ISSN 2621- 458X

Empowering Local MSMEs through Regional Policies: A Focus on Featured Products in Barru Regency

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ABSTRACT

Micro, Small, and Medium Enterprises (MSMEs) are vital pillars of local economic development in Indonesia, particularly in Barru Regency. However, limited access to markets, capital, technology, and business mentoring remain significant challenges in enhancing the competitiveness of local flagship products. This study aims to analyze the extent to which regional government policies contribute to the empowerment of MSMEs, specifically in improving the quality and market competitiveness of featured local products. A qualitative approach was employed through in-depth interviews with MSME actors, local government officials, and community leaders. The findings reveal that participatory and integrated regional policies—encompassing entrepreneurship training, digital marketing support, and access to financing—have had a positive impact on strengthening MSME capacity. Nevertheless, inter-agency coordination and consistency in policy implementation require further reinforcement. The study recommends the formulation of policies that are rooted in local potential and the sustainability of empowerment programs over the long term.

Keywords: MSMEs,Regional Policy,Featured Products,Local Economic

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A.INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) play a central role in national economic development, particularly in developing countries such as Indonesia. They contribute significantly to employment absorption, economic equity, and the growth of the domestic economy. In regions like Barru Regency, where economic activities are dominated by local communities, MSMEs serve as a driving force for economic resilience. The

government recognizes MSMEs as key stakeholders in achieving inclusive and sustainable development.

The strategic importance of MSMEs has encouraged various government levels to adopt policies that support their growth. However, these policies are often fragmented and lack contextual adaptation to local needs. In many cases, MSMEs still struggle to access markets, financing, and relevant technology to enhance their productivity. A holistic policy approach is needed to address these multidimensional challenges faced by MSMEs in rural and semi-urban areas.Empowerment of MSMEs must be understood not merely as financial assistance but as a comprehensive effort to improve entrepreneurial capacity. Local governments are encouraged to design and implement contextual policies that foster innovation and market competitiveness. In the case of Barru Regency, the development of flagship products has been one of the local government's strategic focuses in empowering MSMEs and enhancing their economic contributions.

Flagship products reflect the uniqueness of a region and carry significant economic and cultural value. In Barru, products such as processed marine commodities, local snacks, and traditional textiles have the potential to become regional icons. However, without adequate policy support, these products struggle to reach wider markets or gain added value. Thus, regional government intervention becomes crucial in ensuring their competitiveness.A study by Prasetyo et al. emphasized that local government policy plays a vital role in facilitating the development of MSME flagship products through regulation, financial support, and technical training (1). Moreover, integration of MSMEs into digital ecosystems has become a necessity to face the modern market landscape. Regional policies must adapt to digital transformation trends to ensure MSMEs remain competitive.

The COVID-19 pandemic has revealed the vulnerability of MSMEs, particularly those that rely on conventional sales channels. According to Setiawan et al., government support during the pandemic—including digitalization incentives and market access facilitation—was critical for MSME survival (2). This highlights the need for long-term structural support rather than temporary interventions.Despite numerous programs and funding allocations, many MSMEs in Barru still face operational and managerial constraints. This condition stems from a lack of sustained mentorship and limited coordination among

stakeholders. As argued by Hamdani and Wibowo, fragmented policy implementation is one of the biggest barriers to MSME growth in local areas (3). Policy coherence and alignment with MSMEs' real needs are therefore essential.

Another critical challenge is the low level of financial literacy among MSME actors. In a recent national survey, it was found that less than 30% of micro entrepreneurs fully understand how to manage working capital effectively (4). Regional empowerment policies should therefore incorporate financial education to promote long-term sustainability of business operations.Infrastructure and logistics also remain significant issues, especially in remote parts of Barru. Transportation and distribution difficulties limit product access to broader markets. A study by Kementerian Koperasi dan UKM revealed that 65% of MSMEs outside Java experience logistical bottlenecks, impeding their ability to grow (5). Regional policies must thus include infrastructure support tailored to MSME development.

The formation of MSME clusters based on product similarities is another strategy that has shown promising results in other regions. Cluster-based development allows for resource sharing, innovation stimulation, and joint marketing strategies. According to Nurmandi et al., MSME clusters supported by local government policies increase collective competitiveness and reduce production costs (6).Capacity building through continuous training and mentoring is essential for improving product quality and business management. In Barru, various training initiatives have been conducted, but their impact remains limited due to short duration and lack of follow-up. Sustainable mentoring is necessary to develop business independence and innovation capability among MSMEs.

Access to financing remains one of the most persistent barriers for MSMEs. Although various financial programs exist, including Kredit Usaha Rakyat (KUR), many MSMEs are unable to meet the administrative requirements. According to a study by Bank Indonesia, only 18% of MSMEs in rural areas successfully access formal banking services (7). Simplified financing mechanisms and digital credit assessments could help bridge this gap.Digital transformation presents a significant opportunity for MSMEs to penetrate wider markets. Platforms such as marketplaces, digital payment systems, and social media provide affordable avenues for promotion and transactions. However, the digital divide is still

apparent, particularly in rural regions like Barru, requiring targeted digital literacy programs as part of regional policy.

Local governments need to foster collaboration between public institutions, private sectors, and academia to strengthen MSME ecosystems. The triple helix model has been effectively applied in several regions to support MSME innovation and market access. According to Rizal and Hakim, such collaborative governance increases program efficiency and aligns local policies with business realities (8).

In terms of product development, innovation is a key determinant of competitiveness. MSMEs must be encouraged to innovate not only in product design but also in packaging, branding, and value proposition. Local governments can provide innovation grants or competitions to stimulate creativity and product differentiation.Monitoring and evaluation mechanisms are vital to ensure that empowerment programs meet their objectives. In Barru, periodic assessments and feedback mechanisms involving MSMEs themselves can help refine policies and enhance their impact. Participatory evaluation approaches increase program relevance and ownership.

Sustainability of MSME development programs requires long-term policy planning, consistent funding, and institutional commitment. Short-term interventions may provide temporary relief but fail to build resilient economic actors. Regional development strategies must integrate MSME empowerment into broader economic planning frameworks.The importance of aligning MSME policies with Sustainable Development Goals (SDGs) is increasingly recognized. By empowering MSMEs, especially those led by women and youth, local governments contribute to poverty reduction, gender equality, and inclusive economic growth. Policies must therefore be inclusive, responsive, and transformative.

This study seeks to explore how regional policies in Barru Regency contribute to the empowerment of MSMEs, particularly in enhancing the competitiveness of their flagship products. Through a qualitative analysis of policy implementation, stakeholder perspectives, and program outcomes, this research aims to provide recommendations for more effective and sustainable local economic development strategies.

B.RESEARCH METHODOLOGY

This study applied a qualitative descriptive method to examine how regional government policies support the empowerment of local MSMEs in Barru Regency, particularly in the development of featured products. The qualitative approach was chosen to gain a deeper understanding of policy implementation, stakeholder perceptions, and the real conditions experienced by MSME actors in the field.

Data were collected using three main techniques: in-depth interviews, direct observation, and document analysis. In-depth interviews were conducted with government officials from the Department of Cooperatives and MSMEs, selected MSME business owners, and community leaders involved in MSME development. The interviews focused on gathering information related to the formulation, execution, and impact of government programs and regulations.

Direct observations were carried out in several MSME centers in Barru Regency, particularly those producing regional flagship products. These observations aimed to identify actual conditions related to production processes, use of technology, infrastructure support, and access to markets. Document analysis included reviewing local regulations, strategic planning documents, program evaluations, and MSME statistical data issued by the local government.The sampling technique used in this study was purposive sampling, which allowed the researcher to select respondents with specific knowledge and experience related to the research topic. A total of 12 informants were involved in this study, including government representatives, MSME practitioners, and community figures who had a role in regional economic development.

Data analysis was carried out using the interactive model of data reduction, data display, and conclusion drawing. Collected data from interviews and observations were transcribed, coded, categorized, and then analyzed to identify patterns and relationships that could explain the effectiveness and challenges of regional policies toward MSME empowerment.To enhance the credibility of the research, triangulation was conducted across different data sources and methods. This helped validate the findings by comparing and confirming information obtained through interviews, observations, and documents. In

addition, member checking was applied by allowing informants to review preliminary findings for accuracy and clarity.

All research procedures were carried out in accordance with ethical research standards. Participants were informed of the study's purpose, and consent was obtained before data collection. The identities of the informants were kept confidential, and data were stored securely to maintain the integrity of the research process.This research methodology provided a comprehensive and grounded framework to explore the influence of regional policies on the development and empowerment of MSMEs in Barru Regency, especially in strengthening the competitiveness of local flagship products.

Figure 1 Thinking Framework Diagram

C. RESEARCH RESULTS AND DISCUSSION

According to data from the Department of Cooperatives, MSMEs, and Trade, the most common type of business undertaken by the community in Barru Regency is micro-enterprises, totaling 9,219 businesses, which account for 92% of the total MSMEs in the region. Small enterprises number 718, while medium enterprises amount to only 72, representing just 1% of the total MSME population.Over the past decade, there has been a significant rise in the number of MSME businesses, ranging from home-based enterprises to more structured and larger-scale operations. There are three types of MSME businesses that

have gained notable popularity, especially among the younger population: culinary businesses, fashion businesses, and agribusiness ventures. These MSMEs produce a wide variety of products, including food items and handicrafts.

In accordance with the Regulation of the Minister of Home Affairs (Permendagri) Number 9 of 2014 on the Development of Regional Superior Products, Regional Superior Products—abbreviated as RSP—are defined as goods or services produced by cooperatives and small- to medium-scale enterprises that have strong development potential. These products are expected to utilize local natural resources, human capital, and cultural assets to generate income for both the community and the local government. Furthermore, RSPs are envisioned to become economic drivers at the regional level, possessing competitiveness, marketability, and the capability to penetrate global markets.

Geographical and Topographical Conditions of Barru Regency

Figure 2 Map of Barru Regency, South Sulawesi Province

Geographically, Barru Regency is located in the North of the Capital City of South Sulawesi Province, 102 km from Makassar City. Barru Regency is located between coordinates 40º5” 49’ - 40º47” 35’ East Latitude 119 35” 16’ East Longitude which is one of the Regencies in South Sulawesi Province.

- Research Findings

This study aims to analyze how government policies contribute to enhancing the development of featured products in Micro, Small, and Medium Enterprises (MSMEs) in Barru Regency. Based on interviews, observations, and document analysis, the research reveals that the Department of Cooperatives, MSMEs, and Trade has implemented various empowerment programs, including coaching, training, exhibitions, and financial support, all of which are designed to increase the competitiveness of local products.

The first indicator analyzed is effectiveness. Effectiveness refers to the extent to which a policy achieves its intended objectives. The programs initiated by the local government have successfully facilitated MSMEs in expanding their market reach and improving their product quality. These initiatives have helped local businesses operate more efficiently and sustainably.Strong evidence of this effectiveness was revealed in an interview with Mrs. Herawati, S.E., a Functional Officer for Industry and Trade Extension at the Department. She stated that the government's policies had positively impacted featured product development, especially through training, supervision, exhibitions, and well-managed financial assistance

Further validation came from Mrs. Hj. Nurmila Main, S.Sos, Head of the Cooperatives and MSMEs Division, who mentioned that frequent exhibitions held by the government played a crucial role in raising public awareness of local featured products (interview, October 14, 2022). These exhibitions enabled MSMEs to showcase their innovations and connect with broader markets.Effectiveness also involves the degree to which beneficiaries experience positive outcomes from government programs. Many MSME actors reported improvements in production techniques, branding, and access to promotional channels after participating in government-supported activities. These benefits indicate meaningful outcomes.

Mrs. Rahima, the head of the Women's Business Group "Konnya," explained that they continuously enhance product quality, introduce innovations that meet consumer demand, and expand distribution beyond the local region . This reflects how the policies are translating into actual business growth.A similar opinion was expressed by Mrs. Suleha Bintang, an entrepreneur from Ko Barru. She confirmed that consistent product quality

improvement and market-oriented innovation helped her products gain recognition and demand from outside the region . These examples illustrate the impact of empowerment efforts.The second indicator is efficiency. Efficiency relates to how well resources, especially time and funding, are utilized to achieve optimal outcomes. In Barru Regency, the local government has successfully implemented various MSME development programs with limited resources, including regular training and district-level exhibitions.

Despite this success, the sufficiency indicator shows some limitations. Many MSME actors still express the need for additional support in areas such as production equipment and raw materials. There is still a gap between field needs and what the current government programs provide, especially in technology access.Equity, as the third indicator, reflects whether the benefits of policies are distributed fairly. While several districts have received ample attention, some remote areas remain underrepresented in training or financial aid programs. Infrastructure constraints contribute to this uneven distribution of support.

Responsiveness is another key factor. The local government has demonstrated a commendable level of responsiveness to MSME needs, including quick assistance with business licensing, branding consultation, and market access facilitation. Staff from the department actively engage with MSME actors during program delivery.Policy accuracy refers to how well the programs align with local potentials. In Barru, the government has effectively prioritized locally distinctive products such as processed seafood, traditional snacks, and bamboo handicrafts. These products reflect the region’s cultural and natural assets and have strong market potential.

Despite many achievements, several challenges were identified. One of the main obstacles is limited budget allocation, which restricts the number of MSMEs that can benefit from the programs. This budget limitation reduces the scale and frequency of training or financial assistance efforts.Another challenge is the low participation of MSME actors in some programs. Many small business owners are unfamiliar with government procedures or lack business legality, making them ineligible for certain initiatives. This exclusion reduces the inclusiveness of the policies.

Nevertheless, the government has made continuous efforts to engage and educate MSMEs about the importance of formalizing their businesses and joining community

business groups. These steps aim to increase their access to support and strengthen the collective capacity of small entrepreneurs.Most participants who joined the empowerment programs reported improved business skills, stronger market networks, and higher product quality. This indicates that the programs are not only effective but also valued by MSME actors as essential to their growth and sustainability.

Exhibitions have become a central promotional tool in the government's empowerment strategy. MSMEs are given space to introduce their products to a wider audience and even potential investors. These events encourage innovation in product design, packaging, and branding.The government also facilitates access to funding, such as People's Business Credit (KUR) and grant programs. However, some MSMEs face difficulties meeting administrative requirements. The government continues to simplify procedures and provide administrative training to address this issue.

Digital transformation is an emerging focus in policy implementation. Local authorities encourage MSMEs to utilize e-commerce platforms and digital payment systems. Training on online marketing and business digitization has begun to help MSMEs reach broader and more competitive markets.Collaboration is another strategy employed by the government. Partnerships with academic institutions, financial agencies, and private companies have helped improve the quality of training, provide technical support, and open new market channels for MSMEs in Barru Regency.

Despite existing barriers, the programs have generally aligned with national economic goals for inclusive local development. The integration of flagship product development into local economic planning has strengthened Barru's identity and increased its contribution to the regional economy.Empowered MSMEs demonstrate better management capabilities, increased competitiveness, and greater confidence in accessing new markets. They are now more aware of product certification, quality control, and market trends, making them more resilient in a dynamic economic environment.

As MSME awareness and engagement increase, collaboration between government institutions and business actors continues to grow. This cooperation enhances the policy ecosystem and supports a sustainable environment for small business innovation and expansion.Government initiatives have contributed significantly to improving local income,

job creation, and entrepreneurship opportunities. As a result, MSMEs are now considered key contributors to poverty reduction and regional economic resilience.Moving forward, there is a need to strengthen monitoring and evaluation mechanisms. These will ensure that program implementation stays aligned with objectives, and allow for adjustments in response to evolving market conditions and stakeholder needs.In conclusion, the findings indicate that government policies aimed at developing featured products in MSMEs in Barru Regency have been implemented successfully based on six indicators: effectiveness, efficiency, sufficiency, equity, responsiveness, and accuracy. However, some challenges remain, particularly budget limitations and participant engagement.

- Discussion

The findings of this study indicate that the policies implemented by the local government of Barru Regency have significantly contributed to the empowerment of MSMEs, particularly in enhancing their featured products. This section discusses the results in light of the six indicators of policy effectiveness: effectiveness, efficiency, sufficiency, equity, responsiveness, and accuracy.From the perspective of effectiveness, the government's efforts in providing training, exhibitions, and financial assistance have helped MSME actors improve product quality and reach wider markets. The statements from key informants, including government officials and MSME representatives, clearly reflect the successful implementation of these programs. The increasing number of MSMEs participating in exhibitions and the expansion of their market coverage demonstrate that policy objectives are being achieved.

In terms of efficiency**,** the local government has been able to deliver impactful programs despite limited budgetary resources. Training sessions, product showcases, and support services have been executed regularly and with measurable outcomes. This suggests that the local government has used available resources judiciously to support MSMEs. However, the limited financial scope also indicates the need for innovative resource mobilization strategies, including public-private partnerships.The sufficiency of these policies, however, remains an area that requires further improvement. While many MSMEs benefit from the programs, others continue to face difficulties in accessing support due to limited outreach or program scale. Technological support, access to raw materials, and

infrastructure assistance are still areas where many MSMEs feel underserved. Addressing these gaps is essential to ensure the sustainability of empowerment efforts.

Equity**,** or the fair distribution of benefits, appears to be uneven. MSMEs in more accessible areas have enjoyed greater exposure to training and support, while those in remote or disadvantaged areas have limited access to such opportunities. This imbalance is often due to geographic constraints and logistical challenges, but it can lead to unequal growth among MSMEs. Therefore, a targeted approach is needed to reach underrepresented areas.Regarding responsiveness, the local government has shown a commendable attitude in addressing the needs of MSMEs. Prompt responses to licensing issues, facilitation of brand registration, and active socialization of government programs are examples of this. The interaction between MSMEs and the Department of Cooperatives, MSMEs, and Trade has been dynamic and solution-oriented, reinforcing mutual trust and collaboration.

The final indicator, accuracy, highlights the alignment between policy content and local potentials. The focus on flagship products, such as seafood processing, traditional snacks, and local handicrafts, reflects a strategic choice based on the region's cultural and natural resources. These products have competitive potential in both local and broader markets. The policy direction shows sensitivity to regional economic characteristics, which is crucial for long-term impact.Despite these positive outcomes, several obstacles still hinder policy implementation. Limited funding is a major barrier that restricts the number of beneficiaries. Additionally, many MSMEs lack the necessary documentation or business legality to participate in government programs, which limits their ability to benefit from formal assistance. This suggests that empowerment should also focus on increasing awareness and improving administrative readiness among MSMEs.Innovation is another crucial aspect that needs further emphasis. While many MSMEs are now innovating in packaging and product design, continuous support is needed to promote digital transformation, adopt modern production techniques, and meet changing consumer preferences. Integrating innovation incentives into government policy could help stimulate further growth and competitiveness.

The role of digitalization has become increasingly relevant. As digital markets expand, MSMEs must be equipped with digital skills to survive and grow. Current

government initiatives to provide digital marketing training and promote local e-commerce platforms are steps in the right direction. However, digital access and literacy gaps remain challenges, especially in rural areas.Collaboration with external institutions—including universities, financial institutions, and private sector players—has strengthened the policy environment. These partnerships enhance program quality, facilitate access to funding, and expand MSMEs' market networks. Such cooperation also introduces new knowledge and technologies into the MSME ecosystem.

To ensure that empowerment programs are inclusive and impactful, regular monitoring and participatory evaluation should be institutionalized. MSME actors must be involved not only as recipients but also as contributors in assessing the relevance and effectiveness of the programs. This participatory approach builds a sense of ownership and encourages continuous feedback and policy refinement.The government’s efforts also contribute to broader national objectives, such as poverty reduction, local employment generation, and inclusive economic growth. By developing featured products, local identities are preserved while contributing to economic diversification and resilience. This synergy between local economic empowerment and national development goals should be sustained.

In summary, the empowerment policies in Barru Regency demonstrate a generally effective and responsive approach to MSME development. However, for these policies to reach their full potential, greater efforts are needed to ensure equitable access, enhance resource sufficiency, and promote innovation and digital adoption. Addressing these issues will further strengthen the foundation for a resilient and competitive MSME sector in the region.

D.CONCLUSION AND RECOMMENDATIONS

- Conclusion

This study concludes that the government policies implemented in Barru Regency have been largely successful in enhancing the development of featured products in the Micro, Small, and Medium Enterprise (MSME) sector. The empowerment strategies—consisting of training, coaching, exhibitions, and financial support—have shown strong alignment with the

local economic potential and have contributed positively to product quality improvement, market expansion, and entrepreneurial resilience.

Based on six policy evaluation indicators—effectiveness, efficiency, sufficiency, equity, responsiveness, and accuracy—the findings show that the government has executed its programs with commendable performance. Most MSME actors reported real benefits from their participation in government-led activities, including increased knowledge, improved production capacity, and access to promotional platforms.Nevertheless, several challenges remain. Budget limitations and the limited capacity of MSME actors to meet administrative requirements have prevented some entrepreneurs from fully benefiting from the programs. In addition, disparities in support across regions and insufficient access to technology and innovation tools also hinder the full impact of the policies.

The government's proactive and collaborative approach has strengthened MSMEs' role in the local economy, especially through the promotion of flagship products that reflect regional identity. These efforts contribute not only to the improvement of MSME competitiveness but also to the broader objectives of poverty reduction, economic inclusion, and sustainable regional development.

- Recommendations

1. Expand program outreach and inclusivity: The government should increase access to empowerment programs for MSMEs in remote and underserved areas. Mobile training units or decentralized support centers could help reach entrepreneurs in hard-to-access locations.
2. Increase budget allocation and diversify funding sources: To meet growing demands, the government should allocate more financial resources to MSME programs and explore collaboration with the private sector, NGOs, and financial institutions to ensure sustainable program financing.
3. Simplify administrative procedures: MSME participation can be increased by reducing bureaucratic barriers and providing assistance in fulfilling legal and documentation requirements. This will enhance inclusion, especially for micro businesses and informal entrepreneurs.

4. Promote innovation and digital literacy: Support for product innovation, packaging, and branding must be strengthened through structured innovation grants and digital skills training. These efforts will help MSMEs adapt to market trends and compete in both local and global markets.
5. Enhance monitoring and evaluation: The government should institutionalize a participatory monitoring system that includes feedback from MSME actors. Continuous evaluation will help refine programs to better match the evolving needs of entrepreneurs.
6. Foster multi-stakeholder collaboration: Partnerships with academic institutions, business incubators, and industry associations should be expanded to enrich MSME development initiatives with technical knowledge, mentorship, and access to networks.

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