

Local Economic Development through SME Development Policy Implementation (Studies in the Department Of Economy and Tourism in Tuban)

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ABSTRACT: *This research was conducted in order to determine, describe and analyze the benefits of the implementation of the development of SMEs in Tuban and its impact on local economic development. This is because Tuban has the potential of SMEs in various sectors that still need to be developed. The method used in this study is a qualitative research through a descriptive approach to the analysis of SSM. The focus of research (1) Implementation of the policy development of SMEs in Tuban, including: local government commitment, the characteristics of the implementing agencies, as well as the type of activity and the resulting benefits. (2) the results of the development of SMEs, including: the WUB, product innovation, and the development potential of the area. (3) The influential factors include: the management system of SMEs, the character trainees, and innovation capabilities. The results showed that local governments Tuban own commitment to SMEs elicits. Department of Economy and Tourism is SKPD responsible for the development of SMEs. SME development activities already exist and is able to increase SMEs. New entrepreneurs continue to rise. Product innovation is growing. Potential areas have already begun. The quality management systems of SMEs constraint. That Trainees are less able to develop. The ability to innovate of SMEs is still low. Advice can be given referring to the results of research that has been described. Budget remains to be seen. The government should be able to hold other stakeholders. Some activities that focus on the policy needs to be given more attention. Must be created a system capable of automatically grow new entrepreneurs. Supervision on developing products that need to be considered. Keep in planning the development of the potential of using modern and environmentally friendly system. Management systems training of SMEs needs to be improved. Selection of participants to be key in training. Training provided should be able to provide the ability of SMEs to innovate.*

Keywords: *Local Economic Development, SMEs.*

I. INTRODUCTION

Public policy is made by policy makers to address the problems faced. The problem in the form of a social, economics, and other sectors that need attention and resolution. Policies made good will only be able to solve the problem if implemented with good implementation. Nugroho (2014) argues that "good policy or successful 60% judged on implementation". Moreover, to overcome the economic problems, the government as policy makers will make economic policy. Economic development policy its self, is currently growing and have different types of approaches. The approach in accordance with local development is the concept of local economic development.

Local economic development practices that have been widely applied in various parts of the world, not all works. In general, the less successful it is less precise due to the policy objectives set by the government. Economic growth that has been created cannot make an impact as desired. In the development of the local economy also should pay attention to some things that can be problems in implementation. Supriyadi (2007) mentions, there are at least five obstacles that must be faced in the development of the local economy, the obstacles encountered is:

1. The political constraints,
2. constraint strategy,
3. constraints expertise,
4. The financial constraints, and
5. operational constraints.

Indonesia as a country have the purpose stated in the opening paragraph 1945 to four. One of the objectives related to economic aspects, namely "promoting the general welfare". In addition to the opening of the 1945 Constitution, the 1945 Constitution also describes the economic system run by Indonesia in the 14th chapter of the national economy and social welfare which contains chapters 33 and 34. Currently, Indonesia uses a package of economic policy. One of them is ongoing at this time, the Economic Policy Package to-6 issued on November

5, 2015. The contents of this policy package consists of three consisting of (i) efforts to move the economy in a rural area with the development of Special Economic Zones (SEZ), (ii) the provision of water to communities in a sustainable and equitable, (iii) simplification of licensing in the Food and Drug Monitoring Agency (BPOM) (ksp.go.id).

Indonesia's economy has problems and challenges that still need to be finalized. Bambang (2004:5-6) says "there are some fundamental issues that are still unresolved to create an economic system that is capable", these problems include:

1. "The price of basic necessities are still high
2. Work hard in the can
3. The buying power is still low
4. Agricultural products are valued cheap
5. Fish products pass through a third party
6. The supporting infrastructure is inadequate farming
7. Infrastructure supporting society that is more costly (energy, transport, communications)
8. Equity economy "

The economic crisis of 1998 and 2008, the effect on the economy in Indonesia. When the 2008 crisis, many countries are experiencing severe problems in their economic system, especially countries that rely on liability system in the west. The effect of the crisis is the high inflation rate in 2008 was 11.06 per cent recorded in BPS data. Indonesia's stable economic growth makes other countries eyeing Indonesia as a country worthy of note in the world economic system, because it can have a stable economic growth in the future and after the global crisis. The impact of the crisis is felt in economic growth slowdown in 2009 with growth of 4.5 percents, however, inflation for the year could be reduced to 2.78 per cent. In the next year, 2010 and 2011 economic growth and inflation has stabilized, this description is shown in table 1.1 as follows:

Table 1.1 Economic Growth and Inflation in Indonesia

Years	Economic Growth	Inflation (%)
2008	6,2	11,06
2009	4,5	2,78
2010	6,1	6,96
2011	6,5	3,79

Sumber: bps.go.id

According to Hamdi (2013: 33) is the "output or result of the running state government, in addition to the results in the form of legislation, public goods, and public services". Abdul (2014: 16) explains that "public policy partly or wholly conceived, developed, formulated, or made by the institutions, and involved (directly or indirectly) government officials". At the end goal of public policy is the way the government to manage the public in order to create an atmosphere as necessary, by force or voluntarily.

The characteristics of public policy according to Hamdi (2013: 37) there are three, but Abdul (2014: 21) states that almost the same characteristics as well, but added one more characteristic that describes public policy. Public Policy Process Easton refers to the opinion of the public policy process consists of several stages, namely:

1. Input, comes from a problem to be solved that arise in the community.
2. Process, political activities related to policy making.
3. Output, setting policy

II. RESEARCH METHODS

This type of research used in this study to see "Local economic development through development" is descriptive research with a qualitative approach. This study uses primary data and secondary data and research focus in Tuban.

III. RESULTS AND DISCUSSION

Research-based local economic development in the SME implementation is expected to be six impacts in accordance with the scientific concept, namely: improving quality of life, economic equality, reduction of unemployment, regional economic development, the development of superior product, and increased SME support system. Tuban with a combination of geographical and climatic coastal and mountain has a lot of potential in various sectors. Sectors such as agriculture, livestock, fisheries, tourism, and natural resources. The economy in Tuban, as shown in Table 1.2 of the GDP Tuban, manufacturing industry is the largest contributor. Agriculture, fisheries, and livestock ranks second in magnitude contributor to the GDP components.

The composition is stable over the past five years, from 2010 until 2014. Venture that is developing the people's economy is agriculture with rice, corn and peanuts. Fisheries constitute the majority of fisheries, because Tuban has a fairly wide coastal area, but also developing inland fisheries with the majority of catfish cultivation. In the livestock sector is growing cattle, chickens, goats, and poultry.

The tourism sector in Tuban also be taken into account enough. Tourism is the famous tomb of religious tourism in the form of sunan-sunan that attracts many visitors from other areas. Tourist attraction in addition refers to the natural attractions, ranging from beaches, caves, waterfalls, and natural bath that all these sights are scattered in almost all areas of Tuban. The stated mission of the Department of Economy and Tourism Tuban there are five missions are as follows:

1. Empower and develop cooperatives and SMEs to be competitive;
2. To increase the quality and quantity of trade through trade facilitation and coaching evenly and equitably;
3. Improving the industrial competitiveness of small, medium and large through facilitation, coaching, mentoring and marketing campaign in order to create jobs and improve the welfare of the community;
4. Developing the potential and competitiveness of local tourism through improved quality of service and management of tourism and travel-oriented promote the development of tourism industry;
5. Preserve and develop the cultural potential of the region as a national and local cultural heritage so that it can play a role in improving the welfare of society at large;

Department of economy and tourism Tuban organizational structure consists of: Head of Department, Secretariat, Fields, which include: Industry, for Trade, Cooperatives and PKM, of Tourism and Culture and Technical Implementation Unit (UPTD). Each can be described as follows:

1. Secretariat

Led by Secretary domiciled under and responsible to the Head of Department, has the task of organizing the general administration and personnel, financial and programming and reporting.

2. Industry Sector

Led by the head of which is located under and responsible to the Head of Department, has the task of formulating policies, coordinate with the regions in programming, technical guidance and implement guidance, monitoring, control, reporting and administrative services in infrastructure, production and business industry.

3. Trade Sector

Led by the head of which is located under and responsible to the Head of Department, has the task of formulating policies, coordinate with the regions in programming, technical guidance and implement guidance, monitoring, control, reporting and administrative services in the field of building business and trade facilities, promotion and company information, as well as metrology and consumer protection.

4. Division of Cooperative and PKM

Led by the head of which is located under and responsible to the Head of Department, has the task of formulating policies, coordinate with the regions in programming, technical guidance and implement guidance, monitoring, control, reporting and administrative services in the field of institutional and resources, bina business and CRP, as well as the facilitation of financing and savings and loans.

5. Field of Tourism and Culture

Led by the head of which is located under and responsible to the Head of Department and has the task to formulate policies, coordinate with the regions in programming, technical guidance and implement guidance, monitoring, control, reporting and administrative services in the field of tourism, arts and culture, as well as human resources and community participation.

6. Technical Implementation Unit (UPTD)

Headed by a Chief UPTD under and responsible to the Head of Department, has the task of carrying out a technical assignment office.

The role of other parties, especially the private sector and SMEs itself must be optimized by local governments in the development of the local economy. Tuban has some major companies operating in its territory and that many SMEs and almost spread to the entire region.

IV. CONCLUSION

The conclusion of this study are:

1. Implementation of the policy development of SMEs in Tuban

a) The commitment of local governments in the development of SMEs

The commitment in the development of SMEs can already be seen with the various planning documents that support their MSME development policy, but in terms of the budget and focus of development has not shown the same thing.

b) Characteristics of the implementing agency

Department of Economy and Tourism Tuban is SKPD responsible for the development of SMEs, but there is also the Department of labor, Social Services, Agency for Community Empowerment, and Bappeda who served as support the development of SMEs. Other actors who have a role, but it is still not up to the private sector. Besides NGOs, and educational institutions today its role is still not visible.

c) The type and the resulting benefits

Planning the development of SMEs is a creative endeavor and synergy with tourism sector. The activities are regularly held training effort aimed at creating new entrepreneurs and also improve the ability of existing SMEs. Forum on SMEs already exist, where in these forums provide a space to share information and solutions by the business operators. Other programs related to the development of the business climate, still cannot play optimally

2. Results of MSME development related to local economic development in Tuban.

a) The existence of new entrepreneurs

Every year new entrepreneurs are always emerging and growing number of entrepreneurs. The addition of these entrepreneurs have derived from the program activities of the local government and also there that present themselves.

b) Innovation SME products

Training provided by the government on education provides the ability for SMEs to improve their product quality and innovation. Nevertheless, there is still a lot of SMEs that grade because the product is still not standardized.

c) The development potential and superior product

The potential of agriculture, livestock and fisheries are still not developed. Economic development direction in the future is the development of this potential which is a renewable resource. And training programs by the government will be directed to the development of these resources, so that these resources will be utilized by the community through SMEs.

3. Factors that influence the local economic development of SME sector in Tuban as follows

a) The management system of SMEs

This factor relates to the ability of SMEs to organize themselves, for example in financial terms. In this respect not many SMEs that have the ability to manage your finances well. In addition, SMEs form of leadership is also included in the management system. So that needs more attention on training with this theme so that the management of SMEs were able to develop properly.

b) Character trainee

The training provided is not a lot to make the participant SMEs, because on average only 5 to 10% of participants who can develop into SMEs, while the other participants do not become SMEs as expected.

c) Ability to innovate

This factor related to the ability of SMEs in view of market developments and evolve according to the needs, because these factors will require SMEs to continue to pull through innovations in accordance with market demand. The ability of SMEs in Tuban to innovate still needs to be improved, so that SMEs can see the market opportunity well and meet them with products they create.

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