

ABSTRACT

The development of cooperatives and small-scale enterprises in Pekanbaru Municipality materializes the mission of Pekanbaru Municipality to be the center of trading and service which is increasing year by year. The current condition is related to the increasing difficulties in accessing jobs and higher level of economic-triggered distress. The small-scale enterprise empowerment is conducted by the local government and private sector; in this case State-owned Enterprises (BUMNs) running their business in Pekanbaru Municipality. The small-scale enterprise development that the private sector conducts is likely viewed as evading responsibility which companies shall do to the local community; hence, it leads to ineffective assistance as the BUMNs are technically not the responsible institutions for such a development program. This research aims to (1) measure the effectiveness of BUMN partnership program in empowering the small-scale business and cooperatives in Pekanbaru Municipality, and (2) explain factors influencing the effectiveness of the program.

This research uses deductive-qualitative approach, which emphasizes descriptive and comparative study using statistical computation. Qualitative method includes interviews, questionnaires, field observations, secondary data and literature review.

The field-based reveals several findings. First, BUMNs support the small scale enterprises in Pekanbaru Municipality effectively in term of target compliance, real outputs and fund spending. Target compliance is considered less effective in term of group target compliance in paying off loans. Second, real outputs are considered effective in term of post program-based income, turn-over, business profit and capital stimulation. Third in term of fund spending, BUMN partnership program is considered highly effective when the target groups use financial support for business expansion or working capital and only few spending for other purposes. The success of the program is influenced by factors which involve human resources (education, age, facilities, business experience, labor and total loan), communication (clarity of message content and socialization intensity), attitude (target's understanding level) and bureaucracy (coordination level and SOP changes). In the context of small-scale enterprise empowerment, however, the BUMN partnership program has not run effectively. Assistancess and supports shall be continuously done. The three-year supervision is considered insufficient to make small-scale enterprises independent

In term of empowering small-scale enterprises through BUMN partnership program, it is recommended that (1) this program is worth adopting for other similar programs considering its effectiveness in empowering small-scale enterprises, and (2) sustainable supervision shall be continuously done to empower small-scale enterprises in Pekanbaru Municipality more effectively.

Key words: Effectiveness, Program Implementation, Empowerment