

The Implementation of Micro, Small, and Medium Enterprise Empowerment in Efforts to Boost the Local Economy in Palu City, Central Sulawesi Province

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ARTICLE INFO

Keywords: Empowerment
Implementation, MSMEs,
Digitalization, Downstream
Processing.

Received : 07, May

Revised : 12, June

Accepted: 18, July

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ABSTRACT

This study analyzes the implementation of MSME empowerment in Palu City across five strategic pillars using a qualitative-descriptive approach. Data were gathered through observation, documentation, and in-depth interviews with 25 informants, then analyzed using the Miles and Huberman interactive model. The findings reveal that empowerment is in a transitional phase. Digitalization boosted revenues by 40% but faces an older-generation digital divide. Low-interest credit is underutilized due to weak bookkeeping and post-disaster credit history issues. Equipment assistance sustains production, but self-financing remains limited. NIB issuance via OSS is efficient, yet Halal and IPR certifications are slowed by bureaucratic pace and tax anxieties. Lastly, commodity downstreaming has successfully entered modern retail, but macro-infrastructure deficiencies like rolling blackouts, water shortages, and high cargo costs threaten its sustainability.

INTRODUCTION

The assessment of a country's level of prosperity and sustainability fundamentally rests on the resilience of its domestic economy. For developing countries such as Indonesia, the transformation and reform of the economic system are crucial, ongoing priorities aimed at achieving optimal public welfare. Within the national macroeconomic landscape, the government's primary strategy for spurring growth does not rely solely on large corporations. Still, it focuses on strengthening the Micro, Small and Medium Enterprises (MSME) sector. This sector is empirically recognised as playing a significant role both as a safety valve and as a driving force for the incomes of the lower to middle classes.

From a formal legal perspective, the definition of MSMEs in Indonesia is set out in Law No. 20 of 2008, which defines them as productive business units owned by individuals or sole traders that meet specific criteria regarding net worth and annual turnover. Operational flexibility, limited start-up capital that does not hinder innovation, and a high capacity to adapt to shifts in local market preferences are the key characteristics inherent to this sector. These unique characteristics have transformed MSMEs into a robust national economic buffer. This phenomenon was clearly evident during the severe shock caused by the COVID-19 pandemic, which brought large-scale industrial production lines to a standstill and triggered a wave of mass redundancies. Whilst public purchasing power plummeted, MSMEs demonstrated high resilience and became the cornerstone of economic recovery for grassroots communities.

Statistically, the importance of this sector is reflected in the ever-increasing growth of the MSME population, which ranges from 9% to 15% of the total number of operating business units each year (Limanseto, 2022). According to the Strategic Plan of the Ministry of Cooperatives and Small and Medium Enterprises, the contribution of MSMEs in Indonesia is immense, as they account for 99 per cent of the total number of business units nationwide and employ up to 97 per cent of the domestic workforce, equivalent to 116.97 million people (Ministry of Cooperatives and SMEs, 2020). Through this large-scale employment, MSMEs play a multi-dimensional role, not only in purely economic terms but also in fulfilling a strategic social function in alleviating poverty and reducing disparities in the distribution of income amongst the population (Sasongko, 2020). Furthermore, with their contribution amounting to 61.1 per cent of the national Gross Domestic Product (GDP) (Tambunan, 2023), this sector is projected to become the epicentre of harnessing Indonesia's demographic dividend, the peak of which is expected to occur between 2025 and 2030.

The urgency of strengthening MSMEs at the national level is clearly reflected in regional economic dynamics. In Central Sulawesi Province, the city of Palu is one of the urban areas that has experienced particularly rapid growth in MSMEs following the economic crisis and natural disasters. According to data from the Palu City Department of Cooperatives, MSMEs and Labour, local economic activity is underpinned by 19,943 MSME units spread across eight sub-districts. Of this total, West Palu Sub-district has the highest number of business operators, with 5,285 business units, representing approximately 26.50 per cent

of the city's total MSME ecosystem. Palu Barat's dominance is driven by its geographical advantages – its location within the central business district (CBD), high population density, and excellent logistical accessibility – making it a highly promising commercial hub for micro to medium-sized businesses. The distribution of MSMEs in Palu City, based on data from the Palu City MSME and Labour Office for 2025, is presented in Table 1.

Table 1. Summary of MSME Data for Palu City, 2025

No	Sub-district	Number of MSMEs
1	West Palu	5.285
2	South Palu	1.456
3	Tatanga	1.841
4	Mantikulare	1.160
5	East Palu	2.241
6	Ulujadi	3.321
7	North Palu	1.942
8	Tawaeli	1.873
Total		19.943

Source: Palu City MSME Agency, compiled in 2023

Recognising this strategic potential, the Central Sulawesi Provincial Government, together with the Palu City Government, has actively adopted regulatory instruments to optimise the empowerment of local businesses. This policy is reinforced through the implementation of Government Regulation No. 7 of 2021 on Facilitation, Protection and Empowerment of Cooperatives and Micro, Small and Medium-sized Enterprises. Government support is being delivered in concrete terms through the provision of management training, technical guidance on product quality, assistance with legal licensing procedures (such as the Business Identification Number), and efforts to expand digital marketing networks. This legal framework is expected to accelerate the integration of local MSMEs into modern supply chains.

Nevertheless, the gap between the regulatory framework and empirical realities on the ground remains a crucial structural barrier. The implementation of empowerment policies in Palu City is often less than optimal, due to a cluster of classic issues, such as a lack of inclusive programme outreach, limited managerial competence among business operators, and the inadequate allocation of monitoring resources by the relevant bureaucratic apparatus. On the other hand, MSME operators independently face complex internal challenges, including limited access to finance from formal financial institutions (the financial inclusion gap), the slow adoption of digital technology, and limited external market networks resulting from product standards that are not yet competitive.

Therefore, an in-depth and comprehensive study is required to evaluate the effectiveness of existing empowerment policies and to formulate an integrated strategy. Long-term solutions must focus on streamlining bureaucratic regulations, expanding accommodative financing schemes, and facilitating digital transformation (e-commerce). Against this background, this article aims

to analyse the mapping, structural constraints, and optimisation strategies for MSME empowerment, with a specific focus on the geographical landscape of West Palu Sub-district as the research locus. Based on this background, this study aims to analyse various strategic aspects of MSME empowerment in order to boost the local economy in the city of Palu, Central Sulawesi Province. Specifically, the study focuses on analysing the implementation of business digitalisation, the expansion of access and the role of capital financing for SME operators, and compliance with business licensing requirements. Furthermore, this research also examines the extent to which infrastructure support and downstream processing programmes contribute to strengthening the local SME ecosystem in order to promote the sustainable economic well-being of the community.

THEORETICAL REVIEW

Implementation is essentially a dynamic process of transforming plans or legal decisions into practical government activities in order to realise public policy objectives. Even the best-designed policies will not have a tangible impact without a proper and effective implementation process, the success of which is determined by the clarity of objectives, the effectiveness of the activities undertaken to achieve them, and the accuracy of the outcomes. Structurally, this success is influenced by the optimisation of the interaction between programme design, the characteristics of the target group, the capacity of the implementing organisation, and the surrounding strategic environmental conditions.

In the context of policies for the empowerment of Micro, Small and Medium-sized Enterprises (MSMEs), four key determining factors influence the effectiveness of implementation, according to Edward G. C (1980): communication that ensures clarity of information and inter-agency coordination; a bureaucracy based on the efficiency of Standard Operating Procedures (SOPs); a disposition that reflects the positive commitment of those implementing the programme; and sufficient resources as the pillar supporting the programme's operations. These factors are intertwined with the concept of empowerment, which is essentially a systematic interaction aimed at building the capacity of vulnerable groups so that they can achieve economic self-reliance and break free from structural dependence. This empowerment process is driven by active synergy between motivators, facilitators, and target groups in redistributing access to productive resources and strengthening participation in decision-making through enabling (creating a conducive environment), empowering (strengthening actual capacity), and protecting (safeguarding against market exploitation) approaches.

In driving the acceleration of the community's economy, the implementation of MSME empowerment is based on five strategic thematic instruments, namely digitalisation through the use of technology and digital marketing to expand markets, expanding access to financing and capital based on the principles of financial inclusion to support the sustainable expansion of businesses; ensuring compliance with business licensing requirements to provide legal legitimacy and public trust; and providing infrastructure and downstream support to boost product value-added and distribution efficiency. The strengthening of these

instruments is tailored to the typology of business operators as set out in Law No. 20 of 2008 and Government Regulation No. 7 of 2021, which classify independent economic units into the following categories: Micro Enterprises with a maximum capital of Rp1 billion, Small Enterprises with capital of between Rp1 billion and Rp5 billion, and Medium-sized Enterprises with capital of between Rp5 billion and Rp10 billion, excluding the value of land and business premises.

The direction of policy and the management of these strategic instruments are supported by various findings from empirical reviews conducted by previous researchers at both the global and national levels. Previous research indicates that managerial factors play a crucial and specific role in determining the performance of MSMEs compared to large corporations; as investigated by Njanja & Pelissier (2010), who found that MSMEs make a strategic contribution to creating employment opportunities, particularly for women, and are effective in alleviating poverty. The concrete economic impact of support programmes for SMEs was also demonstrated by Eshetu et al. (2013), who found that these programmes were able to increase monthly sales by 28 per cent and labour absorption by 42 per cent.

Meanwhile, Garg & Van Weele (2012) emphasise that appropriate governance planning and management succession are key determinants of the stability of the MSME manufacturing sector. Regulatory barriers imposed by the government are also a key concern; Samitowska (2011) and Aremu & Adeyemi (2011) both conclude that although MSMEs have strong potential to serve as the foundation for economic growth and a strategy for community survival through the creation of new jobs, their development is often hampered by a lack of structural policy support from the government.

In the context of domestic development and local empowerment, Raselawati (2011) empirically demonstrated in Indonesia that the variables of SME export volume, the number of business units, and the value of investment have a significant impact on national macroeconomic growth. To maximise economic potential in non-urban areas, Newbery & Bosworth (2010) highlighted the importance of the concept of Home-Based Businesses (HBBs) to sustainably maximise the dynamics of the home-based industry in rural areas. In line with this, Syahza (2008) emphasised that the acceleration of agribusiness-based rural economies requires the strengthening of cooperative institutions, fully supported by credit institutions and relevant agencies, as the main pillars of the people's economy.

Finally, the synergy between internal governance and innovation was demonstrated by Cakar and Erturk (2010), whose survey findings revealed a highly significant positive correlation between employee empowerment programmes and product innovation capabilities in MSMEs. This series of theoretical and empirical studies provides a fundamental basis for researchers to identify research gaps and formulate strategies for optimising the empowerment of MSMEs in the target region.

Based on the results of a comprehensive review of previous research, the majority of the scientific literature to date has continued to focus its analysis on the internal performance evaluation of MSMEs. This focus is generally centred on the analysis of managerial factors (Njanja & Pelissier, 2010), the importance of

the accuracy of business plans (Garg & Van Weele, 2012), and the macro-level contribution of MSMEs to stimulating economic growth and regional employment (Agyeapong, 2010; Aremu & Adeyemi, 2011). Furthermore, other academic strands have also highlighted the urgency of external intervention, whether through the effectiveness of government support programmes in boosting the turnover of small enterprises (Eshetu et al., 2013), or through a critical examination of managerial barriers and weak bureaucratic commitment that lead to the powerlessness of business operators (Samitowska, 2011). However, there is a gap in the literature—or a research gap—regarding an integrated examination of the implementation of empowerment policies from multiple contemporary strategic perspectives. The majority of previous studies have tended to isolate research variables in isolation, thereby failing to capture the dynamics of the interplay between business digitalisation tools, the expansion of access to finance and capital, compliance with business licensing requirements, and the provision of upstream and downstream supporting infrastructure within a single, comprehensive policy evaluation model. Furthermore, previous research has not extensively addressed the local context, with its unique post-crisis economic characteristics and the specific structural challenges faced by business operators in Palu City, Central Sulawesi Province.

To address this academic gap, the theoretical framework of this study was developed deductively by examining the variables of MSME empowerment implementation in boosting the local economy through the analytical lens of Edward G. C's (1980) theory of implementation. The success of empowerment policies in the target areas is assessed through four key, interrelated indicators, namely communication, resources, disposition, and bureaucratic structure (Subarsono, 2013; Winarno, 2012). The communication dimension requires consistent, accurate, and clear transmission of information from policy-makers so that government programmes can be understood and implemented precisely by implementing actors on the ground. Nevertheless, the effectiveness of this communication must be supported by the availability of adequate resources, as limitations in budget, facilities, and human capacity will lead to operational stagnation of the programme, where the achievement of targets depends heavily on the ability to mobilise and optimise resources in accordance with formal regulations (Subarsono, 2013). Furthermore, the dynamics of implementation are also influenced by the disposition or mindset of the implementers, which manifests in commitment, integrity, and a strong political will to execute policies consistently, given that implementers have discretion in determining tactical methods in the field. On the other hand, bureaucratic structures are a crucial ultimate operational determinant. However, every working organisation must rely on Standard Operating Procedures (SOPs) as standard working guidelines; bureaucratic procedures that are overly complex, rigid, and convoluted actually have the potential to reduce the flexibility of empowerment governance (Subarsono, 2013). Therefore, this study formulates a framework stating that the success of community economic development through the empowerment of MSMEs—which, from a legal perspective, is governed by Government Regulation No. 7 of 2021 and the Strategic Plan (Renstra) of the Central Sulawesi

Provincial Department of Cooperatives and MSMEs—can only be optimally achieved if underpinned by an adaptive, communicative and responsive bureaucracy, supported by adequate resources to boost the sustainable absorption of local labour.

The conceptual framework of this study is illustrated in Figure 1:

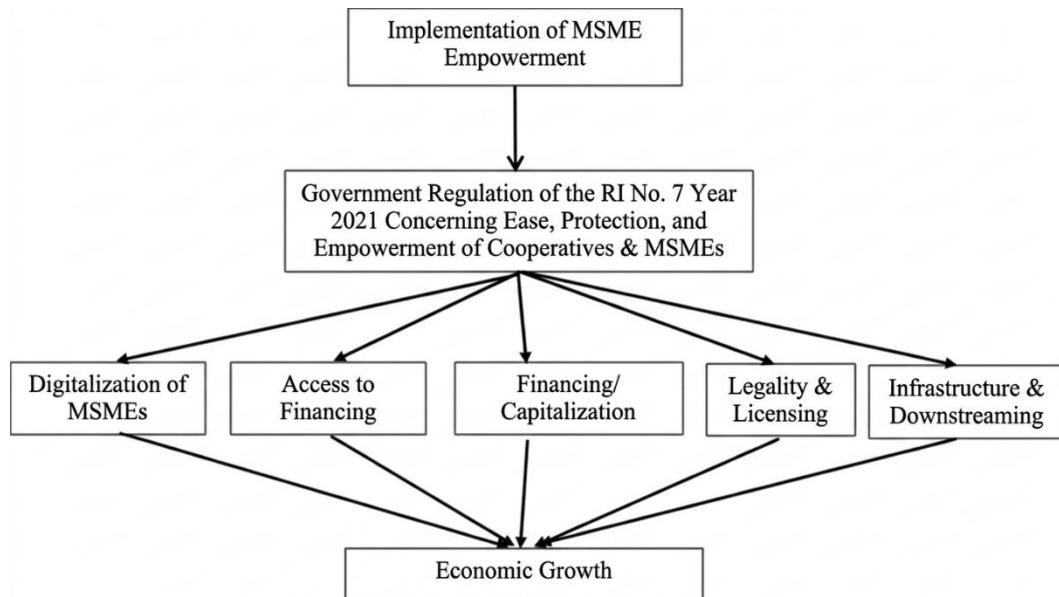


Figure 1. Framework for Reflection

METHODOLOGY

This study employs a qualitative approach with a descriptive focus, grounded in the philosophy of post-positivism (Sugiyono, 2011; Sukmadinata, 2011). This approach was chosen to gain a comprehensive, in-depth and natural understanding of the interpretation of the meaning behind the implementation of policies to empower Micro, Small and Medium Enterprises (MSMEs) in improving the community's economy (Sugiyono, 2011; Sukmadinata, 2011). The research location was purposively selected as the Department of Cooperatives, Micro, Small and Medium Enterprises, and Labour in Palu City, Central Sulawesi Province, with the actual fieldwork scheduled to take place between April and May 2026.

The descriptive data in this research are presented in narrative form, drawn from two sources: primary and secondary data. Primary data was obtained directly from in-depth interviews with key informants within the Provincial and Municipal Departments of Cooperatives and SMEs, as well as local business operators deemed to possess the appropriate competencies and high relevance to the issue of empowerment. Meanwhile, secondary data was collected as a means of supporting objectivity; this was obtained from a review of official documents, annual reports, written policies, and relevant literature reviews from the relevant agencies.

The selection of informants in this qualitative study was not based on a statistical sample. Still, it was theoretical and purposive in nature, based on the

informants' knowledge, experience and direct involvement in the empowerment programme (Sugiyono, 2011). The researcher acts as the primary instrument in gathering information from a total of at least 25 informants, comprising five officials from policy-making or implementing agencies and at least 20 MSME operators across various sectors in the city of Palu.

The data collection methodology was designed using a triangulation approach, combining three main methods: non-participant observation, in-depth interviews, and documentation. Through non-participant observation, the researcher acted as an independent observer, noting empirical facts in the field without being directly involved in the subjects' activities (Sugiyono, 2018). Structured, in-depth interviews were conducted with informants to elicit substantive information, which was subsequently reinforced by the documentation method to collect archives, transcripts, regulations, and authentic written documents from the research site (Arikunto, 2006).

To ensure scientific validity, data validity testing focused on assessing credibility through the application of triangulation techniques, including source triangulation, methodological triangulation, and temporal triangulation (Sugiyono, 2019). This credibility testing was complemented by increased rigour in observation and an extension of the observation period to ensure full consistency between the actual phenomena in the field and the reported data, supported by tests of dependability, transferability and confirmability to maintain the objectivity of the analysis results (Sugiyono, 2019).

Subsequently, the qualitative data obtained were analysed interactively and continuously using the Miles & Huberman (2009) model, which comprises three simultaneous stages: data reduction, data display, and drawing conclusions or verification. During the reduction stage, raw data (hard data) from the field was refined, categorised, summarised concisely, and stripped of elements irrelevant to the research objectives. The organised data was then presented through systematically structured narrative text to ensure ease of understanding without compromising its substantive meaning. Throughout this process, the researcher carried out periodic, interactive verification using field notes and cross-checking via triangulation to ensure the validity of the information before drawing credible and in-depth conclusions regarding the effectiveness of the implementation of MSME empowerment policies in Palu City.

RESULTS

Overview and Profile of the Research Subject

This study on the implementation of policies to empower Micro, Small and Medium Enterprises (MSMEs) in boosting the local economy was conducted in Palu, the capital of Central Sulawesi Province. Geographically, the city of Palu covers an area of 395.06 km², divided into 8 sub-districts and 46 neighbourhoods, with a unique topography comprising a combination of valleys, hills, and the coastal area of Palu Bay. This strategic location positions it as a regional hub for economic activity, trade, services, and governance. The bureaucratic authority holding the primary mandate (leading sector) in formulating, monitoring and evaluating these policies is the Palu City Department of Cooperatives, Micro, Small and Medium Enterprises, and Labour, located at Jalan R.A. Kartini No. 17.

This agency actively implements the vision of the regional Strategic Plan (Renstra), focusing on expanding employment opportunities and strengthening the economic resilience of grassroots communities. The business entities covered in this study have been categorised into four main clusters, namely: **the Culinary Cluster** (Food and Beverages): dominant in daily logistics flows, with a fast capital cycle, but vulnerable to fluctuations in raw material prices; **Fashion Cluster** (Clothing and Accessories): Comprising local garment manufacturers and boutiques facing the challenge of imported product penetration; **Services Cluster** (Services/Facilities): Covering repair shops, laundries, beauty salons and digital services that are highly dependent on human resource competence and technology; **Creative Handicrafts Cluster** (Handmade): Offers high value-added through the downstream processing of local commodities (fried shallots, moringa, bomba weaving, ebony wood and rattan), but is constrained by a lack of infrastructure for mass production.

Results of Data Validity Testing (Source Triangulation)

To ensure the validity of the empirical data, a credibility test was conducted using triangulation techniques to verify the degree of alignment in interpretation between the Government (the regulator) and MSME operators (the implementers). The test results indicated a high level of validity for the majority of variables, showing that the Government's planned programmes had genuinely reached business operators on the ground. However, the verification process also succeeded in identifying differences in perception and specific sectoral constraints. These minor differences – such as business operators' fears regarding the tax implications of business legalisation, the length of the specialised certification process, and external obstacles such as the stability of the urban electricity supply – constitute significant new findings that require cross-sectoral policy coordination in the future.

DISCUSSION

The Dynamics of the Digitalisation of MSMEs

The data analysis reveals that the majority of MSMEs in Palu City have been actively utilising digital technology, particularly basic social media platforms such as WhatsApp, Facebook, and Instagram, for their day-to-day marketing activities. In the food and fashion sectors, technology adoption has progressed further through the use of online marketplaces (Shopee), food delivery services (GrabFood/GoFood), and the Quick Response Code Indonesian Standard (QRIS) digital payment system. The implementation of this digitalisation has proven to have a significant positive impact in breaking down geographical barriers, expanding market reach beyond the island of Sulawesi (to places such as Makassar and Jakarta), reducing the cost of renting physical shops, and boosting sales turnover by around 30 per cent. In the services sector, the use of digital ecosystems and Point of Sale (POS)-based till systems has also succeeded in reducing customer queuing times and streamlining financial accounting systems. However, the transition to this digital ecosystem still faces internal obstacles in the form of a digital divide caused by the age of senior business owners (who are not tech-

savvy), limited time available to produce consistent content, and external disruptions such as internet connectivity issues during bad weather.

Access to Finance and Equity Financing

In terms of access to financial institutions, local governments have acted as subsidised facilitators through the People's Business Credit (KUR) programme, which offers low interest rates (6 per cent or even as low as 0 per cent through a stimulus scheme by the Palu City Council), as well as partnership programmes with state-owned enterprises. Although these schemes are widely available, some micro-entrepreneurs prefer a bootstrapping approach, relying on their own capital or interest-free family loans to avoid the red tape of formal administrative procedures. This barrier to accessing commercial bank credit is driven by onerous physical collateral requirements, business accounts that are not yet 'bankable', and secondary blacklisting issues within the BI Checking / OJK SLIK system resulting from non-performing loans following the 2018 natural disaster. Meanwhile, in the context of non-cash capital financing, local government intervention through the provision of industrial production equipment (such as spinning machines, industrial blenders, large gas stoves, and raw materials) has proven effective in reducing initial operating costs and boosting daily output volumes. Nevertheless, the limited accumulation of self-generated cash capital remains a stumbling block for MSME operators looking to invest in modern cutting machines or the latest digital printing technology; as a result, some craft businesses and creative studios tend to stagnate and are at risk of being left behind by market changes.

The Legality of Business Licences

The implementation of regulations governing business licensing in Palu City has seen significant progress thanks to the integration of the Online Single Submission (OSS) system. MSME operators acknowledge that the process of obtaining a Business Identification Number (NIB) is now free of charge, streamlined, transparent, and far quicker than the manual bureaucratic procedures of the past, which required travelling between different government counters. Possession of these formal legal documents and legal entity status (CV) has also proven to open up opportunities for strategic partnerships with government and private sector organisations. However, the effectiveness of this policy still faces sociological and technical challenges. At the micro level, there remains a misconception that business licences are intended solely for large corporations, a perception exacerbated by a lack of public awareness regarding technical terms such as the Indonesian Standard Classification of Economic Activities (KBLI) on the official website. Furthermore, post-disaster data synchronisation frequently encounters errors due to changes in street address nomenclature, and the processing of follow-up permits—such as free Halal certification and BPOM distribution licences—is considered highly complex and time-consuming (6 to 8 months) due to the high cost of laboratory testing for small-scale businesses.

Infrastructure and Product Downstreaming

Physical infrastructure in Palu City is considered adequate, as evidenced by smooth road access for the distribution of goods and the availability of a fibre-optic

internet network in urban areas that supports digital data transmission. The government also facilitates promotional opportunities through the provision of Integrated Business Service Centres (PLUT), street food zones for street vendors (PKL), and participation in trade fairs (expos). These downstream interventions are considered successful in transforming leading local commodities into high-value-added processed products with modern packaging. In the services sector, business operators have also demonstrated creativity in diversification, such as offering free design services, a range of premium finishes, and the use of steamers and specialised fragrances. Nevertheless, the sustainability of MSME production in Palu City remains overshadowed by issues relating to basic macro-level infrastructure. Fluctuations in the electricity supply from PLN during peak demand periods and the threat of rolling blackouts often bring the operational activities of the service and printing clusters to a complete standstill. Furthermore, constraints such as the lack of clean water or murky water supplies, extreme heat, and high logistics costs to Java – calculated on a volume basis – are external factors that reduce the price competitiveness of local handicrafts in the national market.

CONCLUSIONS AND RECOMMENDATIONS

Based on the results of the data analysis and discussion, it can be concluded that the implementation of MSME empowerment policies in Palu City has been successful in terms of the digitalisation of marketing via basic social media, which has boosted turnover by up to 40%; the facilitation of the People's Business Credit (KUR) scheme with low-interest subsidies (6% to 0%); the provision of stimulus in the form of physical production facilities to maintain the stability of daily output, the simplification of the process for obtaining a free Business Identification Number (NIB) through the Online Single Submission (OSS) system, and the provision of supporting infrastructure (PLUT, culinary districts and expos) which has successfully driven the downstream processing of local commodities into modern retail outlets. Nevertheless, the structural effectiveness and sustainability of these programmes still face significant obstacles, including internal challenges such as the digital divide amongst older business owners, limitations in content management, financial record-keeping that is not yet bankable, a lack of self-financing (bootstrapping) for the modernisation of machinery, and sociological misconceptions regarding the tax burden. On the other hand, external obstacles also continue to loom over business owners, who are constrained by bank collateral requirements, credit history barriers (BI Checking/SLIK OJK) following disasters, the slowness of bureaucracy in obtaining further certifications such as Halal and intellectual property rights (6–8 months), as well as the fragility of the city's macro-infrastructure, including rolling power cuts, clean water supply constraints, and the high cost of inter-island cargo shipping.

Recommendations

In order to optimise the effectiveness of MSME empowerment policies in Palu City, it is recommended that the Palu City Department of Cooperatives and MSMEs transform the digital training model into intensive face-to-face mentoring (one-on-one mentoring) for senior business owners, whilst also collaborating with

the Tax Office to raise awareness of tax regulations in order to alleviate the psychological fears of micro-business owners and to facilitate the streamlining of bureaucratic processes for Halal certification and intellectual property rights (IPR) in conjunction with the relevant agencies. For the Palu City Government, it is necessary to formulate policies on credit schemes or special relief measures in collaboration with banks (Bank Sulteng/Bank Himbara) regarding asset collateral and the clearing of BI Checking records following the disaster for potential micro-enterprises, as well as to coordinate at a high level with PLN and PDAM to ensure the stability of electricity and clean water supplies in production centres. Finally, MSME operators are encouraged to exercise discipline in separating their personal financial records from business operations to ensure their accounts are in order (bankable), whilst also raising collective awareness of the importance of business legality (NIB, Halal, IPR) as strategic instruments for enhancing bargaining power and sustainably expanding the market share of their products.

FURTHER STUDY

Based on the research findings, it is recommended that future researchers develop studies along several strategic research directions. Firstly, using quantitative or mixed-methods approaches to empirically test the impact of macro-infrastructure constraints (such as PLN power cuts and the high cost of inter-island freight) on the competitiveness of MSME product downstreaming. Secondly, to conduct an evaluation study of post-disaster economic recovery policies, particularly regarding the effectiveness of credit relaxation schemes and BI Checking amnesties for potential micro-entrepreneurs. Finally, to carry out a comparative study between urban and rural areas in Central Sulawesi to map variations in the digital divide and the adaptation of the OSS system by the bureaucracy, thereby enabling the formulation of a more inclusive empowerment policy model.

ACKNOWLEDGMENT

The author would like to express his deepest gratitude and appreciation to the Palu City Department of Cooperatives, Micro, Small and Medium Enterprises, and Labour, as well as the Central Sulawesi Provincial Department of Cooperatives and SMEs, for granting permission to conduct this research, providing the necessary documentary data, and agreeing to act as key informants in this study. The author also extends his deepest appreciation to all MSME practitioners across various sectors (culinary, fashion, creative crafts, and services) in Palu City for their time, openness, and cooperation in sharing valuable information throughout the interview process. Finally, I would like to thank the university, my colleagues, and all those who have provided academic support, constructive advice, and technical assistance, enabling this research article to be completed.

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