

## The Role of Government in Developing Entrepreneurship Activities in Palu City

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**Abstract:** This study aims to identify the role of government in developing entrepreneurship in Palu City. This study used a qualitative method as it can find and know the meaning of the problem under study. The population of this study was the Department of Cooperatives, Micro, Small and Medium Enterprises, and Manpower of Palu City. The determination of the sample used a purposive sampling method by considering the characteristics of the research sample, namely understanding the problems studied. Data were analyzed using interactive analysis. The results showed that the growth and development of entrepreneurship in Palu City increased, but the productivity was very low and vulnerable to the dynamics of the uncertain business environment due to natural and non-natural disasters in Palu City. Therefore, stakeholders, especially the Palu City Government have to consider providing assistance in the form of capital, education and training (both skills and management), and facilities and infrastructure to support business operations in this city.

**Keywords:** Government, Entrepreneurs, MSMEs.

### INTRODUCTION

National development is continuous efforts in all aspects of life to improve the welfare of the community. Economic development becomes one of the main priorities in national development. Economic development is inseparable from economic growth as economic development encourages economic growth, and conversely, economic growth facilitates the process of economic development (B & Widiawati, 2021). One of the sectors that contribute to the success of economic development is the Micro, Small, and Medium Enterprises (MSME). It can be said that MSMEs have a large and strategic role in economic growth and development.

The economic growth of a country should be supported by the regional economy. The development of the regional economy is the responsibility of the regional government. One of the main tasks of the Regional Government is the welfare of the community. Thus, local governments are required to play a big role in the welfare of the community in their territory. The welfare of the community cannot be separated from the community's economy. In this case, the economy is based on entrepreneurship which has many advantages to encourage people to work hard, be disciplined and increase creativity and innovation to have a higher income. To build the national economy through the business sector, the government highly considers and prioritizes guidance and development to strengthen the economic structure.

The uncertainty of the current economic condition is caused by various factors such as natural and non-natural disasters, wars, and others. The global financial crisis has an impact on the country's economy so the government tries to balance the economy by encouraging the creation of new jobs and economic growth. To support the country's economy, government policies should encourage dynamic entrepreneurship to support Indonesian entrepreneurs as partners in improving the economy in general.

Economic and social growth can be determined by entrepreneurship supported by innovation (Bercovitz & Feldman, 2006; Cooke & Leydesdorff, 2006; Etzkowitz & Klofsten, 2005). The government is responsible for the economy so economic growth becomes important as it minimizes unemployment and improves people's welfare (Ribeiro-Soriano & Galindo-Martín, 2012).

Literature has proven that entrepreneurship supports economic growth (Acs, Audretsch, Braunerhjelm, & Carlsson, 2004, 2005; D. B. Audretsch & Keilbach, 2004, 2008; D. Audretsch & Keilbach, 2004; Bahmani, Galindo, &

Mendez, 2012). The government has to support entrepreneurial development as its existence is vital for the economy. The government needs to solve the problems of the Indonesian people, especially in terms of economic independence by encouraging local entrepreneurship to develop and compete for realizing an ideal state condition (Nagel, 2016). Therefore, Palu City Government needs to develop entrepreneurship in order to achieve regional economic growth and welfare of the community of Palu City.

### METHOD

This study used a qualitative method as it is considered to know and understand the meaning of the problem under study. The population of this study was the Department of Cooperatives, Micro, Small, and Medium Enterprises and Manpower of Palu City. The selection of the sample used a purposive sampling technique by considering certain characteristics, namely understanding the problems studied. Data were analyzed using interactive analysis. The results of the analysis were described and general conclusions were drawn.

### RESULTS AND DISCUSSION

Indonesia has poor socioeconomic conditions. The economic conditions have a major impact on all sectors, including the welfare of the people. Considering the socio-geographical conditions of Indonesia, welfare should be even between the urban and rural areas throughout Indonesia, including in remote areas. In other words, there is a need for equitable distribution of welfare throughout Indonesia. As has been highlighted by the government, it is important to develop entrepreneurship to alleviate poverty and improve people's welfare.

Currently, entrepreneurship in Palu City is experiencing an increase. The Palu City government, especially in the MSME sector provides counseling or guidance, facilities and infrastructure, and monitoring to achieve successful entrepreneurship. Regarding successful entrepreneurship, the entrepreneurial spirit must also be developed and nurtured early to achieve maximum results. The development of the entrepreneurial spirit should be started in educational institutions, starting from the lowest level to the highest level. In this case, the role of education and the young generation who are persistent, tenacious, and tough is needed and indirectly determines the progress of a nation. Besides, awareness of the entrepreneurial spirit and business opportunities should also be developed in the community through training, counseling, entrepreneurial cadres, and others.

The government has made comprehensive efforts to increase and promote entrepreneurship (Nagel, 2016). Besides, entrepreneurs have both internal and external roles. Internally, an entrepreneur plays a role in reducing the level of dependence on others, increasing self-confidence, and increasing purchasing power. Externally, an entrepreneur plays a role in providing job opportunities. The absorption of labor can lower the national unemployment rate.

One of the government's supports for the development and empowerment of entrepreneurship is through laws and regulations related to entrepreneurship (Wuryandani, Harefa, MBA, Mangeswuri, & Silalahi, 2019). Besides cooperatives, banks, and other institutions are highly needed. For example, the main problem faced by entrepreneurs is access to capital. The government needs to facilitate entrepreneurs with online licensing to create a conducive business environment.

The government has to encourage increased entrepreneurship both in terms of quantity and quality through KUR programs (People's Business Credit) and others. Thus, the government should look at external and internal factors in increasing the quantity and quality of local entrepreneurship. External factors cover environmental factors that directly or indirectly affect entrepreneurship, for example, motivation from other parties to become entrepreneurs, the available facilities to set up a business, non-discriminatory regulations, and a conducive atmosphere for establishing and developing entrepreneurship. Meanwhile, internal factors include factors that come from within the entrepreneur.

### CONCLUSION

Entrepreneurship in Palu City develops and grows well. However, productivity is very low and very vulnerable to the dynamics of the uncertain business environment due to natural and non-natural disasters in this city. Therefore, stakeholders, especially the Palu City Government should provide guidance and assistance to entrepreneurs such as

business capital, education, and training (both skills and management), and facilities and infrastructure to support business operations.

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