the SMEs as a result of coaching and empowerment that can increase their production and business income. efforts made by the Mahakam Ulu Regency Industry, Trade, and Cooperatives Office in supporting the empowerment of SMEs starting from training, assistance in accessing capital and equipment as well as exhibitions to expand marketing have provided beneficial results for the improvement of tempeh chips SMEs themselves and the surrounding community. b. The impact of the empowerment of SMEs in addition to affecting job opportunities in the surrounding community, Of course, it also has an impact on the income of the surrounding community.

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