



Thriving Entrepreneurs: How Makassar City's MSMEs Boost Local Prosperity

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Abstract

Micro, Small and Medium Enterprises (MSMEs) are one of the main pillars of the national economy with an independence perspective and have great potential to improve prosperity. This research aims to determine the success of MSME actors as an effort to improve the welfare of business actors in the tourist area, as well as to determine the response of business actors regarding the successes that have been carried out by the regional government, especially through the Makassar City Cooperatives and MSMEs Service. The population in this research is all business actors in the city of Makassar, both those who have participated in empowerment programs from the government and those who have never participated in these programs. interviews with academics. interview guidelines. Data was analyzed descriptively qualitatively. The research results show that: 1) the success desired by business actors tends to lead to improving the quality of business products that focus on product marketing training. 2) Recommendations related to research results, namely: a) Every success that will be carried out by the government should be prepared based on an analysis of the needs of the beneficiaries, in this case business actors. b) the government's success should be directed at improving the quality of business products and product marketing training or providing a platform for business actors to market their business products. This can be achieved when all information from the government is easily accessible to all business actors.

Keywords: *Community Empowerment; Stakeholder; Prosperity*

Introduction

Micro, Small and Medium Enterprises (MSMEs) are proven to contribute to improving the economy in the city of Makassar. The economy in Indonesia nationally shows that MSME activities are a consistent business and able to develop. The facts show that the job opportunities created by the MSME group are far more than the workforce that can be absorbed by large businesses. Apart from being an alternative to providing new jobs, MSMEs play a role both in encouraging the rate of economic growth and as a poverty alleviation program and employment. MSMEs are a form of community small business whose establishment is based on someone's initiative. Most people assume that MSMEs only use certain parties.

The success of development is synonymous with the creation of a high rate of economic growth and employment, one of the real sectors that can reduce the unemployment rate is micro, small and medium enterprises, and according to population data in 2023 that I got from the South Sulawesi Cooperative and MSME Office, it is divided into three parts, micro enterprises, the population of 234,795 are individual-owned businesses and/or individual business entities that meet the business criteria micro. Small Businesses, the population of 45,731 is a stand-alone productive economic business carried out by individuals or business entities that are not subsidiaries or branches of companies owned or controlled. Small Businesses, the population of 2,447 is a productive economic business carried out by individuals or stand-alone business entities that are not subsidiaries and large businesses, the population is 770.

The success of micro and small businesses can be seen from the brand is an important part of marketing activities. Brand building efforts cannot be separated from product quality issues as dynamic conditions related to human products and services have been set in an environment that meets predetermined expectations. Successful MSME owners easily recognize the needs and desires of consumers and make it a business opportunity because one of the marketing goals is to meet customer needs. Creative and interesting ideas need to build a brand by adding variety, variety, or level of product quality in accordance with consumer wishes.

The success of micro and small businesses can be seen from the promotion can change the attitude and behavior of buyers who previously did not know to know and when consumers have purchasing power, with awareness and knowing a product, colon consumers will become buyers remembering the product. One of the current promotional media is the development of the world of technology and information, making the internet a communication tool that is in great demand by the public, with the existence of social media, MSME entrepreneurs can also use their smartphones as a medium to promote their products. A lot of what we see on social media now as we often trade Makassar groups are places for entrepreneurs to promote their products both in terms of food, fashion, and others.

The government pays attention to every people's business in micro, small and medium enterprises through the people's business credit assistance program which is distributed through financial institutions appointed by the government under the supervision of Bank Indonesia. The easy entrepreneur creation program by several government and private agencies that are developing today needs full attention and support from the government from various aspects as stated in law number 20 of 2008.

MSMEs are one of the main pillars of the national economy with an independence perspective that has great potential to improve welfare. The role of MSMEs, especially since the monetary crisis in 1997, can be seen as a rescue medium in the process of national economic recovery. In supporting MSME activities, the government supports through policies so that it is expected to provide injections to MSMEs so that they do not stop in the middle of the road. According to the Central Statistics Agency (BPS) in 2009 that the number of micro enterprises reached 52.2 million or around 98.87%. The existence of MSMEs has contributed significantly to the absorption of labor which reached more than 96.2 million people. Another advantage of MSMEs is their high level of flexibility, relative to their competitors. Berry et al (2001) this business group is seen as very important in unstable industries or economic economies that face changes in rapid market conditions.

In fact, MSMEs play a very important role in reducing the unemployment rate in Indonesia. MSMEs can absorb a lot of unemployed workers, besides that they also utilize various potential natural resources in an area that has not been commercially processed (Budi, 2011). MSMEs are the spearhead and savior of the country's economy because of the potential for MSMEs to make the largest and significant contribution to Gross Domestic Product (GDP) in this case employment.

The criteria for Micro, Small and Medium Enterprises (MSMEs) according to Law Number 20 of 2008 are classified based on the number of assets and turnover owned by a business. According to sources from the Ministry of Cooperatives and MSMEs in 2022-2023, MSMEs are still most actors in the

business sector, from 54,114,821 business units in 2022 to 56,534,592 business units in 2023. Meanwhile, the Large Business sector will only reach around 3,262,023 workers in 2023. Makassar City is the capital of South Sulawesi Province, which can be said to have many MSMEs. For more details, please see Table 1 regarding data on the number of MSMEs per sub-district in Makassar City.

The increase in the number of MSMEs in the city of Makassar, especially in the tourist alley, certainly cannot be separated from the role of the government in developing potential. Existing MSMEs. Rahmat (2018) stated that one of them in Makassar, namely the Makassar City Trade Office, has a role to develop the potential of MSMEs and become a bridge to market products from its members to be able to compete with other countries' products by following the guidance prepared by the agency for free. The quantity of MSMEs in Makassar City engaged in the creative industry has always recorded quite high growth in recent years. However, the segment's contribution is still relatively small to Makassar's economic structure.

MSMEs need to be directed to improve the ability of small entrepreneurs to become medium entrepreneurs and micro entrepreneurs to become small businesses. However, MSME challenges also still occur such as constraints on capabilities, skills, expertise, human resource management, marketing information and financial records. The policy taken by the government is to empower MSMEs which includes increasing access to sources of financing, developing entrepreneurship, increasing the market for MSME products and bureaucratic reform.

Based on the above background, the formulation of research objectives in accordance with the formulation of the problem above is as follows: 1) To find out the success that can be done to MSME actors as an effort to improve the welfare of business actors in the tourist alley. 2) To find out the response of business actors related to the success that has been carried out by the local government.

Literature Review

Business Success Concept

Business success is a condition where the business has increased from the previous results. business success is the main goal of a company where all the activities in it are aimed at achieving success. The success or failure of entrepreneurship is strongly influenced by various factors both external and internal. According to Sujuti Jahja (1997) internal factors that influence are willpower, ability, and lethargy. The factors that come from external self-behavior are opportunities or opportunities.

In the general sense of the success of the effort to point to a better or superior situation than in the past, this is in line with the statement put forward by Moch. Kohar Mudzakar 1998 which states that business success is a condition that describes more than others who are equal or class.

In Moch. Kohar's opinion, Mudzakar explained that a business is said to be successful if it has an advantage compared to the previous period or with companies of its class. Business success can be measured in various aspects, including from the operating profit achieved by entrepreneurs at a certain time (Waridah, 1992), the success or failure of a business can be known from the enlargement of the scale of the business owned (Dedi hary adi, 1998).

According to Ina Primiana 2009: 49 stated that the success of the business is that capital has been fulfilled, productive distribution and the achievement of organizational goals. Meanwhile, according to Algifari 2003: 118 he argues that business success can be seen from the efficiency of the production process which is grouped based on economic efficiency. Another opinion was expressed by Moch. Kohar Mudzakar in Ressa Nya. from 2011:21b business success is a situation that describes more than others who are equal. Henry Faizal Noor 2007: 397 suggests that business success is essentially the success of

the business in achieving its goals, a business is said to be successful if it gets profit because profit is the goal of someone doing business.

According to Albert Wijaya in Suryana 2011: 168 which suggests that the factor that is a critical goal and a measure of the success of a business is profit. According to Tulus Tambunan 2001: 14, the factors that affect the success of a business can be known from two factors, namely internal and external factors. Internal factors include the quality of human resources, organizational mastery, organizational structure, management system, participation, business culture / culture, capital strength, business networks with external parties, and the level of entrepreneurship. External factors can be divided into two, namely government and non-government. Government factors include economic policies, bureaucrats, politics, and the level of democracy. Non-governmental factors are the social-cultural economic system of the community, labor system and labor conditions, infrastructure conditions, community education level and global environment.

The success of a business is identified with profits or material additions produced by entrepreneurs but basically the success of the business is not only seen from physical results, but the success of the business felt by entrepreneurs can be in the form of vocation or inner satisfaction. The criteria for business success in Riyanti's 2003 research on small entrepreneurs in Singapore showed that from 85% of respondents who answered, 70% of entrepreneurs use net profit (profit growth) to measure business success, followed by sales profit (sales revenue growth, 61%), profit after tax (return on investment 50%), and market share (market share 48%), then 38% of entrepreneurs who use net profit success criteria (net profit growth) think that achievement 6-10% growth per year is an indicator of business success. To support the description above, business success criteria are businesses that have increased 25% from the situation when the company was founded. Although only 25% because what is seen is an increase in capital accumulation, the amount of production, the number of customers, business expansion and physical improvement, these criteria are considered quite significant as business success criteria (Riyanti 2003).

MSMEs

Characteristics of MSMEs

Sulistiyastuti 2004 mentioned four reasons that explain the strategic position of MSMEs in Indonesia. First, MSMEs do not require large capital like large companies so that the formation of this business is not as difficult as large businesses. Each manpower is required to demand certain formal education. Third, most of them are in rural areas and do not require infrastructure like large companies. The four MSMEs proved to have strong resilience when Indonesia was hit by an economic crisis.

The Role and Contribution of MSMEs in Indonesia

Micro, small, and medium enterprises (MSMEs) in Indonesia have an important role in the national economy, especially in their contribution to gross domestic product (GDP). Given the importance of the role of MSMEs in the economic, social, and political fields, currently the development of MSMEs is given considerable attention in various worlds.

The Role of UMKM in the Economic Sphere

Micro, small, and medium enterprises (MSMEs) have a strategic role in national economic development. In addition to playing a role in economic growth and employment, MSMEs also play a role in distributing development results. MSMEs are expected to be able to utilize national resources including the utilization of labor in accordance with the interests of the people and achieve maximum economic growth. Rahman 2009 added that MSMEs have shown their role in creating job opportunities and as an important source of business for gross domestic product (GDP) growth. Small businesses also contribute

highly to Indonesia's economic growth in the trade and transportation industry sectors. This sector has an important role in the country's foreign exchange income through garment business, handicraft goods including muebel and services for tourists.

The Role of UMKM in the Social Field

Sulistyastuti 2004 argues that MSMEs can provide social benefits, namely reducing income inequality, especially in developing countries. The role of small businesses is not only to provide goods and services to consumers with low purchasing power but also to other urban consumers with higher purchasing power. In addition, small businesses also provide raw materials or services to consumers with low purchasing power but also other urban consumers with higher purchasing power. In addition, small businesses also provide raw materials or services for medium and large businesses, including local governments. The social goal of MSMEs is to achieve a minimum level of welfare, namely guaranteeing the basic needs of the people. Article 1 of Micro, Small and Medium Enterprises Law No. 20 Year

Research Methods

The approach used in this study is qualitative descriptive method. Researchers collect and describe. But there is little empirical research. The data collection technique uses the documentation technique which is a way that the author does to collect data from various reference sources.

Research Data Sources

a) Data Primer

Data obtained through field research where researchers are directly involved in the object of research concerned to obtain data. This data is obtained directly from informants through interviews with competent parties

b) Data Seconds

Secondary data is data obtained indirectly where the data can be obtained from relevant literature, relevant articles, literature books for information search and theoretical understanding to solve problems.

Data Collection Techniques

a) Interview

The collection of information from this data source requires interview techniques, in qualitative research especially carried out in the form of in-depth interviews by asking questions directly to informants.

b) Observation

Is a technique of collecting data from data sources in the form of writing, numbers, images or graphs as well as image recordings carried out through direct observation of the object of research using the sense of hearing and vision of social phenomena that occur at the research location?

c) Documentation

Documentation is a data collection technique by searching, collecting, and studying documents relevant to research in the form of archives, reports, regulations, documents, and other literature.

Data Analysis Techniques

The data analysis used in this study is an interactive model data analysis technique, which consists of three components of data analysis, namely data reduction, data presentation, and conclusions.

1. Data reduction is defined as the process of selection, focusing on simplifying, abstracting, and transforming from the "rough" that arises from written records
2. Data presentation Is a good and clear data presentation arrangement systematics to assemble and facilitate viewing information in a compact form. A good and clear arrangement of data presentation will help many researchers themselves.
3. At the beginning of data collection, the researcher must already understand what he means and what he encounters in recording regulations, the main statements of possible configurations, causal directions, and propositions.

Results and Discussion

Based on Makassar data in 2022 figures, the number of cooperatives in Makassar City in 2021 is 1,613 units. Based on the type, there are 4 units of KUD, 238 units of KPRI, 189 units of KOPKAR, 12 units of KOPPAS, and 1,170 units of other types of cooperatives. The number of active cooperatives in Makassar City from 2018 to 2021 continues to grow every year. As of 2021, there are 812 active cooperative units in Makassar City. The highest number of active cooperatives are in Panakkukang District, while the least is in Sangkarrang Islands District. This data indicates that there are 801 inactive cooperatives. This weakness shows that cooperatives have received less attention from the government.

Government intervention is expected to overcome obstacles or obstacles that are the main problems in the cooperative order in Indonesia and especially in the city of Makassar. Some of these obstacles are the shortcomings of cooperatives including: 1. Limitations in the field of capital. For cooperatives that have just been established, they may have a little capital difficulty to develop. This is caused by several things, including:

1. lack of self-formation of capital, lack of attracting sources of capital from outside the organization, and lack of own initiative and efforts in increasing capital.
2. Competitiveness is weak. When compared to other large business entities, cooperatives can be said to be less competitive with these business entities.
3. Low awareness of cooperating in members. Not all members of the cooperative have full awareness in cooperatives, such actions can be such as not depositing mandatory dues to the cooperative.
4. The ability of professionals in cooperative management. The available human resources sometimes lack expertise, causing a lack of cooperation between management, supervisors, and members. The low quality of human resources is influenced by the lack of cooperative education which results in cooperatives not running smoothly.

Those who are chosen to be managers of cooperatives are often only those who have a high social position in society, regardless of their abilities. 5. The imposition of taxes on cooperatives does not meet the sense of justice. There are many complaints regarding the imposition of taxes on cooperatives, including: the imposition of final income tax (PPh) of 1% for cooperatives that have a turnover above Rp 4.8 billion / year which must be paid every month in PP No.46 of 2013, the policy of imposing a 10% tax for the receipt of interest on member deposits of more than Rp 240,000 also burdens cooperative members, where the majority of cooperative members are middle to lower class people, there is no deposit guarantee in cooperatives, while banks that are both financial institutions receive guarantees in the form of LPS (Lembaga Penjamin Simpanan) up to Rp 2 billion.

The shortcomings possessed by the cooperatives above show that cooperatives have received less attention because they lack performance and a better image than in the past. This situation is one proof that the government's commitment is still lacking in cooperative development. Government intervention is expected to overcome obstacles or obstacles that are the main problems in the cooperative order in Indonesia. The productivity of Micro, Small and Medium Enterprises (MSMEs) is still relatively low compared to Large Enterprises, both measured by GDP productivity per business unit and GDP

productivity per labor. However, the productivity of MSMEs has a positive growth rate trend. This is an indication that the government's efforts to increase MSME productivity are giving positive results. The most productive business sectors for Small Businesses are the financial, rental and corporate services sectors, followed by the building sector and the mining and quarrying sector

Increased Success

1. Job Creation Law of the total SMEs in Indonesia, 64.13 million are MSEs that are still in the informal sector, so they must be encouraged to become the formal sector. Indonesia continues to face challenges with complex licensing and overlapping regulations at the central and local levels. Therefore, the government aims to solve this problem by preparing a Job Creation Law which was passed in 2020. One of the substances regulated is regarding the comfort, protection, and empowerment of SMEs. The government hopes that with the help of the Job Creation Law, SMEs can continue to grow and be competitive.
2. PEN Program the National Economic Recovery Program (PEN) is one of the programs launched by the government to revive the Indonesian economy. This program is also the government's response to the decline in activities of affected communities, especially the informal sector or small and medium enterprises. This program was formed based on Government Regulation Number 23 of 2020, which was later changed to Government Regulation Number. 43 of 2020. As part of the government's efforts to promote SMEs, the following information is available on the PEN program for SMEs
3. People's financing Commercial Credit (KUR) Another government activity in the context of SME promotion, namely Popular Commercial Credit (KUR) - a program that is channeled through the community using a guarantee model financial institution. The cost of working capital loans/financial services (interest) is subsidized by the state. The purpose of KUR is to increase the availability of financing and strengthen MSME capital.
4. The National Proud for Indonesia Movement (Gernas BBI) The National Proud for Indonesia Movement (Gernas BBI) is one of the SME promotion programs launched by the government in 2020. Gernas BBI aims to promote national branding. Superior local products to create new industries and of course increase economic growth. Through this program, the government encourages MSME players to join digital platforms.

Efforts made by MSME business actors to increase success, which needs to be considered by MSME actors to maintain existing businesses.

First, product innovation as an effort that needs to be done by MSMEs starting from improving, improving, to developing products produced so far. One strategy that MSMEs can do is pivot. Usually, pivots are done to help businesses recover or survive when previous business models cannot be applied when facing difficult situations.

Second, Digital Marketing that needs to be developed by MSMEs through online platforms along with changes in people's behavior. Digitalization will make it easier for business actors to provide information and interact directly with consumers, expand markets, and increase sales. "Digital marketing is very important, but MSMEs must also know what to do. For example, posting on social media, but the product photos are not clear. So, business actors must also pay attention to good product photos to attract the attention of consumers.

Third, Collaboration. Collaborate with fellow business actors, minimize budgeting, maintain product taste and relationships with customers, and join the business community as he did by joining the MSME Friends Community. Support and strategies for MSMEs to move to increase sales certainly need attention from various parties. One of them is cooperation between the government and the private sector in helping MSME actors to keep rising.

Fourth, Income Planning as a business actor must be more detailed and plan income or targets in detail. In addition, it must cut the cost budget. We recommend that business actors replan their revenues and cost budgets to realize a resilient business. By maximizing in reducing costs, business capital will not be disturbed and can run as it should.

Conclusion

1. The tourist alley has a considerable economic impact on Indonesia, especially in the city of Makassar experiencing an economic increase. Micro, Small and Medium Enterprises (MSMEs)
2. Efforts to increase MSMEs carried out by the government are the Law on Job Creation, People's Financing Commercial Credit, the National Movement to Be Proud of Indonesia, Increase exports of Indonesian products
3. Efforts to increase MSMEs carried out by business actors are Product Innovation, Digital Marketing, collaboration, and Revenue Planning.

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