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## SCENARIO PLANNING FOR LOCAL ECONOMIC DEVELOPMENT: PROMOTING SERVICE INNOVATION FOR MICRO, SMALL AND MEDIUM ENTERPRISES

*Bambang Suprijadi and Hermawan*

**Abstract:** The objective of research is: 1) to describe, analyze and prepare scenario planning for local economic development based on Micro, Small and Medium Enterprises (MSME) at the kulit lantung handicraft centers in Bengkulu City; and 2) to describe and analyze factors supporting and constraining local economic development based on MSME at the kulit lantung handicraft centers in Bengkulu City. Method of research uses qualitative approach suggested by Sugiyono (2009), Arikunto (2006), and Miles and Huberman (1992). Result of research indicates that: 1) HR (Human Resource) skill within fund budget management provided and granted by highly participated government is the best scenario planning. It is said so because economic development through kulit lantung handicraft works is supported by good capital management and governmental supportive role in making contributive policy by promoting and increasing the productivity into the expected level; 2) HR skill that is less utilitarian in taking benefits from governmental grant-in-aid is still tolerated because the government still respects to the importance of good policy making. Governmental participation is quite high in this case; 3) HR skill in managing grant-in-aid from the government is already good but government role is not yet effective. Government role is needed to produce a synergy in governing. Quite high capital but without less government role only leads to less efficient productivity. Such planning is worse because HR skill in managing high capital is good driver for economic development, but the absence of government role in providing reliable technology only impedes the implementation of good scenario planning; 4) Lower HR skill in managing grant-in-aid from the government and less participative government role in the program and policy implementation will result in ineffective development of kulit lantung handicraft works. This is the worst scenario planning because both factors are weak. Low HR skill in managing grant-in-aid and less participative government role can hamper the development of kulit lantung handicraft works.

**Keywords:** Scenario, Development, Economic, Local and Service

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## 1. INTRODUCTION

Public administration is one important aspect in government activities. This aspect concerns with planning and formulation of the policies. By the presence of policy planning and formulation, then public administration can focus its orientation toward the development by delivering public service or actuating the policy supporting public service delivery. It aligns with Hughes and Nababan (2004:2) who say that public administration is the activity to serve public or the activity of public servant to implement the policy from others. Policy implementation is based on the procedure, by which policy is translated into action. Public administration is focused on process, procedure and politeness.

In Indonesia, public administration aims to provide public service. On behalf on giving public service, public administration has been targeting on the development. Public administration target as suggested by Henry, Garcia and Khator in Nababan (2004:2) is to construct an understanding about the government and its relationship with people. This understanding is used as reference to build more responsive public policy onto social demand, and also to produce managerial practice that is efficient, effective and humane.

Public administration service impacts on development. Besides focusing on service, public administration also focuses on economic development of a nation. Public administration warrants the distribution of national income to the poor. Being an actor in public administration, the government stands as facilitator. Being a facilitator, then the government put guarantee to the communities to have their freedom to be responsible in setting their own destiny. For instance, government provides working capital through cooperatives and develops Micro, Small and Medium Enterprises (MSME) to help communities managing their works in manner of self-reliant and self-responsibility. Therefore, government role in public administration is an important part in the development process (Gray in Saidah, 2011:1).

In relation with the role of government in public administration, the characteristic of public administration is to deliver service to communities. Government has indeed an authority to set national market price in realizing public service delivery, but communities' aspiration must still be listened by government. Also, government needs planning to underline public service delivery. Planning is one element to execute public administration. Planning determines how to achieve the goal more effective and efficient. Planning is directed toward a development, especially on local economic development. For the interest on economic development, government once again needs

planning. Therefore, planning can be considered as a process to prepare activities to achieve the expected goals. In achieving the goals of planning, resources must be used more effectively and efficiently. Government has a national planning system to regulate development activities such that it conforms to the development demand (Bintoro, 1989:12).

National Development Planning System (SPPN) is arranged within Law No.25/2004 on National Development Planning System. In this Law, National Development is defined as the effort by all national components to achieve the expected goals. National Development Planning System is an integration of planning orders to produce development plans for long-term, middle-term, and annual orientation, which all of them will be enforced by national elements and communities at central and local levels. In achieving the goals of national planning, local government has a great stake. National economic is supported by local development. Thus, in achieving national goals, local government is given authority to handle its tasks which facilitate them to organize planning on local demand.

Law No.22/1999 on Local Government and its revision into Law No.32/2004 have provided wider authority for local government to manage its own household with less intervention from central government. Local government has wider right and discretion to use any financial sources in the local to fulfill demand and aspiration of local communities. Central government planning is started with stages of planning for local development. It is said so because central government has a limited capacity in resources, and thus, central government needs local government to perform local development but in centralized way. According to Blakely in Mudrajad (2004:48), it is mentioned that there are 6 stages in planning for local economic development, such as: collecting and analyzing the data, selecting local development strategies, selecting development projects, making action plans, setting project details, and preparing for comprehensive planning and its implementation.

Other than planning for local development, what both central government and local government must do in national development is to promote economic growth. Indeed, economic growth helps communities to free from poverty. In Indonesia, poverty is a constraining factor against development. According to Todaro (2000:58), high and low levels of poverty in a nation depend on 2 main factors, respectively average income rate and discrepancy gap at income distribution. Data show that the poor population is quite high despite its decline in the last 5 years. Table 1 explains poverty in Indonesia in the last 5 years.

**Table 1.**  
**Poverty in Indonesia, Year 2004 - 2012**

Year	Poor Population in Indonesia	
	(in million)	(in %)
Feb - 04	36.1	16.66
Feb - 05	35.1	15.97
Mar - 06	39.3	17.75
Mar - 07	37.17	16.58
Mar - 08	34.96	15.42
Mar - 09	32.53	14.15
Mar - 10	31.02	13.33
Mar - 11	30.02	12.49
Sep - 11	29.89	12.36
Mar - 12	29.13	11.96
Sep - 12	28.59	11.66

(Source: Statistic Official News, BPS No.06/01/Th.XVI, 2 January 2013)

As shown by Table 1, government dealt with poverty through a planning. Indeed, planning is used to cope with economic discrepancy and to promote growth. To contribute to development growth, the leading sector to help development is Local Economic Development (LED). Blakely (1989:58) explains that local economic development is a process where local government or community-based groups are managing existing resources to create new employment using local worker potential in order to reduce unemployment and to stimulate economic activities. Legislation has regulated LED, and it is represented by Article 14 Verse 2 of Law No.32/2004 which states that "*it has actual existence and has been potential to improve community welfare based on condition, distinction, and leading potential of the local*". Therefore, certain strategies and efforts are needed to utilize resources and funds provided by government to improve local economic and community welfare based the leading potential of the local.

One way to develop local economic in Indonesia is by developing Micro, Small and Medium Enterprises (MSME). As stated in Law No.20/2008 on Micro, Small and Medium Enterprises (MSME), it is mentioned that to develop MSME, central government and local government must act as the developer of the works in several fields such as production and processing, marketing, human resource, and design and technology. Beside government, communities can have active role in government activities. The benefit of

MSME is to contribute to development. In last few years, MSME sector has higher and consistent growth rate than other industry sectors.

MSME-based economic development has been embedded into Local Middle-Term Development Plan (RPJMD) in Bengkulu City on Year 2011-2015. Pursuant to the mandate in Law No.25/2004 on National Development Planning System, every local is assigned to prepare planning document. In this matter, every local (province, regency/town) must prepare Local Long-Term Development Planning (RPJPD), Local Middle-Term Development Plan (RPJMD), and Local Government Work Plan (RKPD). In pursuance of Article 5 Verse 2 Law No.25/2004, RPJMD is the elaboration of vision, mission and program of local heads who may want to deliver them in certain period of their term. One province insisting on MSME development is Bengkulu Province.

Bengkulu Province is one Indonesia province founded through Law No.9/1967 on the Establishment of Bengkulu Province. The capital of Bengkulu Province is Bengkulu City. In relation with central government regulation to achieve national goals, Bengkulu City experiences significant economic growth. In mitigating poverty in Bengkulu City, local government promotes local economic based on Micro, Small and Medium Enterprises (MSME). One MSME developed in Bengkulu City is *Kulit Lantung* Handicraft Works.

*Kulit lantung* is regarded as *jomok plant*, which its Latin name is *Arthocarpus elastica* and it belongs to *Moraceae* family. It grows well in Indonesia. In Bengkulu City, it calls *Lantung*, but Padang people call it as *Tarok*. Communities in Central and East Kalimantan give it with name *Jomok*. People in Papua consider it as *Chombow*. The potential of *Lantung / Jomok* in Bengkulu City is more less two tons/month/ten hectares (Murwati, M Eustasia Sri. 2010:1).

To support economic development, *kulit lantung* handicraft must be empowered. In the beginning, Dayak Tribe exploits the bark of this plant as rope and vest. As the age advances, *lantung* or *jomok* is utilized into several handicraft products, such as hat, bag, interior ornaments, souvenirs and other commodities with higher economical value. Handicrafts from *kulit lantung* have a privilege over those from the bark of other trees. In a research test done by Murwati et al in Winarni and Ina (2005:6), *kulit lantung* is subjected to a test involving strength and tensile resistances against *kulit lantung*. This test is considered as useful to understand the usage of *kulit lantung*. Table 2 describes the conditions to sort over *kulit lantung* in the processing.

**Table 2.**  
**Handicraft Products Based on Physical Characteristic of Kulit Lantung**

Usage	Conditions		
	Fiber sheet thickness (mm)	Tensile strength (N)	Absorptive capacity (%)
Fashion Accesories Example: bag.	1-2	200-500	400-500
Interior Ornaments Example: table cloth.	0.5-1.5	100-200	200-500
Souvenir Example: key hanger.	2-3	100-200	350-450

**Source:** Murwati et al in Winarni and Ina (2005:6).

As explained in Table 2, based on the fiber of *kulit lantung*, it has a privilege. This privilege leads to the diversity of *kulit lantung* handicraft products in Bengkulu City. It also attracts people to visit Bengkulu City. *Kulit lantung* handicraft works constitute creative industry with high sale price. It is said so if reviewing the economic aspect from utilizing natural resources to improve local income at industry sector.

*Kulit lantung* handicraft industry, however, is still problematic. Government intervention obstructs the planning of local economic development based on MSME in Bengkulu City. Other problems are poor planning and resource mismanagement. *Kulit lantung* handicraft industry is hindered with less accessibility to the raw material of *kulit lantung*, less promotion from government, and not much cultivation. The development of *kulit lantung* handicraft industry encounters economic problem. Good planning, as said by Terry and George (1991:6), must contain formulation 5W+1H, respectively What, Who, Where, When, Why and How.

Resource limit obstructs the development of *kulit lantung* handicraft centers. Raw material is difficult to obtain due to the lacking of cultivation. Besides, *kulit lantung* based products are not quite familiar in national market. Marketing into various regions in Indonesia is not optimum. Therefore, as required by the mandate of National Constitution and as stated within RPJMD Bengkulu City for Year 2011-2015, the government needs planning. This planning may provide description and solution to the limited resource.

One program made by the government for this industry sector development is through PNPM SAMISAKE. National Program for



Community Empowerment (PNPM) - Urban Self-Reliant (Program Nasional Pemberdayaan Masyarakat (PNPM) Mandiri Perkotaan) is an empowerment program aimed to improve the economic of poor communities through a sustainable economical, social and infrastructure activities. Bengkulu City since 2006 onward has 67 subdistricts. This program represents the effort to develop the self-reliance into communities and local government in mitigating poverty in sustainable manner for five-year term.

SAMISAKE itself is a derivation from a concept of Local Economic Development (PEL). The implementation of PNPM SAMISAKE is a control by local government of the relevant urban (PEMDA KOTA) for the sustainability of PNPM because this PNPM is oriented toward SAMISAKE values, such as creating employment and alleviating poverty. Both values reflect the noble values of PNPM. Indeed, PNPM SAMISAKE is a pilot project between PEMDA KOTA and PNPM Mandiri Perkotaan. Therefore, planning is needed.

To support local economic development besides with program and policy, the government needs to review technology innovation. It is expected that through technology innovation, it will boost up economic growth for the empowerment and development of potentials from natural resource, structure and infrastructure, and culture. It represents a step to create competing ability and sale rate for a product or for the growth of technology-based industry. One government strategy created by Bengkulu Province government is by building a local innovation system aimed to develop a synergistic collaboration and a consistent cooperation across innovators including academicians who invent science and technology, business entrepreneurs, or financial agencies that will exploit the benefit of science and technology and also financing facilities. Facilitators and regulators are supporting innovation development through policy-making and financing. Legislators support this development by making a finance policy.

Following up the joint regulation between The Minister of Research and Technology and The Minister of Internal Affair for their Decree No.3 and No.36 in Year 2012 about the enforcement of local innovation system, then Bengkulu Province has set Governor Decree No.h227.xxxii Year 2013 which precedes the establishment of Coordination Team for SIDA Empowerment in Bengkulu Province in Year 2013-2017. IN this case, planning is made to deal with economic problems, including resource limit. The impact of this limit on development is limited time for implementation, and also limited cost and

scope of implementation. These impacts can be minimized by a planning or by seeing future possibilities. One planning alternative to answer problems in *kulit lantung* handicraft center is scenario planning. Indeed, scenario planning considers future possibilities that may happen. Therefore, this descriptive qualitative research will explore the proper planning to describe the existing situation with scenario planning approach.

It can be concluded so far that the function of scenario planning is to help the preparation of a strategy by sharpening its tip point. As stated by Lindgren and Bandhold (2003:21), in scenario planning, scenario cannot be defined as estimation. In descriptive sense, scenario means projection. However, scenario is also not a vision because vision is the expected future. Scenario, thus, differs from estimation and vision. Scenario observes the expected and unexpected possibilities. During the writing of scenario, it seems that scenario closely relates with strategic planning. Strategic planning determines steps and selects the best decision to execute scenario planning.

Scenario planning urges the government of Bengkulu City and communities at *kulit lantung* handicraft centers to develop their handicraft industry. Scenario planning will resolve planning problems in Bengkulu City. These problems include poor resource management, hardly afforded raw material, lack of promotion from government, and less cultivation of original trees. In developing the local economic based on MSME, scenario planning needs method. Several methods are used in scenario planning, such as *Tracking, Analyzing, Imaging, Deciding, and Acting*. All of them are abbreviated as TAIDA, and this represents a mindset frame to describe future possibilities. Based on the review of local economic development, the author takes a title: Scenario Planning for Local Economic Development: Promoting Service Innovation For Micro, Small And Medium Enterprises.

Research problems in this research concern with *kulit lantung* handicraft centers in Bengkulu City, respectively 1) How is the scenario planning for local economic development based on MSME at the *kulit lantung* handicraft centers in Bengkulu City; and 2) What is the factors supporting and constraining local economic development based on MSME at the *kulit lantung* handicraft centers in Bengkulu City?

The objective of research is 1) to describe, analyze and prepare scenario planning for local economic development based on Micro, Small and Medium Enterprises (MSME) at the *kulit lantung* handicraft centers in Bengkulu City; and 2) to describe and analyze factors supporting and

constraining local economic development based on MSME at the *kulit lantung* handicraft centers in Bengkulu City.

## 2. METHOD OF RESERACH

Reserach method applies qualitative approach as proposed by Sugiyono (2009), Arikunto (2006), Miles and Huberman (1992), Withney (2005) and Spradley (2008).

## 3. RESULT AND DISCUSSION

### 3.1 Result

Scenario Planning for Local Economic Development Based On MSME in Bengkulu City.

Stages of Composing the Scenario Planning for Local Economic Development at the *Kulit Lantung* Handicraft Centers in Bengkulu City.

### 3.2 Tracking

Anggut Atas Sub-District is a region undergoing both economic development and economic growth. Both processes are marked with the presence of local economic development based on MSME. To support community economic, Anggut Atas Sub-District develops MSME in *kulit lantung* handicraft sector. Anggut Atas Sub-District is then becoming the trade centers, mainly for *kulit lantung* handicraft, and this status has given a unique distinctive handicraft of Bengkulu City. Result of interview with one entrepreneur of *kulit lantung* handicraft in a region around Anggut Atas Sub-District, Mrs. IS (Female, 35 years old), is described as follows: "Yes, in 1999, I start this work. The income is not bad for household economic. I and my husband rely on this work. In the beginning, my business is not good but after 5 years, people recognize the business. My income also improves". (Interview at the house of Mrs. IS, 26 March 2013 at 19.00 pm WIB)

*Kulit lantung* handicraft works at Anggut Atas Sub-District are then considered as creative work by the private employees. As shown by the profile of Anggut Atas Sub-District, the majority of people are working as private employees, and it stands in the highest rank among people in Anggut Atas Sub-District. The detail of population based on subsistence is indicated in Table 3.

**Table 3.**  
**Population by Subsistence**

No.	Subsistence	Total (in Heads)
1.	Teacher	26
2.	Public Servant	182
3.	Military	8
4.	Health Officer	1
5.	Midwife	3
6.	Physician	2
7.	Laborer	77
8.	Private Employees	187
9.	Retired from Military/Civil Service	74
10.	Employees of State Owned/Local Owned Enterprises	17
11.	Retired from Private	-

**Source :** Data from Anggut Atas Sub-District

As shown in Table 3, a profession often found in Bengkulu City is private employees at various kinds of works. Mrs. IS asserts that since 1999, the communities in Anggut Atas Sub-District have used *kulit lantung* as main material for cigarette and coffee. The processing of *kulit lantung* is concentrated at the *kulit lantung* handicraft centers. In the beginning, this handicraft is not famous. In 1999-2004, the communities exploit handicraft to be the highly sale price products. *Kulit lantung* is regarded as *jomok plant*, with Latin name *Arthocarpus elastica* and belonging to *Moraceae* family. It grows well in Indonesia. *Kulit lantung* is a kind of jackfruit in Bengkulu forest. People in Bengkulu call it *Lantung*. The potential of *lantung* in Bengkulu Province is more or less more less two tons/month/ten hectares.

*Kulit lantung* can be processed into various handicrafts. As noted by Mrs. IS (female, 35 years old), "after 5-years managing *kulit lantung* business, I get more monies. Now, I have 2 stores to stock the handicraft products. Export is not my intention. Raw material is difficult to get, and also far away. This raw material remains in South Bengkulu in Kaur Regency. But, I and my husband are satisfied already with the development so far, and we plan for online sale. If our move into social media can be success, our business will develop further. Such move may facilitate the visit of investors who buy our products a lot". (Interview at the house of Mrs. IS, 26 March 2013 at 19.00 pm WIB)

As informed by Mrs. IS, the obstacle is raw material of *kulit lantung*. This raw material is obtained from *pohon kulit lantung* which grows wildy. The

distance of transportation is quite remote because it is concentrated on Kaur Regency in South Bengkulu. It is then reasonable if this raw material problem hampers the fulfillment of greater quantity, such as for export. *Kulit lantung* raw material itself experiences an increase on its price. Mrs. IS (female, 35 years old) explains that, “in the beginning, I buy *kulit lantung* at 85,000 rupiahs per 1 m<sup>2</sup> sheet, but now it costs me 150,000 rupiahs per sheet. Those in Kaur Regency can only deliver 1000/sheets in once trip to the town. I am also troubled with the price of devices. Glue price increases from 12,000 rupiahs/can to 15,000 rupiahs/can. Cardboard also increase from 2,000 to 4,000 rupiahs, and cardboard is frequently long to be waited. The delivery of cardboard is hampered by long distance and long time to access. My order of cardboard is not served on the day of order. I must wait for days”. (Interview at the house of Mrs. IS, 26 March 2013 at 19.00 pm WIB)

Such price increase is one obstacle against export. The delivery from Kaur Regency to Bengkulu City covers very long distance, thus hampering fast delivery. The distance to cover is 250 km. Communities at Kaur Regency can only deliver 1,000 sheets of *kulit kayu lantung* in the dimension 110 x 90 centimeters. For domestic market, it may be enough. But, for export to abroad, it is too less. Entrepreneurs still depend on their self capital, and only few capitals are supported by loan. The recording by The Official of Cooperative and MSME in Year 2006-2013 is shown in Table 4.

**Table 4.**  
**Rekapitulasi Data UMKM Kota Bengkulu Tahun 2006-2013**

Year	Business type	Msme total	Workers absorbed (persons)	Capital (rp)	Asset (rp)	Turnover (rp)
2006	Trade	3,404	1,278	8,447,390,000	12,7887,025,000	39,216,075,000
	Industry	544	937	5,277,424,000	4328,086,000	14,785,710,000
	Service	1,228	1,100	7,087,180,000	8,246,130,000	32,833,615,000
	Varieties					
<b>Total</b>		5,176	3,315	2,811,994,000	25,361,241,000	86,835,400,000
2007	Trade	1,220	1,442	6,362,778,000	11,880,100,000	93,776,750,000
	Industry	77	183	1,333,050,000	2,362,380,000	13,084,993,000
	Service	203	378	3,974,800,000	4,084,950,000	20,202,350,000
	Varieties					
<b>Total</b>		1,500	2003	11,670,628,000	18,327,430,000	127,064,093,000
2008	Trade	1,615	2,165	17,383,100,000	18,367,903,000	77,290,060,000
	Industry	444	866	4,307,310,000	5,336,506,000	13,771,914,000
	Service	899	1,327	14,045,200,000	15,884,322,000	40,561,436,000
	Varieties					
<b>Total</b>		2,958	4,358	35,735,610,000	39,588,731,000	131,623,410,000

2009	Trade	2,422	2,876	27,348,640,000	39,257,622,000	117,719,764,000
	Industry	130	232	2,540,050,000	3,447,500,000	6,462,100,000
	Service	406	781	8,182,440,000	8,622,947,000	16,017,950,000
	Varieties					
<b>Total</b>		2,958	3,889	36,071,130,000	51,328,069,000	140,1999,814,000
2010	Trade	2,721	6,393	30,724,875,000	181,922,740,000	89,622,206,000
	Industry	278	959	5,431,799,000	24,414,415,000	53,764,618,000
	Service	900	2,475	18,138,413,000	96,575,231,000	86,813,850,000
	Varieties					
<b>Total</b>		3,899	9,827	54,205,087,000	302,912,386,000	230,200,674,000
2011	Trade	2,009	4,380		77,749,950,000	27,293,210,000
	Industry	380	1,145		10,726,500,000	6,008,025,000
	Service	1,071	2,428		52,717,420,000	21,577,435,000
	Varieties					
<b>Total</b>		3,460	7,953		141,193,870,000	54,878,670,000
2012	Trade	576	1,118		12,335,300,000	29,643,100,000
	Industry	92	229		1,248,000,000	2,764,200,000
	Service	344	822		12,927,000,000	21,415,000,000
	Varieties					
<b>Total</b>		1,012	2,169		26,510,300,000	53,822,300,000
2013	Trade	1,174	2,369		38,235,400,000	24,749,950,000
	Industry	298	734		13,722,200,000	5,123,200,000
	Service	674	1,948		51,576,045,000	36,590,800,000
	Varieties					
<b>Total</b>		2,146	5,051		103,533,645,000	66,463,950,000
<b>Total in Year 2013</b>		<b>20,963</b>	<b>33,514</b>	<b>150,584,449,000</b>	<b>605,222,827,000</b>	<b>824,824,361,000</b>

Source: The Official of Cooperative and MSME

As indicated in Table 4, different MSME type has different number of workers. In 2006, MSME total in trade sector is 3,404 and worker total is 1,278 persons. It means that trade MSME absorbs great number of workers. The dominant absorption is indeed in trade. Industry capacity is also different among MSME. Data have shown that every industry is owned by 1 or 2 persons. Industry MSME is totaled to 544 with workers of 937 persons. Among MSME registered at The Cooperative and MSME, some enterprises focus on *kulit lantung* handicraft. As shown by data from the Official of Industry and Trade in Bengkulu, there are three enterprises focusing on industry, precisely *kulit lantung* handicraft industry. The data also show that all these enterprises have quite huge production capacity, ranging from 600-900 items per production. It means that productivity of *kulit lantung* handicraft is quite high. For complete detail, Table 5 explains the entrepreneurs who contribute to *kulit lantung* handicraft and their production capacity.

**Table 5.**  
**Enterprises at Kulit lantung Handicraft Industry**

No	Enterprise Name	Business Entity Type	Product Name	Workers	Investment Rate	Production Capacity		Production Price (Rp.000)	Rate of BB/BP (Rp.000)
						Total	Unit		
1.	Askara Art Galeri	PO	Lantung industry/ Bark-based products	7	45000	900	Unit	35500	20000
2.	Fajar Wonk	PO	Lantung Industry	4	9000	850	Unit	25000	8000
3.	Ornament	PO	Latung Industry	2	8500	620	Unit	25000	9000

**Source:** The Official of Industry and Trade

To develop this industry, Badan Perencanaan Pembangunan Daerah (BAPPEDA) makes policies in favor of Local Economic Development, and these are stated in RENSTRA for Year 2013-2018. In accomplishing the tasks, BAPPEDA has Vision and Mission. Both vision and mission of BAPPEDA for Year 2013-2018 are:

### ***Vision of BAPPEDA***

To establish Bengkulu as the City that wealthy and prosperous, with APBD oriented toward people.

### ***Mission of BAPPEDA***

Mission 1 : To create *good governance* and *clean government*.

Mission 2 : To accelerate urban infrastructure development.

Mission 3 : To establish people with smartness, health, and good morality.

Mission 4 : To generate creative economic and good business climate.

As the part of efforts to generate creative economic and Local Economic Development (LED), the government has set policies to develop local potential. A program is then run by the government of Bengkulu City, and this program is named as *Satu Milyar Satu Kelurahan* (SAMISAKE). SAMISAKE is a derivation from a concept of Local Economic Development (LED). SAMISAKE program at subdistrict level is arranged with Local Regulation No.12 Year 2013 about the Management of SAMISAKE Revolved Fund. The goal of SAMISAKE program is to build a collective cooperation across government, enterprises, non-government sector, and communities, in

order to utilize resources optimally to create local economic that is strong, self-reliant, and sustainable, and also capable to produce work employment for 50,000 workers.

### *Vision of SAMISAKE*

To Improve the welfare of people in Bengkulu City through the improvement of income in manner of social justice.

### *Mission of SAMISAKE*

1. To create 50,000 employments.
2. To improve capability and capacity of communities as program target.
3. To differentiate income source based on community potential.
4. To develop community-based micro financial agency.
5. To stimulate the working capital for potential communities.

Program Nasional Pemberdayaan Masyarakat (PNPM) Mandiri Perkotaan is an empowerment program aimed to improve the economic of poor communities through a sustainable economical, social and infrastructure activities. Since 2006 onward, Bengkulu City has 67 sub-districts. This program represents the effort to develop the self-reliance into communities and local government in mitigating poverty in sustainable manner for five-year term.

PNPM SAMISAKE is the control measure made by the local government of the relevant urban (PEMDA KOTA) for PNPM sustainability because this PNPM is oriented toward SAMISAKE values, such as creating employment and alleviating poverty which reflect the noble values of PNPM. Thus, PNPM SAMISAKE is a pilot project between PEMDA KOTA and PNPM Mandiri Perkotaan. The following is fund allocation in PNPM SAMISAKE.

**Table 6.**  
**Fund Allocation in PNPM SAMISAKE**

<i>Activity</i>	<i>Fund</i>	<i>Beneficiary</i>	<i>Regular Employment</i>	<i>Irregular Employment</i>
Economic	Rp 602,000,000	685 persons	842 persons	135 persons
Communal Environment	Rp 599,100,000	400 persons	-	222 persons
Productive Environment	Rp 134,500,000	60 persons	42 persons	264 persons
Environment	Rp 733,600,000	460 persons	42 persons	-
Social	Rp 1,622,150,000	2,496 persons	1,220 persons	272 persons

**Source:** Unit Pelaksana Teknis Daerah (UPTD) of Bengkulu City



PNPM SAMISAKE organized by government is very helpful for local economic development, mainly for *kulit lantung* handicraft industry. However, the development of this industry is problematic. Not all entrepreneurs of *kulit lantung* handicraft intent to capture the fund allocated. In average, entrepreneurs prefer to use their self-capital to develop their enterprises. It is because entrepreneurs still worry with the mandate to refund the fund allocation from government. Therefore, fund stream from SAMISAKE program is not effective.

Other problem faced by *kulit lantung* handicraft industry is that self-capitalization is also limited. This limit influences quality. As shown by the result of interview with KABID Industri, Mr. E.N (Male, 48 years old) at The Official of Industry and Trade for Bengkulu City, "the real problem is not only raw material. Cultivation site for raw material does not exist. Human resource to manage this local potential, thus, is also low. The capital is also a factor of why *kulit lantung* handicraft does not develop well. Capital can influence product quality. SAMISAKE still cannot cover all communities or entrepreneurs" (Interview with Mr. E.N as Kabid Industri at the Office of The Official of Industry and Trade, 1 April 2013 at 9.00 am WIB)

It can be said that problem is not only the limited raw material due to the absence of cultivation site, but also the limited capital. Although SAMISAKE program is focused on developing local economic, this program is not run optimally. Most members of communities do not know at all if this program exists.

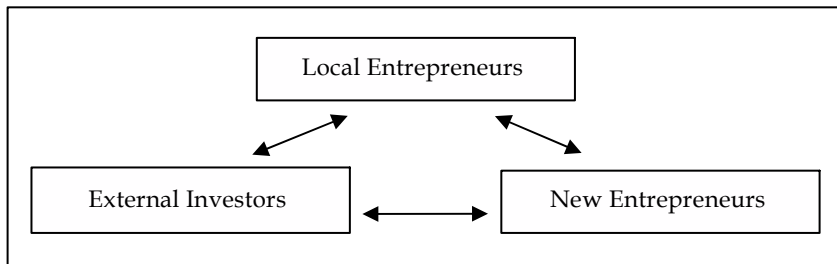
According to Mr. E.N (Male, 48 years old), communities and *kulit lantung* artisans do not take handicraft into priority as their subsistence. Communities who work as *kulit lantung* artisans only use this work as side-money producer and thus, seem less attentive to the limited supply of raw material or the lack of trees that produce *kulit lantung*.

### 3.3 Analyzing

To optimize Local Economic Development (LED), an analysis is needed. This analysis is used to provide deeper understanding which helps people to identify uncertainty in the scenario. Analytical instrument can be also useful to provide description about local condition of a region. Based on the tracking in Anggut Atas Sub-District, a sustainable local economic development with hexagonal theory is then summarized with the field data as following:

## Target Group

Figure 1. Target Group

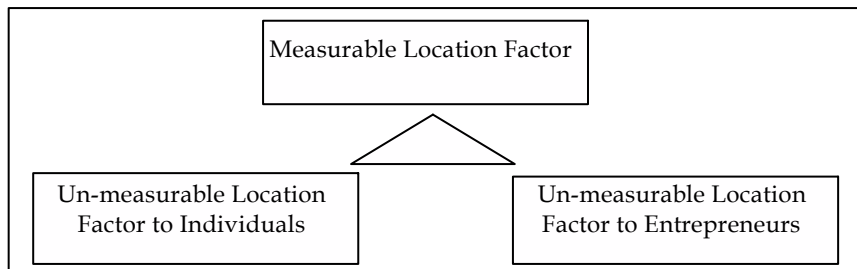


1. **External Investors:** *Kulit lantung* handicraft does not have investors because the productivity is not great. Artisans only produce *kulit lantung* handicraft in manner of less sustainability.
2. **Local Entrepreneurs:** Entrepreneurs obtain their capital from their own pocket. Promotion only covers the immediate localities. Only few of them can sell the product to other distant locals.
3. **New Entrepreneurs:** Not all new entrepreneurs are given training on entrepreneurship held by Anggut Atas Sub-District. Many entrepreneurs are self-reliant with their own capital and fund.

Target group comprises of external investors, local entrepreneurs, and new entrepreneurs. As said by Mr. E.N (Male, 48 years old), "the quality of my handicraft products are not good at all. I understand if investors do not have interest to handicraft work. My capital is limited and not allowing me to conduct big campaign of promotions to another place. Talking about sustainability, this product cannot consistently produce hundreds items in a day. I conclude that the productivity is not sustainable". (Interview with Mr. E.N as Kabid INdustri at the Office of The Official of Industry and Trade, 1 April 2013 at 9.00 am WIB)

## Location Factor

Figure 2 : Location Factor

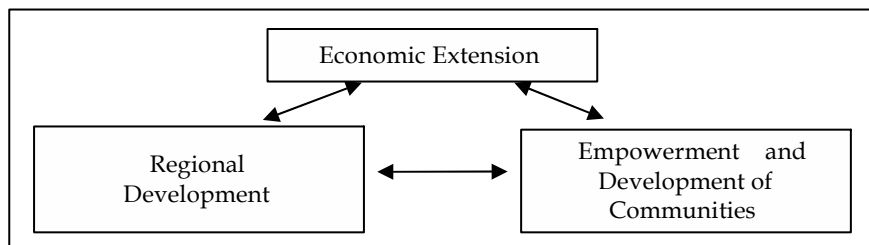


1. **Measurable Location Factor:** Transportation access to the *kulit lantung* handicraft centers remains in the downtown of Bengkulu City. With a complete infrastructure such as roads, the *kulit lantung* handicraft centers are initiated along main roads and with skilled workers.
2. **Un-measurable Location Factor to Entrepreneurs:** Opportunity of the cooperation is widely open. But until now, there is no agreement with investors for import-export business. As said by Mrs. IS (Female, 35 years old),  

“I cannot export handicraft products to abroad because the quantity is still low. I am just enough with 2 kiosks”. (Interview at the house of Mrs. IS, 26 March 2013 at 19.00 pm WIB)
3. **Un-measurable Location Factor to Individuals:** At the *kulit lantung* handicraft centers, the quality of residence is relatively good. It is because the *kulit lantung* handicraft centers are located at a convenient settlement with complete facilities and also in the communities with good work ethos.

### Linkage and Policy Focus

Figure 3 : Linkage and Policy Focus

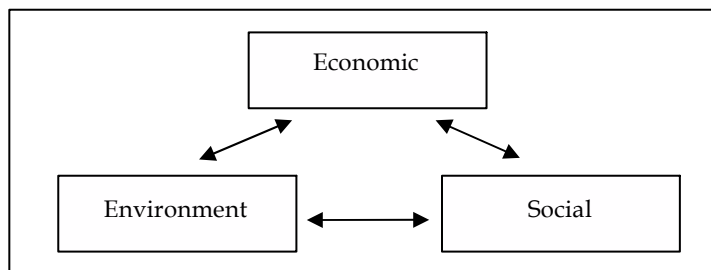


1. **Economic Extension:** At *kulit lantung* handicraft centers, economic extension is conducted for empowerment and development of communities, and also for regional development.
2. **Empowerment and Development of Communities:** The policy made for mitigating poverty at the *kulit lantung* handicraft centers is through partnership-based empowerment. This empowerment is focused on micro, small and medium enterprises, assisted by The Official of Cooperative and MSME by enhancing the area of the *kulit lantung* handicraft centers.
3. **Regional Development:** Anggut Sub-District is appointed as the industry region and also the center of *kulit lantung* handicraft works.

Various facilities are built to support the *kulit lantung* handicraft centers, including structures and infrastructures. As said by Mr. A.N (Male, 54 years old), “the development of structures and infrastructures is already set into the agenda at BAPPEDA. It helps local economic development. Structures and infrastructures support this local economic development”. (Interview with staffs at the office of BAPPEDA, 2 April 2014 at 9.30 am WIB)

### Sustainable Development

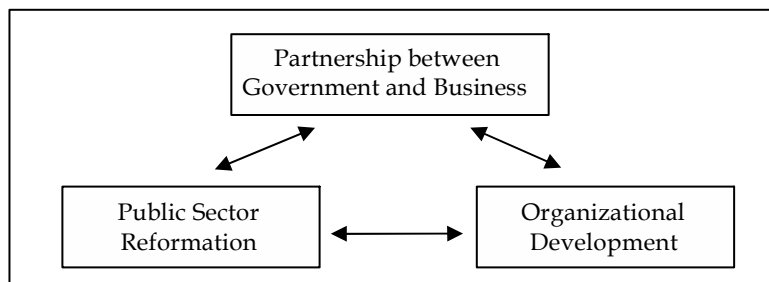
Figure 4 : Sustainable Development



1. **Economic:** The processing of *kulit lantung* handicraft is still traditional, and thus, it improves sale price of the products. Handicraft works have driven Anggut Atas Sub-District into better economic.
2. **Social:** *Kulit lantung* handicraft contributes to a better welfare and social life, along with the convenient site of the *kulit lantung* handicraft centers.
3. **Environment:** If natural resource conservation is considered, regulation for raw material exploration from the nature is not yet restrictive. Communities still free in exploiting raw material in the forest. In other hand, the *kulit lantung* handicraft centers are convenient and attractive for visitors.

### Governance

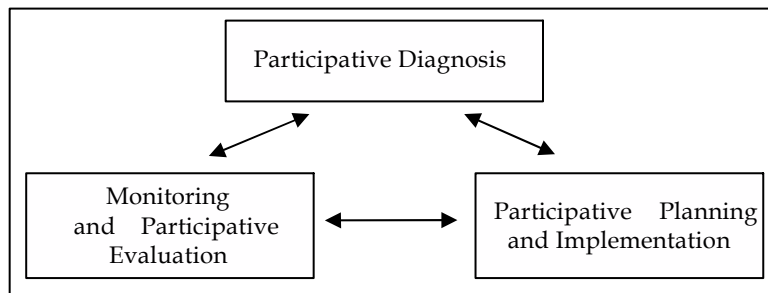
Figure 5 : Governance



1. **Partnership Between Government and Business:** Partnership between government and business is designated to improve infrastructures and to enforce promotion and trade with organizational development and public sector reformation.
2. **Public Sector Reformation:** RENSTRA on policy program for local economic development based on MSME, such as PNPM-SAMISAKE program, is made in this case.
3. **Organizational Development:** It may be meaningful because there is a lacking of organizations specialized to develop *kulit lantung* handicraft works.

### Managerial Process

Figure 6 : Managerial Process



1. **Participative Diagnosis:** Result of analysis and mapping indicates that the economic potential of *kulit lantung* handicraft is quite good for maximum development. Competitive condition of local politics is also relatively good.
2. **Participative Planning and Implementation:** The relevant agencies in the *kulit lantung* handicraft as the LED effort include The Official of Cooperative and MSME and The Official of Industry and Trade.
3. **Participative Monitoring and Evaluation:** Talking about stakeholder, government acts as facilitator in providing structures and infrastructures for the entrepreneurs of *kulit lantung* handicraft. The development of structures and infrastructures has been well realized. As noted by the Head of Anggut Atas Sub-District, Mr. H.Y (Male, 50 years old), "the government has built structures and infrastructures to support trade centers. Roads are provided. Kiosks are arranged conveniently which do not disturb the life of communities". (Interview at the Office of Anggut Atas Sub-District, 25 March 2014 at 9.00 am WIB)

### 3.3 Imaging

Imaging is one step in scenario planning. The obtained data contain possibilities of what must be done by entrepreneurs of kulit lantung handicraft to produce a sustainable development. This imaging can be seen in the vision of entrepreneurs. As informed by Mrs. IS (Female, 35 years old), "If I have monies, I may consider exporting my products into abroad in large quantities. But, it needs huge capital. Acquiring quality for export may increase competitiveness of my product over others" (Interview at the house of Mrs. IS, 26 March 2013 at 19.00 pm WIB).

As told by Mrs. IS (Female, 35 years old), vision made in scenario planning is to see how far problems can be resolved by imaging what must be done to resolve the problems. Result of interview at the Office of BAPPEDA for Bengkulu City indicates that vision and mission of BAPPEDA for local economic development are consistent to what has been stated by Mr. A.N (Male, 54 years old):

"in favor of achieving the vision of BAPPEDA, the fourth mission is related with local economic development. The mission as economic development effort is by generating the creative economic. Creative economic in here is designated to develop local economic through SAMISAKE program". (Interview with staffs at the office of BAPPEDA, 2 April 2014 at 9.30 am WIB)

### 3.4 Deciding

Deciding is a phase where anything is decided together. The future is tracked and then analyzed to understand what can be done to achieve the vision, to take benefit from opportunities, and to avoid future threats. In this stage, any actions related to scenario planning will be decided and it precedes the final stage, which is *acting*. Any actions needed are decided together to see opportunities and to avoid threats. *Deciding* is related with a decision-making about what scenario is targeted and what strategy is to be used.

In making a decision, there are five aspects about *deciding*. These five aspects are explained as following. Economical aspect is concerning with the capital fund owned by communities. Political aspect is measured from the fact whether government goal is achieved or not as the effort to improve local genuine income through MSME. Social aspect corresponds with

whether employment opened or closed. Environmental aspect was measured from the utilization of natural resource. Technological aspect was indicated by whether there are excellent tools to help improving productivity. Based on the statement from Mrs. IS (female, 35 years old), “for technology, I don’t have factory or heavy equipments for helping my production. I did it manually with scissors and glues. Raw material of *kulit lantung* is supplied from Kaur” (Interview at the house of Mrs. IS, 26 March 2013 at 19.00 pm WIB).

### 3.5 Acting

This stage of scenario planning is positioning the strategy in such way that it may facilitate the decision of what must do with scenario planning. This stage requires working continually as to follow-up scenario planning by examining environmental change. It is also meant that *acting* is the implementation of strategy integrated with scenario, and becoming the stage where organization learns to be adaptive. *Kulit lantung* handicraft works are developed and managed from the ideas of artisans. Result of interview with Mrs. IS (Female, 35 years old) indicates, “I take my design from internet. I just substitute animal leather for the beauty bag with *kulit lantung*, and that’s all. Themes and draws are made only by imitating those in internet. My intention in developing my enterprise is to deliver product as good as possible and to promote my stuffs through brochure as usual”. (Interview at the house of Mrs. IS, 26 March at 19.00 pm WIB)

The measures taken so far by artisans including Mrs. IS (Female, 35 years old) for their work development are by improving productivity and product diversity, and by increasing promotion coverage. All these measures are taken for sustainable work.

## 4. FACTORS SUPPORTING AND CONSTRAINING LOCAL ECONOMIC DEVELOPMENT IN BENGKULU CITY.

### 4.1 The supporting factors

#### *Internal*

*Kulit lantung* handicraft works at Anggut Atas Sub-District are the majority works done by communities there. It develops fast in 1999 when *kulit lantung* handicraft works become popular (said by Mrs. IS (Female, 35

years old)). The development of the works is supported by raw material directly supplied from Kaur in Southern Bengkulu. The works are still traditional, meaning that the sale price of the works can be charged high due to the necessity of precision. According to Mrs. IS (Female, 35 years old), “my handicrafts and those from other artisans are still processed manually. Raw material for *kulit lantung* handicraft is obtained from bark collector in Southern Bengkulu. My artisans design the themes on the material. Putting glues on it, and we have a product. Sale price of *kulit lantung* handicraft is also promising. (Interview at the house of Mrs. IS, 26 March 2013 at 19.00 pm WIB)

Local economic development based on MSME at the *kulit lantung* handicraft centers in Bengkulu City can be described as follows. Handicraft products are diversified. Ideas from artisans are poured into the varieties of products. The products are mostly delivered from Bengkulu City. The communities expect full participation in the management of *kulit lantung* handicraft. The privilege of *kulit lantung* is that the fiber is not easily broken and it can be easily arranged into certain themes. Because the processing is still traditional, then sale price of *kulit lantung* handicraft is quite high or expensive. The following is the picture of artisans in the enterprise owned by Mrs. IS (Female, 35 years old) when they make *kulit lantung* handicrafts:

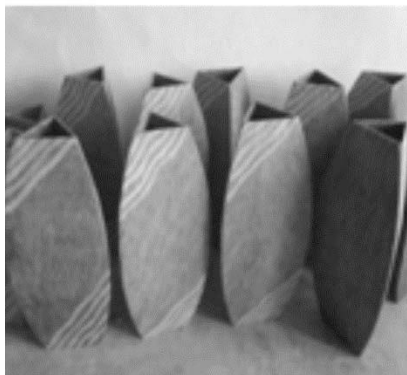
**Figure 7: Observation Result on The Making of Kulit lantung Handicrafts**



The communities of *kulit lantung* artisans may have good creativity because various products can be made from *kulit lantung*, such as bag, flower vas, painting, key hanger, hat, and others. The following is the examples of handicraft products manufactured in the enterprise of Mrs. IS as the entrepreneur of *kulit lantung* handicraft.



**Figure 8 : Observation Result on Kulit Lantung Handicraft  
(Painting, Bag, Flower Vas and Flower)**



### *External*

The participation of communities in purchasing *kulit lantung* handicraft can be considered as quite good. Most products are bought by tourists who visit Bengkulu and use them as souvenir. The products of *kulit lantung* handicraft have become the attractive items to local and domestic tourists. D.S (Female, 22 years old) is a buyer who adores the products of *kulit lantung* handicraft. She says that "I usually prefer a bag from *kulit lantung* handicraft. I don't think much for others. Bag can be used anywhere including in my campus". (Interview with D.S, the buyer of *kulit lantung* handicraft, 2 April 2013 at 13.00 pm WIB)

The presence of *kulit lantung* handicraft has allowed other processed products from Bengkulu City artisans to also develop further. Their products are acknowledged into other regions. It helps driving up local economic development.

## **4.2 The Constraining Factors**

### *Internal*

Capitalization is a problem faced by MSME artisans to keep up their work. Most MSME artisans only use their own capital, and still few of them are willing to use banking or cooperative to support their capital. Despite government policies on capitalization, it is not optimally understood. Less capital hampers the development of *kulit lantung* handicraft works. Possibly, it prevents the usage of technology to produce more handicraft products.

Lacking of capital in *kulit lantung* handicraft works may impact on poor quality. Indeed, the products of *kulit lantung* handicraft are not durable. As stated by Mr. E.N (Male, 45 years old), as KABID Industri at the Office of The Official of Industry and Trade, "As I explained, the fundamental problem is capital. Only few use SAMISAKE grant-in-aid, and most of them still prefer using self-capital. This tendency impacts on handicraft products. Gluing is not strong enough, thus depriving the quality of *kulit lantung* handicraft products. I have been given a key hanger as gift, and it only lasts for a week. Such poor quality prevents handicraft products from competing with other products from other place". (Interview with Mr. E.N as Kabid Industri at the Office of The Official of Industry and Trade, 1 April 2013 at 9.00 am WIB).

As said by Mr. E.N, raw material supply is problematic because the material is classified as rare resources with few cultivation sites.

### **External**

This constraining factor is correlated with less support from the government toward local economic development in Bengkulu City. This less supporting position is caused by less willingness from the government to maximize the policy program. Many sub-districts do not meet requirements for accepting grant-in-aid from PNPM-SAMISAKE. As asserted by Mrs. IS (Female, 35 years old),

“I use my start-up capital. I am not brave enough to use government fund. My profit is not high as large enterprises, and I am afraid I cannot repay. Better, I use my own money. I have heard SAMISAKE program, but it doesn’t affect me at all. Many sub-districts do not accept the grant. I don’t know why. The sub-district officer never tells about it”. (Interview at the house of Mrs. IS, 26 March 2013 at 19.00 pm WIB)

## **5. DISCUSSION**

**Scenario Planning for Local Economic Development Based on MSME in Bengkulu City.**

**Stages to compose scenario planning for local economic development at the *kulit lantung* handicraft centers in Bengkulu City.**

### **5.1 Tracking**

Pursuant to Theory of Public Administration in Kasim and Nababan (2004:1), especially concerning with government plan implementation, it is stated that the activity of public administration done by the government is public service. The implementation is guided by procedure of translating policies into action. One of government policies is on economic. Indeed, economic is a determinant factor to the success of development and growth of a region.

In development process, public administration is important part of a community life. Public administration warrants the redistribution of national income in fairness to the poor communities (Gray in Saidah, 2011:2). Successful development process can be measured from economic growth. It is marked by technological advance which stimulates the world consumption culture. Various goods are produced and distributed throughout the world. Therefore, huge number of entrepreneurs shall influence economic development.

*Tracking* stage is a stage where the history of *kulit lantung* handicraft works is understood. It needs to understand the conditions that underline the *kulit lantung* handicraft centers. These conditions can be acknowledged from information collected through interview and documentation. Informants say that *kulit lantung* handicraft has been long developed. In five years after 1999, the opportunity of *kulit lantung* handicraft export is widely opened. However, export is not easy due to many constraints. Low capital may deliver products in low quantity. It just cannot match with demand from abroad. Less advancing technology must be available to produce higher quantity of items.

*Kulit lantung* handicraft has quite high sale price and it must be enough for local economic development. The products are in great variance, and the weakness is poor quality. It should be a chance to fix the quality of products to keep them competitive against others. Structures and infrastructures are reliable in general, but some of them are damaged due to less maintenance.

Besides, it remains unclear whether these structures are repaired or not, although the chance for repairing is always there. Natural resources are abundant but it is not exploited properly. Improper utilization may result in scarcity, and this induces the damage against nature and environment. Technology can help opening the opportunity to manage limited resources. The youth as the next generation in handicraft works must be supported by the government to ensure this handicraft works developed.

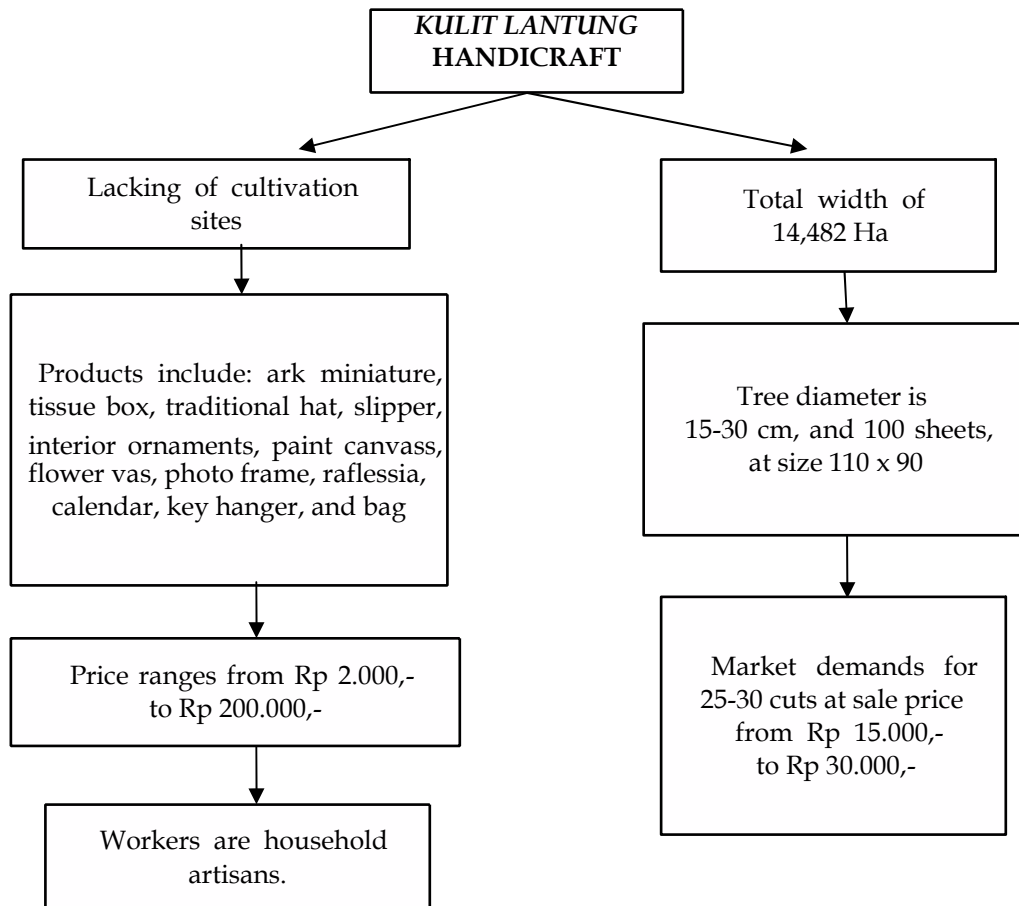
To play the role as supporter, government needs planning. Planning is a direction for development process to achieve the goals, and planning also represents the yardstick for the success of development process. Terry George (1991:6) asserts that answering economic problems is by preparing a planning, and the form of planning includes programs and policies. The implementation of government policy, concerning with local economic development, is still hampered, and PNPM SAMISAKE cannot escape from this. The lacking of information and promotion may hamper the realization of policy program. As shown by the data, communities are selective in using their capital because the worry of default is always a reason being self-reliant. It may influence the quality, but new technology can help them to improve their productivity.

## 5.2 Analyzing

Next stage is Analyzing. This analysis stage is aimed to analyze any possibilities for better future including that expected or unexpected. The

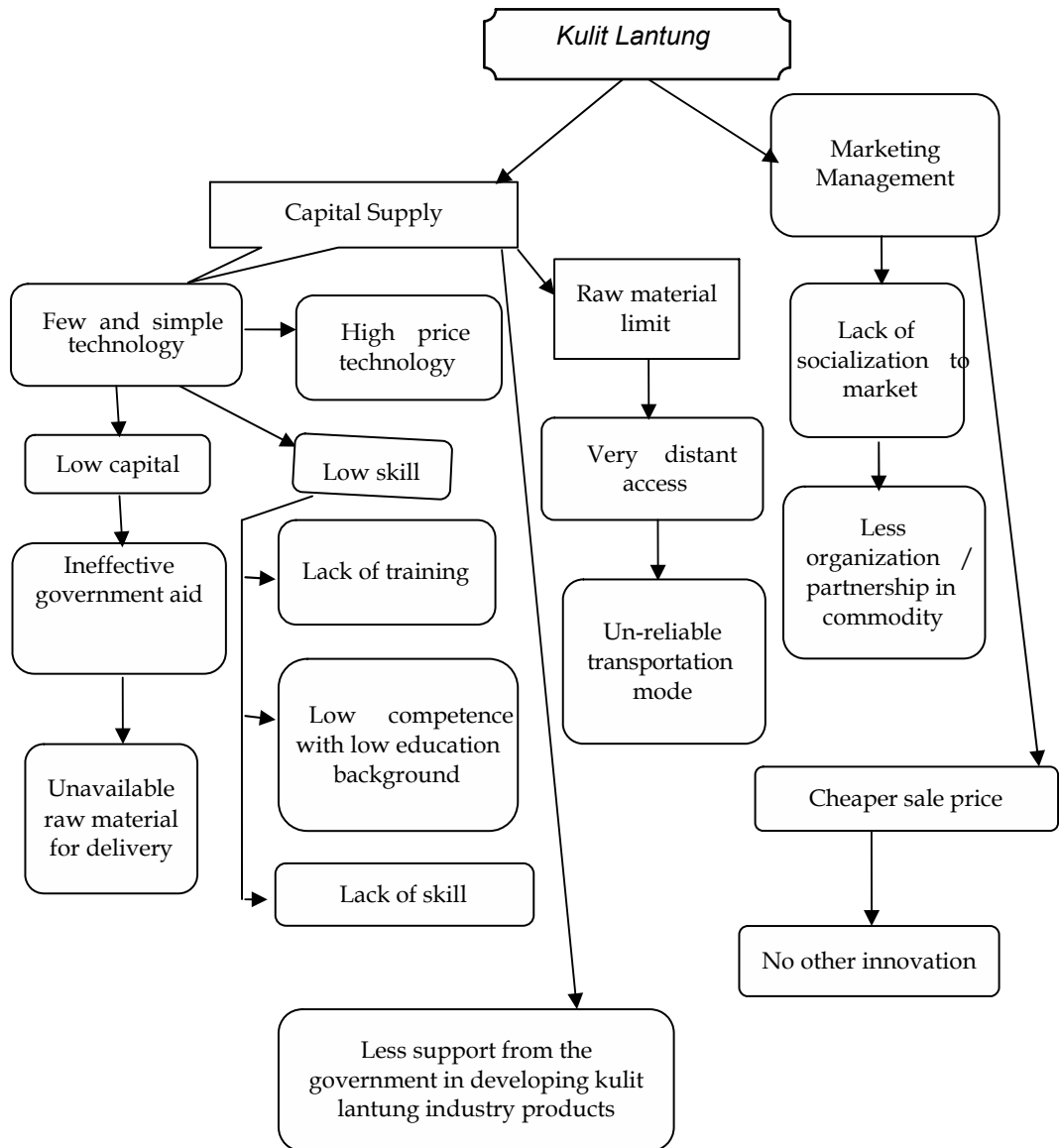
analysis is carried out based on the result of data collection, and it is grouped with local economic development based on hexagonal theory. By executing analysis, it may give deeper understanding on problems such as many possible changes. The following figure is the production chart of *kulit lantung* handicraft works.

Figure 9 : The Production Chart of Kulit Lantung Handicraft



Source: The Author

Privileges received by *kulit lantung* handicraft works are not matched with problems faced by these works for their development. The author attempts to describe the problems in Figure 10.

**Figure 10 : Managerial Problems Faced by Kulit Lantung Handicraft Management**

**Source :** Processed by The Author

For scenario planning for local economic development, analyzing is speaking about the consequence in the future from current days, and looking for the effect from the relationship between trend and tendency. Through analyzing, we can get deeper understanding about the change of the influence, and from this, we find certain shape and relation. To ensure local

economic development through MSME of *kulit lantung* handicraft works, *focal concern* (main focus) of the scenario planning for local economic development based on MSME in Year 2015 is given on human resource and government role. Both *focal concerns* are derived from the explanation of hexagonal theory based on data collected.

In such *focal concerns*, there are *driving forces*, which are also called the supporting powers. To determine these *driving forces*, five groups are identified such as economic, politic, social, environment and technology. Therefore, for the interest of local economic development based on MSME, the author determines *driving forces* in social and economical groups. The following is *driving forces* to explain:

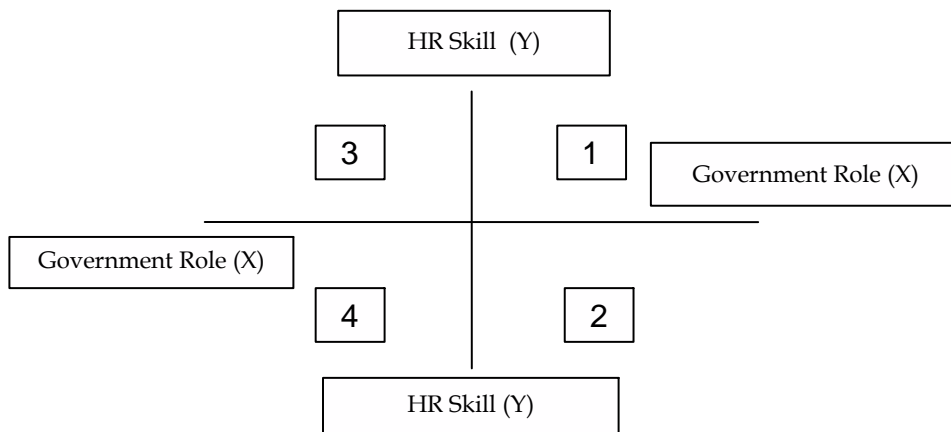
**Table 7.**  
***Driving Forces in Scenario Planning for Local Economic Development based on MSME***

Group	Driving Forces (DF)
Economic	Lack of the skilled HRD to manage capital budget for kulit lantung handicraft works, and this incapacity may influence the quality of products.
Politic	Lack of promotion. Lack of government role in product development works. Lack of cultivation site.

**Source :** Processed by the Author

After determining *Focal Concerns* and *Driving Forces*, next step in analyzing stage is making a matrix of the scenario planning for local economic development based on MSME. It is shown in the following figure.

**Figure 11 : Matrix of LED based on MSME of Kulit Lantung Handicraft**



**Source :** Processed by the Author

From the description of *focal concern*, there are four scenarios obtained. These four scenarios are:

Human resource is skilled on managing fund budget, and it is enforced by higher participation of government role. It is the best scenario planning. It is said so because local economic development through *kulit lantung* handicraft works can be warranted because capital budget is managed properly and the government plays role in policy implementation through a promotion that may in turn increase the productivity of the handicraft works. At least, local economic development is just what has been expected.

Human resource is not skilled on utilizing grant-in-aid from the government despite government effort to implement policy properly. In this case, government participation is quite high.

Human resource is skilled on managing grant-in-aid but government role is not effective. Government support is needed to produce a synergy between business and government. Relatively high capitalization, in this case, is not matched with good government role, and thus, the production quantity is not efficient at all. Such scenario planning is poor planning because the skilled HR in using the capital grant shall be supportive for business, and it must be followed by government role by providing reliable technology to achieve the best scenario planning.

Human resource skill to manage grant-in-aid from the government is low. Government role is not participative to the implementation of programs and policies. The consequence is that the development of *kulit lantung* handicraft is not effective. It is the worst scenario planning because both supportive factors are weak. Lacking of skilled human resource and government participation is discouraging for the development of *kulit lantung* handicraft works.

Concerning with local economic development based on MSME of *kulit lantung* handicraft works, scenario planning made in Year 2015 will risk facing the best and the worst possibilities in the future. Therefore, it is a needed a planning that can anticipate any unexpected possibilities by examining the current and past conditions. Such planning attempts to discern whether capital and technology management are good enough for the development of *kulit lantung* handicraft works in Bengkulu City.

### 5.3 Imaging

Third stage from scenario planning is imaging. It is conducted to describe the conditions of *kulit lantung* handicraft works and to imagine what it looks like in the future. Future description may help scenario planning to look for alternative path to resolve the problems. By examining the conditions of *kulit lantung* handicraft through the stages of imaging,



analyzing and imaging, by then a vision can be established to resolve the problems. The vision is elaborated as following:

Skill training is given to human resource at the settlement around the kulit lantung handicraft centers. Training session can be oriented toward the understanding of how to manage natural resources that avoids scarcity. Other subject matter is possibly related with how to utilize grant-in-aid effectively and efficiently.

Productivity is improved by utilizing technology such as a specific machine to process kulit lantung. Product quantity is still low possibly due to traditional processing. It needs for days to dry the bark. Boiling the bark is also using traditional method. Therefore, the processed products are always few or not enough for meeting the demand.

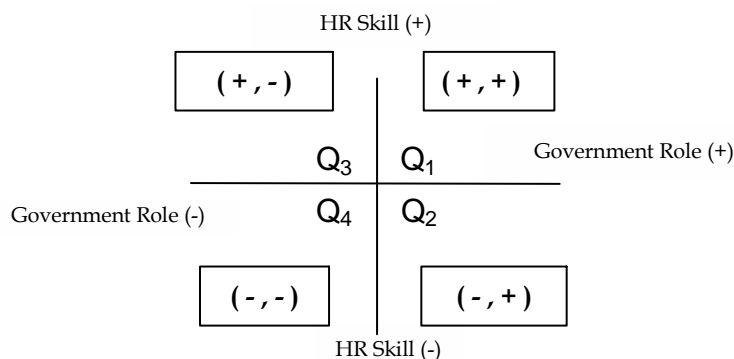
Promotion and marketing for products are increased by ensuring more participative government role. The development of kulit lantung handicraft products is warranted through comprehensive promotion at least that is capable to attract domestic or foreign tourists to visit Bengkulu City, and to stimulate them to learn about the genuine processed products from Bengkulu City.

All the visions above must be well as expected. If all these visions can be realized, it may help producing local economic development based on MSME at the kulit lantung handicraft centers in Bengkulu City.

## 5.4 Deciding

Making a decision or deciding in this scenario planning is speaking about selecting various alternatives to answer the problems. Deciding is a step to achieve the vision. In this case, four scenario planning and driving forces are needed. The following is the description of scenario planning.

Figure 12. Matrix of Scenario Planning



Source: Processed by the Author

Based on the matrix of scenario planning shown by the figure above, deciding involves five aspects. Each aspect has two key focuses as illustrated in following table.

**Table 8.**  
**Explanation of Q<sub>1</sub> (+,+) (Best)**

<i>Aspect</i>	<i>Explanation</i>
Economic	High capital budget may help improving the production of <i>kulit lantung</i> handicraft at the <i>kulit lantung</i> handicraft centers in Bengkulu City. The skilled HR can indeed manage grant-in-aid from the government. Local income can be improved through <i>kulit lantung</i> handicraft works.
Politic	The achievement of goals of local government will improve local genuine income, and it can be realized through MSME. Good cooperation between government and other relevant parties can help developing the standing of <i>kulit lantung</i> handicraft works.
Social	New employment is opened to absorb the unemployed in Bengkulu City and Anggut Atas Sub-district.
Environment	The utilization of natural resource abundant in the forest may result in high sale price products. The convenient environment is provided for the <i>kulit lantung</i> handicraft centers.
Technology	Excellent equipment may help improving productivity. The development delivers structures and infrastructures that allow good access, such as asphalt road construction.

**Source:** Processed by the Author

The best scenario planning involves five aspects influential to each other, such as: economic, politic, social, environment, and technology. Good capital budget may help the achievement of government goals, the opening of employment, the provision of convenient environment, and the construction of road access. Indeed, such as scenario planning is the best planning.

Moreover, good scenario planning is explained as follows:

**Table 9.**  
**Explanation of Q<sub>2</sub> (-,+) (Good)**

<i>Aspect</i>	<i>Explanation</i>
Economic	Low budget may influence productivity and income of entrepreneurs. It results in less skilled HR in managing grant-in-aid from the government. <i>Kulit lantung</i> handicraft can still improve local genuine income. Handicraft products are sold in high price with good quality.
Politic	There is a cooperative relation between investors and government. Number of tourists is increasing and it is helpful for the government to promote Bengkulu City through <i>kulit lantung</i> handicraft products.
Social	New employment is created, at least being the artisan of <i>kulit lantung</i> handicraft.
Environment	Space order is oriented toward the <i>kulit lantung</i> handicraft centers to minimize the abusive land use.
Technology	Road access to Anggut Atas Sub-district is getting better.

**Source:** Processed by the Author

Table above indicates that good scenario planning is concerning with economic aspect. Capital budget is used to improve the quality of products and thus, can help increasing local genuine income. Reviewed from political aspect, there is a cooperative relationship between government and foreign investors. In social aspect, employment is created. Environment aspect is related with the utilizing of space order for the presence of the *kulit lantung* handicraft centers and also minimizing the abusive land use. Regarding to the technology, road access is getting better.

The following table is explaining conditions in worse scenario planning.

**Table 10.**  
**Explanation of Q<sub>3</sub> (+,-) (Worse)**

<i>Aspect</i>	<i>Explanation</i>
Economic	Good human resource skill in managing the budget is not supported by participative government role. The consequence is that management is not reliable and adversely impacting the production of <i>kulit lantung</i> handicraft. Production quantity of handicrafts is not adequate for export.
Politic	The cooperation between investors and government is not good. Investors are hesitant with Bengkulu City, and only few investors are willing to invest into Bengkulu City.
Social	New employment is not quite available as expected.
Environment	The communities do not care with structures and infrastructures built by government. Garbage is trashed around the <i>kulit lantung</i> handicraft centers.
Technology	Road access to Anggut Atas Sub-district is not maintained well. Production tools are less reliable.

**Source :** Processed by the Author

Worse scenario planning can be described as follows. In economic, the quantity of production is not adequate. It is possibly caused by the available capital is not utilized properly. Government and foreign investor are not well cooperated and this prevents investors from investing into Bengkulu City. In relation with environment, the communities do not have enough care to the existing structures and infrastructures. Technology is not reliable which hampers the production of handicrafts.

**Table 11.**  
**Explanation of Q<sub>4</sub> (-,-) (Worst)**

<i>Aspect</i>	<i>Explanation</i>
Economic	Human resource is not skilled in managing available grant-in-aid. Thus, budget is not used properly which results in poor management and implicates the production of kulit lantung handicrafts. Production quantity of handicrafts is very low.
Politic	Investors and government are not cooperated. Government is not participative. Investors do not enter Bengkulu City.
Social	New employment is zero.
Environment	The communities are dauntless to harm structures and infrastructures built by government.
Technology	Road access to Anggut Atas Sub-district is damaged. Production tools are not reliable.

**Source:** Processed by the Author.

The table above indicates the worst scenario planning. All aspects are not supporting local economic development. In economic, the budget is not reliable, and this implicates to the low production and poor quality of handicraft products. In politic, the government does not cooperate with domestic or foreign investors. Related to environment aspect, communities disrespect structures and infrastructures provided by government. Concerning with technology, *kulit lantung* handicraft does not have reliable production tools. Production quantity is not optimum. Road access facility is damaging and poorly maintained.

## 5.5 Acting

In pursuance of TAIDA Method used by the author, *Acting* is the final action of TAIDA stages. This stage is the follow-up of *deciding* in previous stage. Acting is the manifestation of pursuing the vision. From some scenario planning made so far, there are several things to consider. These things are steps or actions done by government, communities, and privates with active

engagement into local economic development based on MSME at the *kulit lantung* handicraft centers in Bengkulu City. These actions are:

To develop sense of belonging to the local potentials, recalling the fact that natural resources in Bengkulu City are limited. This shared emotion is on the behalf of the feasibility of natural resources to avoid perpetually abusive exploitation without greening, substitution, and cultivation.

To encourage the government to help marketing or promotion of *kulit lantung* handicrafts. Products are socialized in local exhibition or other display in other region. Government support may be in form of capital loan. Capitalization is a key consideration of MSME. This capital shall be very meaningful to improve product quality.

To provide and improve the existing facilities at the *kulit lantung* handicraft centers. Parking lot is available to facilitate visitors who want to come to the *kulit lantung* handicraft centers. This may induce sense of comfort to the visitors, and surely, will improve the number of tourists.

## **6. FACTORS SUPPORTING AND CONSTRAINING LOCAL ECONOMIC DEVELOPMENT IN BENGKULU CITY**

After obtaining data on the field, the author then analyzes and interprets the data. The analysis and interpretation are elaborated in the discussion. The author uses qualitative descriptive method because it is aimed to describe scenario planning for local economic development based on MSME at the *kulit lantung* handicraft centers in Bengkulu City.

As shown by the data, there are internal and external supporting and constraining factors. Both factors are explained as follows.

### **6.1 The Supporting Factors**

#### ***Internal***

Local Economic Development (LED) explained by Blakely (1989:58) indicates that local economic development represents a process where local government or community-based group is managing the existing resources to create new employment by using local workers to reduce unemployment and to stimulate economic activity. Data have mentioned that handicraft products are diversified which increases its chance toward further development by improving the quality of products. This potential is evident because raw material is genuinely collected from Bengkulu region and thus, it may have higher sale price.

Concerning with raw material, it seems that natural resource is abundant although it is classified into rare resource with limitation. Improper perpetual usage can prevent the resource from achieving its sustainability. Therefore, planning is needed to provide a direction for development process, at least keeping it on the tract toward achieving the goals, and also being the yardstick of the success of development process in dealing with scarcity problems. Planning shall resolve accumulative imbalances.

The finding aligns with the theory proposed by Soeratno, et al, in Mudrajad (2004:193) about characteristics and problems in Micro, Small and Medium Enterprises (MSME). MSME is characterized with great dependability on local raw material. However, the problems faced by MSME entrepreneurs are uncertain price and raw material supply that is vulnerable to scarcity. Therefore, raw material for *kulit lantung* handicraft is the most prominent internal supporting factor to the entrepreneurs of *kulit lantung* handicraft.

### *External*

The external supporting factor to *kulit lantung* handicraft is the participation of communities to support the presence of the handicraft works. Community participation is quite high. Thus, it helps making handicraft products quite popular among domestic and foreign tourists who visit Bengkulu City. The youth plays important role, also classified as external factor, to support the development of *kulit lantung* handicraft works. As shown by data, the communities love handicraft products. D.S (Female, 22 years old) is a buyer who adores *kulit lantung* handicrafts. She mentions that:

“I usually prefer a bag from *kulit lantung* handicraft. I don’t think much for others. Bag can be used anywhere including in my campus”. (Interview with D.S, the buyer of *kulit lantung* handicraft, 2 April 2013 at 13.00 pm WIB)

As stated by informants, it matches with the fundamental concept of economic. This concept mentions that there are several actors in economic. These actors include consumers and producers, or government and private. In this case, “actors” are those engaged within economic activity. These actors are the subject of economic. In economic activity, actors involve producers and consumers. Producers are those in economic functioned as the parties delivering goods and services which in turn enjoyed by consumers.

## 6.2 The Constraining Factors

### *Internal*

Data indicate that quality of *kulit lantung* handicrafts is not maximally good. The reason is that most MSME artisans are using their own capital for the business, and only few of them are relying on banking or cooperative for additional capital. Although government has made policies for capitalization, it is not optimally executed. The lacking of capital hampers the development of *kulit lantung* handicraft works. Less advancing technology may also impair the productivity of handicraft works.

Poor capitalization impacts adversely on the quality of handicraft products. Mostly, the products cannot last long. As stated by Mr. E.N (Male, 45 years old), as KABID Industri at the Office of The Official of Industry and Trade, "As I explained, the fundamental problem is capital. Communities rarely use SAMISAKE grant-in-aid, and most of them still prefer using self-capital. This tendency impacts on handicraft products. Gluing is not strong enough, thus damaging the quality of *kulit lantung* handicraft products. I have been given a key hanger as gift, and it only lasts for a week. Such poor quality prevents handicraft products from competing with other products from other place". (Interview with Mr. E.N as Kabid Industri, 1 April 2013 at 9.00 am WIB).

Concerning with raw material, *pohon lantung* is not widely cultivated. Waiting for supply from other region needs prolonged time because the distance of transportation is quite remote. Lacking of resource management and technology utilization is evident because the processing is still traditional. It is consistent to Samuelson and Nordhaus quoted by Tri Widodo (2006:16). Both state that "*Economics is the study of how societies choose to use scarce productive resources that have alternative uses, to produce commodities of various kinds and to distribute them among different group*".

In other words, communities prefer using productive resource of *kulit lantung* handicraft. Natural resource is utilized to produce various commodities to be distributed throughout many places. *Kulit lantung* handicraft, however, is made from a rare natural resource, and therefore, it needs cultivation for replenishment. Unfortunately, such cultivation does not exist in Bengkulu City.

### *External*

Being part of Local Economic Development (LED), government has made policies for developing local potential. In the hexagonal theory of

government proposed by Blakeky (1989:58), public sector reformation is explained. Local economic development for *kulit lantung* handicraft is regulated in RENSTRA BAPPEDA and implemented through programs and policies.

A program run by the government of Bengkulu is Program Satu Milyar Satu Kelurahan (SAMISAKE). The objective of SAMISAKE Program is to develop a collective cooperation between government, business, non-government sector, and also communities to utilize optimally the existing resources in order to create the local economic that is strong, self-reliant and sustainability, and also capable to provide opportunities of employment or work for 50,000 workers. Government program is not effective and thus, grant-in-aid at PNPM-SAMISAKE cannot be afforded by all entrepreneurs.

Fund allocation is not equally distributed to entrepreneurs of *kulit lantung* handicraft. In average, entrepreneurs prefer using their own capital for their work development. There is a worry among entrepreneurs if this government's fund allocation must be repaid. It can be said that the flow of funding from SAMISAKE Program is not yet effective because it is not distributed optimally.

More clearly about the supporting and constraining factors, it is explained in SWOT (*Strength, Weakness, Opportunity, Threats*) as shown in the following table.

**Table 12.**  
**SWOT Analysis against Kulit Lantung Handicraft Based on MSME in Bengkulu City**

No.	<i>Strength</i>	<i>Weakness</i>	<i>Opportunity</i>	<i>Threats</i>
1.	Handicraft products are diversified into varieties.	Quality is less.	There is opportunity to improve the quality through additional capital.	Products are hindered with low capital which results in poor quality.
2.	Structures and infrastructures are reliable.	Structures and infrastructures are not well maintained, and thus, the usage is not optimum.	There is opportunity to improve the damaged structures and infrastructures to ensure reuse.	Improvement of structures and infrastructures remains uncertain.
3.	Raw material is obtained directly from Bengkulu City.	The cultivation site for <i>kulit lantung</i> raw material is absent.	There is opportunity to develop the cultivation site for <i>pohon lantung</i> .	It remains unclear whether cultivation site is developed or not.

*Table 12 contd...*



4.	Natural resource is abundant.	Resource management is lacking.	There is opportunity for the development of technology and bio-technology.	Nature and environment may decay.
5.	Community participation is good.	Economic condition and education background is low.	There is good synergy between subdistrict and communities.	Socio-culture of communities.
6.	Youth plays good role.	Local government is less supportive.	Communities are obedient to the law.	The advance of technology and communication.

**Source:** Processed by the author.

As shown by Table 12 above, result of SWOT Analysis against kulit lantung handicraft based on MSME in Bengkulu City has explained that internal and external factors are assigned onto strength, weakness, opportunity and threats. Strength of *kulit lantung* handicraft is that products are diversified into varieties that are competitive to other handicrafts. *Kulit lantung* handicraft has a distinctive marker, respectively by using the fiber from the bark of *pohon lantung* which is considered as having good tensile strength and not easily broken.

Structures and infrastructures are available in good condition. It agrees with public administration theory explained by Solihin (2009:42-45) who states that government role in the governance is to understand people aspiration and to sensitize problems faced by communities. Government also plays important role in building community participation by giving great trust to communities or feeling ensured that communities can improve their wellbeing. Government officers may help problem-solving for problems that cannot be handled by communities. Such problem is related to the construction of structures and infrastructures that must be used by communities in Anggut Atas Sub-district around the *kulit lantung* handicraft centers.

Besides reliable structures and infrastructures, *kulit lantung* handicraft works collect raw material directly from Bengkulu City. It facilitates the delivery despite long distance to cover, but at least the place still remains in Bengkulu City. Other strength of *kulit lantung* handicraft works is from the role of youth generation or other communities who are quite participative to buy handicraft products. However, weakness is also evident. The quality of *kulit lantung* handicraft products is not quite good. Many products are dilapidated after immediate usages. Gluing is not strong enough, thus

preventing from durable usage. Structures and infrastructures are not well maintained. Both remain unclean, or it is let to be dirty. Therefore, structures and infrastructures are not used optimally. There is a great concern that raw material for *kulit lantung* handicraft is becoming scarce because it is genuine natural resource but with less cultivation site. The plan for cultivation site is also not certain.

Some opportunities are waiting for the development of *kulit lantung* handicraft. There is opportunity to improve the quality through additional capital. This additional capital allows entrepreneurs of *kulit lantung* handicraft to buy high quality equipments and tools. There is also opportunity to improve the damaged structures and infrastructures to ensure reuse. For raw material of *kulit lantung* handicraft, the government and communities can build cultivation site. It is expected that this cultivation site will keep natural balance and avoid the scarcity of natural resource. Also, there is opportunity for the development of technology and bio-technology. But the most demanding is good participation between government and communities.

Final analysis is about threats faced by *kulit lantung* handicraft works. The production is hampered by capitalization. Most entrepreneurs still use self-owned capital, and very few entrepreneurs rely on loan for their capital. The improvement of structures and infrastructures remain uncertain. It is also unclear whether cultivation site is developed or not. Other threats come from the nature recalling the fact that nature and environment can decay, or be susceptible to the damage. Concerning with communities, socio-cultural habit and also technology and communication advance may change the opinion of communities.

## 7. CONCLUSION

*Kulit lantung* handicraft is the work founded by communities in Bengkulu City as the effort for MSME-based Local Economic Development. This *kulit lantung* handicraft works employ natural resource, respectively the bark of wild jackfruit grown in house yard. Processing of *kulit lantung* is still manual and traditional. Therefore, the products of *kulit lantung* handicraft are considered as artistic which has high sale price. However, *kulit lantung* handicraft works cannot escape from problems.

Lacking of skilled human resource to manage grant-in-aid is quite evident. The capital grant cannot be utilized properly. Government role is not effective. Therefore, a planning to deal with problems is needed. One

strategy made by the government of Bengkulu Province is by establishing local innovation system. This system is intended to develop a synergic collaboration and a consistent cooperation among innovation actors, comprising of academicians who invent science and technology, business entrepreneurs, or financial agencies that will exploit the benefit of science and technology, and also financing facilities.

The Minister of Research and Technology and The Minister of Internal Affairs have made a joint regulation in their Decree No.3 and No.36 in Year 2012 about the enforcement of local innovation system. Following-up to this legislation, then Bengkulu Province has released Governor Decree No.227.XXXII Year 2013 that initiates the establishment of Coordination Team for SIDA Empowerment in Bengkulu Province in Year 2013-2017. Although the government has attempted to implement PNPM-SAMISAKE Program, many entrepreneurs are hesitant to take benefit from this program. It may be because entrepreneurs are lacking of information whereas many sub-districts are not eligible. Therefore, *kulit lantung* handicraft needs a mature planning to deal with problems. Scenario planning provides many alternatives to answer these problems.

In scenario planning, there are focal concerns (main focuses) and driving forces. Main focuses are concerning with problems faced by *kulit lantung* handicraft, respectively capital budget and technology management. There are four scenario planning (best, good, worse, worst) and each scenario comprises of five aspects such as economic, political, social, environment and technology.

The supporting factors of *kulit lantung* handicraft are that raw material for *kulit lantung* handicraft is obtained from genuine natural resource and also that community participation is quite high as proved by their willingness to buy handicraft products. However, the factors constraining *kulit lantung* handicraft are low capital, less optimum implementation of programs and policies by the government, and inconsistency among entrepreneurs to keep their business. Precisely, capital influences the presence of technology, and unreliable technology may impair quality of products.

## 8. SUGGESTION

To ensure that the vision of local economic development based on MSME at the *kulit lantung* handicraft centers in Bengkulu City is achieved, some suggestions must be considered. These are explained as follows:

Human resource must be empowered. Training may help human resource to manage grant-in-aid from government. Human resource is a key factor to develop MSME. Besides, government must be more participative in managing and marketing handicraft products. Improving the promotion is one way to develop the awareness to the products.

After human resource is empowered, it then needs technology. Because technology matters, the ultimate technology must be deployed at the *kulit lantung* handicraft centers. Raw material processing factories can be constructed at the town, and thus, the *kulit lantung* handicraft centers may have easy access to raw material. It also improves effectiveness and efficiency of delivery time. Good participation from government may optimize the usage of fund allocation in PNPM-SAMISAKE. Communities shall be informed about the funding to minimize their worry if the default shall exist against the loan from government.

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