

## The Role of Public Administration in Efforts to Encourage Financial Management and Creative Economy

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**ABSTRACT:** *This research discusses the role of public administration in encouraging financial management and creative economy of micro and small enterprises in Jambi City. In the current context of globalization and economic development, public administration has an important role in creating an environment conducive to the development of finance and the creative economy. Through a holistic approach, this study explores public administration measures towards improving financial management performance and developing the creative economy sector. The results of this study are expected to provide useful insights for policy makers, practitioners, and academics in an effort to improve the quality of public administration to support sustainable economic growth. In this study, observations and interviews were conducted on role theory which states that the role of local governments in the development of effective and optimal MSEs can be realized as facilitators, regulators and catalysts.*

**KEYWORD-** *Public Administration, Management; Finance; Creative Economy; Micro and Small Enterprises*

### I. INTRODUCTION

Micro and Small Enterprises (MSEs) are one of the pillars and movers of the economy and finance (Utama & Suryani, 2023). This is seen from the significant small business activities of both traditional and modern sectors. MSEs are strong because their presence is spread throughout the country and MSEs have several advantages in several factors, namely the ability to focus on specifics, national flexibility, low costs, and speed of innovation (Utama & Syarif, 2023). Micro and Small Enterprises (MSEs) are one of the absorbers of labor and contributors and the main pillars of economic growth in the development of a country. According to BPS (Central Statistics Agency), micro enterprises are businesses that employ 1-4 workers and have assets of no more than 50 million rupiah. While small businesses are businesses that employ 5-19 workers and have assets of more than 50 million rupiah to 500 million rupiah (A. U. Daud et al., 2023).

Micro and small enterprises in Indonesia have a major role in creating jobs, driving the regional economy, and supporting overall economic growth (Pratiwi I Gusti Ayu Made Agung Mas Andriani, 2021). However, challenges faced by micro and small enterprises include access to capital, technology, and markets, as well as a lack of understanding in terms of business management (Nur & Utama, 2023). Therefore, special attention is needed from the Government in order to improve the position of micro, small and medium enterprises into large business positions and can face competition in the Industrial Revolution era (Obradović et al., 2021).

Global industrial development has an impact on Indonesia, the Ministry of Industry launched the Making Indonesia strategy as a roadmap on Indonesia's strategy in the implementation of entering Industry 4.0 so that Indonesia can be competitive with other countries (Kusuma, 2019). One of Making Indonesia's national priority strategies is the empowerment of Micro, Small and Medium Enterprises. The development of MSE business in Jambi city is quite good. However, in the process of business management, financial management, some MSEs use methods that are still traditional, so the use of technology is still very minimal, not modern such as the use of Information Technology in accordance with the development of the industrial revolution (Swathi, 2022). The use of technology is not a priority for MSE actors therefore it is necessary to carry out coaching such as modern technology training (Rahayu et al., 2023) which is suitable in the face of the industrial revolution to optimize its production (I. Daud et al., 2022).

The obstacles for MSEs in applying information technology in the face of the industrial revolution are caused by not having human resources who understand technology, limited product marketing, technology beyond the reach of MSEs, and also not allowing new technology investment (DS Innovate, 2023). This is where one of the roles of the Government, namely the Micro, Small and Medium Enterprises Cooperative Office, is in providing guidance to MSE actors in order to increase their business potential to be ready to face the industrial revolution era (Erten & Polat, 2023).

In addition to the role of the government, namely the Micro, Small and Medium Enterprises Cooperative Office, the development of MSEs in entering the industrial revolution era also requires a readiness from MSE actors themselves. Important requirements in following market developments in applying information technology are part of the readiness of MSE players to adopt new innovations and play an important role in the business and industrial world (Ismail & Hartati, 2023). The readiness of a business within a country in an integrated way to adopt, use and utilize information technology, so that it can be developed to rationalize actions, increase competitiveness, and manage resources efficiently (Utama & Efrina, 2023).

The following we can see the development of MSEs in Jambi Province based on data from the Central Statistics Agency, which is as follows:

Table 1.1. Development of MSEs in Jambi Province

Area (Kab/Kota)	Number of Micro and Small Enterprises					
	Micro			Small		
	2021	2022	2023	2021	2022	2023
KERINCI	11.187	6.753	6.753	1.088	646	646
MERANGIN	4.250	5.416	6.840	693	692	693
SAROLANGUN	3.217	2.510	2.510	478	107	107
BATANGHARI	12.427	17.466	17.466	344	138	138
MUARO JAMBI	41.645	41.234	41.234	459	0	0
TANJUNG JABUNG TIMUR	7.342	7.650	17.658	1.048	1.048	1.135
TANJUNG JABUNG BARAT	17.658	17.658	7.650	1.135	1.135	1.048
TEBO	1.268	8.370	8.370	0	0	0
BUNGO	2.216	11.027	2.443	881	1.172	881
KOTA JAMBI	<b>44.307</b>	<b>46.912</b>	<b>46.912</b>	<b>3.506</b>	<b>3.835</b>	<b>3.835</b>
KOTA SUNGAI PENUH	6.856	6.856	7.722	1.076	1.076	1.125
PROVINSI JAMBI	152.373	171.852	165.558	10.708	9.849	9.608

Source: Central Bureau of Statistics, 2024

Based on table 1.1. It can be seen that the development of MSEs in Jambi City for micro and small enterprises has seen an increase and is the largest compared to other regencies and cities in Jambi Province. This is certainly inseparable from the development of public administration in Jambi City which continues to encourage the development of MSEs. This research is intended to obtain in-depth data and information about the Role of the Government as a public administration in fostering the Financial Management of Micro and Small Enterprises in Jambi City with the following problem formulation:

1. How effective are the public administration policies that have been carried out in Jambi City in encouraging the development of financial management and creative economy?
2. To what extent is stakeholder participation in the implementation of public administration programs aimed at improving financial management and creative economy in Jambi City?
3. What are the obstacles faced by Jambi City government agencies in an effort to improve financial management and creative economy through existing public administration policies?

## II. METHOD

This research uses a qualitative approach method with a type of research, namely descriptive research (Pawar, 2020). Qualitative research method is a research approach that focuses on a deep understanding of a phenomenon by collecting and analyzing non-numerical data. Qualitative research is usually carried out by means of observation, interviews, and document analysis to produce a deep understanding of the problem under study (Aspers & Corte, 2021). The purpose of qualitative research is to gain deeper insight into the concepts, opinions, and perceptions underlying a phenomenon. Qualitative research methods are also often used to answer the "how" and "why" questions rather than "how much" (Rubinson, 2019).

The data collection techniques used in this study were based on the results of interviews, observations and documentation. Interviews were conducted with respondents from the Jambi City Cooperative and MSME Business Office, and Jambi City MSME respondents. from the results of the interview in the analysis using role theory with three indicators Facilitator, Regulator, and Catalyst (Maharani & Nurlukman, 2023). Role theory

research methods are approaches in research that focus on the role of individuals in a system or organization (Zaelani et al., 2022). In this context, there are three main indicators used to understand the role of the individual, namely Facilitator, Regulator, and Catalyst (Madan & Ashok, 2023).

1. **Facilitator:** Facilitator refers to the role of individuals who are responsible for facilitating or facilitating processes that occur in an organization. They help in aligning goals and bridging communication between individuals in the organization.
2. **Regulator:** Regulator refers to the role of individuals who are responsible for supervising and controlling activities or behavior within an organization. They make sure that rules and procedures are followed correctly and that things go according to plan.
3. **Catalyst:** Catalyst refers to the role of individuals driving change or innovation in an organization. They motivate others to think outside the box, create new ideas, and improve overall performance.

By paying attention to these three indicators, role theory research can provide a deeper understanding of how individuals contribute to an organization and how the relationships between those roles affect overall performance.

### **III. RESULT AND DISCUSSION**

Based on the results of the interview, it can be analyzed by the existing indicators in the role theory stating that the role of local governments in the development of effective and optimal MSEs can be realized as facilitators, regulators and catalysts.

#### **1. The Role of Government as a Facilitator**

The government has a role in facilitating MSEs to achieve the business development goals owned by MSEs. If MSEs have weaknesses in the field of production, the task of the facilitator is to provide capabilities to business actors by, as has been done by the Jambi City Small and Medium Enterprises Cooperative Office, which is to provide trainings twice a year and divided into two batches, and if MSEs are weak in terms of funding, the facilitator's task is to help find solutions so that MSEs are able to get the needed funding, but it must be done carefully so that the position of MSEs becomes independent.

The government has an important role as a facilitator in the financial management of micro and small enterprises. Some of the roles that can be performed by the government as a facilitator include:

- a. Provide guidance and training in financial management. The government can provide training and workshops for micro and small businesses to understand the basic concepts of good financial management.
- b. Provide easy financial access. The government can work with financial institutions to provide easy access to financing for micro and small enterprises, such as business capital assistance, micro business loans, or business assistance programs.
- c. Encouraging the creation of an ecosystem conducive to the development of micro and small enterprises. The government can create policies that support the development of micro and small enterprises, such as cutting red tape, reducing taxes, or incentives for micro and small businesses.

Coaching is a process of developing through sequences such as growing and maintaining growth accompanied by efforts to improve, perfect and develop. With this coaching, one of the Agency's efforts to develop SMEs in the city of Pekanbaru so that they are ready to face the industrial revolution 4.0 to be able to compete and MSE products can be marketed abroad.

Based on the results of interviews with respondents of Jambi City Micro, Small and Medium Enterprises activists: The government, in this case, the Jambi City MSME Cooperative Office has carried out its role as a facilitator by organizing trainings. That the agency has conducted coaching to MSE actors in the form of providing trainings and conveying to MSE actors in Jambi city to take part in trainings conducted by the agency so that by attending these trainings MSEs can add insight and skills. Respondents said they were invited and attended trainings organized by the Office and documentation carried out and strengthened by the view that the government has a role as a regulator of various programs, it can be concluded that the government has played a good role in coaching MSE actors in the form of training that has been held. The training held helps MSE actors apply technology by marketing their SME products both online, and through social media to be able to compete.

#### **2. The Role of Government as a Regulator**

The role of the government as a regulator is to make policies related to the development and development of MSEs, where these policies are intended to facilitate MSE businesses to be able to grow and develop easily and quickly. In this regulatory function, the division of authority is divided into two, namely: the authority of the central government and the authority of local governments. Both have their own authority to regulate the communities in their respective regions.

The existence of regulations in the form of laws and government regulations related to MSEs from the production side and the banking side, will spur the role of MSEs in the economy. The main function of regulation is to protect and benefit a particular community or group. The benefits of these regulations can be seen from two sides, namely from the government side as a regulator and from the entrepreneur side as a licensing object. For the government, licensing is necessary to maintain public order and provide protection to the public at large. For entrepreneurs, licensing is supposed to provide social and economic benefits. So there are at least two purposes; i.e. for administrative and regulatory purposes; as well as goals related to coaching.

The role of the government as a regulator in the financial management of micro and small enterprises is very important to create a healthy and sustainable business environment. Some of the government's roles in this regard include:

- a. Regulate fiscal and monetary policies that support the growth of micro and small enterprises, such as tax exemptions for micro and small enterprises, easy access to credit at affordable interest rates, and assistance in terms of financial management
- b. Monitoring and supervising the finances of micro and small enterprises to prevent harmful practices, such as money laundering and financial fraud.

Based on the results of researcher interviews with respondents from the Jambi City Cooperative and MSME Business Office, it was explained that: "The government has carried out its role as a regulator by making policies in the form of coaching programs to help MSME actors more easily develop their businesses, the Office has carried out its role as a regulator by making programs for the progress of MSME businesses, socializing government policies that have been made. Visit small and medium enterprises and have light discussions related to what SMEs need for their businesses to grow". The results of the interview above are corroborated by the view that the government has a role as a regulator of various programs. Based on interviews with MSE actors, as well as strengthening views from experts related to this matter, it can be concluded that the agency has a sufficient role as a regulator so that business actors feel cared for and have a place untuk berkonsultasi dengan adanya kebijakan-kebijakan pemerintah yang membantu para pelaku UMK untuk memajukan usahanya.

### **3. The Role of Government as a Catalyst**

Based on the role of the local government in this case, the Jambi City Micro and Small Business Cooperative Office, that the government's role as a catalyst for MSE development is to accelerate the development process of MSEs into fast *moving enterprises*, which means MSEs that are thick with entrepreneurial spirit and soon to become large businesses with good financial management. As for the government's involvement in the whole process of change, it can no longer move naturally. To be able to carry out its role as a catalyst, the government should take various steps such as empowering creative communities to be productive instead of consumptive, respect for MSEs, intellectual infrastructure (IPR) for MSEs, and capital including venture capital or revolving capital.

The role of the government as a catalyst is more likely to deliver comprehensive information to business actors. Such as assistance information from the central government and local governments. Based on the results of interviews with government respondents, in this case from the Jambi City Micro, Small and Medium Enterprises Cooperative Office has played a role as a catalyst by collecting data on business actors in Jambi city. The government has carried out its role, namely in the form of providing assistance as a stimulus for business actors to be more enthusiastic to develop their businesses". The informant's view above is corroborated by the theory presented that the government has a role as a regulator of various programs. From interviews with several MSE actors and strengthening the theory above, it can be concluded that the Office has played a fairly good role in recording and providing information and providing direction to MSE actors so that MSE actors get assistance in developing their business.

Based on interviews and observations regarding the inhibiting factors of efforts to improve financial management and creative economy through public administration policies, namely:

1. Lack of budget to carry out planned trainings.
2. The mindset of many MSE actors only expects help from the agency.
3. Business actors lack information related to coaching organized by the agency.

## **IV. CONCLUSION**

Based on the results of research and discussion, it can be concluded that the first indicator of the role has been carried out well, it can be seen from coaching activities in the form of training - training that has been carried out by the agency to increase the insight and skills of business actors to apply technology by marketing their MSE products online in the face of the industrial revolution. The second indicator is concluded to be quite instrumental because some of the programs made are constrained to run due to lack of existing budget. In this work program, most of them are more focused on coaching MSE actors, with the enthusiasm of MSEs, the

economy and financial management and people also grow. The third indicator of the role is quite well because of the assistance from the government for the business development of MSE actors in the form of money transferred to the accounts of each SME actor, but there are also MSE actors who do not get this assistance due to lack of information obtained and conditions that are not met.

The advice given should be that the Jambi City Government should add a special APBD for coaching programs for MSE actors, and the Office should provide more guidance that leads to the industrial revolution 4.0 with good financial management and creative economy so that MSE actors in Jambi city are not left behind compared to other MSEs and continue to improve their role as facilitators, regulators and catalysts.

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