

Government Participation In Making Formal Regulations In The Umkm Incubator Program In Makassar City

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Abstract: *The Makassar City Government through the Cooperatives and SMEs Service focuses on fostering and developing the people's economy in the digital-based Small and Medium Enterprises (SMEs) sector by presenting the SME Incubator. This incubator is expected to be a forum for SMEs in Longwis to become highly competitive SMEs and move up a class. The purpose of the Inclusive Governance Research on the SME Incubator program at the Makassar City Cooperatives and SMEs Service is to describe and analyze government participation in making Formal Regulations on the SME Incubator program in Makassar City. This study uses a descriptive qualitative research method, with data collection techniques through observation, interviews, and documentation. The results of this study are that formal regulations on Inclusive Governance at the Makassar City Incubator Center have not been explicitly regulated in one special regulation. However, there are several related regulations that are the basis for the operation and development of the Makassar City Incubator Center.*

Keywords: *Inclusive Governance, Formal Regulations.*

1. INTRODUCTION

Formal regulations for MSMEs in Indonesia involve several laws and regulations, especially Law Number 20 of 2008 concerning Micro, Small, and Medium Enterprises (UU MSME) and Government Regulation Number 7 of 2021 concerning Facilitation, Protection, and Empowerment of Cooperatives and MSMEs. The MSME Law regulates the definition and criteria of MSMEs, as well as the principles of MSME development. This Government Regulation (PP), which is a derivative of the Job Creation Law, provides convenience, protection, and empowerment for MSMEs, including provisions regarding licensing and financing.

Formal regulations according to the Big Indonesian Dictionary (KBBI) mean regulations that are official, in accordance with applicable regulations, or follow established procedures. In a legal context, formal regulations refer to regulations that are made and ratified through a process that has been determined by statutory regulations.

Currently, Micro, Small and Medium Enterprises (MSMEs) are one of the important backbones of the national economy. When Indonesia was hit by the Covid 19 pandemic, MSMEs became the driving force of the economy that proved their independence that was able to survive compared to the upper middle business group. The MSME sector has become an independent business that is growing and gaining a place in society. In the regulation of the law, MSMEs as community businesses have three categories that can be identified through assets and turnover (Januardin Sp, 2021).

By understanding the regulations, MSMEs can run their businesses more effectively and efficiently, and take advantage of various government programs to develop their businesses.

2. METHOD

This study uses a qualitative approach with a descriptive research type. This approach was chosen to describe in depth the phenomena that occur in the field through direct observation and interviews, without using statistical analysis. Qualitative methods allow researchers to reveal descriptive data in narrative form, either in the form of speech, writing, or the behavior of the observed subjects. Through this approach, researchers can understand social reality from the perspective of informants and feel directly the experiences they experience in the context of everyday life. The research strategy used is a case study because it is considered the most relevant to examine phenomena in depth and contextually. To analyze the relationship between data and theory, a pattern matching technique is used which aims to connect empirical data with theoretical propositions.

This research was conducted in Makassar City, South Sulawesi, because this city is a center of economic growth that has various supporting facilities for the development of Micro, Small, and Medium Enterprises (MSMEs), including the existence of Business Incubators. The research was conducted for four months, from February to June 2025. Data collection was carried out through active observation in the field and in-depth interviews with informants who have relevant experience and knowledge of the research issue. The observation unit includes MSME actors, local government officials, community leaders, and managers of Business Incubator institutions.

Research informants consist of two main groups, namely key informants and general informants. Key informants are parties who have authority and strategic knowledge related to the research topic, namely officials from the Makassar City Cooperative and UMKM Service and the Incubator Center Management Technical Team. Meanwhile, general informants are UMKM actors who directly experience the impact and dynamics of the development of the UMKM Incubator. The criteria for selecting informants include five aspects: domiciled at the research location, knowing the problems being studied, being able to express arguments clearly, feeling the impact of the problems directly, and being actively involved in the process being studied. The total informants consist of one head of service, one secretary of service, one head of division, one incubator manager, and three UMKM actors.

In this study, researchers used two types of data sources, namely primary data and secondary data. Primary data were obtained directly through interaction with informants, either through in-depth interviews or field observations. The selected informants were actors and groups who were directly involved in the inclusive governance process in the development of the MSME Incubator in Makassar City. Meanwhile, secondary data were obtained from official documents, relevant literature, activity reports, work plans, MSME statistical data, and various other sources that support the validity of primary data.

Data collection techniques were carried out using three main methods, namely in-depth interviews, observation, and documentation. Interviews were conducted face-to-face with a structured approach, using interview guidelines that had been prepared based on the dimensions of inclusive governance theory. This approach allows researchers to dig up information in depth from various informant perspectives. Observations were made to observe the behavior of actors, marginalized groups, and stakeholders involved in the development of the MSME Incubator. Researchers recorded findings in the field through field notes that became the material for analysis. Meanwhile, documentation was carried out by collecting and analyzing various documents related to the research object, such as activity implementation reports, work plans, and other supporting quantitative data. Documentation also includes interview recordings as part of empirical evidence.

Data analysis in this study follows a qualitative approach as described by Miles and Huberman, which includes three main stages: data reduction, data presentation, and drawing conclusions. Data reduction is the process of selecting, simplifying, and organizing raw data into relevant information. This process begins at the beginning of data collection and continues until the end of the study. Data presentation is done in the form of descriptive narratives containing the results of interviews, observations, and documentation, arranged based on the main themes that emerge from the analysis. The final stage is drawing conclusions and

verification, where researchers identify patterns, causal relationships, and main themes from the data that has been presented. Initial conclusions will continue to be verified through data triangulation and cross-checking between informants to ensure the validity and reliability of the research findings.

3. FINDINGS AND DISCUSSIONS

Based on the Regulation of the Mayor of Makassar Number 9 of 2023 concerning the Implementation of the Incubator Center Program, it is intended to provide a legal basis and as a guideline in the implementation of the Incubator Center program for Micro Business Actors in Makassar City. This Mayor's Regulation also explains the Vision and Mission of the Implementation of the Incubator Center Program. The description in the Mayor's Regulation is explained in the following table:

Table 1. Makassar City Mayor Regulation Number 9 of 2023

| INDICATOR | DESCRIPTION |
|-----------|--|
| Vision | Welfare and Business Sustainability for every MSME in Makassar City |
| Mission | <ol style="list-style-type: none"> 1. Building a supportive business climate by building a healthy business climate by adhering to the principle of "UMKM Hospital" which can be visited at any time. 2. Cultivating an entrepreneurial mindset and business skills by providing proper understanding of entrepreneurship to business actors as well as basic supporting skills through training. 3. Improving business quality and standardization by helping MSMEs to meet quality and standardization needs to develop their business. 4. Connecting every ecosystem and funding access by opening access for MSMEs to connect with various stakeholders in the industrial ecosystem and funding facilities. |
| Objective | <ol style="list-style-type: none"> 1. creating and developing businesses for micro-entrepreneurs in Makassar City that have economic value and high competitiveness; 2. using and utilizing human resources from micro-entrepreneurs in driving the economy by utilizing science and technology. 3. improve the welfare and economy of micro-entrepreneurs in the city of Makassar. |
| Target | <ol style="list-style-type: none"> 1. the development of new entrepreneurs and strengthening the capacity of start-up entrepreneurs for highly competitive micro-entrepreneurs whose development begins with the results of data collection on micro-entrepreneurs in the tourist corridor. 2. increasing the added value of managing economic potential for micro-business actors in the tourism corridors and fostered areas of Makassar City through the use of science and technology; 3. increasing accessibility of entrepreneurship for Micro Business Actors both in tourist alleys and fostered Small and Medium Enterprises in the city of Makassar to participate in the incubation program; 4. improving the capabilities and expertise of incubator center managers by strengthening the competency of incubator center Micro Business Actors; and 5. Network development to strengthen access to human resources, institutions, capital, markets, information and technology. |
| Scope | <ol style="list-style-type: none"> 1. micro business actors; |

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|--|--|
| | <ol style="list-style-type: none"> 2. micro business selection; 3. incubation stage; 4. organization of incubator centers; 5. time period; 6. coordination; 7. financing; and 8. monitoring and evaluation. |
| Condition | <ol style="list-style-type: none"> 1. micro business actors in the tourist corridor and actively fostered MSMEs; 2. micro business actors in tourist corridors and MSMEs who are starting businesses (start up); 3. willing to undergo incubation; and 4. Worthy of incubation. 5. carried out openly, objectively, honestly, fairly and non-discriminatory. 6. Those who are declared to have passed the incubation selection, sign an incubation agreement letter (determined by the Head of the Regional Apparatus in charge of Regional Research and Development affairs). |
| Stages | <ol style="list-style-type: none"> 1. pre-Incubation stage; 2. Incubation stage; and 3. Post-Incubation (Acceleration) Stage |
| Implementation of the incubation stage | held at the Incubator Center. |
| Implementation of Incubator Center | <ol style="list-style-type: none"> 1. conducted by the Incubator Institute 2. formed through open selection carried out by the Makassar City Cooperatives and Small and Medium Enterprises Service 3. implemented in a directed, controlled, structured, systematic, measurable and consistent manner. 4. using management information systems. |
| Filling of Positions | <ol style="list-style-type: none"> 1. Digital and Technology Officer; 2. Digital Marketing Officer; 3. PR and Event Officer; 4. Graphic Designer; 5. Machine Operator; 6. Photographer/Videographer; 7. Food Chemical Engineering Staff; 8. Chef/Cook; 9. Pattern Tailor; 10. Craftsman; 11. Fashion Designer; and 12. Sales and Marketing. |
| Activity | <ol style="list-style-type: none"> 1. provision of micro-business product catalogs and purchase of products to be curated; 2. provision of work space and office facilities (space and shared) as well as support for event implementation (event space); 3. technical guidance (services) in the form of management, |

| | |
|---|---|
| | <p>marketing, financial aspects, law, trade information and technology;</p> <ol style="list-style-type: none"> research and business development assistance and access to technology use; training and skills development; access to funding (seed capital) in the form of assistance with access to funding sources and financial institutions; creation of business networks and cooperation; management of Intellectual Property Rights (IPR); and Periodic evaluation and monitoring of the Incubation implementation stages (Progress Review). |
| Governance | <ol style="list-style-type: none"> incubation administration management; product provision and standards; Capital management and investment; human resource development and technical guidance; and financial management and business development. |
| Management information system | Allesai Saromase which is managed by the Makassar City Cooperatives and SMEs Service. |
| Time period | <ol style="list-style-type: none"> incubation period of up to 2 (two) years; and acceleration for a maximum of 6 (six) months. can be extended by the Incubator Center organizer for a maximum of 2 (two) years by taking into account the nature and economic development of the incubation participants. |
| Incubator Center Coordination | implemented by forming a Task Force for the Micro Business Actors Incubator Center in the Region as determined by the Mayor's Decree. |
| Membership composition of the Implementation Team | <ol style="list-style-type: none"> manager; data and technology; digital marketing PR & event officer graphic designer; packaging expert; food chemist; culinary expert; videographer; craft experts; and regional production and innovation development experts. |
| Financing | <ol style="list-style-type: none"> regional revenue and expenditure budget; incubator center for micro-entrepreneurs in the Region; community; and/or other legitimate and non-binding sources of funds. |

Source: Makassar City Incubator Center, 2025

The regulations governing the Incubator Center in Makassar are stated in the Makassar Mayor Regulation Number 9 of 2023 concerning the Implementation of the Incubator Center Program, as well as amendments to these regulations as stated in the Makassar Mayor Regulation Number 7 of 2023. This Incubator Center aims to facilitate business actors, especially MSMEs, to be able to develop their businesses through incubation programs.

Based on the results of interviews with the Head of the Makassar City Cooperatives and MSMEs Service and the Secretary of the Service, the guidelines and basis for implementing activities are still guided by the Makassar Mayor Regulation Number 9 of 2023 concerning the Implementation of the Incubator Center

Program, the Decree of the Mayor of Makassar Number: 2806/518.05/2023 concerning the Establishment of the Incubator Center Management Technical Team, and the Decree of the Head of the Makassar City Cooperatives and Small and Medium Enterprises Service Number: 518/40/Kep/Dkuk/Ii/23 concerning the Establishment of the Makassar City MSME Incubator and there are no new regulations or legal rules regarding this matter.

Makassar Mayor Regulation Number 9 of 2023 Focuses on the implementation of the Incubator Center program in Makassar, which is the legal basis for the existence and operation of the incubator. Meanwhile, the Amendment to Makassar Mayor Regulation Number 7 of 2023 Explains the changes made to the previous regulations, possibly related to adjustments or improvements to the program.

The Head of the Cooperative and UMKM Service also revealed that this Incubator is expected and has been proven to handle UMKM problems. There are 2 main requirements to be able to join the Incubator Center, the first is running their business for at least 6 months and the second is a Makassar City resident by showing a Makassar KTP because the government uses the Makassar City APBD so that the government's target is for the welfare of Makassar City residents.

The importance of this Incubator Center as a place for MSMEs to transform into more advanced and competitive businesses and this program is also a solution for business actors affected by the Covid-19 pandemic, helping to adapt to economic changes. This is in line with the purpose of the Incubator Center, namely to help MSMEs in developing their businesses and encouraging MSMEs *to Go Digital*, helping MSMEs adapt to the digital era and market products online.

Based on the results of the analysis, the author said that formal regulations on Inclusive Governance at the Makassar City Incubator Center have not been explicitly regulated in a special regulation. However, there are several related regulations that are the basis for the operation and development of the Makassar City Incubator Center.

4. CONCLUSION

The MSME Incubator Program held in Makassar City is designed in three main stages, namely pre-incubation, incubation, and post-incubation (acceleration) stages. The pre-incubation stage aims to prepare prospective incubation participants to meet business readiness standards, while the incubation stage focuses on intensive assistance in managerial, marketing, and digitalization aspects of the business. The post-incubation or acceleration stage is intended to strengthen the capacity of businesses that have successfully gone through the incubation process so that they can develop independently and be highly competitive.

To be able to join the Incubator Center program, there are two main requirements that must be met by MSME actors. First, business actors have been running their business for at least six months. Second, MSME actors must be residents of Makassar City as evidenced by a Makassar Identity Card (KTP). This is because the program funding comes from the Makassar City Regional Revenue and Expenditure Budget (APBD), so the main target of the program is to improve the welfare of the local community.

The implementation of this program refers to a clear legal basis, namely the Makassar Mayor Regulation Number 9 of 2023 concerning the Implementation of the Incubator Center Program. In addition, this program is also supported by the Decree of the Mayor of Makassar Number 2806/518.05/2023 concerning the Establishment of the Incubator Center Management Technical Team, as well as the Decree of the Head of the Makassar City Cooperatives and Small and Medium Enterprises Service Number 518/40/Kep/DKUK/II/23 concerning the Establishment of the Makassar City MSME Incubator. This legal basis provides legitimacy and a structured framework in implementing the program.

The implementation period of the incubation program is set at a maximum of two years, while for the acceleration stage it is a maximum of six months. However, the Incubator Center organizer can provide an extension of up to

two years if deemed necessary, by considering the characteristics of the business and the potential for economic improvement of the incubation participants.

In general, the main objective of the Incubator Center is to assist MSMEs in developing their business capacity sustainably. One important focus of this program is to encourage MSMEs to transform towards digitalization through the MSME Go Digital approach. This aims to increase the adaptability of MSMEs to technological developments, while expanding market access through the use of digital platforms and online marketing.

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