Development Policy Review for Outstanding Product: Case Study on Palembang

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**Abstract**

Success Stories from Thailand through the OTOP (one tambon one product), known as commodity development program in an area (Tambon) is successful in helping the development of Small and Medium Enterprises (SMEs). There are many approaches to the various regions in developing their full potential and in accordance with the characteristics of local specialties, including public policy in its development efforts. The purpose of this paper focuses on providing public policy recommendations to local authorities how to develop and empower commodities. This is necessary because of competition from outside the SMEs will always keep their development, the magnitude and diversity of SMEs in the region is also a challenge, and the lack of data and information about the existence and the profile of SMEs it is difficult for the government in determining the high potential of SMEs to grow.

The methodology used refers to the assessment of each alternative commodities provided by assessments based on statistical data and perform disscussion Focus Group (FGD) with all representative stakeholders to determine the policy alternatives that should be taken in the context of the development of commodities that have been identified.

Key words: policy, outstanding product

**1. Background**

Outstanding product approach is an alternative way as well as a platform to build a multi-party agenda for improving the competitiveness of businesses, especially SMEs, and local government. On the other hand, the development of science and technology coloring "new economy" (including the regional economy) and has implications also change the challenges faced by the region: economic activity is more open areas, each area needs to interact, build networks, and innovative. The success of regional economic development was influenced and determined by the "refreshment and renewal" undertaken by various elements in the society. Therefore, each region will require an effort to develop an "attraction" regions for investment and other productive resources, developing a variety of networking, collaboration, or a mix of productive linkages for the challenge (including the issue of brain drain in the region) and support the development and utilization of the best and specific characteristics of each region.

The area should seek to reform the new face for getting into a geographic quality and develop strategies and priorities in accordance with the region. Among the interested parties with this is the body "local economic development" (regional/ local economic development agency), among others, Chamber of Commerce, Association, Researcher, Department / agency, and Banking. It is also an underlying need for policies that will encourage further development of superior products area.

Developing research on what products are to be in the regions that have been made parties. The results of its own research found the superior product due to the determination of different methods, criteria, and different variables. These studies attempt to look at investment opportunities in the region that aim to provide a superior product information.

Every district in the province is expected to have an excellent product and the various sectors of the economy that are worth and suitable for development. It is an imitation of Thailand's success through the One Tambon One Product (OTOP), a leading product development programs in the area (tambon) were successful in helping the development of SMEs. With a more focused program, local governments can prioritize economic policies through the development of outstanding products specified in a municipal in an effort to create jobs and improve the welfare of society in order to reduce poverty in the region. In the end, it is expected to enhance the growth of the local economy. There are a variety of approaches, for various regions in developing potential best match the characteristics of the local specialties. The diversity of industries (economic activity) and their respective characteristics, for example, would require consideration of appropriate development efforts. But in execution, there is a difference in the implementation of a common policy with the OTOP in Thailand.

The large number and variety of SMEs in the region and the lack of data and information about the presence and profile of SME difficult for the government to determine which ones deserve a technical support and capital. Empowering and guidance should be given to SMEs with high potential to develop independently, can provide employment, improve the welfare of the community and may also contribute positively to the growth of the regional economy. It pushes the need for regional development policy superior product that the determination is not based on a proper assessment. The purpose of this paper itself focuses on providing public policy advice to local governments how to develop and empower a superior product.

**2. Research Methods.**

The methodology used to describe scoring each alternative products supplied by assessments based on statistical data and conduct Focus Group disscussion (FGD) with all the representatives of stakeholders to define policy alternatives to be taken in the context of the development of superior products that have been identified.

The scope

a. Products (Goods and Services) of the regions performed to identify and define the product on Micro, Small and Medium Enterprises (SMEs) in the regions designated

b. Products supporting the regional economy and to create employment and based on current knowledge and prospects as well as having high competitiveness.

c. The products studied are products in each sector / sub-sector of the economy, including agriculture (crops, plantations, livestock, fisheries, forestry), mining and quarrying, industry, trade, tourism and services sectors of the economy as category 9 by Central Statistical Board.

Types and Sources of Data

Primary data, ie the data and information obtained directly from informants (community leaders and local officials) are very familiar with SMEs and regional economic conditions.

Secondary data, that is data and information obtained from the publications, research reports, agency / agencies and other data sources.

Analysis Tools

After determining the outstanding product of the city, stakeholders were asked to define the criteria and determine the level of importance of each policy with the help of AHP (Analytic Hierarchy Process)

**3. Policy Recommendations**

After determining the five outstanding products in Palembang, The next FGDs with inviting those who are competent and who has the authority to take decisions. Policies taken based on the product and processed using AHP. Paserta FGD determine a policy priority by giving the highest score, and so on for the next policy. The policies proposed for each of the featured products are as follows:

**a. Processed Food Products**

Processed food products, which is a priority in their policy is the provision of marketing information (0,024), ease of access to capital at low interest rate (0.207), the production of technical coaching / mentoring, quality standardization and packaging products (0.124) improvement of infrastructure (0.100) facilitation of business partnerships (.080), relief efforts facility (0079) organizational strengthening business group (0.061).

Policy priorities that can be done include:

1. By providing market information through associations or centers of processed foods by including SMEs trade. Map of market opportunities quickly and accurately should be provided to SMEs as well as bring producers and consumers.

2. The cooperation between the banks, the government or other third parties in the allocation of credit, in the form of subsidized interest rates, giving a reasonable rate and controlling the use of credit

3. Party government guidance and counseling in cooperation with universities and independent institutions to SMEs melakuakan independent and business management efficiently and effectively.

**b. Product Skills Institute**

Product skills institute, which is a priority in their policy is to link and match with the world of work (0.200), business administration management (0.153), encouraging graduates enterprenuship (0.136), ease of access to capital at low interest rate (0.124), body strengthening business group ( 0.120), accreditation (0117), the provision of market information (0.091), ease of licensing (0.060).

Policy priorities that can be done include:

1. Party government to make policies which agencies should have the relationship skills of cooperation (MoU) with the world of work before the agency receiving skills of students and the requirements of this policy used.

2. Human resource management agencies should have the competence and skills of professional or technical consultants assisted.

3. Business skills agencies include curriculum mengedapankan enterpreneuship soul for graduates as well as given the opportunity to do an internship

**c. Product Small Merchants**

Product petty traders easy access to capital with low interest rate (0.202), management & business administration (0.185), support business facilities (0.165), improvement of infrastructure (0.145), all business partnerships (0115), the provision of marketing information (0.107) and the strengthening of institutions business group (0.080).

Policy priorities that can be done include:

1. The cooperation between the banks, the government or other third parties in the allocation of credit, in the form of subsidized interest rates, reasonable interest rates and controlling the use of credit

2. On an ongoing basis the Government provides training, counseling and mentoring by involving universities and other independent institutions to provide management assistance and business administration.

3. Assistance given business facilities that are educational and should be accountable by SMEs and must be returned in the form of capital for the government and will be returned back to the other business units.

**d. Craft Industrial Products**

Craft industry products, which is a priority in their policy is the provision of information (0.173), ease of access to capital at low interest rate (0.147), support business facilities (0.135), improvement of infrastructure (0.121), standard quality (0.101), provision of raw materials ( 0.088), facilitation of business partnerships (.069), management & business administration (0.068), technical guidance and mentoring production (0.049) and the strengthening of institutions business group (0.049).

Policy priorities that can be done include:

1. The cooperation between the banks, the government or other third parties in the allocation of credit, in the form of subsidized interest rates, reasonable interest rates and controlling the use of credit.

2. By providing market information through trade associations to include SME trade and given easy access to market information using information technology. Map of market opportunities quickly and accurately should be provided to SMEs.

3. Assistance given the nature of the business facilities to educate and must be accounted for by SMEs and must be returned in the form of capital for the government and will be returned back to the other business units.

**e. Urban Transport Products**

Product urban transport, which is a priority in their policy is structuring the route and transportation management (0.242), improvement of infrastructure (roads, docks, stop, etc.), the socialization and education of traffic rules (0.135), law enforcement (.119), Certification & coaching the driver (0.103), limiting the number and rejuvenation vehicle (0.068), security, order and comfort (0050), ease of licensing services (0.050), ease of access to capital at low interest rate (0.040) and institutional strengthening (0.013).

Policy priorities that can be done include:

1. Structuring policy management route with transport and taken forward by looking at the needs of passengers and amount of freight passing through these routes and the development of the city, so there is no overlap.

2. Improved infrastructure to improve roads, bus stops, docks and to eliminate numerous stations shadow.

3. Counseling traffic rules by involving all components of both government officials and the police, the driver, employers and society as a freight transport users. This policy was carried out to raise awareness and culture as well as done continuously.

Furthermore, the issue in a policy often appears in many stages of implementation, because the relevant parties (stakeholders) with the policy that is very heterogeneous and complex, and dealing with a variety of community character. Suppose the number of people / SMEs in the region amounted to one million people, then that means there are a million characters people that must be accommodated in the implementation of existing policies.

**4. Conclusion**

There are five outstanding product in palembang and its policy recommendation. The products are processed food products, product skills institute, product small merchants, craft industrial products and urban transport products.

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