THE IMPLEMENTATION OF MICRO ENTERPRISE EMPOWERMENT IN GORONTALO CITY

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ABSTRACT
UMKM greatly contributes to detract from a considerably high unemployment rate in Indonesia. The government, in its attempt to empower UMKM, makes policies which create a climate conducive for business and runs several financial institutions to optimize UMKM empowerment. This research was conducted in Dinas Tenaga Kerja, Koperasi, dan UMKM in Gorontalo. The data were collected using observation, interview, literature study, and documentation techniques. The data were then qualitatively analyzed. The implementation of Gorontalo Regulation Number 4/2018 on Micro-sized Enterprise Management was studied from the enterprise criteria and development, planning, financing and guarantee, partnership, licensing, coordination and monitoring, and funding. It was found that the implementation of the regulation on micro-sized enterprise management did not go as it should.

Keywords: Dinas Tenaga Kerja, Gorontalo Regulation Number 4/2018, Micro Enterprise Empowerment, UMKM

INTRODUCTION
UMKM (Micro, Small, and Medium-sized Enterprises) is pivotal in the economy of a nation, including Indonesia. UMKM, with its large number, spread throughout Indonesia, confers easiness in employment as in general, it does not require any specific educational qualification to run its business activities. As such, looking at the fact, UMKM greatly contributes to detract from a considerably high unemployment rate in Indonesia. The government, in its attempt to empower UMKM, makes policies which create a climate conducive for business and runs several financial institutions to optimize UMKM empowerment. Accordingly, the government can easily identify UMKM potencies and business actors.

Establishing UMKM is not as easy as turning the palm of the hand. We need adequate capital and skills, particularly in managing businesses. Local autonomy, which enables the local governments directly regulate their local economic activities, will help business actors to develop their businesses. When developing UMKM, the district/city government is responsible for developing micro-sized enterprises by elevating the enterprise size to be small-sized ones. Also, the Government of Gorontalo City is focused to dissect any business which can be categorized into micro-sized. The government puts much concern on micro-sized enterprises because they are regarded as a bottom classification in the scope of UMKM and thereby acting as a mediator which connects small-sized enterprises to the medium ones. However, often, micro-sized enterprises find difficulties in familiarizing
potential consumers with their products (handcrafts or food products) or services. Also, they have challenges in confronting a high rental price, unstrategic business places, and marketing.

It is notified that most micro-sized enterprises are traditionally nurtured and make up a family business which has existed for generations. Limited resources quality found in micro-sized enterprises, either in terms of formal education, knowledge, or soft skills, greatly impacts the enterprise management, hindering them to optimally develop. Besides, the quality of limited resources also prevents any improvement, making the enterprises not able to adopt new technological advancement to enhance their product competitiveness.

Low human resources quality in regard to financial management is also one of the hindering factors of micro-sized enterprise development. When business actors are only considering the profit they can earn but abandon their financial management, they may found difficulties in running their business. Additionally, what method to use to make production processes run effectively and to manage time efficiently are two other problematic issues which have to also confronted by micro-sized enterprises.

RESEARCH METHODS
This research was conducted in Dinas Tenaga Kerja, Koperasi, dan UMKM in Gorontalo. This research was conducted in three months, starting from November to January 2019. This was descriptive-qualitative research. As researchers, we collected data as well as acted as research instruments. The data were collected using observation, interview, literature study, and documentation techniques. The data were then qualitatively analyzed.

FINDINGS AND DISCUSSION
The Implementation of Micro-sized Enterprise Empowerment Policy in Gorontalo through Gorontalo Regulation Number 4/2018 from the Scope Perspective

1. Enterprise criteria and development
According to the criteria of micro-sized enterprise, as mentioned in Gorontalo Regulation Number 4/2018, micro-sized enterprises had net worth at most IDR50,000,000.00 (fifty million Rupiahs), not included in it land and enterprise premises, or annual sale results at most IDR300,000,000.00 (three thousand million Rupiahs). Dinas Tenaga Kerja, Koperasi, dan UMKM in Gorontalo, as an institution which implemented the policy of micro-sized enterprise empowerment, as mentioned in Gorontalo Regulation Number 4/2018 on Micro-sized Enterprise Management, run the scope of the policy in accordance with the criteria score of micro-sized enterprises which would be assisted, two of which were active and potential.

Active enterprises were micro-sized enterprises whose business license and legality had been registered at the sub-village office. Meanwhile, potential micro-sized enterprises were micro-sized enterprises whose types and
products could be developed. Accordingly, active and potential micro-sized enterprises were those with a sustainable and potentially developed production process. As regulated in Gorontalo Regulation Number 4/2018, the local government facilitated business development, especially in micro-sized enterprise production and management, marketing, business actors or human resources, and design and technology.

a. Micro-sized enterprise production and management development

Production and management were developed through the following methods:
1) Elevating production, processing, and management of micro-sized enterprises
2) Engendering easiness in facility and infrastructure procurement, production and processing, raw materials, complementary materials, and product packaging
3) Encouraging the implementation of production and processing standardization

The production and processing techniques and management skills were enhanced through the following methods:
1) Local, national, and international education, training, and/or internship
2) Professional assistance

b. Micro-sized enterprise marketing development

The marketing development was conducted by:
1) Performing research on marketing
2) Spreading market information
3) Escalating marketing management and techniques
4) Providing marketing facilities, e.g., market experiments, marketing institutions, house of commerce, and promotion
5) Ushering supports to product promotion, marketing networks, and distribution
6) Rendering professional marketing consultants

To develop desirable marketing, the local government motivated cross-regional marketing and exports. Developing cross-regional marketing and export, the local government actively instructed micro-sized enterprise business actors to partake in the following programs and activities.
1) National exhibitions
2) International exhibitions
3) Marketing workshop and scientific activities
4) National and international partnerships
5) Other activities supporting marketing development programs

c. Human resources development

Human resources were developed through the following methods:
1) Empowering entrepreneurship
2) Improving technical and managerial skills
3) Convening and developing education and training institutions to give business education, training, socialization, motivation, and new entrepreneur creation

The local government, as well as other voluntary parties, was responsible for education and training fees by taking local finance into account.

d. Design and technology development

Design and technology were developed by:
1) Increasing design and technology skills and quality control
2) Establishing cooperation with technology experts
3) Elevating micro-sized enterprises’ research skills to develop a new design and technology
4) Giving incentives to micro-sized enterprises who successfully developed technology and conduct living environmental preservation acts
5) Spurring micro-sized enterprises to acquire an intellectual wealth certification

The local government gave awards and/or tax incentives, and retribution to micro-sized enterprise business actors who had intellectual wealth certification registered following the provision of legislations. Dinas Tenaga Kerja, Koperasi, dan UMKM in Gorontalo prevailed as an institution who contributes to the implementation of the policy on Micro-sized Business Empowerment mentioned in Gorontalo Regulation Number 4/2018 on Micro-sized Enterprise Management. Dinas Tenaga Kerja, Koperasi, dan UMKM provided facilities in the form of marketing and facility for human resources training as business actors. Moreover, in regard to managerial skills, it enrolled micro-sized enterprises in exhibitions or business events held by the local government.

Referring to Gorontalo Regulation Number 4/2018, in the second part on Enterprise Development Article 7 Paragraph 1, the local government facilitated enterprise development in four spheres, namely production and processing, marketing, human resources, design, and technology. However, evidence indicates that Dinas Tenaga Kerja, Koperasi, dan UMKM did not make complete attempts regarding enterprise development. The institution managed two fields only, which were marketing and human resources. Also, it did not give any facility for production and processing and design and technology fields.

Accordingly, we can see that the institution had managed the scope of enterprise criteria and development. However, in the policy of micro-sized enterprise empowerment, we can come to an insight that, if micro-sized enterprise actors refer to Gorontalo Regulation Number 4/2018 on Micro-sized Enterprise Management, the four
fields are the facilities they will elicit, making their enterprise fulfill enterprise criteria set by Dinas Tenaga Kerja, Koperasi, and UMKM, which were active and potential. Nevertheless, the enterprise criteria and development scopes were still partially in accordance with Gorontalo Regulation Number 4/2018 Article 7 Paragraph 1, that the local government facilitates micro-sized enterprises in the field of (1) production and processing, (2) marketing, (3) human resources, and (4) design and technology. Therefore, Dinas Tenaga Kerja, Koperasi, dan UMKM in Gorontalo should rectify enterprise work methods, criteria, and facilities.

2. Planning

On planning, Government Regulation in Gorontalo Number 4/2018 mentioned that micro-sized enterprise management by the local government was manifested with planning, and all relevant stakeholders are engaged therein. Planning was arranged for short- and long-run purposes. The medium-run development planning for micro-sized enterprises development directions and targets were:

1) Recording micro-sized enterprises and identifying what potentials and problems being confronted were

2) Arranging assistance and development programs in accordance with the potentials and problems being faced

3) Making a financial plan

4) Making a minimum service standard-based licensing system plan

5) Making a production and processing development plan

6) Making a design and technology assistance plan

7) Making a human resource development plan

8) Making cooperation, center, cluster, and group establishment plan

9) Making an information system development plan for micro-sized enterprises

10) Making a program and activity implementation monitoring and control plan

Meanwhile, the short-run micro-sized enterprise development plan should cover at least the enterprise development orientation and targets, i.e.:

1) Establishing integrated human resources training and education centers

2) Establishing an industry and processing and design and technology research and development center

3) Developing export markets

4) Establishing an local, national, and internation-scale integrated marketing center

5) Establishing financing and financial institutions for micro-sized enterprises

In regard to the scope of micro-sized enterprise planning, Dinas Tenaga Kerja, Koperasi, dan UMKM in Gorontalo, as an institution which contributed to the implementation of the
policy of micro-sized enterprise empowerment, as mentioned in Gorontalo Regulation Number 4/2018 on Micro-enterprise Management, proposed an empowerment pattern for the next five years which would make micro-sized enterprises more productive and sustainable.

In manifesting the long-run plan, Dinas Tenaga Kerja, Koperasi, dan UMKM in Gorontalo held some training, seminars, and open workshops targeted to micro-sized enterprises it assisted. Training held by Dinas Tenaga Kerja, Koperasi, dan UMKM was targeted to micro-sized enterprises, assisting them in facing problems. Once they were able to give resolutions to the problems, they would be able to increase their assets and turnovers and had the desirable market share. Meanwhile, the institution was expecting to lift the micro-sized enterprises to small-sized ones with medium-run planning.

In Gorontalo Regulation Number 4/2018 Article 12 Paragraph 2 Chapter IV on Planning mentioned that planning should be made for short and long runs. Therefore, Dinas Tenaga Kerja, Koperasi, and UMKM had complied with Article 12 Paragraph 2 by making a medium-run plan, and thereby enabling micro-sized enterprises to face problems in relation with assets, turnovers, and desirable share markets and a long-run plan, which attempted to lift micro-sized enterprises to be small-sized ones. This attempt was familiar with the epithet “UMKM NAIK KELAS”.

However, the scope of planning was not in accordance with the short and long-run plan as mentioned by Gorontalo Government Number 4/2018 Article 12 Paragraph 3 and 4 which clearly mentioned that in a short-run development plan for micro-sized enterprises, there should be at least the development orientation and target in the form of (1) records of micro-sized enterprises, potentials, and problems faced, (2) assistance and development programs which corresponded to potentials and problems faced, (3) a financing plan, (4) a plan to establish partnership, (5) a minimum service standard-based licensing system plan, (6) a production and processing development plan, (7) a design and technology assistance plan, (8) a human resource development plan, (9) a plan to establish cooperation, centers, clusters, and groups, (10) an information system development plan for micro-sized enterprise plan, and (11) a program and activity implementation monitoring and control plan.

However, Dinas Tenaga Kerja, Koperasi, dan UMKM, regarding the medium-term plans, only conducted nine of the 11 plans, namely (1) records of micro-sized enterprises, potentials, and problems faced, assistance and development programs which corresponded to potentials and problems faced, (3) a financing plan, (4) a plan to establish a partnership, (5) a minimum service standard-based licensing system plan, (6) a production and processing development plan, (7) a design and technology assistance plan, (8) a human resource development plan, (9) a plan to establish cooperation, centers, clusters, and groups, (10) an information system development plan for micro-sized enterprise plan, and (11) a program and activity implementation monitoring and control plan.
clusters, and groups, and (9) a program and activity implementation monitoring and control plan. Meanwhile, a design and technology assistance plan and an information system development plan for a micro-sized enterprise plan had not been arranged. The reason behind it was the lack of resources we explain in the factors of the implementation of micro-sized enterprise empowerment policy, especially in the sub-focus Resources.

3. Financing and guarantee

In terms of financing and insurance, Gorontalo Regulation Number 4/2018 mentioned that the local government provided financing for micro-sized enterprises in accordance with the local finance. The local government played the role of a mediator which facilitated the establishment of financing access to banking, non-bank financial institutions, BUMN, BUMD. The establishment was pivotal in developing micro-sized enterprises. Additionally, the local government could give incentives in the form of easiness in licensing application, tariff relief, facility and infrastructure procurement, and others which did not violate the laws and regulations to enterprises which financed micro-sized enterprises.

In financing micro-sized enterprises, the local government prompted banking and non-bank financial institutions to give away unsecured capital loans. The local government was willing to act as a guarantor for loans from banks and/or non-bank financial institutions for micro-sized enterprises with prospective markets and development, assessed by banks and non-bank financial institutions who would give away loans.

The Regulation of the Ministry of Home Affairs Number 14/2016 on Guidelines for Grants and Social Assistance allocated from APBD explain that grants would not be delivered to profit groups, and UMKM, either personal, individual, or joint venture was considered to belong to the group. Accordingly, Dinas Tenaga Kerja, Koperasi, dan UMKM in Gorontalo could not directly finance micro-sized enterprises. Rather, they promised to help the enterprises in the form of easiness in accessing financing or capital from several funding sources, e.g., banks.

Furthermore, Gorontalo Regulation Number 4/2018 Article 13 Paragraph 1 mentioned that the local government provided financing for micro-sized enterprises to the extent of local financial capability. However, such regulation was no longer efficient due to the restriction of local grants given to micro-sized enterprises, which were considered as profit seekers. In other words, it may be correct to conclude that the institution had implemented the scope of financing and guarantee.

4. Partnership

Gorontalo Regulation Number 4/2018 mentioned that partnership between micro-sized enterprises and small, medium, and large-sized ones were established by considering partnership principles and upholding healthy business ethics. Partnership principles were:

1) Mutually needing
2) Mutually trusting
3) Mutually strengthening
4) Mutually profitable

The partnership included a skill transfer process, especially in the field of production and processing, marketing, capital, human resources, and technology, in accordance with partnership patterns. Partnership patterns were (1) Core-plasma, (2) Subcontract, (3) Franchising, (4) General trading, (5) Distribution and agency, (6) Profit sharing, (7) Operational cooperation, (8) Joint venture, outsourcing, and (9) Others.

In building a partnership pattern, either micro, small, medium, or large-sized enterprises were prohibited from unilaterally breaking the legal relationship but should be in accordance with the provisions of the legislation. Moreover, shopping centers and modern shops in the region were obliged to market the products from micro-sized enterprises by at least 10% (tent hundredth) of the product marketed. In marketing the products, the shopping centers and modern shops were facilitated by the local government. As such, they were instructed to:

1) Provide data and information regarding micro-sized enterprises ready to establish a partnership
2) Develop a partnership pilot project
3) Support the policy
4) Make coordination in implementing the policy and program and monitoring, evaluating, and controlling the established partnership

Dinas Tenaga Kerja, Koperasi, dan UMKM facilitated the entry of goods or products of the guided micro business in some minimarkets, such as Indomaret and Alfamart. The facility provision was in accordance with the MOU made by the local government which made cooperation with retailers to market the products of micro-sized enterprises in Gorontalo.

Based on Gorontalo Regulation Number 4/2018 Article 16, several partnership patterns were (1) Core-plasma, (2) Subcontract, (3) Franchising, (4) General trading, (5) Distribution and agency, (6) Profit sharing, (7) Operational cooperation, and (8) Joint venture, outsourcing. We found out that Dinas Tenaga Kerja, Koperasi, dan UMKM still partially acquired the partnership patterns. However, based on informants’ statements on partnership patterns, in regard to the partnership pattern franchising, 10% of the minimarkets in Gorontalo sold local products produced by UMKM guided by Dinas Tenaga Kerja, Koperasi, dan UMKM.

In conclusion, the institution had implemented the scope of partnership. If micro-sized enterprises referred to Gorontalo Regulation Number 4/2018 on Micro-sized Enterprise Management, the interested institution should assist the enterprises by issuing regulations in accordance with Article 17 Paragraph 1, which regulated that shopping centers and modern shops in Gorontalo were obliged to market the product of micro-sized enterprises by at least 10% of the product marketed.

5. Licensing
In regard to licensing, Gorontalo Regulation Number 4/2018 regulated that micro-sized enterprises should have proof of business legality. Proof of business legality for micro-sized enterprises was given in the form of:

1) Business license
2) Registration receipt

Proof of legality, in the form of a business license, could only be given to individual micro-sized enterprises if the enterprises gave valid proof stating that the criteria of health, moral, culture, natural environment, national defense and security, and other national interests had been in accordance with the provisions of the legislation. The registration receipt was given to micro-sized enterprises in accordance with the provisions of the legislation. Officials issuing a business license should deliver information to micro-sized enterprises as the business license applicants regarding:

1) Requirements which should be fulfilled by applicants
2) Procedures for applying for business licenses

_Dinas Tenaga Kerja, Koperasi, dan UMKM_ in Gorontalo gave assistance in the form of information delivery regarding the requirements of business license application. The first requirement which should be fulfilled was IUMK, for which applicants should submit a cover letter from relevant officials, such as RT or RW related to business development, copied and original KTP, copied and original KK, and two 4x6 photographs to the subdistrict office. The head of the subdistrict would analyze the requirements.

6. Coordination and monitoring

Gorontalo Regulation Number 4/2018 mentioned that coordination in planning micro-sized enterprises was conducted by that major through local apparatuses which were authorized in local development planning affairs. They then performed assistance for and implementation of micro-sized enterprise management. Meanwhile, _Dinas Tenaga Kerja, Koperasi, dan UMKM_ established coordination in financing and capital with banks as the financing sources, mediating the KUR program.

Gorontalo Regulation Number 4/2018 stated that the major should monitor the implementation of micro, small, and medium-sized enterprise management in the city. In monitoring, the mayor made a monitoring and evaluation team. _Dinas Tenaga Kerja, Koperasi, dan UMKM_, in relation to micro-sized enterprise empowerment, made coordination with assistants directly instructed by the ministry to assist the guided micro-sized enterprises. They were instructed to make reports regarding the performance and potency of micro-sized enterprises, which were participating in the empowerment program _Dinas Tenaga Kerja, Koperasi, dan UMKM_ held.

Gorontalo Regulation Number 4/2018 stated that the major should monitor the implementation of micro, small, and medium-sized enterprise management in the city. In monitoring,
the mayor made a monitoring and evaluation team. However, regarding the scope of monitoring, *Dinas Tenaga Kerja, Koperasi, dan UMKM* gave the task UMKM assistants directly instructed by the ministry to monitor the guided micro-sized enterprises. As such, they could not set the focus on the scope of monitoring micro-sized enterprises.

7. Funding

Gorontalo Regulation Number 4 of 2018 stated that the funds for micro-sized enterprise management by the local government were from (1) APBD; (2) Provincial revenues and expenditures budget; (3) State Budget; (4) Voluntary and unsecured donations from other parties which were in accordance with the provisions of the laws and regulations. The three main sources to empower micro-sized enterprises were:

1) DAU (General Allocation Fund), a fund allocated by the central government to each of its autonomous regions as a development fund

2) DID (Regional Incentive Fund), the fund obtained from the opinion of the Supreme Audit Agency on the financial reports of the local government

3) DAK (Special Allocation Fund), allocation funds from the APBD to certain provinces/districts/cities with the aim of funding special activities deemed as the affairs of the local government and in accordance with the national priorities, which were included in the Balancing Fund to implement decentralization

Referring to Gorontalo Regulation Number 4/2018 Article 28, we concluded that the funding sources used by *Dinas Tenaga Kerja, Koperasi dan UMKM* were four. However, after the issuance of The Regulation of the Ministry of Home Affairs Number 14/2016 Article 6 Paragraph 5 on Guidelines for Grants and Social Assistance allocated from APBD explain that grants should be delivered to non-profit organizations. However, in the practice, the main funding sources were DAK, DAU, and DID, allocated from the State Budget.

CONCLUSION

The implementation of Gorontalo Regulation Number 4/2018 on Micro-sized Enterprise Management with the research sub-focus was studied from the enterprise criteria and development, planning, financing and guarantee, partnership, licensing, coordination and monitoring, and funding.

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