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Effectiveness of the MSME Empowerment Program in Improving MSME Competitiveness in North Bolaang Mongondow Regency

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ABSTRACT

B Micro, Small, and Medium Enterprises (MSMEs) play a strategic role in local economic development, yet their competitiveness depends heavily on the quality and effectiveness of government empowerment programs. This study examines the effectiveness of the MSME empowerment program implemented by the Department of Cooperatives, Industry, and Trade (Disperindagkop) of North Bolaang Mongondow Regency in improving MSME competitiveness. The study employed a qualitative descriptive case-study approach. Data were collected through in-depth interviews, field observation, and documentation from 11 purposively selected informants representing government officials, an MSME facilitator, and MSME owners in Pinogaluman, Kaidipang, and Bintauna subdistricts. Data were analyzed using the interactive model of Miles and Huberman and interpreted through Mahmudi's program-effectiveness framework consisting of input, process, output, and outcome dimensions. The findings show that the program was partially effective. At the input level, competent implementing personnel and supporting facilities were available, but budget constraints and an inadequate number of facilitators limited program coverage. The implementation process demonstrated cross-agency coordination and regular field visits, but participant coverage, participation, follow-up assistance, and outcome-based monitoring remained limited. The program produced tangible outputs in the form of entrepreneurship training, production equipment assistance, and business licensing facilitation. However, these outputs did not consistently translate into improved competitiveness. Financial performance remained stagnant or only marginally improved, product innovation was limited, market access remained predominantly local, digital technology adoption was very low, and product certification was still incomplete. The main barriers were budget efficiency policies, limited facilitators, inadequate capital after training, uneven digital infrastructure, and varying levels of participant engagement. The study recommends integrating training with post-training financing, expanding collaborative mentoring, adopting locally adaptive digitalization strategies, developing product-cluster-based assistance, and strengthening outcome-based monitoring and evaluation.

INTRODUCTION

MSMEs constitute an important pillar of Indonesia's economy because they contribute to employment creation, income generation, and economic resilience. Their strategic role is especially visible in regions where agriculture, fisheries, food processing, and household-based enterprises form the foundation of local livelihoods. However, the contribution of MSMEs does not automatically translate into strong competitiveness. Limited capital, managerial capacity, market networks, technology adoption, product innovation, and access to certification continue to constrain the growth of many small businesses.

In North Bolaang Mongondow Regency, MSMEs are central to the local economy and are supported through government empowerment initiatives such as entrepreneurship training, production-equipment assistance, business licensing facilitation, and product promotion. Nevertheless, the existence of empowerment activities does not necessarily indicate that the program has generated substantial changes in business capacity and competitiveness.

The key policy question is therefore whether the resources and activities provided by government are converted into measurable and sustainable improvements for MSME beneficiaries.

This study evaluates the effectiveness of the MSME empowerment program using Mahmudi's system approach, which conceptualizes program effectiveness through the interrelationship among input, process, output, and outcome. This framework is particularly useful because it distinguishes administrative achievement from substantive change. A program may successfully conduct training or distribute equipment while still failing to improve income, market access, innovation, technology adoption, or business sustainability.

Accordingly, this study aims to analyze and evaluate the effectiveness of the MSME empowerment program in improving MSME competitiveness in North Bolaang Mongondow Regency. It also identifies the principal supporting and inhibiting factors affecting implementation and formulates policy recommendations for improving future empowerment programs.

METHODS

This study used a qualitative descriptive approach with a case-study design. The research was conducted in North Bolaang Mongondow Regency, North Sulawesi Province, focusing on three subdistricts selected to represent different MSME characteristics: Pinogaluman, Kaidipang, and Bintauna. Kaidipang represents the administrative and economic center, while Pinogaluman and Bintauna represent areas with enterprises based on local agricultural and fisheries resources.

Data were collected from 11 purposively selected informants consisting of one government official responsible for the MSME program, one MSME facilitator, and nine MSME owners. Primary data were obtained through semi-structured in-depth interviews and direct field observation, while secondary data were obtained from government documents, program records, regional statistics, regulations, and relevant literature. Field observations focused on business conditions, production equipment, packaging, and marketing practices.

Data were analyzed using the interactive model of Miles and Huberman through data reduction, data display, and conclusion drawing and verification. Data credibility was strengthened through source and technique triangulation by comparing information obtained from interviews, observation, and documentary evidence. The findings were organized and interpreted using Mahmudi's input-process-output-outcome framework.

RESULTS AND DISCUSSION

Input Dimension

The input dimension revealed uneven program capacity. The implementing agency had personnel with sufficient technical competence to conduct training and guidance, and training facilities and production-equipment assistance were available. However, two major constraints limited the effectiveness of the program. First, budget efficiency policies reduced the operational space for empowerment activities. Second, the number of facilitators was insufficient relative to the scale of the target population. The study documented 3,847 registered MSMEs in the regency, while mentoring capacity remained highly limited.

The insufficiency of inputs also affected the distribution of facilities. Although some beneficiaries received training and equipment, assistance could not be distributed evenly among registered MSMEs. These findings support the proposition that the quality and adequacy of inputs shape subsequent implementation and outcome performance.

Process Dimension

The program process showed both strengths and weaknesses. Cross-agency coordination with relevant government institutions helped reduce duplication of assistance. The agency also conducted field visits and verification of assistance use. Participant recruitment relied on existing government data, with approximately 40–45 participants accommodated per training session.

Nevertheless, program coverage was limited when compared with the total number of MSMEs. Mentoring was not sufficiently intensive or evenly distributed because of the limited number of facilitators. Participation also varied: some business owners actively engaged with training, whereas others were constrained by business activities, time limitations, or limited understanding of program benefits. Monitoring was conducted, but it remained focused more on activities and assistance distribution than on measurable changes in competitiveness.

The process was therefore not fully effective. The program created opportunities for empowerment, but its reach, continuity, participation, and contextual adaptation were insufficient to ensure that knowledge and assistance were consistently transformed into business improvement.

Output Dimension

The program generated several direct outputs. These included entrepreneurship and business-development training, assistance in the form of production equipment, and facilitation of business licensing. Examples among informants included training on packaging and labeling, assistance with equipment such as ovens and mixers, and improved production capacity after receiving appropriate tools.

Licensing facilitation also produced some formal achievements. Among the nine MSME-owner informants, five had obtained a Business Identification Number (NIB), and one informant had both an NIB and a halal label. These outputs demonstrate that the program was able to deliver tangible administrative and material benefits to participating enterprises.

However, output achievement was not equivalent to substantive effectiveness. Several beneficiaries experienced difficulty applying the knowledge gained through training because they lacked follow-up capital or adequate infrastructure. Thus, the principal gap identified in this study lies between the delivery of program outputs and the realization of long-term competitiveness outcomes.

Outcome Dimension: MSME Competitiveness

The outcome dimension was the weakest component of the program. Financial performance among informants was generally stagnant or only marginally improved. Some participants reported that training had expanded their knowledge, but the absence of additional capital prevented them from upgrading production capacity or implementing new business strategies.

Product innovation was also limited. Most enterprises continued producing traditional products with little change in product variety, production processes, or packaging. Only a small number of informants reported simple innovations, such as variations in product toppings or improvements in labeling and packaging.

Market access remained predominantly local. None of the nine MSME-owner informants had established a strong regional or national market presence. Limited production capacity and the absence of sustained market-development assistance constrained expansion beyond the local area.

Digital technology adoption represented the weakest competitiveness indicator. Some entrepreneurs did not use digital platforms, while others faced limited internet infrastructure. One enterprise used social media only with assistance from family members. These findings indicate that digitalization programs cannot be effective when the technological and infrastructure conditions required for implementation are absent.

Standardization and certification showed moderate but incomplete progress. While several informants had obtained basic legal business identification and one had a halal label, broader product certifications such as PIRT or SNI had not been achieved among the informants. Business sustainability was relatively better because several enterprises had operated for many years, although some remained seasonal or dependent on unstable local demand.

Competitiveness Indicator	Observed Condition	Overall Assessment
Financial performance	Stagnant or marginal improvement	Limited
Product innovation	Mostly traditional products; few incremental changes	Low–moderate
Market access	Predominantly local	Limited
Digital technology adoption	Very low; infrastructure constraints	Very low
Standardization and certification	Partial achievement of basic legal requirements	Moderate/partial
Business sustainability	Several long-running businesses, but some seasonal	Moderate

Factors Affecting Program Effectiveness

The study identified several interrelated inhibiting factors. Budget efficiency reduced program coverage and the capacity to provide training, mentoring, monitoring, and equipment assistance. The limited number of facilitators prevented intensive and equitable assistance. Lack of capital after training created a critical implementation gap because beneficiaries could not always apply the knowledge and skills they had acquired. Low digital capability and uneven internet infrastructure constrained the impact of digitalization initiatives. Finally, participant engagement varied across business owners.

These findings demonstrate the interconnected nature of program effectiveness. Constraints at the input level weakened the implementation process, which limited the reach and follow-up quality of outputs. Consequently, outputs such as training and equipment assistance did not consistently generate the intended competitiveness outcomes.

CONCLUSION

The MSME empowerment program implemented in North Bolaang Mongondow Regency was partially effective. The program achieved several administrative and direct-service outputs through training, production-equipment assistance, and business licensing facilitation. Cross-agency coordination and periodic field monitoring also supported implementation.

However, effectiveness declined when evaluated beyond administrative outputs. Budget limitations, an insufficient number of facilitators, uneven program coverage, limited follow-up assistance, lack of post-training capital, and inadequate digital infrastructure constrained the program's capacity to generate sustainable improvements in competitiveness. The outcome dimension remained particularly weak: financial performance was

largely stagnant or only marginally improved, innovation was limited, markets remained local, digital adoption was very low, and certification achievements were incomplete.

The findings confirm that successful empowerment cannot be assessed solely by the number of training participants, equipment items distributed, or licenses facilitated. Program effectiveness depends on the continuity linking inputs, implementation processes, outputs, and measurable outcomes. Empowerment programs should therefore be designed as integrated and sustained interventions rather than isolated activities.

POLICY RECOMMENDATIONS

First, entrepreneurship and technical training should be integrated with accessible post-training financing, including microfinance and suitable credit schemes, so that beneficiaries can implement the knowledge and business plans developed during training.

Second, the capacity for mentoring should be expanded through collaboration with universities, business-development institutions, community organizations, and other qualified partners. Such partnerships can help address the imbalance between the number of facilitators and the number of MSMEs requiring assistance.

Third, digitalization programs should be adapted to local infrastructure conditions. Digital marketing training should be accompanied by practical support and efforts to improve connectivity in areas where internet access remains inadequate.

Fourth, assistance should increasingly use a product-cluster approach. Enterprises with similar products or production characteristics can receive more targeted support in product development, packaging, production efficiency, marketing, and certification.

Finally, monitoring and evaluation should shift toward measurable outcomes. In addition to recording participant numbers and distributed assistance, the government should monitor changes in turnover, market reach, production capacity, innovation, certification, technology adoption, and business sustainability.

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