

Empowerment of MSMEs in the Pastry Sector in Malang City: An Analysis of Policy Implementation

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Abstract

The purpose of this research is to describe and analyze the implementation of Micro, Small, and Medium Enterprises (MSMEs) empowerment policies in the field of pastries based on East Java Provincial Regulation No. 6/2011 in Purwantoro Village, Blimbing Subdistrict, Malang City, as well as identify supporting and inhibiting factors for its implementation. The research location was Purwantoro Village, Blimbing Subdistrict, Malang City. The data analysis technique in this research used qualitative data analysis based on the results of interviews, observations, and documentation. The findings in the research show that the implementation of MSME empowerment policies in the field of pastries in Purwantoro Village based on East Java Regional Regulation No. 6/2011 has been running, with information dissemination carried out through socialization. However, there are obstacles to access to resources in the form of financial limitations and access to capacity building. In addition, intensive assistance is still needed regarding disposition, especially in marketing, and there is no detailed Standard Operating Procedure (SOP) policy. Supporting factors for implementation include the availability of creative human resources and local government commitment, while the main constraints include limited capital, lack of technical skills, and complex regulations. Capacity building, continuous training, and strengthening business networks are needed to support the sustainability of MSMEs. The research results for the government, especially DISKOPINDAG Malang City, can be used as input in formulating policies related to MSME empowerment.

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1. Introduction

Realizing public welfare is the government's obligation in a country. The government is an actor implementing government policies tasked with empowering the community as an element that plays an important role in achieving state goals. Public policy is a series of concepts and principles that form the basis for implementing leadership and ways of acting by including community participation to produce the best decisions. This policy is the government's authority to carry out its duties and functions oriented towards the interests of the community and the business world. According to Nugroho (2004), public policy is a rule that regulates people's lives and is binding, where every violation will be sanctioned according to the weight of the violation imposed in front of the community by the authorized institution.

Policy is a principle or way of acting chosen to direct decision-making, where each preparation begins with formulating problems that have been identified. Then, the implementation of policies is aimed at overcoming problems that occur in society (Mustari, 2015). Public policy is one of the government's steps in implementing applicable laws and regulations, which originate from stakeholders and are implemented to solve certain problems (Haerul et al., 2016). According to Ripley and Franklin (Anggara, 2018), public policy comprises four types. First, distributive policies aim to encourage the private sector to carry out activities

that would not be carried out without government subsidies. Second, redistributive policies seek to create an equitable distribution of welfare, ownership, rights, and values among various social classes or ethnic groups. Third, protective regulatory policies are designed to restrict private sector activities that may harm or endanger society. Finally, regulative and competitive policies regulate the production of certain goods and services by setting criteria that must be met by the private sector, such as the regulation of public transportation equipment and facilities.

According to Suharno (2010), policies are formulated with certain characteristics that distinguish them from random behaviour or actions. Public policy is more goal-oriented and is a planned action in a modern political system. Policies consist of interrelated and patterned actions by government officials with certain objectives and do not stand alone. In addition to decisions to make laws, the policy also includes implementation and enforcement measures. Public policy relates to what the government does in a particular field and can be both positive and negative. Negative policies include government decisions not to act or intervene in issues that otherwise require government intervention.

Tahir (2014) states that many interconnected factors determine the success of policy implementation. An understanding of the various factors related to implementation is elaborated in several policy implementation theories and used as a foundation. Several public policy implementation models serve as a reference in designing and implementing policies, one of which is the George C. Edwards III model, with four variables. The Edwards III model has four variables that affect policy implementation in the form of communication, resources, disposition or attitudes, and bureaucratic structure.

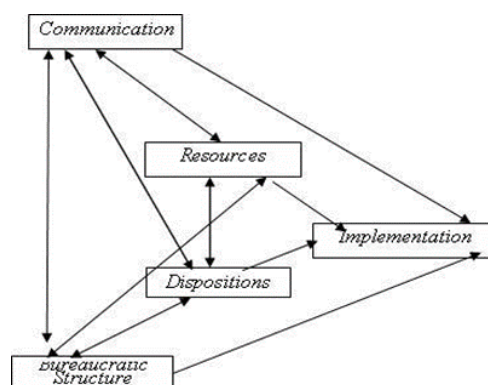


Figure 1. Public Policy Implementation Model (Edwards III)
Source: Literature Review data (2024)

Edward III policy implementation theory is used to analyze policy implementation, including MSME development. This model emphasizes the dynamic interaction between communication, resources, attitudes, and bureaucratic structure factors. Understanding the model helps policymakers identify challenges faced in the policy implementation process and formulate effective strategies to improve understanding of policy implementation and achieve organizational goals.

The government must fulfil its obligations to achieve state goals by carrying out three important functions: public administration services, community empowerment, and human resource development. These three functions are related (Agustino, 2008). Furthermore, the service function will help the community care for their interests. The government as a state apparatus strives to provide the best services for the community in all sectors, the empowerment function itself will encourage the community to have independence, one of which is through the empowerment of Micro, Small and Medium Enterprises, hereinafter referred to as MSMEs.

MSMEs play a crucial role in the Indonesian economy by making a real contribution to the gross domestic product (GDP) and job creation (Assor & Rusdianti, 2023). However, MSMEs still face several challenges, including limited access to capital, inadequate infrastructure, marketing and product distribution constraints, and the need for innovation, technology, and human resource development. Several policies have been taken, such as providing access to

microfinance, rural infrastructure development, and skills training. Increasing digital capabilities is one of the keys to improving competitiveness in an increasingly digital and globalized market. Efforts are needed to encourage the adoption of modern technology and digital literacy to overcome challenges and strengthen the role of MSMEs in the economy (Yolanda, 2024).

Digitalization provides space for optimizing community activities, which is supported by the use of technological devices to make it easier for small and medium industry players to introduce their products to the public. The rapid development of information and communication technology has impacted the increasingly strong marketing trends in the business environment, which initially emphasized conventional (offline) strategies to digital (online). Digitalization allows industry players and potential consumers to interact virtually and use media to inform products according to producers wishes. It also hits the minds of consumers. The availability of information is not only limited to product details but also the attractiveness of an image or photo design that will impress consumers (Saudah et al., 2021).

The government, private sector, banks, various business associations, and universities in the Technopreneurship function can act as business incubation institutions that can encourage and provide technological innovation products and assistance to encourage the independence and empowerment of the MSME sector. According to Sundari (2019), to strengthen support for MSMEs, the government has issued regulations governing the implementation of MSMEs. Law No. 20/2008 contains definitions, criteria, principles, climate development for businesses, goals of empowerment and development of MSMEs. Law No. 20/2008 is followed by East Java Regional Regulation No. 6/2011 on MSME Empowerment (Putra, 2022).

Data from the Ministry of Cooperatives and Small and Medium Enterprises (KEMENKOP UKM) states that there will be 64.2 million MSMEs units in Indonesia in 2021. Along with the conditions of employment opportunities, technological advances and human resource potential, this number will continue to grow. Various challenges will be encountered, including business improvement, lack of digital access, difficulty penetrating global markets, and lack of financial services. Nevertheless, MSMEs in Indonesia empower 97% of the workforce, contribute 57% to Gross Domestic Production (GDP), and contribute 15% to national exports. MSMEs in Malang City are expected to advance the current economy. The Regional Development Planning Agency (BAPPEDA) of Malang City (2015) states that six aspects affect the development of small businesses, including labour, operations, finance, marketing and partnerships, infrastructure and regulations. Various existing structural policies also do not favour the MSME sector, such as policies on increasing basic electricity tariffs, taxes, trade liberalization, etc.

Previous research suggests several obstacles experienced by the government when making efforts to empower MSMEs in training activities, including unsynchronized locations and implementation times, incomplete quality of human resources and data, training only attended by the same participants, and the lack of assistance carried out to support the sustainability of training results. Based on the above phenomenon, it is necessary to research how empowerment efforts and the implementation of policies support the development of MSMEs. The purpose of this study is to describe and analyze the implementation of MSME empowerment policies in the field of pastries based on East Java Provincial Regulation Number 6 of 2011 concerning MSME Empowerment in Purwantoro Village, Blimbing Subdistrict, Malang City, and identify supporting and inhibiting factors for its implementation. The results of this study are expected to contribute theoretically to the development of science and practical contributions, especially for DISKOPINDAG Malang City as input material in the formulation of MSMEs empowerment policies, as well as a means for researchers to apply the theory in the study.

2. Methods

This research is included in descriptive research with a qualitative approach that describes or describes the progress of policy implementation towards efforts to empower MSMEs in the field of pastries based on East Java Province Regional Regulation Number 6 of 2011 concerning MSME Empowerment. According to Sugiyono (2017), qualitative research is a method based on the philosophy of positivism and is used in research that scientifically examines an object's state.

This research was related to government efforts in implementing East Java Provincial Regulation No. 6/2011 on MSMEs Empowerment implemented by the Malang City Industry and Trade Cooperative Office, especially in pastries. The location of this research was Purwantoro Village, Blimbing Subdistrict, Malang City.

Research informants are determined using purposive sampling, with certain considerations (Sugiyono, 2017). The informants in this research are the Village, District, City Governments, and MSME players. The data analysis technique uses qualitative data analysis by collecting all data from interviews, observations, and documentation, condensing data to select and simplify the data obtained, compiling and presenting information based on data in a systematic and simple form, and drawing conclusions on the data that has been collected.

3. Results and Discussion

3.1. Results

The research location is in Purwantoro Village, Blimbing Subdistrict, Malang City. Purwantoro Village has an area of 229.25 hectares, consisting of 24 community associations ("Rukun Warga"/RW) and 158 neighbourhood associations ("Rukun Tetangga"/RT). Administratively, Purwantoro Village is bordered by several other villages, such as on the north by Blimbing Village, on the south by Bunulrejo Village, on the east by Pandanwangi Village, and the west by Tulusrejo, Mojolangu, and Lowokwaru Villages.

Kelurahan Purwantoro has public facilities such as school buildings, local tourist attractions, and culinary specialties that support community life. The Kelurahan is committed to improving the quality of life of its residents through public health, education, and infrastructure services. The economic sector encourages local growth with skills training, MSME support, and entrepreneurship development. Pastry MSME empowerment is implemented based on the George C. Edwards III model, including communication, resources, disposition, and bureaucratic structure.

Regional Regulation of East Java Province No. 6/2011 was formed as a local government effort to improve the competitiveness of MSMEs and encourage community participation in economic activities. Regarding information, the regulation in Purwantoro Village was conveyed through the government website, community forums, and brochure publications involving community leaders and non-governmental organizations to ensure residents' understanding. This is by the statement of the local Head of Community Empowerment, who stated that: "...we are working together with the local government of Malang City, especially DISKOPINDAG Malang City, to deliver information related to this "Perda No. 6 of 2011", the steps we take are: socialization through community forums where we hold regular meetings with MSME actors to explain the contents of the Perda and its benefits for them, we also use social media and the official website in utilizing digital platforms to disseminate information widely and quickly, and we provide educational materials by making brochures or pamphlets that explain the important points of the Perda" (interview, Monday, June 10, 2024).

Implementing the pastry MSME empowerment policy includes skills training, capital assistance, and marketing support through exhibitions and bazaars. The government also regularly evaluates the program's effectiveness by considering business feedback to adjust policies according to field needs. Feedback from pastry entrepreneurs is important to adjust policies to the needs of the field to improve production, management, and marketing. Meanwhile, information dissemination to businesses is done through meetings, workshops, and social media supported by the official local government website, facilitating access to the latest information. The pastry exhibition serves as a means of promotion and education, strengthening business networks with local communities and business associations to improve the competitiveness of the pastry industry.

Information on East Java Provincial Regulation No. 6/2011 is conveyed quite clearly through various official communication channels and implemented as concrete support to pastry businesses in Purwantoro Village. This is evidenced by the statement of one of the business owners who had participated in the training: "...we received quite clear information

from the government, besides that we also received step-by-step guidance on how to register as an MSME and access to government assistance" (interview, Thursday, June 13, 2024). In addition, the implementation of periodic evaluations by the government was conveyed by the Head of Community Empowerment of Purwantoro Village, who said: "...periodic monitoring and evaluation of the effectiveness of the implementation of this regulation and its impact on the development of MSMEs in the field of pastries, If there are violations of the provisions in the regulation, firm action must be taken to maintain the integrity of the policy, as well as providing ongoing support to MSME actors through training programs and access to markets" (interview, Monday, June 10, 2024).

In the resource aspect, training covering manufacturing, management, marketing, and recipe innovation is an effort to empower pastry business actors in Purwantoro Village, Malang City. The program is conducted through local government cooperation with educational institutions or organizations. However, the effectiveness of the training depends on the dissemination of information and the participation of businesses, which can be hindered if the program is not well known or not considered a priority. This is supported by the statement of one business owner who has participated in the training: "...there have been many efforts to increase the capacity of MSME actors and regarding efforts to increase marketing carried out by the Malang City government through DISKOPINDAG. It is very necessary to have training that leads to increased marketing, even to exports, not just basic training, increasing capacity in the field of marketing and opening networks to other regions can accelerate MSMEs to be ready to face competitors and can immediately upgrade" (interview, Tuesday, June 11, 2024).

Meanwhile, capital and raw materials are important factors in the sustainability of the pastry business in Purwantoro Village, Malang City. The government provides financing schemes through soft loans and MSME programs. However, administrative barriers in the form of complicated requirements and a lack of understanding of capital applications are still an obstacle. Government support is also needed to ensure partnerships with local producers to guarantee access to quality raw materials. However, challenges such as price fluctuations and distribution can hinder the smooth running of the business. Based on an analysis of the implementation of MSME empowerment policies in the pastry sector according to East Java Provincial Regulation No. 6/2011, businesses have access to training to improve production, business management, and marketing skills, as well as capital support through financing schemes such as soft loans. However, access to raw materials still depends on local initiatives, such as partnerships with suppliers or local markets, and is affected by market conditions, such as price fluctuations and distribution.

Regarding disposition, local government support for pastry MSMEs in Malang City includes skills training, financing schemes with low-interest loans, and marketing facilities through exhibitions and fairs. These efforts aim to improve MSME players quality, competitiveness, and business expansion. The Head of the Micro Business Division of Malang City DISKOPINDAG stated: "The division of tasks has been implemented at DISKOPINDAG, where the task of empowering MSMEs is in the SME sector. The division of tasks in training and mentoring has also been implemented. After completing the training, the mentor will be responsible for 5-6 trainees. Mentoring runs for 1 year from January to December" (interview, Wednesday, June 12 2024).

In addition, the local government also supports pastry MSMEs in Kelurahan Purwantoro through training, financing, marketing, and legal protection so that they can operate without fear of unfair business practices. Digital platforms and partnerships with the private sector are encouraged to expand markets and strengthen distribution. Implementing Perda No. 6/2011 includes skills training covering production techniques, recipe innovation, and business management to improve quality and competitiveness. In addition, low-interest loan schemes, capital assistance programs, exhibitions, and collaboration on raw material provision are available to improve business competitiveness and sustainability.

Meanwhile, regarding bureaucratic structure, the government acts as a facilitator and supervisor in empowering MSMEs through the Office of Cooperatives and Micro and Small Enterprises (DISKOPINDAG) by providing training and access to capital. At the local level, the Malang City DISKOPINDAG supports the marketing of MSME products through exhibitions and

fairs and assists MSMEs in more easily accessing markets and improving competitiveness. The Head of the Micro Business Division of Malang City DISKOPINDAG emphasized the importance of this bureaucratic role with the following statement: "There is an organizational structure that runs in DISKOPINDAG. Bureaucracy is important in ensuring that a policy runs well and effectively. This bureaucracy oversees planning, coordination, implementation, supervision and evaluation. In addition, implementing the MSME Empowerment Policy Based on East Java Provincial Regulation Number 6 of 2011 concerning the Empowerment of Micro, Small, and Medium Enterprises provides a legal framework for local governments to empower MSMEs in their respective regions" (interview, Wednesday, June 12 2024).

In Malang City, the "Sahabat UMKM" program was launched by DISKOPINDAG on June 28 2024, to support budding MSMEs through capital, marketing and training. Local communities and business associations also assist by organizing training to improve the capacity of MSMEs, including in pastries. Inter-agency coordination in Kelurahan Purwantoro is conducted through regular discussions involving the Cooperative Office, Trade Office, and BPBD (Regional Disaster Management Agency) to ensure program integration without overlap. The synergy between the government, community, and entrepreneurs strengthens the effectiveness of MSME empowerment in Malang City. The implementation of MSME empowerment policies in the pastry sector in Purwantoro Village, Blimbing Subdistrict, Malang City, is influenced by various supporting and inhibiting factors, both internal and external. Internal supporting factors include the capacity of skilled human resources (HR), the availability of sufficient capital, adequate infrastructure, and the strong commitment of the local government to supporting this program. In addition, active community involvement, such as participation in training and marketing, is also an important element that supports the success of this policy.

Skilled and knowledgeable human resources are key to the success of empowering pastry MSMEs in Purwantoro Village. Training in financial management, digital marketing, and product innovation improves business competence and competitiveness. High motivation and extensive social networks also expand access to information and market opportunities. The Head of Community Empowerment of Purwantoro Village said: "The community of Purwantoro village has a wide network, and human resources are also able to accept new knowledge and new changes for the good of all of us. These conditions support the implementation of Local Regulation No. 6/2011 on empowering MSMEs. Several trainings conducted by DISKOPINDAG, most of which were also attended by pastry business owners" (interview, Monday, June 10, 2024).

Access to adequate capital enables pastry MSMEs to obtain financing from banks, cooperatives, or microfinance institutions for working capital, investment, and business development. With sufficient capital, businesses can increase production capacity, purchase new equipment, expand locations, and improve product quality and competitiveness. Capital also supports innovation and diversification of services to meet market needs. In addition, these funds enable MSMEs to participate in training to improve managerial and technical skills. Adequate infrastructure supports the development of pastry MSMEs, from distribution to marketing. Good transportation access makes delivering products to a wider market easier, while traditional markets and shopping malls facilitate direct marketing. Digital infrastructure, such as fast internet, accelerates online marketing and transactions. In addition, access to financial institutions provides financing opportunities to support business development. The Head of Community Empowerment of Blimbing Sub-district stated: "As one of the supporting factors, the infrastructure in Kecamatan Blimbing Malang City is quite adequate, as well as the infrastructure of the business premises. Training and development for business actors, including pastry makers, have also been conducted. Access to capital has also been facilitated, including with BTPN" (interview, Thursday, June 13, 2024).

The commitment of the local government is also a supporting factor for the empowerment of MSMEs in the pastry sector through strategic policies, trained human resources, community involvement, and adequate budget support to encourage the effectiveness and sustainability of the pastry MSME empowerment program. This is reinforced by the statement of the Head of Micro Business Division, that: "...as one of the commitment factors of the Malang city

government and DISKOPINDAG, it can be seen from the routine in preparing the budget and implementing training programs every year" (interview, Wednesday, June 12, 2024).

In addition, community involvement is also key to the success of empowering MSMEs in the pastry sector through active participation in program planning and implementation. Local community forums enable sharing experiences and solutions, creating a sense of shared responsibility. Social support, such as purchasing local products and promoting businesses among residents, increases the competitiveness of MSMEs in the market. Counselling and training activities that involve the community also increase the capacity of businesses, strengthening understanding and the effectiveness of policy implementation.

Externally, factors that support the implementation of MSME empowerment policies include stable macroeconomic conditions, which create opportunities for business growth. Market competition encourages innovation and improved product quality. Supportive government regulations, such as tax incentives or license simplification, facilitate business development. Access to technology facilitates production efficiency and digital marketing, while extensive marketing networks help MSMEs reach new markets more effectively. Positive macroeconomic conditions, such as economic growth, inflation stability, and infrastructure investment, support the empowerment of pastry MSMEs by increasing purchasing power, controlling operational costs, and facilitating access to financing such as People's Business Credit (KUR) for MSMEs. : The Head of the Micro Business Division conveyed the government's efforts in maintaining inflation stability "...considering that inflation is also a factor that can affect the development of MSMEs. Therefore, DISKOPINDAG also strives to participate in maintaining inflation stability by organizing the "Mbois Ilakes" Inflation Stall. Because inflation will affect people's purchasing power and also affect the rise and fall of prices of basic commodities, including ingredients for making pastries" (interview, Wednesday, June 12, 2024).

Market competition encourages MSMEs in the pastry sector to innovate products and services, improving quality and relevance in the market. To win over consumers, businesses focus on improving services to increase customer loyalty. In addition, intense competition makes MSMEs more actively monitor market trends and consumer preferences to adjust business strategies. Competition also triggers collaboration through mutually beneficial associations or partnerships. This is reinforced by the statement of the Head of the Micro Business Division: "Market competition can be a supporting factor if it motivates us to innovate" (interview, Wednesday, June 12, 2024).

Government regulations also support MSMEs in the pastry sector through tax incentives, low financing, training, and promotion, which increase competitiveness and expand market access. The Head of Community Empowerment of Purwantoro Village stated that: "BTPN Syariah on June 19, 2024, provided easy access to credit facilities including financial management assistance for MSMEs, including for pastry businesses. BTPN Syariah provides mentoring programs to MSME players. This includes providing access to finance that can be used for working capital or productive financing and access to knowledge goods and markets. Easy access to financing will increase the business of MSME players" (interview, Friday, June 21, 2024).

Access to technology also supports pastry MSMEs in efficiently managing inventory, sales, and finances through management software, enabling a focus on product development. Digital platforms such as social media and e-commerce help reach markets without geographical boundaries, especially in areas where traditional marketing is limited. Technology provides up-to-date information on market trends, consumer needs, and competitor strategies, aiding better decision-making. In addition, online training expands the managerial and technical skills of entrepreneurs. Good marketing networks enable MSMEs in the pastry sector in Kelurahan Purwantoro to reach more consumers and market their products effectively. These networks create opportunities for collaboration with other businesses, such as suppliers or large companies, resulting in mutually beneficial synergies. In addition, through marketing networks, MSME actors can share information and experiences on effective marketing strategies. Support from government programs and private institutions, such as training and technology access, also strengthens these networks' development.

Implementing MSME empowerment policies is often constrained by internal factors such as unskilled human resources, limited capital, poor infrastructure, lack of local government commitment, and low community involvement. The main HR constraint in empowering pastry MSMEs is the lack of basic skills and knowledge of business management and information technology. This hinders the implementation of new strategies taught in the empowerment program. In addition, resistance to change due to fear of failure or scepticism towards technology is also an obstacle. Limited skilled labour and administrative support also hamper the effectiveness of policy implementation.

Limited capital, infrastructure, and government support are major obstacles for pastry MSMEs in Purwantoro Village. Difficult loan requirements, high fees, and lack of financial management knowledge limit business development. Poor infrastructure, such as damaged roads, lack of storage facilities and showrooms, and low technological access, can hinder online distribution and marketing. Local government barriers, including lack of coordination, regulatory uncertainty, local leaders' unawareness of the importance of MSMEs, and budget constraints, also result in a lack of attention and support, resulting in many initiatives not being optimally realized.

Lack of awareness and effective communication can hinder community participation in the empowerment of pastry MSMEs, as policy information is often poorly conveyed, leading to misperceptions. The distrust of the government due to a lack of transparency and policy consistency also exacerbates this condition. Internal inhibiting factors in the process of implementing MSME empowerment policies were reinforced by the Head of Micro Business Division, who stated that: "...internal factors that hinder the implementation of local regulation no 6 of 2011 on empowering MSMEs are lack of skills, barriers to accessing capital, lack of financial management, inadequate infrastructure and equipment, lack of awareness of the importance of MSMEs to support the regional economy" (interview, Wednesday, June 12, 2024).

Meanwhile, external constraining factors in empowering pastry MSMEs include unstable macroeconomic conditions, market competition, inconsistent regulations, and limited access to technology. Unstable inflation, recession, and exchange rate fluctuations can reduce purchasing power, hamper sales, create market uncertainty, and affect cost planning, especially for raw materials. Meanwhile, intense market competition forces MSME players to lower prices, which impacts profitability. In addition, limited resources and managerial knowledge also reduce the ability of MSMEs to compete and expand their markets. Variations in product quality also make consumers prefer well-known brands over local products. In addition, complex government regulations such as excessive bureaucracy, complicated licensing processes, and lack of socialization make many pastry MSME players unaware of available regulations or assistance programs, so opportunities are often missed. The unclear application of rules and sudden policy changes create uncertainty that makes them hesitant to invest and expand their businesses. Another challenge is limited access to technology due to poor internet infrastructure, unstable connections, and the high cost of hardware and software investment without government support. Lack of digital skills and resistance to technological change also slow the adoption of innovations, leaving some businesses to rely on traditional methods.

The pastry MSMEs in Purwantoro Village are also constrained in establishing marketing networks due to limitations in capital, skilled human resources, and the ability to utilize information technology. Intense competition demands effective marketing strategies, but minimal support and business and tax regulations often hinder participation in formal marketing networks. The Head of the Micro Business Division stated, "...external factors that hinder the implementation of local regulation number 6 of 2011 on the empowerment of MSMEs are inflation, inconsistent regulations, and market competition" (interview, Wednesday, June 12, 2024). This statement was reinforced by the Head of Community Empowerment of Blimbing Sub-district's statement: "An unfavourable business climate can hinder the development of MSMEs. For example, political uncertainty and inconsistent government policies can create an unstable business environment. For example, sudden changes in regulations can affect licensing and business operations, making it difficult for them to adapt" (interview, Thursday, June 13, 2024).

3.2. Discussion

The results of this study discuss the implications of empowering micro, small, and medium enterprises (MSMEs) in pastries based on East Java Provincial Regulation No. 6/2011 on MSME Empowerment. This research highlights the implementation of policies aimed at increasing the capacity of MSMEs through various training programs, access to financing, and strengthening marketing networks. The policy also emphasizes the role of local government in creating a conducive business environment and supporting business sustainability.

Communication is important in policy implementation, including East Java Provincial Regulation No. 6/2011 on MSME Empowerment in Purwanto Village, Blimbing Subdistrict, Malang City. Through various channels, information delivery involves local government, community, and business actors. However, constraints such as uneven access to information, varying levels of understanding, and resistance to policy change hinder the effectiveness of socialization. Limited human and financial resources at the kelurahan level exacerbate the situation. Referring to Edward III's theory, accurate and clear communication is necessary for effective policy implementation. Therefore, local governments need to improve their methods of delivering information to be more inclusive and easily understood by all elements of society.

Resources are key to successfully implementing policies to empower pastry MSMEs in Purwanto Village. The local government supports MSMEs through grants, soft loans, and access to microfinance institutions. However, challenges such as the lack of experts, low awareness of business actors, limited funds, complicated bureaucracy, and lack of coordination between stakeholders hinder policy implementation. Stakeholder synergy and human resource capacity building are needed for empowerment effectiveness. According to Edward III's theory, implementation tends to be ineffective without adequate resources. The synergy between stakeholders is needed to overcome this challenge.

The attitude and commitment of stakeholders, including the local government, business actors, and the community, are crucial in implementing pastry MSME empowerment policies in Purwanto Village. Despite high commitment, obstacles such as lack of coordination between parties and administrative barriers still hinder the effectiveness of implementation. Intensive assistance to business actors, especially in marketing, is needed. According to Edward III's theory, positive attitudes and stakeholder support can ensure policy implementation follows goals. Improvement strategies are needed to overcome obstacles for the welfare of the community.

Regarding bureaucratic structure, government organizations and institutions play an important role in implementing MSME empowerment policies, including the East Java Office of Cooperatives and MSMEs, which formulates regulations, facilitates training, and provides access to financing through microcredit programs. Government organizations promote MSME products through exhibitions and digital platforms and monitor and evaluate policy. However, constraints such as the lack of skills of business actors, difficult access to financing due to lack of collateral, inadequate infrastructure, and complicated bureaucracy often hinder the growth of pastry MSMEs.

Understanding the functions of the bureaucracy and the existing constraints allows the formulation of strategic steps to improve the effectiveness of empowering MSMEs in Purwanto Village according to East Java Regional Regulation Number 6 of 2011. The implementation of the policy to empower micro, small, and medium enterprises in the field of pastries based on East Java Provincial Regulation No. 6/2011 in Purwanto Village based on Edward III Policy Implementation Theory experienced several challenges and successes as follows:

In terms of communication with the community, obtaining information about the empowerment program through socialization conducted by the local government is necessary. However, there are still gaps in the community's understanding of the program's benefits because it is still not comprehensive, so some have not been reached with this information.

Regarding resources, the government provides support through training and capital assistance. Likewise, it supports the skills and competencies of Diskopindag staff. However, not all businesses in the pastry sector have equal access to these resources. Especially the Poker Program for Council Members cannot be synchronized with communities that have not received

training, so it is only reserved for colleagues and success teams. In addition, MSMEs that have risen in class no longer need to be given start-up training, only bookkeeping, licensing, and halal certification.

In terms of disposition, many government employees have shown a high commitment to helping local entrepreneurs, especially MSMEs in the pastry sector, and a delegation of tasks has also been carried out. However, some administrative obstacles still need to be improved to make the assistance process faster. In addition, there is a need for intense assistance to MSME players in the field of pastries in marketing products to an advanced level.

Meanwhile, the organizational structure shows that the kelurahan government collaborates with related agencies to implement the program, but coordination between agencies still needs to be improved to be more effective. In terms of tactics and strategies, several marketing strategies have been implemented by MSME players, such as utilizing social media to reach a wider range of consumers. However, there is still a need to improve managerial and marketing skills for business actors.

Based on the findings above, it can be concluded that the implementation of MSME empowerment policies in the pastry sector in Purwantoro Village has been running. However, it still faces communication challenges, resource access, and institutional coordination. Government efforts through various empowerment programs need to be balanced with increasing the capacity of MSME actors through continuous education and training to compete in the market. In addition, strengthening the network between business actors is important to support the empowerment of MSMEs.

Implementing MSME empowerment policies is certainly accompanied by factors that support and hinder. Internal factors in the form of human resources that have adequate skills and knowledge in pastry production will improve product quality. Training provided by local governments or related institutions aims to help improve the abilities of MSME actors. Creative and innovative human resources can create variations of pastry products that attract consumers. This is important to compete in an increasingly competitive market. Human resources with extensive social networks can facilitate the marketing of MSME products. Cooperation with other parties, such as distributors or retailers, is crucial to expand market reach. Employees or business actors who are highly committed to their business tend to be more productive and dedicated to achieving common goals, thus supporting the success of policy implementation.

The availability of adequate capital also enables MSMEs to undertake various activities required to run their businesses. Some positive aspects of capital availability. Sufficient capital allows businesses to invest in equipment, raw materials, and infrastructure needed to produce pastries. With capital, businesses can research and develop new products, meeting changing market demands. Capital is also important for marketing activities, such as product promotion through social media or participation in local exhibitions. Capital availability allows for increased production capacity through the purchase of machinery or the hiring of additional labour.

The availability of infrastructure covers various aspects such as physical facilities, accessibility, and technological support needed to improve the competitiveness of MSMEs, particularly in the pastry sector in Purwantoro Village. Providing adequate production facilities is very important for MSMEs in the pastry sector. This includes clean and safe production spaces, standardized equipment, and access to quality raw materials. With good facilities, businesses can improve their production efficiency and product quality. Good transportation infrastructure enables faster and more efficient distribution of pastry products to the market. Good roads and access to distribution centres will help micro, small, and medium enterprises reach a wider range of consumers, thereby increasing sales. Information technology support is also an important supporting factor. Access to the internet and digital platforms allows MSMEs to market their products online, expand their market reach, and improve customer interaction.

Commitment from local government leaders with a strong vision for MSME empowerment will lead to more initiatives and support for related programs. Training for MSME actors in business management, marketing, and product innovation can improve their capacity to compete in the market. Government commitment to facilitate access to financing through financial institutions or special loan schemes for MSMEs is essential for them to thrive.

In addition, active community involvement in training programs organized by the government or related institutions can improve their business management skills and knowledge. This contributes to improving the quality of pastry products produced. Community involvement in social networks can create support among MSME actors. For example, several businesses can share information on marketing, production techniques and product innovation. This will strengthen the competitiveness of MSMEs in the market. People who know the importance of supporting local products will be more likely to buy pastries from local MSMEs. This not only helps increase the income of the businesses but also maintains their sustainability.

Meanwhile, external factors that support implementation can be macro-financial conditions, including exchange rates, inflation, interest rates and economic growth. Stable and positive macro-financial conditions can serve as a supporting factor in the implementation of business empowerment policies in the field of pastries. When the economy is growing well, there is an increase in demand for pastry products so that it can encourage increased sales and profitability. When interest rates are low, it is easier for businesses to obtain capital loans and investments (procurement of new equipment). Controlled inflation helps maintain consumer purchasing power, and production costs remain stable.

Market competition can provide some support for pastries. Intense competition encourages businesses to innovate. The large number of players in the market requires businesses to create various attractive and high-quality pastry products to compete. This includes not only taste and appearance but also packaging and marketing aspects. The competition encourages businesses to pay attention to these details. With multiple competitors, consumers have more choices, which can increase the overall demand for certain product categories, such as pastries. This provides opportunities for businesses to expand market segments. Competition can also encourage collaboration between businesses, such as collaboration and cooperation in marketing or distribution, to achieve cost efficiency and expand market reach.

Central and local government policies related to taxes, business licenses, and other regulations can directly impact business operations. Too strict regulations can hinder the growth of small businesses. Policy implementation cannot be separated from the influence of government regulations. These regulations can support and inhibit factors in efforts to empower micro, small, and medium enterprises in the pastry sector.

Access to technology as support and good access to technology can increase production efficiency, improve product quality, and expand markets for businesses, especially micro, small, and medium enterprises. Modern technology in the pastry business, such as automatic mixing machines, electric ovens with precise temperature control, and business management software, can help businesses. Using modern machines and tools can shorten production time, increasing production volume. Technology also plays a role in maintaining consistent product quality. For example, an oven with accurate temperature control can produce cookies with better texture and flavour. The use of digital platforms for marketing, such as social media or E-commerce, allows businesses, especially micro, small and medium enterprises, to reach consumers without geographical limitations. Access to the latest information on food trends and new technologies allows micro, small and medium enterprises to innovate.

A strong marketing network allows micro, small and medium enterprises to reach a wider market. By partnering with distributors or retailers, consumers can find pastry products more easily. Through these networks, businesses can learn from each other's experiences and receive training on effective marketing techniques. Some marketing networks also provide access to funding sources through loans or investments, which are crucial for business development. Collaboration within the network can encourage product innovation, where entrepreneurs can share ideas and new technologies to improve the quality and variety of pastry products.

Implementation certainly faces obstacles, both internally and externally. Internal inhibiting factors in policy implementation can come from human resources, such as business actors in the pastry sector not having good enough technical skills. A lack of access to training can cause this. Some individuals are also reluctant to adopt new technologies or modern production methods, hindering innovation and efficiency in the production process. Lack of effective human resource management can lead to problems such as high employee turnover rates, internal conflicts, and

low work motivation. Many MSMEs experience financial difficulties investing in HR training, so the potential for human resource development cannot be maximized.

MSME actors have difficulty accessing formal sources of financing, such as banks, due to strict requirements or lack of collateral. Without sufficient capital, businesses may be unable to cope with market fluctuations or unexpected operational costs. Limited funds can limit the ability of businesses to innovate and improve the quality of their products. In the food industry, such as pastries, competition is fierce. Businesses with limited capital may find it difficult to compete.

Many MSMEs in Purwantoro Village face limitations in terms of adequate production facilities. Production spaces that are cramped or do not meet health standards may hamper their ability to compete in the market. Not all MSME actors have access to modern information technology or the skills to utilize it effectively. This can limit their ability to innovate and compete with other businesses. Lack of training programs or support from local government can also impede building the capacity of MSME actors to run their businesses effectively.

Long and complicated administrative processes often hinder MSME actors from accessing assistance or business licenses. In addition, without good coordination between related government agencies, empowerment programs will not run effectively. When MSME actors do not understand the policy or the benefits of the empowerment program, their participation will be low. The local government's commitment determines the success of implementing MSME empowerment policies in Purwantoro Village.

One of the main obstacles is the community's lack of understanding of the content and purpose of Local Regulation No. 6/2011. Without a clear understanding, the community will not be encouraged to participate in empowerment programs. When communities have previous negative experiences with government programs or feel that the policy is not transparent, they may be reluctant to get involved. Scepticism can hinder active participation in empowerment activities. Many MSME actors also have to take care of other work or family responsibilities, thus not having enough time to engage in empowerment activities. In addition, economic constraints may limit their ability to participate in training or other programs.

External factors that can hinder policy implementation include poor macro-financial conditions that can hinder the implementation of business empowerment policies in pastries. A decrease in economic growth leads to a decrease in demand for pastry products, thus negatively affecting the income of the actors. The increase in raw material prices and operational costs due to inflation can reduce business profit margins. High interest rates make loans expensive, making it difficult for many businesses, especially micro, small and medium enterprises, to obtain capital for business development.

Macro-financial conditions play an important role in supporting or hindering the implementation of business empowerment policies in the pastry sector in Purwantoro Village. Therefore, local governments must pay attention to these aspects so empowerment policies can run effectively and benefit micro, small, and medium enterprises.

Price wars often occur, which is an obstacle, as businesses are forced to lower the selling price of their products to attract customers. This can reduce profit margins and even make some businesses unsustainable. The many choices in the market make it difficult for consumers to choose a particular product. If businesses do not have a good marketing strategy, they may struggle to attract consumers' attention. Many businesses, especially micro, small and medium enterprises, have limited capital and skills. This condition makes them less able to compete in terms of innovation or aggressive marketing. Despite the existence of East Java Provincial Regulation No. 6/2011, its implementation is often hampered by other regulations that may not support the growth of businesses, especially MSMEs, during market competition.

The implementation of this policy is strongly influenced by market competition, which has a double impact on the implementation of policies to empower MSMEs in the pastry sector. On the one hand, it encourages innovation and quality improvement, but on the other hand, it also brings challenges in the form of price pressure and difficulties in product differentiation. Therefore, local governments and other relevant stakeholders must create a supportive ecosystem, so MSME players can adapt to competitive dynamics without losing competitiveness.

Government regulations can provide significant support for businesses in the pastry sector. Perda No. 6/2011 can facilitate access to financing from existing Financial Services Institutions. Through programs such as Kredit Usaha Rakyat (KUR), the government provides low-interest funds for small businesses to expand their businesses.

This regulation also includes organizing training to improve managerial and technical skills. The training was conducted to improve the competitiveness of pastry products produced by micro, small and medium enterprises in Purwantoro Village. The local government often organizes exhibitions or bazaars to promote local products, including pastries. This effort will increase product visibility and sales.

The business licensing process is very important to support efforts to start and run their businesses without being hampered by complicated bureaucracy. As the complexity of the licensing process is an inhibiting factor, entrepreneurs still have to go through many bureaucratic steps. This can be a barrier for those who do not have experience in applying for business licenses. Many MSME actors still do not have sufficient knowledge or skills to fulfil regulatory requirements. This can lead to non-compliance with existing regulations and hinder their business growth. Sudden policy changes or lack of clarity in the application of regulations can create uncertainty for businesses. They may hesitate to make new investments if they are unsure about the stability of government policies. Regulations are sometimes more favourable to large-scale companies than to MSMEs. For example, large companies may have better access to resources and distribution networks, so they are more likely to be able to make new investments.

Overall, government regulations play an important role in supporting or hindering the implementation of business empowerment policies in the pastry sector in East Java Province. Therefore, periodic evaluation of the effectiveness of these regulations is needed so that they can be continuously adjusted to the real needs of business actors, especially micro, small and medium enterprises.

Business actors who do not have enough capital to invest in modern technology are an obstacle to business development because it can limit their ability to compete in the market. Not all businesses, especially MSMEs, have the knowledge or skills to utilize technology effectively. Inadequate training can lead to the inability to operate new tools or software. In some places, internet infrastructure and communication networks are still limited. This makes it difficult for businesses to access information and online services that are important for their business development. Government regulations on the use of technology can also be a barrier if they are not tailored to the real needs of businesses.

Overall, access to technology plays a crucial role in supporting or hindering the implementation of policies to empower micro, small, and medium enterprises in the pastry sector based on Local Regulation No. 6/2011. Therefore, local governments need to create programs that support increased access to technology and train businesses to make optimal use of technology.

Differences in access to marketing networks can be a constraining factor, for example, if one group has better access to markets or resources than another. Entrepreneurs become overly dependent on large networks or companies to distribute their products, reducing their autonomy in business decisions. If local governments are not actively supporting establishing or strengthening local marketing networks, then the potential for synergies between business actors will be hindered.

A significant impact on implementation regarding business empowerment policies in pastries based on East Java Provincial Regulation Number 6 of 2011 is also influenced by external factors in the form of marketing networks. To maximize the benefits and minimize obstacles, there needs to be collaboration between local governments, business actors, and other related parties in building a healthy and sustainable marketing ecosystem.

4. Conclusion

Based on the previously described research results regarding the empowerment of micro, small and medium enterprises (MSMEs) in the field of pastries, it can be concluded that the research findings show that the implementation of MSME empowerment policies in the field of pastries in Purwantoro Village, Blimbing Subdistrict, Malang City, based on East Java Provincial Regulation Number 6 of 2011, has been running with several important findings. The dissemination of information on MSME empowerment programs in pastries has been carried out through socialization by DISKOPINDAG and the sub-district and village governments directly and through social media. However, there are still gaps in bureaucratic understanding, especially regarding the selection of training participants.

Regarding resources, competent staff are available, but financial limitations and access to the capacity building are constraints, while growing businesses require further training, such as marketing network development. Regarding disposition, kelurahan employees show high commitment, but intensive assistance is still needed to support businesses, especially in marketing. Regarding organizational structure, Kelurahan Purwantoro has established a special implementing organization but does not yet have a detailed policy SOP (Standard Operating Procedure), so implementation still relies on existing village government mechanisms.

In addition, the study also identified supporting and inhibiting factors in policy implementation. Internal supporting factors include the availability of creative human resources and adequate infrastructure while inhibiting factors include a lack of technical skills and limited capital. Strong local government commitment and active community involvement are supporting factors, but the lengthy administrative process and lack of public understanding of Perda No. 6/2011 are constraints. External factors such as stability in macro-financial conditions and technological access are supporting factors, while complex regulations and unfair market competition are constraints.

Overall, policies to empower MSMEs in the pastry sector in Purwantoro Village have been implemented through various government efforts. However, challenges in communication, access to resources, and coordination between institutions are still significant. Therefore, capacity building through continuous education and training and strengthening business networks in the pastry sector are needed to improve competitiveness and business sustainability.

Based on the research results, several suggestions are given to improve the implementation of policies to empower MSME actors in the field of pastries. First, it is necessary to implement accurate, clear, and consistent communication on all fronts so that implementers and the community understand policies. Second, conduct regular reflections and evaluations to improve services, including through training in quality baking and marketing innovation. Third, improving disposition by simplifying the administrative process, cutting long procedures, intensive professional mentoring, and providing special loans with light terms by local financial institutions. Fourth, systematic implementation of empowerment policy SOPs by the Purwantoro Village Government. Fifth, marketing optimization with collaboration between the government, MSMEs, and digital communities in the form of a Triple Helix synergy framework to expand market access. Finally, the validity of the research data must be tested to ensure the validity of the results as a basis for effective policy-making.

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