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Policy Model Of The Department Of Cooperatives, Industry, And Trade (Diskoperindag) In Supporting The Development Of Transitional Technology-Based Micro, Small, And Medium Enterprises (Msmes) In Sumbawa Regency

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Abstract

The development of Micro, Small, and Medium Enterprises (MSMEs) in Sumbawa Regency faces persistent structural challenges, including low digital literacy, inadequate digital infrastructure, and policy frameworks insufficiently responsive to the demands of digital transformation. These conditions have resulted in suboptimal technology adoption among MSME actors, constraining their competitiveness and long-term sustainability. This study examines the existing policy model of the Department of Cooperatives, Industry, and Trade (Diskoperindag) of Sumbawa Regency and proposes an adaptive, participatory, and transitional technology-based policy framework. Conducted in Sumbawa Regency from April to July 2026, the study employs a descriptive qualitative approach with a cross-sectional design, utilizing primary data from in-depth interviews with Diskoperindag officials and MSME actors, supplemented by secondary data from official reports and relevant literature. Data validity was ensured through source and technique triangulation. Analysis followed the Miles and Huberman interactive model, encompassing data reduction, data display, and conclusion drawing. Findings indicate that existing Diskoperindag policies have supported MSME development through training facilitation, business legalization, promotional space provision, and financing referrals; however, implementation suffers from inequitable capital distribution, limited post-training mentoring, inadequate production facility support, and persistently low MSME participation in policy design. This study proposes a six-pillar adaptive policy model grounded in transitional technology principles, collaborative governance, and

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participatory communication to enhance MSME competitiveness, institutional capacity, and sustainable digital integration.

Keywords: Diskoperindag Policy Model; MSME Development; Transitional Technology; Collaborative Governance; Sumbawa Regency.

INTRODUCTION

The development of Micro, Small, and Medium Enterprises (MSMEs) in Indonesia has been recognized as the cornerstone of national economic development policy. As the dominant segment of Indonesia's business structure, MSMEs function simultaneously as engines of employment generation, income distribution, poverty alleviation, and regional development equity. The Indonesian government has institutionalized MSME development through a comprehensive legislative and programmatic framework rooted in the philosophy of people-based economic empowerment (ekonomi kerakyatan), which positions MSME actors as the primary agents of inclusive economic transformation. This framework encompasses multidimensional policy interventions spanning capacity building, institutional strengthening, financing access, market expansion, and increasingly, digital technology integration (Tambunan, 2019; Kementerian Koperasi dan UKM, 2023).

The global proliferation of information and communication technology has catalyzed a fundamental restructuring of economic systems, giving rise to the digital economy as the dominant paradigm of contemporary commercial activity. The digital economy encompasses all economic activities enabled by internet connectivity, digital platforms, data-driven technologies, and automated transaction systems, creating business models that are inherently more dynamic, geographically unbounded, and operationally efficient than their conventional counterparts (World Bank, 2022; OECD, 2021). Indonesia occupies a strategically significant position within this global digital transition: as of 2023, the Asosiasi Penyelenggara Jasa Internet Indonesia (APJII) reported that more than 215 million Indonesians are connected to the internet, creating an expansive digital marketplace that represents transformative opportunities for MSME growth and market penetration across domestic and international boundaries.

National legislative frameworks have progressively codified the government's obligations toward MSME development in the digital era. Law Number 20 of 2008 on Micro, Small, and Medium Enterprises mandates that central and regional governments cultivate a consistently conducive business environment through six primary policy

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domains: financing facilitation, infrastructure development, business information provision, inter-enterprise partnership facilitation, business licensing simplification, and trade promotion support. Subsequently, Law Number 11 of 2020 on Job Creation introduced sweeping administrative reforms designed to accelerate MSME formalization, simplify regulatory compliance requirements, and create institutional pathways for digital economy integration (Badan Pusat Statistik, 2023).

The quantitative dimensions of MSMEs' contribution to Indonesia's national economy underscore the sector's indispensability as a development priority. With more than 65 million registered business units absorbing approximately 97% of total national employment and contributing in excess of 60% to the national Gross Domestic Product (GDP), MSMEs constitute the structural backbone of Indonesia's economic architecture. Their demonstrated resilience across multiple economic shocksincluding the 1997–1998 Asian financial crisis and the 2020–2021 COVID-19 pandemicfurther validates the sector's role as a stabilizing economic force and reinforces the policy rationale for sustained, strategically targeted government investment in MSME development programs (Kementerian Koperasi dan UKM, 2023).

In the context of digital economic transformation, the national government has progressively adopted technology-mediated MSME policy models that emphasize systematic integration with digital marketplace ecosystems, electronic payment platforms, social media commerce channels, and data-driven marketing strategies. Programs such as the Gerakan Nasional Bangga Buatan Indonesia (Gernas BBI) and the UMKM Go Digital initiative exemplify this policy trajectory, reflecting a national commitment to accelerating the digital transformation of the MSME sector. The theoretical foundations for this approach are grounded in the concepts of collaborative governance (Ansell & Gash, 2008) and adaptive policy design (Dunn, 2018), which advocate for flexible, multi-stakeholder, evidence-based policy frameworks capable of responding to dynamic technological and market environments.

At the provincial level, West Nusa Tenggara Province (NTB) has developed MSME policy initiatives aligned with regional economic strengths, particularly in creative industries, agribusiness, tourism, and handicraft production. Provincial programs have included digital marketing capacity building, business legalization facilitation, local champion product development, and MSME-tourism sector integration. Despite these efforts, the majority of MSME actors in NTBincluding those in Sumbawa Regencyremain classified as micro or small enterprises exhibiting limited technology adoption, reflecting persistent systemic constraints related to digital infrastructure deficiencies, human capital

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limitations, and fragmented inter-institutional policy coordination (Raharjo, 2021; Setiawan et al., 2021).

Sumbawa Regency presents a particularly instructive case study for examining the intersection of government MSME policy and transitional technology adoption. The regency hosts approximately 5,508 registered MSME units spanning diverse sectors including culinary arts, trade, handicrafts, agricultural processing, and household industries. However, field observations and preliminary documentary analysis reveal that the prevailing MSME operational model remains predominantly conventional, with limited adoption of digital commerce, digital marketing, or electronic payment technologies. The dominant barriers include low digital literacy among business actors, constrained access to affordable technology training, unreliable internet connectivity in certain areas, and limited financial resources for digital infrastructure investment (Wahyuni et al., 2022).

The institutional role of Diskoperindag Sumbawa Regency in addressing these challenges is theoretically significant but practically constrained. As the primary local government agency responsible for MSME empowerment policy formulation and implementation, Diskoperindag's operational effectiveness is shaped by its resource base, institutional capacity, policy design orientation, and the quality of its engagement with MSME communities. Empirical observations indicate that existing policy instrumentsprimarily short-term training programs, periodic promotional events, and administrative guidancehave been insufficient to catalyze the structural transformation of MSME operations from conventional to technology-enabled modalities. Policy implementation gaps are evident in the limited distribution of capital assistance, the absence of sustained post-training mentoring, and the top-down design orientation that restricts meaningful MSME participation in policy development (Edwards III, 1980; Wahab, 2021).

A systematic review of the existing academic literature reveals a critical research lacuna. While significant bodies of scholarship have examined MSME digitalization at the national level (Tambunan, 2019), digital literacy and MSME performance in NTB (Wahyuni et al., 2022), regional digital transformation challenges (Raharjo, 2021), and the effectiveness of digital marketing for MSME performance enhancement (Syukri & Sunrawali, 2022), no study has comprehensively examined the specific policy model of a regency-level government departmentparticularly Diskoperindagin supporting transitional technology-based MSME development within the specific socioeconomic and geographic context of Sumbawa Regency. Furthermore, the transitional technology frameworkwhich

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provides a staged, capacity-sensitive pathway for technology adoptionhas not been systematically applied as an analytical and policy design tool in the NTB context.

This study therefore addresses a substantive empirical and theoretical gap by examining Diskoperindag's existing MSME policy model, assessing its relevance to transitional technology-based development needs, and proposing an adaptive, participatory, multi-pillar policy framework appropriate to the specific developmental context of Sumbawa Regency. The urgency of this investigation is heightened by the accelerating pace of global digital economic integration, which creates increasingly severe competitive disadvantages for MSME actors unable to transition toward digitally-enabled business models. An adaptive, locally responsive policy model is therefore not merely academically desirable but practically essential to ensure the long-term competitiveness and sustainability of MSME actors in Sumbawa Regency within the evolving digital economy landscape.

LITERATURE REVIEW

Theoretical Foundations

This study integrates three complementary theoretical frameworks that provide the conceptual architecture for understanding the relationship between public policy, transitional technology adoption, and MSME development dynamics. The first framework, Public Policy Theory as articulated by Dye (2017) and Anderson (2015), conceptualizes public policy as a purposive, goal-directed course of action chosen by government actors to address social problems. This framework emphasizes that effective public policy must traverse three analytically distinct phases: formulation (problem identification, agenda setting, and policy option selection), implementation (resource mobilization, organizational coordination, and program execution), and evaluation (outcome monitoring, impact assessment, and policy revision). The application of this framework to Diskoperindag's operations enables a structured assessment of whether policy instruments are designed appropriately, implemented equitably, and evaluated systematically.

The second framework, Rogers' (2003) Diffusion of Innovations Theory, provides the conceptual apparatus for understanding how technological innovations are adopted by organizations and individuals in different social contexts. Rogers identifies five sequential adoption stagesknowledge acquisition, persuasion, decision, implementation, and confirmationand five adopter categoriesinnovators, early adopters, early majority, late majority, and laggardseach characterized by distinct adoption rates, risk tolerances,

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and resource requirements. In the Sumbawa MSME context, the majority of business actors occupy the late majority or laggard categories, implying the need for policy interventions that reduce adoption barriers, lower perceived risk, and provide sustained support throughout the adoption process rather than expecting spontaneous technology uptake.

The third framework, the Collaborative Governance Model developed by Ansell and Gash (2008), emphasizes multi-stakeholder deliberation, joint decision-making, and shared accountability as prerequisites for effective and legitimate public policy outcomes. This model rejects the hierarchical, top-down policy paradigm in favor of iterative, participatory processes involving government agencies, private sector partners, civil society organizations, academic institutions, and community representatives. The collaborative governance framework is particularly relevant to MSME policy design because the complexity and heterogeneity of MSME development challenges require coordinated engagement from multiple institutional actors, each contributing specialized knowledge, resources, and relational networks that no single agency possesses in isolation.

Public Policy Framework for MSME Development

Effective MSME policy constitutes the primary institutional mechanism through which governments address market failures, information asymmetries, and structural barriers that prevent small enterprises from achieving their developmental potential. Drawing on Dunn's (2018) integrated policy analysis framework, successful MSME policies must operationalize three interconnected analytical components. First, evidence-based formulation processes must systematically incorporate the verified needs, aspirations, and capability levels of MSME actors rather than relying exclusively on administrative assumptions. Second, implementation architectures must ensure equitable resource allocation, sustained technical assistance, and responsive mentoring services that reach all eligible MSME actors regardless of their social capital or geographic location. Third, evaluation systems must generate actionable feedback that enables continuous policy refinement in response to changing developmental conditions and emerging technology landscapes.

The implementation of MSME policy by regional government agencies such as Diskoperindag is theoretically conditioned by four factors identified by Edwards III (1980): communication clarity (whether policy mandates are clearly transmitted to implementing officials and target populations), resource adequacy (whether sufficient financial, human,

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and technical resources are available for implementation), implementer disposition (whether implementing officials are motivated and committed to achieving policy objectives), and bureaucratic structure (whether organizational procedures and coordination mechanisms support efficient policy execution). When any of these conditions is deficient, implementation performance deteriorates, producing the persistent implementation gap between policy intent and developmental impact that characterizes MSME policy in many Indonesian regions (Wahab, 2021; Nugroho, 2021).

Transitional Technology: Conceptual Framework and Policy Relevance

Transitional technology refers to the intermediate phase of digital adoption during which organizations and individuals have begun integrating digital tools into their operational activities but have not yet achieved comprehensive, fully-integrated digitalization. This phase is characterized by a coexistence of conventional and digital operational modalities, partial system integration, and residual digital literacy deficiencies that prevent the full realization of digital technology's productive potential. The concept is theoretically grounded in Castells' (2010) analysis of the network society, which documents how the integration of information technology into economic systems is an uneven, context-dependent process shaped by structural factors including infrastructure availability, human capital readiness, and institutional support.

In the MSME context, transitional technology manifests across four principal dimensions: digital marketing through social media platforms and online content creation as a first step toward digital market engagement; e-commerce adoption through marketplace platforms that provide pre-built commercial infrastructure; digital payment system integration using QRIS, mobile banking applications, and electronic wallet platforms to modernize transaction processing; and basic digital content management for online business presence maintenance. Each of these dimensions represents a discrete but interconnected component of the transitional pathway that Diskoperindag's policy model should systematically address through targeted capacity building and infrastructure support interventions (Kaplan & Haenlein, 2010; Bank Indonesia, 2023; Laudon & Laudon, 2018).

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RESEARCH METHODOLOGY

This study employs a descriptive qualitative research approach with a cross-sectional design, consistent with the methodological recommendations of Creswell and Creswell (2018) and Sugiyono (2021) for studies aiming to describe, interpret, and conceptually model complex social and policy phenomena within their naturally occurring contexts. The qualitative paradigm was selected because the primary research objectivedeveloping an empirically grounded, contextually appropriate policy modelrequires rich, nuanced, and theoretically informed interpretation of field data rather than the statistical hypothesis testing characteristic of quantitative research designs. This methodological choice aligns with the phenomenological and constructivist epistemological orientation appropriate to policy research in developing regional contexts (Moleong, 2018).

The research was conducted in Sumbawa Regency, West Nusa Tenggara Province, Indonesia, spanning the period from April to July 2026, encompassing the full research cycle from proposal development and ethical clearance through field data collection, data analysis, and research report preparation. The total research duration of four months was structured to include preliminary site observations in April, systematic data collection through in-depth interviews in May and June, and iterative data analysis and writing in July. Two primary research sites were selected: the Office of Diskoperindag Sumbawa Regency as the institutional research site for policy documentation and official interviews; and the Car Free Night (CFN) activity zone at the Pahlawan Field and the MSME commercial cluster at the Seketeng Market, Sumbawa City, as the primary field sites for MSME actor engagement.

Research informants were selected using purposive sampling, a deliberate non-probability technique that identifies information-rich cases most likely to provide theoretically relevant and practically insightful data relevant to the research objectives (Bungin, 2017; Moleong, 2017). The informant selection criteria included: direct involvement in MSME policy formulation or implementation (for government officials); active operation of an MSME business in the Sumbawa Regency area; minimum one year of business operation; willingness to engage in extended interview sessions; and ability to provide informed perspectives on government policy interactions. The final informant cohort comprised nine individuals: the Head of the MSME Division of Diskoperindag Sumbawa Regency; one DPRD Technical Commission representative; one MSME financing guarantor representative; and six active MSME actors representing the culinary, handicraft, and trade sectors.

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Primary data collection was conducted through semi-structured, in-depth interviews (wawancara mendalam) employing an interview protocol developed specifically for this study and validated through expert review. The interview protocol was organized around five thematic clusters: (1) the nature and scope of Diskoperindag's MSME policy programs; (2) the quality and consistency of program implementation; (3) MSME actors' direct experiences with government support programs; (4) barriers and facilitators of technology adoption within the MSME context; and (5) MSME actors' aspirations for participatory policy engagement and effective communication with government agencies. All interviews were conducted in Bahasa Indonesia, audio-recorded with informants' explicit written consent, and subsequently transcribed verbatim for analysis. Secondary data were obtained from Diskoperindag program reports, regency economic development planning documents (RPJMD), national MSME statistics, and peer-reviewed academic literature.

Data validity was systematically established through a dual triangulation process designed to ensure the credibility, transferability, dependability, and confirmability of research findings, consistent with the qualitative validity criteria articulated by Moleong (2018) and Lincoln and Guba (1985). Source triangulation (triangulasi sumber) involved the systematic cross-comparison of data obtained from Diskoperindag officials, MSME actor informants, and DPRD and financing institution representatives, enabling the identification of convergences and divergences across different institutional perspectives on the same policy phenomena. Technique triangulation (triangulasi teknik) involved the comparison of interview-derived data with documentary evidence from official program reports, policy documents, and MSME registration records to verify factual accuracy and identify corroborating or contradictory evidence.

Data analysis was conducted using the Miles and Huberman Interactive Model (Miles et al., 2014), which is widely recognized as the most rigorous and systematically structured approach to qualitative data analysis in social science and policy research. This model's iterative, cyclical architecturein which data reduction, data display, and conclusion drawing occur simultaneously and inform each other continuously throughout the analysis processis particularly well-suited to policy research contexts where emerging patterns must be continuously validated against raw empirical data before analytical conclusions are finalized. The interactive nature of the model also facilitates the discovery of unexpected or disconfirming evidence that might be overlooked by more linear analytical approaches.

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Data reduction (reduksi data) constituted the first analytical stage, involving the systematic selection, focusing, simplification, abstraction, and thematic categorization of the raw interview transcript and documentary data. Irrelevant or redundant information was eliminated while thematically significant data were organized into coding categories aligned with the four research objectives: policy model description, policy relevance assessment, policy progress impact evaluation, and effective communication model identification. Data display (penyajian data) constituted the second analytical stage, involving the organization of reduced data into structured narrative descriptions, interpretive matrices, and policy design frameworks that facilitate pattern recognition, theoretical interpretation, and the visual communication of analytical findings to readers.

Conclusion drawing and verification (penarikan kesimpulan dan verifikasi) constituted the third and final analytical stage, involving the derivation of interpretive, theoretically informed analytical conclusions from the displayed data. This stage required continuous verification of emerging conclusions against the raw empirical data to ensure their accuracy, plausibility, and theoretical coherence. The research maintained rigorous ethical standards throughout, including voluntary informed consent from all informants, anonymization of sensitive personal data, transparent communication of research objectives, and compliance with the research ethics protocols of Sumbawa University of Technology's Graduate School and the research permit requirements of Sumbawa Regency's government.

RESULTS AND DISCUSSION

General Overview of the Research Site

Sumbawa Regency is administratively situated in the central portion of Sumbawa Island, West Nusa Tenggara Province, Indonesia, spanning 24 sub-districts and encompassing a total population of approximately 500,000 inhabitants. As the largest regency in NTB Province by geographical area, Sumbawa possesses a diverse economic base anchored in agricultural production, trade, mining, and a growing service sector. Commercial activity is concentrated in Sumbawa City, which functions as the regional administrative and economic hub. The research focused particularly on two sub-district locations: Kelurahan Seketeng, an urban village adjacent to the main Seketeng Market complex, with a population of approximately 11,829 inhabitants and an economically active workforce predominantly engaged in non-agricultural commerce (85.5%); and Desa Labuhan Sumbawa, a coastal village in Labuhan Badas Sub-district with approximately 630 hectares of administrative area, six hamlets (dusun), and an MSME

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sector estimated at 5,508 registered business units regency-wide based on Diskoperindag departmental records.

Current Policy Model of Diskoperindag in Supporting MSME Development

The findings from in-depth interviews and documentary analysis reveal that Diskoperindag Sumbawa Regency operates a facilitative MSME policy model organized around five primary programmatic modalities. First, the provision of commercial activity spaces through the Car Free Night (CFN) program at the Pahlawan Field—a weekly open-air marketplace that provides MSME actors with regular selling opportunities in a high-footfall public space. Second, short-term training and skills development programs (diklat) covering topics including basic business management, product quality improvement, and introductory digital marketing concepts. Third, business legalization facilitation encompassing NIB (Business Identification Number) registration support, halal certification processing, and business permit compliance guidance. Fourth, financing referral services wherein Diskoperindag officials connect MSME actors with banking partners, cooperatives, and government-backed financing programs, providing information and referral letters but not direct capital provision. Fifth, periodic monitoring activities focused primarily on product display standards, market compliance, and legalitas usaha verification during organized events.

The data reduction process synthesizes the primary interview findings, identified policy problems, MSME developmental needs, and corresponding proposed policy components as presented in the following matrix.

Table 1. Policy Design Matrix: Interview Findings, Problems, MSME Needs, and Proposed Policy Components

No.	Interview Finding	Identified Problem	MSME Developmental Need	Proposed Policy Component
1	Majority of MSME actors have never received direct capital or production	Severely restricted access to material government support	Capital grants and equipment provision	Transparent, needs-based capital and equipment program with clear

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No.	Interview Finding	Identified Problem	MSME Developmental Need	Proposed Policy Component
	equipment from government programs			eligibility and accountability
2	MSME actors access selling opportunities only at specific CFN events without permanent commercial premises	Absence of permanent, sustainable business premises	Stable, continuous commercial space	Development of MSME trade center with permanent allocated stalls
3	Training programs conducted but without systematic post-training mentoring or follow-up	Inconsistent, non-continuous capacity building; skills unused after training	Sustained mentoring and coaching	Multi-year business incubation and mentoring program with tracking system
4	MSME actors express need for support to advance business class and compete in broader markets	Low MSME institutional capacity and market competitiveness	Integrated capacity building covering management, marketing, and technology	Structured advancement program covering digital tools, finance management, and product innovation
5	MSME actors desire direct involvement in policy planning,	Top-down elitist policy design without MSME input; policies	Active, formalized participation in policy design	MSME–Diskoperindag Consultative Forum with

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No.	Interview Finding	Identified Problem	MSME Developmental Need	Proposed Policy Component
	monitoring, and evaluation	misaligned with ground realities		quarterly meetings and documented input process

Source: data processed, 2026

The data reduction findings indicate that while Diskoperindag has established the structural scaffolding of an MSME empowerment framework, the implementation of this framework is characterized by significant distributional inequity and sustainability gaps. The facilitative policy model functions effectively for MSME actors who already possess sufficient social capital to access government programs and sufficient absorptive capacity to benefit from short-term training events. For the majority of MSME actors particularly those in the late majority and laggard adopter categories described by Rogers (2003) the existing policy architecture provides insufficient structural support to catalyze meaningful developmental advancement. This finding is consistent with the theoretical observation that MSME empowerment policies which lack embedded mentoring continuity, participatory design mechanisms, and equitable resource allocation systems inevitably produce uneven outcomes that reinforce rather than reduce existing developmental inequalities (Dunn, 2018; Tambunan, 2019).

Relevance of Diskoperindag Policy to MSME Development Needs

The relevance assessment evaluates the degree to which existing Diskoperindag policy instruments correspond to the actual developmental trajectories and technology adoption requirements of MSME actors in Sumbawa Regency. The assessment employed seven policy dimensions identified through the literature review and validated against interview findings.

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Table 2. Policy Relevance Matrix: Diskoperindag Policy Against MSME Transitional Technology Needs

Policy Dimension	Current Implementation Status	Impact on MSME Development	Relevance Assessment
Training and Capacity Building	Periodic short-term workshops (3–5 days)	Expands awareness; limited skill retention without follow-up	Moderately Relevant
Capital and Financing Assistance	Referral-based; direct grants rarely distributed equitably	Slow business development; capital barrier persists for majority	Low Relevance
Production Facility Support	Minimal; confined to isolated cases	Persistently low MSME productivity and product standardization	Low Relevance
Post-Training Mentoring	Not systematically implemented; no dedicated budget line	MSME actors unable to apply skills; development stagnates	Low Relevance
Commercial Space Provision	Event-based only (CFN); no permanent MSME trade center	Inconsistent market access; product visibility constrained	Low Relevance
Monitoring and Program Oversight	Partial; focused on compliance not developmental outcomes	Weak accountability; program impact difficult to assess	Moderate Relevance
Business Legalization (NIB, Halal Cert.)	Actively facilitated; strong inter-agency coordination	Formal economic upgrading; enables marketplace and financing access	Highly Relevant

Source: data processed, 2026

The relevance matrix reveals a structurally significant asymmetry: policy dimensions requiring primarily administrative coordination and information provision—such as business legalization facilitation—demonstrate high relevance, while dimensions requiring sustained resource commitment, continuous relational engagement, and equity-

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focused distribution mechanisms—such as capital provision, facility support, and mentoring—exhibit substantially low relevance to MSME developmental needs. This pattern corroborates the theoretical framework proposed by Edwards III (1980), wherein implementation effectiveness is conditioned by four intersecting factors: the clarity of policy communication to both implementers and beneficiaries, the adequacy of financial and human resource endowments, the dispositional commitment of implementing officials, and the flexibility of bureaucratic structures to adapt program delivery to diverse beneficiary circumstances.

A particularly notable finding concerns the persistence of what might be termed 'elite capture' dynamics in program distribution. Multiple MSME informants reported that access to capital assistance and other material government support is effectively limited to actors with pre-existing social and political connections to government officials, a phenomenon consistent with the organizational sociology literature on patronage-based resource allocation in developing country public administrations. One informant articulated this dynamic clearly: 'Bantuan yang disediakan pemerintah tidak dapat kami akses. Hanya mereka yang memiliki akses politik yang mendapatkan informasi dan bantuan dana dari pemerintah.' This observation has profound implications for equity-oriented policy reform and underscores the necessity of transparent, community-accountable allocation mechanisms in the proposed adaptive policy model (Mubyarto, 2010; Wahab, 2021).

Assessment of Policy Impact on MSME Development Progress

Table 3. Progress Impact Assessment: Diskoperindag Policy Effectiveness by MSME Development Indicator

MSME Progress Indicator	Interview Finding	Policy Influence Assessment
Business Revenue Growth	Subset of MSMEs experienced turnover increases following targeted assistance	Positive (limited scope and equitability)
Business Legalization Progress	NIB and halal certifications increasingly held by MSME actors through facilitation	Significantly Positive

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Business Class Advancement	Majority of MSME actors have not advanced to higher business class	Sub-optimal
Access to External Financing	Primarily referral-based; actual financing access remains low for most	Sub-optimal
Production Facility Availability	Significant unmet demand for production equipment among MSME actors	Sub-optimal
Mentoring Program Continuity	Mentoring discontinues after initial training; not systematically renewed	Sub-optimal
Market Competitiveness	Majority of MSME actors lack capacity to compete in broader digital markets	Sub-optimal
Digital Technology Adoption	Partial adoption (social media use); limited e-commerce and payment system integration	Marginally Positive

Source: data processed, 2026

The progress impact assessment matrix demonstrates that the preponderance of MSME development indicators remain in a sub-optimal state, with measurable positive policy impacts confined to business legalization outcomes—where direct, focused institutional action by Diskoperindag has yielded demonstrable results—and incremental revenue growth for the limited subset of MSME actors who have directly received governmental capital or mentoring support. This concentrated distribution of positive outcomes corroborates the 'implementation gap' thesis advanced by Wahab (2021) and Nugroho (2021), wherein policy documents articulate ambitious empowerment objectives that are progressively attenuated through bureaucratic implementation processes until minimal developmental impact is achieved for the majority of intended beneficiaries.

The sub-optimal status of digital technology adoption is particularly concerning from the perspective of MSME long-term competitiveness. While several informants reported using social media platforms for basic product promotion, the adoption of integrated e-commerce systems, digital payment platforms, and data-driven marketing strategies remains extremely limited among the interviewed MSME actor population. This finding is consistent with Westerman et al.'s (2014) observation that digital transformation does not occur spontaneously through the mere availability of digital technologies but requires deliberate organizational and institutional support to build the cognitive,

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technical, and resource capacities necessary for meaningful technology integration. The absence of a systematically structured digital transformation pathway in Diskoperindag's current policy portfolio represents a critical gap that the proposed adaptive policy model must explicitly address.

Effective Communication Model for MSME Empowerment Policy

The analysis of communication dynamics between Diskoperindag and MSME communities reveals that prevailing interaction patterns are predominantly unidirectional—characterized by information transmission from government to MSME actors through training invitations, regulatory notifications, and program announcements—without institutionalized mechanisms for structured reciprocal dialogue, participatory input, or systematic community-based feedback. Multiple MSME informants expressed a desire for more inclusive, responsive, and dialogic communication with government policy makers. One informant stated: 'Perlu UMKM yang tahu kondisi di lapangan. Jangan menentukan kebijakan sendiri tanpa lihat di lapangan,' articulating the fundamental principle of participatory communication that Paulo Freire's (1970) critical pedagogy framework identifies as essential to genuine empowerment.

Four essential components of an effective MSME empowerment communication model emerged from the empirical analysis: (1) Participatory Communication, involving the formal institutionalization of MSME actors' involvement in policy planning cycles, program design consultations, and evaluation forums, transforming them from passive program recipients to active co-designers of their own development pathways; (2) Two-Way Communication with Structured Feedback Mechanisms, providing reliable, accessible channels through which MSME actors can communicate operational challenges, program improvement suggestions, and unmet development needs directly to policy makers; (3) Sustained Mentoring Communication, integrating post-training coaching, progress monitoring, and technical support communication into program delivery design so that knowledge transfer extends beyond discrete training events into continuous competency building and entrepreneurial confidence development; and (4) Collaborative Multi-Stakeholder Communication, building operational partnerships among Diskoperindag, local universities, financial institutions, MSME associations, and private sector technology providers to leverage complementary expertise, expand resource availability, and create a coordinated development support ecosystem (Freire, 1970; Lasswell, 1948; Ansell & Gash, 2008; Rogers, 2003).

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Proposed Adaptive Transitional Technology-Based Policy Model

Integrating the empirical findings with the three theoretical frameworks—Public Policy Theory (Dye, 2017; Dunn, 2018), Diffusion of Innovations (Rogers, 2003), and Collaborative Governance (Ansell & Gash, 2008)—this study proposes an Adaptive Transitional Technology-Based Policy Model for Diskoperindag Sumbawa Regency. The model is structured around four foundational design principles and six strategic operational pillars that collectively address the identified implementation gaps and create a comprehensive, sustainable MSME empowerment system.

The four foundational design principles are: Adaptability—the capacity to continuously adjust policy instruments in response to evolving technological environments, changing market conditions, and diverse MSME sector characteristics; Inclusivity—the systematic commitment to reaching all categories of MSME actors, including those with low digital literacy, limited social capital, and geographic disadvantages, through differentiated program modalities; Sustainability—the design of programs with embedded institutional mechanisms for multi-year continuity, including dedicated budget allocations, permanent staff responsibilities, and formal monitoring systems; and Participatory Democracy—the formal integration of MSME voices into all stages of the policy cycle through institutionalized consultative forums, participatory evaluation processes, and transparent policy accountability mechanisms.

The six strategic operational pillars of the proposed model are as follows. Pillar I: Transitional Technology Facilitation encompasses a structured, multi-level digital transformation program calibrated to MSME actors' current technology readiness levels, progressing from basic digital literacy training through social media marketing skills to advanced e-commerce management, digital analytics utilization, and integrated payment system adoption. Pillar II: Institutional Strengthening and Business Legalization involves the continuous, proactive facilitation of NIB registration, halal certification, BPOM product licensing, and business entity formation, combined with ongoing regulatory compliance guidance. Pillar III: Sustained Mentoring and Business Incubation establishes a formal, multi-year MSME mentoring program assigning dedicated business development advisors to cohorts of MSME actors, providing quarterly coaching sessions, bi-annual progress assessments, and peer-learning network facilitation. Pillar IV: Participatory Policy Architecture institutionalizes quarterly MSME–Diskoperindag Consultative Forums that formally integrate MSME actors into policy planning, budget allocation, program design, and evaluation processes, with documented decisions and tracked follow-up actions. Pillar V: Market Access and Digital Commerce Integration actively facilitates

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MSME integration with major e-commerce platforms, supports the development of a permanent MSME Trade Center with affordable stall allocations, and coordinates regional and national trade promotion participation. Pillar VI: Multi-Stakeholder Partnership Architecture formalizes operational collaborations among Diskoperindag, Sumbawa University of Technology, financial institutions (Bank NTB, OJK-supervised cooperatives), private sector technology partners, and MSME associations through memoranda of understanding that define specific, accountable contribution commitments from each partner organization.

The proposed model represents a fundamental institutional reorientation for Diskoperindag—from an event-organizing administrative agency to a strategic MSME development partnership hub. Implementation of the model requires not only policy innovation but also significant internal capacity building, including the recruitment of digital technology specialists, the development of an integrated MSME monitoring and information management system, the establishment of a dedicated MSME Development Unit with clear mandate authority and multi-year program accountability, and the allocation of a sustainable budgetary resource base adequate to support the six strategic pillars over a minimum three-year program horizon. The theoretical validity of the proposed model is substantiated by its comprehensive alignment with all three foundational theoretical frameworks and its systematic empirical grounding in the specific developmental challenges and aspirations articulated by MSME informants throughout the research process (Ansell & Gash, 2008; Dunn, 2018; Rogers, 2003; Tambunan, 2019).

CONCLUSION

This study examined the policy model of the Department of Cooperatives, Industry, and Trade (Diskoperindag) of Sumbawa Regency in supporting the development of transitional technology-based MSMEs, with the dual objectives of critically assessing the existing policy framework's relevance and effectiveness and proposing a comprehensive adaptive policy model appropriate to the regency's specific developmental context. Four principal conclusions emerge from the research analysis.

First, the existing Diskoperindag MSME policy model operates as a predominantly facilitative framework centered on commercial space provision, short-term training delivery, business legalization facilitation, financing referral services, and periodic monitoring. While these instruments establish a functional policy scaffold, implementation is characterized by systemic distributional inequity—particularly in capital allocation—

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program discontinuity in mentoring, and a top-down policy design orientation that effectively marginalizes MSME actors from meaningful participation in their own empowerment programs. The model corresponds to what the organizational literature terms an 'elitist' development paradigm wherein benefits accrue disproportionately to actors with pre-existing social and political capital.

Second, the relevance of current Diskoperindag policy to MSME transitional technology-based development is moderate and asymmetric. Business legalization facilitation demonstrates high relevance and demonstrable positive impact. However, the policy dimensions most critical to digital transformation—capital provision, production facility support, sustained technology training, and post-training mentoring—exhibit critically low relevance to the actual developmental needs of the majority of MSME actors. This asymmetric relevance profile directly impedes the technology adoption and business upgrading processes that are prerequisites for MSME competitiveness in the digital economy.

Third, the effectiveness of existing policies in driving measurable MSME development progress is substantially constrained by implementation deficiencies including inadequate mentoring continuity, inequitable material resource distribution, weak developmental outcome monitoring, and insufficient participatory MSME engagement in policy design. The majority of MSME development indicators remain in sub-optimal states, with positive policy impacts concentrated among a small subset of actors with superior resource access and social capital.

Fourth, this study proposes an Adaptive Transitional Technology-Based Policy Model for Diskoperindag Sumbawa Regency, structured around four foundational design principles (adaptability, inclusivity, sustainability, participatory democracy) and six strategic operational pillars (transitional technology facilitation, institutional strengthening, sustained mentoring and incubation, participatory policy architecture, market access and digital commerce integration, and multi-stakeholder partnership architecture). This model provides a comprehensive institutional blueprint for transforming Diskoperindag's operational role from administrative facilitation to strategic development partnership, thereby enabling the progressive, equitable, and sustainable integration of MSME actors into the digital economy in Sumbawa Regency. Future research should examine the implementation feasibility of the proposed model through pilot program evaluation and cross-regency comparative analysis.

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