

Evaluating Local Government Empowerment Programs for Micro, Small, and Medium Enterprises (MSMEs) In Promoting Local Economic Growth: A Case Study of Garut Regency, Indonesia

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ABSTRACT

Micro, Small, and Medium Enterprises (MSMEs) are a crucial pillar of local economic development in Indonesia, including in Garut Regency, which hosts over 178,000 business units. The local government has implemented various empowerment programs covering training, business legalization, product promotion, and digitalization. However, the effectiveness of these programs remains insufficiently measured. This study aims to evaluate the implementation of MSME empowerment programs by the Garut Regency Government in promoting local economic growth. A qualitative descriptive method was employed, utilizing secondary data from the Office of Cooperatives and MSMEs, the 2024 Business Identification Number (NIB) data, and the Integrated Data Information System (SIDT) of the Ministry of Cooperatives and SMEs. The evaluation framework is based on Dunn's (2018) five dimensions of public policy: effectiveness, efficiency, adequacy, responsiveness, and appropriateness. The findings reveal that despite administrative progress, the programs have not yet reached all MSME actors evenly, especially micro-enterprises in rural areas. Weak inter-agency coordination, limited data availability, and low community involvement are key challenges. A more integrated, locally-driven, and participatory approach is required to ensure these empowerment programs produce tangible and sustainable impacts on inclusive local economic growth.

Keywords: MSMEs, Empowerment, Public Policy, Local Economy, Garut Regency

INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) are a strategic sector that plays a crucial role in economic development at both national and regional levels. In Indonesia, MSMEs contribute more than 60% to the Gross Domestic Product (GDP) and absorb around 97% of the total national workforce (Ministry of Cooperatives and SMEs, 2023). With their flexible economic scale and foundation in local strengths, MSMEs have proven to be a primary support system in facing economic crises, including during the COVID-19 pandemic. Beyond their economic role, MSMEs also serve as a means of community empowerment by creating employment opportunities, developing skills, and strengthening household economies.

In Garut Regency, MSMEs have become a vital pillar in the local economic structure. This regency, often referred to as the "Swiss van Java," is rich in natural and cultural resources, which form the foundation for the development of various MSME sectors. Prominent sectors include Sukaregang leather crafts, traditional Garut embroidery and fashion, processed food industries (such as Garut dodol), and enterprises based on eco-tourism and traditional herbal products (Garut Office of Cooperatives and MSMEs, 2023). The presence of MSMEs not only contributes to increasing community income but also strengthens the identity and local potential of Garut as an economically self-reliant region.

According to 2024 data compiled from the Business Identification Number (NIB) system, Garut Regency has 134,548 business owners operating a total of 178,821 business units. Of these, 163,433 units (approximately 92%) are categorized as micro-enterprises, indicating the dominance of small-scale businesses in the local economic structure. Meanwhile, data from the Integrated Data Information System (SIDT) of the Ministry of

Cooperatives and SMEs records a slightly higher number of 184,893 business units. This discrepancy is likely due to differences in data recording methodologies—NIB includes only formally registered businesses via the Online Single Submission (OSS) system, while SIDT also accounts for data gathered directly, including informal enterprises not officially registered (Ministry of Cooperatives and SMEs, 2024).

In response to these dynamics, the Garut Regency Government has developed various MSME empowerment programs aimed at enhancing business capacity, product competitiveness, and the sustainability of the local economy. Key programs include business and management skills training, assistance with NIB registration, facilitation of halal and PIRT certifications, business capital support through local government and CSR funds, as well as market access initiatives via partnerships with digital platforms and local product exhibitions (Garut Office of Cooperatives and MSMEs, 2023). Additionally, digitalization programs are being promoted to encourage entrepreneurs—especially youth—to enter the digital economy ecosystem.

Nevertheless, the implementation of these programs has not yet been fully equitable or inclusive. There remains a gap in access to empowerment programs, particularly for MSME actors in rural areas, those with limited digital connectivity, or those not affiliated with business communities. Common challenges include limited business literacy, low technological capability, and lack of information regarding financing facilities or business legality. Therefore, a comprehensive evaluation is necessary to assess the effectiveness of the empowerment programs implemented by the local government. This evaluation aims to ensure that existing programs genuinely improve MSME capacities, encourage the transition toward formal and sustainable enterprises, and contribute meaningfully to inclusive and locally based economic growth (Ardini, 2022; Dunn, 2018).

Theoretically, this study is grounded in three main frameworks. First, the Empowerment Theory developed by Perkins and Zimmerman (1995) explains that empowerment is the process of enhancing the capacity of individuals or groups to gain control over their lives, including economically. In the context of MSMEs, empowerment encompasses strengthening access to information, capital, training, and business networks. Chambers (1995) emphasizes the importance of participatory empowerment based on local potential to achieve sustainable independence.

Second, Public Policy Theory, referring to the policy evaluation model by William N. Dunn (2018), is used to analyze program implementation across five dimensions: effectiveness, efficiency, adequacy, responsiveness, and appropriateness. This model is relevant for assessing the extent to which MSME empowerment programs have been accurately targeted and have had a real impact on business actors.

Third, the Local Economic Development (LED) Theory proposed by Blakely and Leigh (2010) posits that local economic development should be collaborative, based on regional potential, and foster community participation. MSMEs are regarded as key actors in LED strategies due to their ability to absorb local labor, increase household income, and enhance regional competitiveness.

By integrating these three approaches, the conceptual framework of this study asserts that MSME empowerment programs designed and implemented by the Garut Regency Government should not only be assessed from an administrative perspective but also in terms of how effectively they enhance business actors' capacities and contribute to inclusive, sustainable, and locally driven economic development. Therefore, a thorough evaluation is essential to ensure that the implemented policies truly support the achievement of strategic regional economic development goals.

RESEARCH METHODOLOGY

This study employs a qualitative descriptive approach aimed at evaluating the implementation of MSME empowerment programs by the Garut Regency Government in the context of supporting local economic growth. This approach was chosen because it allows for in-depth examination of public policy phenomena, particularly regarding program implementation and its impact on MSME actors. The research design is evaluative in nature, focusing on analyzing the alignment between policy objectives, program implementation processes, and outcomes achieved during the 2022–2024 period.

The research site is Garut Regency, with a primary focus on the Office of Cooperatives and Small and Medium Enterprises (UKM Office), the agency responsible for designing and implementing MSME empowerment policies. The units of analysis include policy documents, MSME statistical data, and program implementation reports managed by local and national government institutions.

Data were collected through document analysis, consisting of official documents such as the activity reports of the Garut UKM Office, 2024 NIB-based business and enterprise data processed by the local government, and data from the Integrated Data Information System (SIDT) of the Ministry of Cooperatives and SMEs of the Republic of Indonesia. Additionally, strategic regional planning documents such as the Regional Medium-Term Development Plan (RPJMD), Regional MSME Action Plan, and 2022–2024 MSME empowerment program performance reports were also reviewed. Document selection was purposive, based on their relevance to the evaluation objectives.

The data analysis technique used was thematic analysis. The process began with data reduction, sorting important information from the available documents, followed by categorization into specific themes such as program objectives, types of interventions, facilitation mechanisms, program achievements, and contributions to the local economy. Interpretation involved comparing policy design with field implementation. The effectiveness of the program was evaluated using Dunn's (2018) public policy evaluation model, which includes five main dimensions: effectiveness, efficiency, adequacy, responsiveness, and appropriateness. The local economic development management framework was also used to assess the extent to which MSME empowerment programs impact income growth, job creation, and the strengthening of locally-based economic systems.

To ensure data validity, the researcher employed source triangulation, comparing information from various secondary data sources at both the regional and national levels. Through this method, the study aims to provide a comprehensive picture of the quality of MSME empowerment program implementation in Garut Regency and its contribution to strengthening the local economy.

FINDINGS AND DISCUSSION

The MSME empowerment programs implemented by the Garut Regency Government are part of a local economic development strategy oriented toward strengthening regional potential and improving community welfare. These programs cover various aspects, including business legalization, entrepreneurship training, access to financing, product promotion, and business digitalization. The primary goal is to ensure that MSME actors not only survive but also grow, scale up, and contribute more significantly to regional economic development.

However, in practical implementation, several challenges have emerged, both in terms of technical execution and the actual impact on target beneficiaries. Some indicators reveal that, although there has been progress in the number of entrepreneurs with formal business legality and those who have participated in training, the majority of MSMEs—especially micro-enterprises in rural areas—remain unreached. Additionally, discrepancies between data from the Business Identification Number (NIB) system and the Integrated Data Information System (SIDT) indicate a need for stronger governance and data integration in program execution.

To further understand the effectiveness of these policies, the discussion employs William N. Dunn's (2018) public policy evaluation framework, which consists of five core dimensions: effectiveness, efficiency, adequacy, responsiveness, and appropriateness. These dimensions are used to analyze the extent to which the MSME empowerment programs in Garut Regency have met community expectations and needs, as well as their contribution to local economic development. This discussion also provides a critical overview of the barriers faced and offers recommendations for improving future policies and practices.

1. Effectiveness

Effectiveness in the context of evaluating the MSME empowerment program in Garut Regency refers to the extent to which the program has achieved its stated objectives, namely increasing the capacity and

independence of micro and small businesses through various policy interventions. According to the Garut Regency Cooperatives and SMEs Office report from 2022 to 2024, several achievements have been achieved, including an increase in the number of MSMEs with legal business registration through the issuance of a Business Identification Number (NIB), an increase in the number of entrepreneurs participating in entrepreneurship training, and increased MSME participation in product promotion through exhibitions and collaborations with digital platforms. Business legality facilitation programs such as the "1000 MSMEs with NIB Movement" have helped encourage micro-entrepreneurs to formally register their businesses. Furthermore, the training provided covers business management, product packaging, digital marketing, and simple financial management. However, compared to the total number of 178,821 business units recorded in the 2024 NIB database, the program's reach still falls short of fully encompassing all MSMEs. This means that more than half of MSMEs in Garut Regency have not yet received formal training and mentoring provided by the local government. This gap indicates that the program's effectiveness is not yet optimal, particularly in reaching micro-enterprises located in rural and remote areas far from government service centers. Several factors contributing to the program's low reach include limited information received by MSMEs regarding the program's existence, limited capacity of implementing institutions in terms of human resources and budget, and low digital literacy and technology access among micro-enterprises.

Furthermore, program effectiveness should not be measured solely by the number of participants or the business legality issued, but also by its direct impact on business sustainability, increased revenue, and product competitiveness in local and digital markets. Unfortunately, most implemented programs lack an impact-based monitoring and evaluation system, thus failing to provide a complete picture of the long-term results of the interventions. The success indicators used are still administrative and quantitative in nature, not yet reflecting substantive transformations in MSME business development. Therefore, to increase future effectiveness, it is necessary to map more specific needs based on regional and business sector characteristics, strengthen the MSME information system in an integrated manner, and develop an evaluation model capable of measuring program results comprehensively and sustainably.

2. Efficiency

Efficiency in evaluating MSME empowerment programs refers to the extent to which the relationship between used inputs—such as budget, labor, and time—results in optimal outputs to support MSME sector strengthening. Based on the report on MSME empowerment activities in Garut Regency from 2022 to 2024, the majority of the budget allocation is focused on entrepreneurship training, business licensing assistance, and certification facilitation. One prominent program is the "1000 MSMEs with NIB Movement," which has successfully driven a significant increase in the number of micro-enterprises with formal legal status. This achievement serves as a positive indicator that resource utilization has produced measurable outputs from an administrative perspective. However, the program's efficiency cannot yet be fully assessed comprehensively because not all activities are accompanied by an adequate monitoring system. As of 2024, there is no integrated evaluation system capable of measuring the impact of training and mentoring on real-world business growth, such as increased turnover, productivity, or long-term business sustainability.

Furthermore, the implementation of MSME empowerment programs by local governments also faces coordination challenges across Regional Apparatus Organizations (OPDs). Each OPD related to the MSME sector, such as the Department of Trade, the Department of Industry, and the Department of Cooperatives and SMEs, tends to implement programs sector ally with different agendas and implementation mechanisms. This lack of cross-sectoral coordination not only has the potential to lead to overlapping programs and targets, but also leads to wasted resources and inefficient budget utilization. Some training courses covering similar material are conducted separately by two OPDs, with overlapping participants, reducing the effectiveness of budgets that should reach a wider group of MSMEs. This lack of integration also impacts the speed of program implementation, as each agency uses a separate management and reporting system.

Therefore, to improve the efficiency of future program implementation, cross-sector integration through stronger institutional coordination is essential, both in planning, implementation, and evaluation. The Garut Regency Government also needs to develop an integrated, region-based MSME information system and

database to ensure more targeted program distribution and more efficient budget allocation. A performance- and impact-based evaluation system must also be implemented, so that efficiency measurements go beyond reporting administrative outputs and also assess the effectiveness of budget utilization in creating positive change for businesses.

3. Adequacy

Adequacy in public policy evaluation refers to the extent to which a program addresses the underlying problems faced by the target community. In the context of MSME empowerment in Garut Regency, implemented programs based on the report, such as entrepreneurship training, legal facilitation, and product promotion through exhibitions, have essentially covered important aspects of micro and small business development. However, when viewed holistically, these programs are insufficient to address the key challenges faced by MSMEs, particularly those related to access to financing, technology, and sustainable business mentoring. Many entrepreneurs complain about the difficulty of obtaining business capital from formal financial institutions, both due to complex administrative requirements and limited collateral. Furthermore, in the digital era, MSMEs in Garut Regency still face a technology gap and low digital literacy, preventing them from optimally utilizing online platforms to market their products. Digitalization programs implemented by the local government are also limited and fail to address the root causes of problems, such as technical mentoring, creative content training, and stable internet connections. Therefore, while empowerment activities are numerous in quantity, these programs are insufficient in terms of quality and comprehensiveness to address the complex and multidimensional needs faced by MSMEs in the real world.

4. Responsiveness

Responsiveness refers to the extent to which a government program is able to respond to the needs, aspirations, and actual conditions of the target community. In Garut Regency, the MSME empowerment program has demonstrated several forms of responsiveness to existing issues, such as cluster-based business training, facilitation of business permits for home-based enterprises, and the organization of local product exhibitions to expand market access. In addition, the local government has begun involving MSME organizations, cooperatives, and women's business groups in the program's implementation process.

However, community involvement in the planning and formulation stages of the program remains limited. The majority of micro-entrepreneurs in rural areas are often unaware of the available programs or feel that the existing programs do not meet their actual needs. The lack of systematic aspiration mechanisms—such as open dialogue forums, MSME needs surveys, or community-based program planning meetings—results in programs that are often uniform and lacking contextual relevance. This indicates that local government responsiveness remains reactive and limited to technical implementation, rather than empowering the community in the decision-making process. To make MSME empowerment programs more responsive, a stronger participatory approach is needed, including the enhancement of business organizations' capacity to actively engage in program design and evaluation.

5. Appropriateness

Appropriateness in program evaluation refers to the extent to which policies or interventions align with the local values, norms, and context in which the program is implemented. In this regard, the MSME empowerment program implemented in Garut Regency has largely focused on exploring and developing local potential, such as leather crafts, embroidery, processed foods, and natural herbal products. The local government has also held events such as the Garut MSME Festival and training on local wisdom-based packaging design, demonstrating the program's alignment with the regional economic characteristics.

However, the approach used in program implementation remains top-down and generic, thus failing to specifically address the needs of each region, business cluster, and vulnerable groups such as female heads of households, people with disabilities, or young MSME owners. Furthermore, not all programs address local social and cultural dynamics, such as the role of traditional leaders, village social structures, or traditional work patterns that influence acceptance of innovation. Therefore, for more appropriate program implementation,

flexible policy design based on local microdata is required, as well as community involvement in designing intervention models that align with local socio-cultural dynamics.

Based on the evaluation results conducted using the five-dimensional approach to public policy evaluation according to Dunn (2018), with regard to Garut Regency, it can be concluded that the MSME empowerment program implemented by the Garut Regency Government has made a significant contribution to strengthening the local economic sector. However, it still faces various challenges in terms of reach, implementation quality, and sustainable impact. In general, these programs have been able to encourage an increase in the number of legally registered MSMEs and expand business actors' access to training and product promotion. However, most programs still focus on administrative outputs and have not fully reached micro-entrepreneurs in rural areas, which constitute the largest and most vulnerable group.

Limited efficiency in program implementation is also a significant concern, particularly regarding coordination between Regional Apparatus Organizations (OPDs), which is not yet optimally integrated. Furthermore, the program design does not fully reflect the real needs of MSMEs across various sectors and regions, and community involvement in the planning and evaluation process remains minimal. This results in low program responsiveness and a less than optimal response to local contexts.

In the context of a constantly evolving and dynamic local economy, MSME empowerment requires not only an administrative and technical approach, but also a participatory, data-driven approach that takes into account social, cultural, and geographic dimensions. This evaluation underscores the importance of formulating more adaptive, collaborative, and sustainable policies. An impact-based monitoring and evaluation system that is both quantitatively and qualitatively measurable is needed so that programs are assessed not only by the number of participants but also by the extent to which they increase the capacity and economic independence of MSMEs.

Therefore, improving program governance, strengthening cross-sector synergies, and enhancing database quality and community engagement need to be priorities in developing future MSME empowerment policies. Garut Regency has significant potential in the local economic sector, based on local wisdom and the creative industry. Therefore, with a more appropriate and inclusive empowerment strategy, MSMEs can grow as a key pillar of sustainable regional economic development.

CONCLUSION

The Micro, Small, and Medium Enterprises (MSMEs) empowerment program implemented by the Garut Regency Government demonstrates a strong commitment to promoting local economic growth based on regional potential. Various initiatives, such as entrepreneurship training, facilitating business legality, product promotion, and digitalization efforts, have reached a significant portion of businesses, particularly those in urban areas and economic centers.

However, an evaluation using William N. Dunn's (2018) five-dimensional public policy approach revealed that the program is not yet fully effective, efficient, sufficient, responsive, and well-targeted. The program's effectiveness remains limited because it has not yet reached the majority of micro-businesses scattered in rural areas. Efficient program implementation is also hampered by weak coordination between Regional Apparatus Organizations (OPDs) and the absence of a robust results-based monitoring system. In terms of adequacy, the program has not comprehensively addressed the structural challenges faced by MSMEs, particularly those related to access to financing, technology, and ongoing mentoring. Furthermore, community involvement in program planning and evaluation remains low, resulting in weak policy responsiveness to the real needs of businesses. Meanwhile, in terms of accuracy, although the program has been directed at local potential, its approach remains general and fails to fully consider the social, cultural, and geographic characteristics of each region.

Therefore, comprehensive improvements are needed in the governance of MSME empowerment in Garut Regency. The local government needs to expand the program's reach, strengthen cross-sector integration, develop an accurate MSME information system, and establish an impact-based evaluation mechanism.

Furthermore, the active involvement of businesses, communities, and local supporting institutions must also be strengthened to ensure that the program truly reflects the region's needs and potential. This evaluation is expected to form the basis for more inclusive, participatory, and sustainable policymaking, aimed at realizing independent, competitive, and resilient MSMEs in Garut at the regional and national levels.

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