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The Effect of Regional Micro Business Policy Implementation on the Effectiveness of Leather Processing Industry Development in Garut Regency

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Abstract

This research is motivated by the development of a small industry in the leather sector and has become an icon of Garut Regency. The implementation of regional micro-business policies in fostering the leather and food processing industry is influenced by several aspects that make it easier or more difficult. This study aims to identify and examine the effect of regional micro-business policy implementation on the effectiveness of the leather processing industry development in the Garut Regency. The method used in this research is explanatory research to explain the causal relationship and hypothesis testing. Data collection was carried out by census by collecting data from research respondents and then tested according to research hypotheses that had been formulated. The data analysis results show a significant influence, but the policy's success has not been smooth. Factors that hinder the discrepancy between policies and the problems at hand are different understandings of policy goals and objectives, inadequate resources in implementing organizations and target groups, implementation procedures, communication and coordination, environmental support, and underlying values.

Keywords: *Ideal Policies, Target Groups, Implementing Organizations, Environmental Factors*

Introduction

Small industries grow and are reliable in the face of national and global economic uncertainty. The regional economy in Indonesia, in general, still relies on the small and medium business sector as a social safety net, especially absorbing local workers, which continues to grow yearly (Suparman & Mubarok, 2019). Garut Regency has the characteristics of the community to cultivate small and medium-scale independent businesses. The increase in micro-enterprises that grow naturally challenges local governments as facilitators and motivators of regional economic development. The Regional Government of Garut Regency in advancing the micro-business sector is stated through the regulation of Regional Regulation Number 19 of 2017.

Regarding the Empowerment of Small Industries and Cooperatives, it outlines the existence of business development, including articles 16, 17, and 18, which include the development of processed products and the dissemination of results. In addition, the appreciative human resources and innovation efforts with design and technology approach. As a result, the potential for micro-enterprises in Garut Regency has been growing. Statistics on the Department of Cooperatives, Industry, and Trade achievements in 2016 recorded 16,480 units with a total workforce of 55,332 people. In 2017, it grew to 17,450 units and 64,745 labour absorption; for 2018, it grew to 18,355 units with a workforce of 66,078 people with a shift to skilled labour.

The potential of micro-enterprises in the Garut Regency is quite immense. MSME entities (Micro, Small and Medium Enterprises) are processed in the industrial sector with business developments that always increase yearly. The release of data from Perindagkop Garut Regency in 2020 shows the business potential of this type of goods and leather crafts amounting to 679 business units. Meanwhile, leather garments totalled 566 business units. The potential for micro-enterprises in Garut Regency, which is developing positively, is driven by the demands of community-oriented and community-based becoming a mainstay industry.

Processed industries are relatively more flexible to the monetary crisis. Even processed industries can increase their production due to the broader export market. These industries include leather fashion, *dodol* and *wajit* souvenirs, chocolate, leather food products, leather handicraft products, Garut *batik*, and knitted finished goods. Garut Regency is one of West Java's five cities/districts with the most MSMEs. The potential for adequate natural resources and a vast market share through its natural tourism objects allow Garut Regency to develop creative economy SMEs, especially in the culinary sub-sector (Djuwendah & Mujaddid, 2019). The significant potential for small industries, especially the leather and food processing industry, has prompted Garut Regency to receive the Upakarti award from the Central Government. This has prompted the Garut Regency government to make leather and food processed products as regional specialities.

It is hoped that the development of processed leather and regional food, especially the production of small apparel and textile industries, can develop and compete in design and product quality. The leading implementer of this policy is the Office of Cooperatives, Industry and Trade which has a functional official whose task is to guide small industries. Efforts to foster small industries, especially the leather processing industry, have been carried out in the form of increased product access to the market, increasing access to financial services, improving the quality of human resources through competency training and mentoring, and improving policies to create a conducive business ecosystem such as ease of licensing. However, in line with the opinion (Suparman et al., 2019) that coaching is still incidental and not sustainable, the output of coaching still needs to be improved (Kosasih, 2017). Assessing human construction resources is essential in achieving a company's goals.

Today's problem is that entrepreneurs of leather clothing products lack motivation and information regarding business improvement. Information for promotion in the form of exhibitions is minimal, but entrepreneurs with open access to officials can participate in activities. Government administrators who use telecommunications and information technology can strengthen services (Nur lukman, 2018). The prominent problem entrepreneurs face is that the local government guidance has not been optimal, both innovative technical advice, managerial and product promotion—lack of capital support from banks, cooperatives and other parties. The pattern of partnerships between entrepreneurs, artisans, and the private sector is still limited. Although processed leather products and regional food in Garut Regency are pretty potent, and some of them have even been able to enter the international world, they have not become a magnet for other sectors, such as being targeted by the tourism industry.

The leather and food processing industry, with its various derivative products, is not developing according to the existing potential, which is a problem that needs to be addressed immediately. When approached, it turns out that there is a gap between the actual situation and the ideal state as expected. These problems concern the policies carried out, the policy implementers (government), the target group, namely the woven craft industry and the influence of environmental developments.

Mazmanian & Sabatier (1983) argued that Implementation is the presentation of policy decisions, usually corporate status, but can also take the court's necessary form of the executive order. Dye (1992) argued that Implementation involves all activities designed to bring about policy by the legislative branch. Meanwhile, the view of implementation by van Meter & van Horn (1975) revealed that implementation is those actions by public or private individuals or groups directed at achieving objectives outlined in prior policy decisions.

Several dimensions influence the implementation policy of Edward III (1980), who stated that four essential factors or variables in implementing public policy. These are aspects of communication, aspects of resources, disposition or state of attitudes, and bureaucratic structure. Policy implementation in several elements can be influenced. Grindle & Thomas (1991) stated that implementation activities are affected by a) Policy content, (1) Interests; (2) Type of profit; (3) Exten vision changes; (3) Decision making; (4) Implementing activities; (5) Resources. b) Implementation of the context, (1) The powers, interests and strategies of the implementing actors; (2) Institutions and characteristics of rulers; (3) Responsiveness and fulfilment.

According to Van Meter and van Horn (1975), policy implementation was called the policy implementation process, referring to the six variables that form the linkage between policy and achieving work performance. The model of Edward III (1980) identifies several factors in policy implementation. He suggests four important factors or variables in implementing public policy: communication, resources, dispositions or attitudes, and bureaucratic structure. At the same time, the model developed by Smith suggests a process or flow model. Implementation is outlined in an implementation process model. In this model, Smith in Quad (1989) found that Government policy is a deliberate action by the government to form a new pattern or institution of transactions or to change the way established in old transactions. The policies formulated by the government serve as the driving force of society. The policy implementation process encapsulates four components, namely 1) The ideal policy; 2) the Target group; 3) Implementing organization; 4) Environmental aspects. There are four crucial elements: the ideal of the ideal program, the targeted community, the executor's institution and the social aspect of the community.

According to Grindle (2017), the factors that influence the implementation of the policy are activities that are affected by A) Policy Content consisting of (1) Interests affected; (2) Type of benefit; (3) The extent of the change envisaged; (4) Decision-making sites; (5) Program implementers; (6) Committed resources. While B) Implementation Context comprises (1) Powers, interests, and strategies of the actors involved; (2) Institutional and regime characteristics; (3) Compliance and responsiveness.

The view of Mazmanian & Sabatier (1983) refers to the A-Frame Work for implementation studies. The crucial role of reviewing policy implementation is to determine the intervening aspects of realizing the vision and mission for the performance of a program. In comparison, Jones (1970) argued that the policy implementation activities include three things, namely 1). Organization*;* establishment or rearrangement of resources, units and methods for implementing policies. 2). Interpretation; language translation (often contained in legislation) into acceptable and appropriate plans and directions. 3). Application; routine provision of services, payments, or other mutually agreed purposes or instruments.

The essence of the existence of technical and non-technical coaching activities is to realize the systematic improvement of micro-enterprises towards a better direction (Glendoh, 2001). Governance and supervision strategies are applied in coaching activities. Mudjiarto & Sugiharto (2014) state that the elements of corporate governance can be used to benefit the

audience. To carry out the development of small industries, policies are needed at three levels, namely the policy level, the organizational level and the operational level. At the organizational level, the government issued regulations on the widest scale in the form of Law number 32 of 1998. The discourse on the democratization of regulatory structures is the authority of the House of Representatives Institution. At the operational level, it is represented through government executions. Widjaja in Alhempi & Harianto (2013), systematic and tiered phasing in continuous and sustainable development.

Effectiveness is a competence to which the production achievement is compared to the sales value for a particular dimension (Mutmainah, 2015). Furthermore, effectiveness is categorized if the goal achievement is realized(Princess, 2017). Thus, effectiveness is defined as "the achievement of explicit and implicit goals to the extent to which objectives are achieved in the most critical outcome areas. Indrawijaya (1984) stresses the importance of efficiency in terms of externalities, and productivity is expected to bring about meaningful change.

This research is urgent because building and improving MSMEs in Garut Regency requires holistic, sustainable and result-oriented guidance. Coaching is essential for all stakeholders, especially in the small industrial sector, to survive and continue to grow along with increasingly challenging dynamics. In the initial observation, the ideal policy for fostering MSMEs in Garut Regency was considered ineffective. The hypothesis in this study can be formulated that the magnitude of the influence of regional micro-business policy implementation on the effectiveness of developing small leather and food processing industries in Garut Regency is determined by ideal policies, target groups, implementing organizations, and environmental factors.

Methods

This research uses the explanatory method. The design in its use is in the form of a descriptive survey, meaning that in this research, it is intended to explain cause-and-effect relationships and hypothesis assessment (Singarimbun, 2006). Data collection is carried out by census by collecting data from research respondents and then tested according to research hypotheses that have been formulated so that they can answer the formulation problem (Sudjana, 2002). The independent variable in this study is the implementation of regional craft policies, with ideal policy dimensions, target groups, implementing organizations, and environmental factors. The dependent variable is the effectiveness of developing the leather and food processing industry. This population is 131 units consisting of 11 employees of industry service organizations and 120 actors in small and medium enterprises, and several people involved in the implementation of regional handicraft policies, namely policy implementers engaged in the business activities of the leather and food processing industry in Garut Regency.

Results And Discussion

Data Quality Test

Hypothesis test

In the hypothesis test that has been formulated, it is necessary to test the relationship between the dimensions in the variables, and then path analysis is used. The statistical analysis of this test aims to explain the pattern of influence of a set of variable dimensions in a systematic research model. Through correlation analysis, the path can also be known as the

magnitude of the value of the relationship and the influence between the dimensions of the variables that have been structured diagrammatically arranged in a model or hypothesis that has been postulated. With the method of correlation analysis and path analysis, it can also be seen the magnitude of the value of the relationship and the value of the influence between the dimensions of the variables on the affected variables expressed in the path coefficient.

To test the hypothesis, calculations were carried out using SPSS software output is listed like this:

Table 1

Matrix of Research Variable Correlation Coefficient

Correlations

		X1	X2	X3	X4
Pearson Correlation	X1	1,000	.528**	.511**	.506**
	X2	.528**	1,000	.577**	.434**
	X3	.511**	.577**	1,000	.397***
	X4	.506**	434**	.397**	1,000
N	X1	131	131	131	131
	X2	131	131	131	131
	X3	131	131	131	131
	X4	131	131	131	131

**. The correlation is significant at 0.05 (2-failed).

Calculations using SPSS software can be presented as follows to test this multiple linear regression.

Table 2

Multiple Linear Regression Model Fit Test

ANOVA Ab

Model		Sum of Squares	df	Mean Square
1	Regression	2351,638	4	107,910
	Residual	3623,597	126	28,759
	Total	5975.235	130	

b. Dependent Variable: Y

The results of multiple linear regression indicate that the effectiveness of developing small leather and food processing industries in the Garut Regency is strongly influenced by the implementation variables of regional handicraft policies.

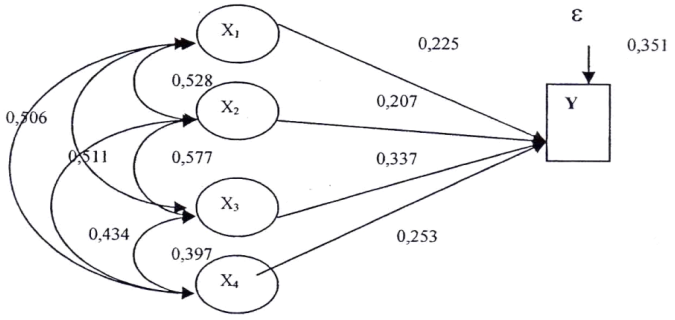
Based on the calculation results of the SPSS software, the model can be written in the form of the regression equation as follows:

$$Y = 136.136 + 1.054\ X1 + 1.096\ X2 + 1.152\ X3 + 1.043\ X4$$

$$Y = 0.225\ Z1 + 0.207\ Z2 + 0.337\ Z3 + 0.253\ Z4 +$$

The standard equation model can be presented in the form of a path structure:

Image 1
Structure and Value of the Path Coefficient of Research Results



Based on the results of these calculations, the total effect of the variable implementation of the regional craft policy is 64.90%, while the influence of other variables not examined or outside the variable implementation of the regional craft policy is (100 – 64.90)% = 35.10%.

Discussion

The value of the correlation between the dimensions of the ideal policy with the target group of 0.528 is included in the category of moderate correlation. This value confirms a sufficient correlation between the perfect policy and the target group. The correlation value between the ideal policy and the policy implementer is 0.511 and included in the moderate correlation category. The correlation value between the perfect policy and environmental factors is 0.506, including the moderate correlation category. The correlation value between policy implementers and the target group is 0.577 and is included in the moderate correlation category. The magnitude of the correlation value between policy implementers and environmental factors is 0.434 and is included in the Low correlation category. The correlation value between the target group and environmental factors is 0.397 and is included in the Low correlation category.

The result obtained is $H_0$is rejected, and H1 is accepted, so that the dimension of the X1 variable, namely the idealized policy, affects the effectiveness of fostering small processed industries (Y) in the Garut Regency. Based on the coefficient of determination (R2yx1) reaching 0.225, this figure explains that the idealized policy affects the effectiveness of developing small leather and food processing industries in Garut Regency by 14.28%. In comparison, the rest (Pyx1ε)2 is 85.72%. It is influenced by other dimensions or variables outside the dimensions of the idealized policy variable, which were not included in the model.

The ideal policy outcome affects the effectiveness of the development of small leather and food processing industries in the Garut Regency by 14.28%. This means that the effectiveness of the development of small leather and food processing industries in Garut Regency is not only influenced by the idealized policy but also by the dimensions of other variables and factors outside the policy implementation variable of 85.72%. Also, on the effectiveness of fostering small leather and food processing industries in Garut Regency. The results showed that the target group had an effect of 13.04% on the effectiveness of developing small leather and food processing industries in the Garut Regency. Based on the number of the coefficient of determination (R2yx1) reached 0.13042.

The description that the target group influenced the effectiveness of the development of small leather and food processing industries in Garut Regency by 13.04%, indicating that the effectiveness of coaching is not only influenced by the target group but is influenced by the dimensions of other variables and factors outside the implementation variable. The policy of 86.96% also affects the effectiveness of fostering small leather and food processing industries in the Garut Regency. The degree of relationship, when confirmed to the quality of the degree of relationship from Guilford, showed a shallow relationship because it was less than 20%.

The influence of implementing organizations on the accuracy of fostering the small leather processing industry in Garut Regency shows that the implementing organization has an effect of 22.64% on the effectiveness of the guidance. The decision obtained is that HO is rejected and H1 is accepted, so the dimension of the variable X1 is the implementing organization. Influence on the effectiveness of developing small leather and food processing industries (Y) in Garut Regency. Based on the coefficient of determination (R2yx3) reaching 0.22642, this figure explains that the implementing organization affects the effectiveness of fostering small leather and food processing industries in Garut Regency by 22.64% while the rest (Pyx3ε) 2 is 77.

Based on these tests, it can be seen that the results of the implementing organization affect the effectiveness of the development of small leather and food processing industries in Garut Regency by 22.642%. This means that the effectiveness of industrial development is not only influenced by the implementing organization but is also influenced by the dimensions of other variables and factors outside the policy implementation variable of 77.36%, which also affects the effectiveness of developing small leather and leather processing industries—food in Garut Regency. The degree of relationship, when confirmed to the quality of the degree of relationship from Guilford, showed a low relationship because it was less than 20% and more than 20%.

Data processing shows that environmental factors have an effect of 14.939% on the effectiveness of coaching. The decision obtained is the dimension of the X4 variable, namely environmental factors that affect the effectiveness of developing small leather and food processing industries (Y) in the Garut Regency. This value explains where the value of the influence of environmental factors is. The effectiveness of fostering small processed industries is based on the opinion of 131 members of the population involved in promoting small processed industries. Based on the coefficient of determination (R2yx4) reaching 0.14939, this figure explains that environmental factors affect coaching effectiveness by 14.94%. The rest (Pyx4ε)2 of 85.06% is influenced by other dimensions or variables outside the dimensions. Therefore, the environmental factor variable is not included in the model.

Based on the test, it can be seen that the results of environmental factors affect the coaching effectiveness by 14.94%. This means that the effectiveness of the development of small processed and food industries in Garut Regency is not only influenced by environmental factors but by the dimensions of other variables, and factors outside the policy implementation variable of 85.06 also affect the effectiveness. The degree of relationship, when confirmed to the quality of the degree of relationship from Guilford, showed a shallow relationship because it was less than 20%.

Based on research data processing, the implementation of regional policies has an effect of 64.90% on the effectiveness of fostering small leather and food processing industries in the Garut Regency. Therefore, the decision obtained is that Ho is rejected and Ha is accepted, so that the dimension of the variable X, namely the implementation of regional processing industry policies, has a significant effect on the effectiveness of fostering small leather and

food processed industries (Y) in Garut Regency. Based on the coefficient of determination (R2yx) of 0.64898, this figure explains that policy implementation affects the effectiveness of coaching by 64.898%. In comparison, the rest (Pyx1ε) 2 of 35.101% is influenced by other variables outside the policy implementation variable that are not included in the model.

Based on the test, it can be seen that the results of policy implementation affect the effectiveness of coaching by 64.898%. This means that the effectiveness of coaching is not only influenced by the performance of the small processed industry policy but also by the influence of other variable dimensions and factors outside the policy implementation variable of 35.101%, which also affect the effectiveness of fostering small processed leather and food industries in Garut Regency. Furthermore, when confirmed to the quality of the degree of connection and Guilford, the degree of relationship shows a significant relationship (moderate correlation) because it is in the 41% category-70%.

Conclusion

The implementation of regional craft policies in fostering the leather craft industry into jackets, bags and chocolate food products is influenced by several aspects, both easy and challenging. The research results on policy implementation as measured by the dimensions of ideal policies, target groups, implementing organizations, and environmental factors significantly influence the effectiveness of developing small and medium industries in Garut Regency. However, the success of these policies does not stand alone. The influencing factors are pretty complex. The accuracy of the policy towards the problems to be solved, the accuracy in implementing the policy, the accuracy of the targets and the accuracy of the environment are less than optimal. Available resource support is less able to meet all policy and environmental demands. Therefore, implementing policy programs does not always meet expectations. Several aspects become obstacles. The discrepancy between the policy and the problems at hand, different understandings of the goals and objectives of the policy, inadequate resources both in the implementing organization and resources in the target group, implementation procedures, communication and coordination, environmental support and values that underlie policy makers, policy implementers and target groups will bring policy implementation towards better criteria. The superiority of attention to this dimension will result in the creation of a reasonably good network not only in the implementation organizations but also with the target group, which will strengthen or even optimize the achievement of the effectiveness of the small leather processing industry.

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