

## THE EFFECTIVENESS OF GOVERNMENT ASSISTANCE IN PROMOTING ECONOMIC INDEPENDENCE THROUGH MICRO ENTERPRISES IN CENTRAL LOMBOK, WEST NUSA TENGGARA PROVINCE

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### Abstract

This study evaluates the effectiveness of government assistance in increasing economic independence through micro-enterprises in Central Lombok, West Nusa Tenggara. Involving 200 respondents selected through stratified random sampling, the study reveals that 70% of aid recipients experienced an average income increase of 30%, and 65% felt the aid helped them expand their business. Statistical analysis shows a significant positive correlation between the amount of aid and economic independence (correlation coefficient 0.65,  $p < 0.05$ ). Factors influencing the effectiveness of aid include access to capital, skill training, bureaucracy, and lack of mentoring. These findings highlight the need for a more holistic approach and sustainable support to maximize the impact of government assistance.

**Keywords:** Government assistance effectiveness, economic independence, micro-enterprises

### Introduction

Economic independence is a key indicator of community welfare. In Indonesia, particularly in underdeveloped regions like Central Lombok in West Nusa Tenggara Province, economic independence is a primary target in various development programs. Economic independence encompasses individuals' ability to meet their living needs independently and the community's ability to contribute to overall economic development. According to Sen (1999), economic independence is the ability of individuals to determine and meet their own needs, including accessing and utilizing economic resources. In the context of micro-enterprises, economic independence can be defined as the ability of micro-entrepreneurs to run their businesses stably and grow without complete dependence on external assistance.

Micro-enterprises play a vital role in the local economic structure in Indonesia. Micro-enterprises often serve as the primary income source for many families, especially in rural areas. However, micro-enterprises face significant challenges, including limited access to capital, lack of business knowledge, and limited access to broader markets. According to Tambunan (2011), micro-enterprises in Indonesia face various obstacles hindering their growth and sustainability, such as limited access to capital and low levels of entrepreneurial education. In this context, government assistance is crucial. Government assistance programs, such as providing business capital, skill training, and marketing assistance, are designed to overcome these obstacles and promote economic independence through empowering micro-enterprises. According to Yunus

(2007), microfinance assistance can be an effective tool for empowering small and micro-enterprises, increasing income, and reducing poverty.

In Central Lombok, various assistance programs have been launched to enhance community economic independence through micro-enterprises. However, the effectiveness of this assistance remains a crucial question that needs to be answered through in-depth research. Measuring how far government assistance can promote economic independence for aid recipients is essential to ensure that these programs run according to their objectives and provide the expected positive impact. This study aims to analyze the effectiveness of government assistance in promoting economic independence through micro-enterprises in Central Lombok, identify factors supporting and inhibiting the effectiveness of government assistance in micro-enterprises, evaluate how aid recipients utilize the assistance provided to develop their businesses, and assess the long-term impact of government assistance on the economic welfare of aid recipients in Central Lombok.

This study is expected to provide both theoretical and practical benefits. Theoretically, it can enrich the literature on the effectiveness of government assistance in promoting economic independence through micro-enterprises. The results of this study are expected to be a reference for future researchers interested in similar topics. Practically, this study can provide valuable input for the government in formulating more effective policies and programs to increase community economic independence through micro-enterprises. Additionally, the study's results can help micro-entrepreneurs better understand how to optimally utilize government assistance to develop their businesses. Ultimately, this study aims to contribute to the improvement of economic welfare in Central Lombok in particular and Indonesia in general.

### **Research Methodology**

This study uses a quantitative approach with a descriptive-analytical design. A quantitative approach was chosen because this research aims to measure the effectiveness of government assistance on the economic independence of aid recipients in Central Lombok. A descriptive-analytical design is used to describe the current conditions and analyze the relationships between the variables studied. Data will be collected from respondents who received government assistance through structured surveys. In-depth interviews and observations are also conducted to gain a more comprehensive understanding of the experiences and views of aid recipients.

This research is conducted in Central Lombok, West Nusa Tenggara Province, chosen as the study location due to its high poverty rate and significant receipt of government assistance for micro-enterprise development. Central Lombok comprises several sub-districts with diverse economic and social characteristics, providing a comprehensive overview of the effectiveness of assistance programs in various contexts. The research subjects are recipients of government assistance focused on micro-enterprise development. Inclusion criteria for the research subjects are individuals or families who have received government assistance for micro-enterprises in the last three years, micro-enterprises that have been operating for at least one year after receiving assistance, and willingness to participate in surveys and in-depth interviews.

The characteristics of the research subjects include age, gender, education level, type of micro-enterprise operated, and the amount and type of assistance received. Subject selection is done using stratified random sampling to ensure good representation of various aid recipient groups in Central Lombok. Data collection methods used in this study include surveys, in-depth interviews, and observations.

- **Survey:** Structured surveys are conducted using questionnaires tested for validity and reliability. These questionnaires contain questions about the receipt and utilization of government assistance and its impact on economic independence. The survey is completed by respondents directly or with the help of researchers if needed.
- **In-Depth Interviews:** In-depth interviews are conducted with selected aid recipients to gain deeper insights into their experiences, challenges, and views on the effectiveness of the assistance received. These interviews are recorded and transcribed for further analysis.
- **Observation:** Observations are made to understand the local context and the condition of the micro-enterprises of aid recipients. Researchers visit business locations and note physical conditions, social interactions, and operational processes. These observations help confirm data obtained from surveys and interviews.

Data collected from surveys, interviews, and observations are analyzed using statistical and thematic analysis techniques.

- **Statistical Analysis:** Quantitative data from surveys are analyzed using statistical software like SPSS or Stata. Descriptive analysis is conducted to describe the profile of respondents and the distribution of research variables. Inferential analysis, such as correlation and regression tests, is used to examine the relationship between receiving government assistance and economic independence.
- **Thematic Analysis:** Qualitative data from interviews and observations are analyzed using thematic analysis methods. This process involves reviewing interview transcripts and observation notes to identify emerging main themes. These themes are then organized and interpreted to provide in-depth insights into the experiences and views of aid recipients.

The results of quantitative and qualitative data analysis are then compared and combined to provide a comprehensive picture of the effectiveness of government assistance in promoting economic independence through micro-enterprises in Central Lombok. The findings are expected to provide practical recommendations for developing more effective government assistance policies in the future.

## **Research Results and Discussion**

### *Respondent Description*

This study involves 200 government assistance recipients focused on micro-enterprise development in Central Lombok, West Nusa Tenggara Province. Respondents are selected through stratified random sampling, ensuring proportional

representation of each aid recipient group in the sample. This is important to obtain a more accurate and comprehensive picture of the effectiveness of government assistance for various community groups.

Respondents' ages range from 20 to 60 years, encompassing individuals in various life and career stages. The majority of respondents are in the productive age range of 30-50 years, a period when individuals are typically at their peak productivity and economic capacity. This productive age is significant because individuals in this range tend to be more active in developing businesses and utilizing the assistance provided to increase economic independence.

Gender composition of respondents is relatively balanced, with 55% women and 45% men. This balance reflects the diversity of aid recipients and indicates that both men and women are active in developing micro-enterprises. The role of women in micro-enterprises is vital, especially in rural areas where women often serve as the family backbone and significantly contribute to household economies. Therefore, analysis that includes a gender perspective is relevant in understanding the effectiveness of government assistance.

Most respondents have education up to high school level (40%) or below (35%). Only a small portion of respondents have diploma or bachelor's education (25%). This education level reflects the general characteristics of the Central Lombok community, where access to higher education is still limited. Education plays an important role in one's ability to manage micro-enterprises well. Respondents with higher education tend to have better management skills and more easily adopt innovations in their businesses.

The types of businesses run by respondents are very diverse, including the trade sector (35%), services (25%), agriculture (20%), and household industries (20%). This diversity reflects the local economic dynamics in Central Lombok, where the community engages in various economic activities to meet their living needs. The trade sector includes businesses such as grocery stores, stalls, and street vendors. The services sector includes businesses such as salons, workshops, and laundry services. The agricultural sector includes farming and livestock businesses, while household industries involve the production of goods such as handicrafts and processed foods.

The duration of businesses run by respondents varies from one to five years after receiving assistance. This variation in business duration provides an overview of the dynamics of micro-enterprise growth in Central Lombok. Some new businesses established after receiving assistance show the government's efforts to encourage new entrepreneurship, while longer-running businesses reflect the stability and sustainability of businesses that have received government support. Longer-running businesses typically have more experience in managing the business and can provide valuable insights into the sustainability and long-term impact of government assistance.

The demographic description of respondents shows that this study involves a diverse group of aid recipients in terms of age, gender, education level, type of micro-enterprise, and business duration. This diversity is important to ensure that the analysis conducted can encompass various perspectives and experiences, providing a comprehensive picture of the effectiveness of government assistance in promoting economic independence through micro-enterprises in Central Lombok.

### ***Effectiveness of Government Assistance***

The analysis results show that government assistance has a significant and positive impact on the economic independence of aid recipients in Central Lombok. Data collected from 200 respondents reveal that government assistance plays an important role in improving the welfare and economic capabilities of the community involved in micro-enterprises.

As many as 70% of respondents reported experiencing an income increase after receiving government assistance. This indicates that the assistance programs provided are effective in increasing the purchasing power and income of recipients. The average reported income increase is 30% of previous income. This increase shows that government assistance, whether in the form of business capital, skill training, or marketing assistance, has made a meaningful contribution to the economic welfare of recipients.

The income increase can be directly attributed to capital assistance, which allows recipients to reinvest in their businesses. For example, capital assistance is often used to purchase raw materials, repair or add equipment, and increase production capacity. With additional capital, many recipients can scale up their businesses, leading to increased income from selling products or services.

In addition to income increase, 65% of respondents stated that government assistance also helped them expand their businesses. This business expansion includes two main aspects: increasing production capacity and accessing broader markets.

- **Increasing Production Capacity:** Many recipients who received assistance used the funds provided to expand their production capacity. With better equipment, production processes become more efficient, and production volume increases. This enables micro-enterprises to meet higher demand and reduce production time, contributing to increased income.
- **Accessing Broader Markets:** Government assistance also helps recipients access broader markets. This includes support in marketing, such as promotion and access to exhibitions or new markets. Some recipients succeeded in reaching consumers outside their local area thanks to the marketing assistance provided. By expanding their distribution network and increasing product or service visibility, micro-enterprises can increase sales volume and reach new customers.

The research results show that government assistance has successfully increased the economic independence of aid recipients in Central Lombok. Income increases and business expansion are key indicators of the success of this assistance. The support provided not only helps recipients increase their income but also enables them to further develop their businesses, ultimately contributing to local economic growth.

It is important to note that this success largely depends on how the assistance is used and managed by the recipients. Effective capital, training, and marketing assistance can have a significant positive impact, while a lack of ongoing support or management issues can limit the effectiveness of the assistance. Therefore,

recommendations for increasing the success of future government assistance programs include enhancing post-assistance support, providing more comprehensive business management training, and ongoing monitoring and evaluation.

### ***Impact of Various Types of Government Assistance on Economic Independence***

This study found that the government assistance provided to recipients in Central Lombok has shown a significant positive impact on their economic independence. Based on the analysis results, there are three types of assistance that have the most impact: business capital assistance, skill training, and marketing assistance. Each type of assistance has a specific role and contribution in supporting the growth and development of micro-enterprises.

#### ***Business Capital Assistance***

Business capital assistance is the most impactful type of assistance and has a broad influence on the development of micro-enterprises. The business capital provided allows recipients to make various important investments that increase the capacity and efficiency of their businesses.

- **Business Development:** With capital assistance, recipients can develop their businesses from small-scale to larger-scale. For example, additional capital can be used to expand business locations, open new branches, or increase production capacity. This development enables micro-enterprises to serve more customers and meet increasing demand.
- **Raw Material Purchases:** Business capital is also often used to purchase raw materials needed in production. By having sufficient raw material stock, recipients can improve product quality and ensure business continuity without worrying about raw material shortages.
- **Equipment Repair and Purchase:** Additionally, business capital allows recipients to repair or purchase new equipment. Modern and efficient equipment can increase productivity and product quality while reducing production time. For example, more advanced production machines can speed up the production process and reduce operational costs.

#### ***Skill Training***

Skill training is the second important type of assistance in supporting economic independence. This training aims to improve the technical and managerial abilities of aid recipients, contributing to the improvement of product and service quality.

- **Product Quality Improvement:** With skill training, recipients learn new techniques and innovative ways in production. This helps them produce higher-quality products that meet market standards and are more competitive in local and regional markets.
- **Service Improvement:** Additionally, skill training includes customer service aspects. Skills in customer communication, service management, and marketing strategies can increase customer satisfaction and build customer loyalty.

- **Entrepreneurship and Management:** Training also covers entrepreneurship and management skills such as business planning, financial management, and business development strategies. These skills help recipients manage their businesses more efficiently and make better decisions.

#### *Marketing Assistance*

Marketing assistance is the third type of assistance that significantly impacts the economic independence of aid recipients. This assistance focuses on increasing market access and product promotion, which are key to the growth of micro-enterprises.

- **Access to Broader Markets:** Marketing assistance helps recipients reach broader markets. This support can include facilities for participating in exhibitions, access to wider distribution networks, or assistance in marketing products through online platforms. With broader market access, recipients can increase sales volume and expand their customer base.
- **Promotion and Branding:** Marketing assistance also includes promotion and branding. Recipients who receive marketing support learn how to effectively market their products, create attractive promotional materials, and build a strong brand. Good promotion can increase product visibility and attract new customers.
- **Marketing Strategy Development:** Additionally, marketing assistance often involves developing better marketing strategies. Recipients are taught how to analyze the market, determine target customers, and design effective marketing campaigns. This helps them adjust their products and strategies to meet customer needs and preferences.

Overall, business capital assistance, skill training, and marketing assistance each play a crucial role in supporting the economic independence of aid recipients. Business capital assistance provides direct support in business development, raw material purchases, and equipment repair. Skill training improves product quality, services, and business management. Meanwhile, marketing assistance opens access to broader markets and increases product visibility. The combination of these three types of assistance forms a strong foundation for recipients to develop their businesses sustainably and increase their overall economic independence.

#### ***The Relationship Between the Amount of Assistance Received and Economic Independence Improvement***

Statistical analysis conducted in this study shows a significant positive relationship between the amount of assistance received and the improvement in the economic independence of aid recipients. This measurement uses Pearson correlation tests to determine the extent of the relationship between the two variables.

Pearson correlation tests are statistical methods used to measure the strength and direction of the linear relationship between two variables. In this study, the Pearson correlation test was applied to analyze the relationship between the amount of assistance received by respondents and their economic independence improvement.

The Pearson correlation coefficient ( $r$ ) obtained in this analysis is 0.65 with a significance value ( $p$ ) of less than 0.05.

A correlation coefficient of 0.65 indicates a strong positive relationship between the amount of assistance received and the improvement in economic independence. This value is within the range of 0 to 1, where a value of 0 indicates no relationship at all, and a value of 1 indicates a perfect linear relationship. With a value of 0.65, it can be concluded that there is a fairly strong relationship between the two variables.

- **Direction and Strength of the Relationship:** A positive correlation coefficient of 0.65 indicates that the greater the amount of assistance received, the higher the level of economic independence achieved by aid recipients. This means that larger assistance tends to result in greater improvements in recipients' economic independence. This relationship is linear, meaning that an increase in the amount of assistance is associated with a consistent increase in economic independence.
- **Statistical Significance:** A  $p$ -value of less than 0.05 indicates that this relationship is statistically significant. In statistical terms, a  $p$ -value of less than 0.05 means that the likelihood of the observed relationship occurring by chance is less than 5%. In other words, there is high confidence that the positive relationship found between the amount of assistance and economic independence is not due to chance but reflects a real relationship.

These findings indicate that government assistance, especially in the form of business capital, has a significant positive impact on the economic independence of aid recipients. The increase in the amount of assistance received by recipients is directly related to the improvement in their economic independence, which can be measured from aspects such as income increase, business expansion, and the ability to operate independently without continuous dependence on assistance.

- **Effectiveness of Assistance:** These findings affirm that the amount of assistance provided is a key factor in increasing the effectiveness of assistance programs. Recipients who receive more support in terms of capital, training, and marketing tend to show greater improvements in their economic independence.
- **Policy Recommendations:** Based on these findings, it is recommended that government assistance policies consider increasing the amount of assistance or providing additional support for recipients in need. This can help ensure that the benefits of government assistance are not only felt instantly but also contribute to the long-term sustainability of micro-enterprises.
- **Integrated Approach:** Furthermore, to maximize the impact of assistance, it is important to adopt an integrated approach that not only focuses on providing financial assistance but also includes skill training and marketing support. The combination of various forms of support can be more effective in facilitating the growth and economic independence of aid recipients.

Overall, the analysis results show that the amount of assistance received is positively related to economic independence improvement. The Pearson correlation

coefficient of 0.65, which is statistically significant, supports the claim that government assistance has a substantial impact on the economic independence of recipients. These findings highlight the importance of the amount and type of assistance in supporting the development of micro-enterprises and provide a basis for more effective policy recommendations to improve the economic welfare of the community.

### ***Supporting Factors in Enhancing Economic Independence***

This study identifies several key factors that support the effectiveness of government assistance in enhancing the economic independence of aid recipients in Central Lombok. These supporting factors include access to capital, skill training, networking and market access, and the commitment and motivation of recipients. Each of these factors plays a crucial role in ensuring that the assistance provided can be optimally utilized to achieve the desired economic goals.

#### ***Access to Capital***

Access to capital is one of the main supporting factors in the development of micro-enterprises. Adequate capital allows aid recipients to make the necessary investments to grow their businesses.

- **Business Development:** Available capital can be used to scale up the business, such as expanding business locations, purchasing additional equipment, or increasing production capacity. With sufficient capital, recipients can enhance their business operations and meet higher customer demand.
- **Raw Material Purchases:** Capital is also important for purchasing raw materials needed in production. With sufficient raw material stock, aid recipients can maintain smooth production processes and ensure they can fulfill orders without delays.
- **Equipment Repair:** The provided capital is often used to repair or replace outdated equipment. Better and more efficient equipment can increase productivity and product quality while reducing production time and operational costs.

#### ***Skill Training***

Skill training is another important supporting factor contributing to recipients' success. This training is designed to enhance business capacity and efficiency by improving technical and managerial skills.

- **Capacity Building:** Relevant and quality training provides aid recipients with new skills that can be directly applied to their businesses. For example, training in the latest production techniques or modern technology use can improve product quality and operational efficiency.
- **Business Management:** In addition to technical skills, training also covers managerial aspects such as business planning, financial management, and marketing strategies. Good managerial skills help recipients manage their businesses more effectively, optimize resource use, and make better decisions.
- **Customer Service:** Training in customer service is also important to improve customer experience and build loyalty. Skills in communicating with customers and

handling feedback can increase customer satisfaction and encourage repeat business.

#### *Networking and Market Access*

Support in building networks and market access is crucial in developing micro-enterprises. Marketing assistance and access to distribution networks can expand market reach and increase sales.

- **Access to Broader Markets:** Marketing assistance allows recipients to reach broader markets. This support can include facilities for participating in exhibitions, access to wider distribution networks, or assistance in marketing products through online platforms. With broader market access, recipients can increase sales volume and expand their customer base.
- **Distribution Networks:** Good distribution networks help recipients distribute their products more efficiently. Support in building relationships with distributors or retailers can facilitate product marketing and sales.
- **Promotion and Branding:** Support in promotion and branding also helps recipients increase the visibility of their products. Effective promotional campaigns and strong branding strategies can attract new customers and increase competitiveness in the market.

#### *Commitment and Motivation*

The commitment and motivation of aid recipients play an important role in determining the extent to which they can utilize the assistance provided to achieve economic independence.

- **High Commitment:** Recipients with high commitment to their businesses tend to strive to maximize the assistance received. This commitment is evident from their efforts to implement the training received, manage capital well, and continuously develop their businesses.
- **Motivation to Grow:** Intrinsic motivation to grow and achieve success is a key factor in overcoming challenges. Recipients with strong motivation to achieve their business goals tend to be more resilient and creative in finding solutions to emerging problems.
- **Goal Setting and Evaluation:** Motivated recipients often set clear goals and conduct periodic evaluations of their business progress. This helps them stay focused, evaluate results, and make necessary adjustments to achieve the desired outcomes.

Supporting factors such as access to capital, skill training, networking and market access, and the commitment and motivation of recipients play a very important role in determining the success of government assistance programs in enhancing economic independence. Sufficient capital enables business development and expansion, skill training enhances capacity and efficiency, networking and market access expand business reach, and the commitment and motivation of recipients ensure that the assistance is utilized optimally. By strengthening and utilizing these supporting

factors, government assistance can become more effective in promoting economic independence and the growth of micro-enterprises in Central Lombok.

#### *Inhibiting Factors in Enhancing Economic Independence*

This study also identifies several inhibiting factors that affect the effectiveness of government assistance in enhancing the economic independence of aid recipients in Central Lombok. These inhibiting factors include bureaucracy, lack of mentoring, limited access to information, and infrastructure constraints. Each of these factors can hinder the development process of micro-enterprises and reduce the positive impact of the assistance provided.

#### *Bureaucracy*

Complex and slow bureaucracy is one of the main inhibiting factors in the effectiveness of government assistance. Complicated administrative processes and long waiting times in the submission and disbursement of assistance can hinder recipients from utilizing the support provided efficiently.

- **Submission Process:** The complex submission procedures often make it difficult for recipients to meet administrative requirements. Required documents, numerous approvals, and complex forms can make the process tedious and confusing. This can cause delays in obtaining the necessary assistance.
- **Assistance Disbursement:** The slow disbursement process of assistance can hinder recipients from immediately using the funds for their business needs. These delays can cause instability in business operations and reduce the effectiveness of the assistance provided.
- **Impact on Decision Making:** Heavy bureaucracy can also affect recipients' decisions in planning and executing business strategies. Uncertainty about the timing of assistance disbursement and administrative requirements can add risks and uncertainty for business recipients.

According to James C. Scott in his book "Seeing Like a State: How Certain Schemes to Improve the Human Condition Have Failed," complex and procedural bureaucracy often hinders the effectiveness of government programs. Scott argues that complex bureaucratic structures can lead to implementation failures due to a lack of flexibility and difficulty in adapting policies to local needs. This aligns with the findings in this study, where complex and slow administrative processes in the submission and disbursement of assistance hinder recipients from effectively utilizing the assistance.

#### *Lack of Mentoring*

Lack of mentoring and ongoing monitoring from the government after assistance is distributed is a significant inhibiting factor in the effectiveness of assistance. Without adequate mentoring, recipients may face difficulties in managing and utilizing the assistance optimally.

- **Limited Mentoring:** Limited or no mentoring can cause recipients not to receive the necessary guidance in implementing skill training or business strategies. The lack of support can lead to recipients facing difficulties in applying new knowledge or facing emerging challenges.
- **Inadequate Monitoring:** Ongoing monitoring is important to ensure that the assistance is used effectively and that recipients face addressable issues. Without adequate monitoring, it is difficult to evaluate the impact of the assistance and provide necessary interventions to improve outcomes.
- **Feedback and Adjustment:** Without mentoring and monitoring, recipients may not receive the necessary feedback to make adjustments to their business strategies. Constructive feedback helps identify areas for improvement and make necessary changes to improve business performance.

Michael Porter, a strategist and economic development expert, emphasizes the importance of mentoring and ongoing support to improve the competitiveness of small and micro-enterprises in his book "Competitive Advantage of Nations." Porter argues that capacity development and ongoing mentoring are crucial in optimizing the potential of small businesses. In the context of this study, the lack of mentoring and ongoing monitoring from the government hinders recipients from utilizing the assistance optimally. Adequate mentoring helps recipients overcome challenges and effectively utilize the assistance.

#### *Limited Access to Information*

Limited access to information on market opportunities and the latest technology is an inhibiting factor that can affect the economic independence of aid recipients. Inadequate information can limit recipients' ability to make informed decisions and utilize available opportunities.

- **Market Opportunities:** Limited information on market opportunities can hinder recipients from identifying potential markets or the latest trends that can be utilized for business development. Without knowledge of market opportunities, recipients may struggle to adjust their products or services to meet consumer needs.
- **Latest Technology:** Information on the latest technology is also important for innovation and business efficiency. Limited access to information on new technology or better production methods can limit recipients' ability to improve product quality and operational processes.
- **Education and Training:** Limited access to information often relates to a lack of education and training needed to utilize the available information. Inadequate training can make it difficult for recipients to understand and apply the latest technology or effective marketing techniques.

According to Clayton Christensen in his book "The Innovator's Dilemma," limited access to information can hinder innovation and business development. Christensen states that information on market opportunities and the latest technology is key to

innovation and competitiveness. Limited information restricts recipients' ability to adapt to market trends and new technology important for business growth.

#### *Infrastructure Constraints*

Infrastructure constraints, such as transportation issues and access to technology, are significant inhibiting factors in micro-enterprise growth. Inadequate infrastructure can limit recipients' ability to run their businesses effectively.

- **Transportation:** Transportation issues can hinder product distribution and market access. Aid recipients in remote or hard-to-reach areas may face difficulties in delivering their products to the market or obtaining necessary raw materials.
- **Access to Technology:** Access to technology constraints can also limit business effectiveness. Inadequate technology or limited access to digital devices can hinder recipients' ability to operate efficiently, conduct online marketing, or use better management systems.
- **Supporting Facilities:** Other supporting infrastructure, such as storage and maintenance facilities, also play an important role in smooth business operations. Inadequate facilities can disrupt production and distribution processes and reduce product quality.

Paul Collier in "The Bottom Billion" also notes that poor infrastructure can exacerbate poverty and hinder economic growth in low-income countries. Collier argues that investment in infrastructure supporting micro-enterprise development and product distribution is key to improving economic independence.

Inhibiting factors such as complex bureaucracy, lack of mentoring, limited information access, and infrastructure constraints can significantly affect the effectiveness of government assistance in enhancing economic independence. Complex and slow administrative processes can cause delays in obtaining assistance, while lack of mentoring reduces the necessary support for utilizing the assistance optimally. Limited information restricts recipients' ability to utilize market opportunities and the latest technology, while infrastructure constraints hinder business operations and distribution. To address these inhibitors, bureaucratic reforms, increased mentoring and monitoring, better information provision, and infrastructure development are needed to support micro-enterprise growth. By addressing these inhibiting factors, the effectiveness of government assistance can be increased, and the economic independence of aid recipients can be strengthened.

#### *Case Studies: Successful and Less Successful Micro Enterprises*

This study includes several case studies of successful and less successful micro-enterprises to provide a concrete picture of the impact of government assistance on the economic independence of aid recipients in Central Lombok. These case studies show the variation in outcomes achieved by micro-enterprises receiving government assistance and how various factors influence their success.

### *Successful Micro Enterprises*

#### *Handicraft Business in Praya Timur District*

One example of a successful micro-enterprise is a handicraft business managed by an entrepreneur in Praya Timur District. This entrepreneur received capital and skill training assistance from the government. This assistance had a significant impact on the development of their business.

- **Receipt of Capital and Skill Training Assistance:** The provided capital allowed the entrepreneur to purchase additional raw materials and better production equipment. Additionally, the skill training received helped improve product quality and production efficiency.
- **Increased Production and Market Expansion:** With the support of capital and better skills, the entrepreneur was able to increase production capacity. This handicraft business successfully expanded its market not only at the local level but also to areas outside Central Lombok. This shows significant progress in product marketing.
- **Increased Income:** Over the past two years, the handicraft entrepreneur's income increased by 50%. This income increase reflects the success of utilizing assistance to scale up the business and increase competitiveness in the market. This increase also shows how capital and skill training assistance can contribute to micro-enterprise growth.

#### *Organic Farming Business in Janapria District*

Another example of a successful micro-enterprise is an organic farming business managed by a farmer in Janapria District. This farmer received capital and marketing assistance from the government.

- **Receipt of Capital and Marketing Assistance:** The provided capital allowed the farmer to develop organic farming by purchasing organic materials and necessary farming equipment. Additionally, marketing assistance helped the farmer market their products to modern markets, including supermarkets and organic stores in the city.
- **Business Development and Product Sales:** With the support provided, the farmer was able to develop their organic farming business and introduce their products to a wider market. This farming business successfully sold its products to modern markets with high demand for organic products.
- **Increased Income:** After receiving assistance, the farmer's income doubled. This income increase reflects the success of utilizing assistance to expand the market and increase sales of organic farming products. This success also shows the positive impact of capital and marketing assistance on the economic independence of farmers.

These case studies of successful micro-enterprises provide valuable insights into the impact of government assistance in enhancing the economic independence of aid recipients. The handicraft business in Praya Timur District and the organic farming business in Janapria District show how capital and skill training assistance, as well as

marketing assistance, can contribute to business growth and income increase. Their success shows the great potential of government assistance in supporting micro-enterprises to achieve economic independence and expand market reach. These case studies also highlight the importance of integrated and sustainable support to ensure the long-term success of micro-enterprises.

#### *Less Successful Micro Enterprises*

In addition to successful micro-enterprises, this study also includes case studies of less successful micro-enterprises to provide a more complete picture of the challenges faced by government assistance recipients in Central Lombok. These case studies include a food stall business in Kopang District and a laundry service business in Pujut District, showing how various inhibiting factors can affect micro-enterprise success.

#### *Food Stall Business in Kopang District*

One example of a less successful micro-enterprise is a food stall business managed by an entrepreneur in Kopang District. This entrepreneur received capital assistance from the government but faced several challenges that hindered business progress.

- **Receipt of Capital Assistance:** Although the entrepreneur received significant capital assistance, the main challenges faced were financial management and marketing. The capital was used to improve facilities and purchase raw materials but lacked proper financial planning.
- **Financial Management Difficulties:** Ineffective financial management caused problems in managing cash flow and monitoring expenses. Without a good accounting system, the entrepreneur struggled to monitor profits and losses and plan expenses wisely.
- **Marketing Issues:** Ineffective marketing was also a major issue. Without a clear marketing strategy, the food stall business could not attract new customers or retain existing ones. This caused the business to show no significant improvement, and income remained stagnant.
- **Income Increase:** Over time, the food stall business did not experience a significant income increase. Inability to manage finances and market effectively hindered business growth and reduced the positive impact of the received capital assistance.

#### *Laundry Service Business in Pujut District*

Another example of a less successful micro-enterprise is a laundry service business managed by an entrepreneur in Pujut District. This entrepreneur also received capital assistance but faced significant challenges affecting business success.

- **Receipt of Capital Assistance:** The provided capital was used to purchase washing machines and other laundry equipment. Although the assistance helped acquire equipment, the entrepreneur faced challenges in other aspects of business operations.

- **Lack of Skill Training and Mentoring:** One major issue was the lack of adequate skill training and mentoring. Without sufficient training, the entrepreneur did not gain the skills needed to manage the laundry business effectively, including operational management and customer service.
- **Intense Competition:** The laundry business in Pujut District faced intense competition from similar businesses in the area. Without a good marketing and management strategy, this business experienced a decline in customers. Intense competition required a more innovative and efficient approach to attract and retain customers.
- **Ineffective Management:** Ineffective business management contributed to declining performance. Without good management, the entrepreneur struggled to organize service schedules, maintain service quality, and handle operational issues.
- **Income Increase:** As a result of these challenges, the laundry service business experienced a decline in customer numbers and income. The capital assistance could not address all the challenges faced, hindering the business's ability to grow and develop.

These case studies of less successful micro-enterprises highlight some of the main challenges faced by government assistance recipients. The food stall business in Kopang District shows how financial management and marketing difficulties can hinder growth, despite capital assistance. Meanwhile, the laundry service business in Pujut District faced challenges from lack of skill training and management, as well as intense competition, reducing the effectiveness of the received capital assistance.

Both case studies show the importance of comprehensive and integrated support in government assistance programs. Capital assistance alone is not enough to guarantee the success of micro-enterprises; additional support in the form of skill training, mentoring, and effective marketing strategies is essential to overcome challenges and enhance the economic independence of aid recipients. Identifying and addressing the issues faced by less successful micro-enterprises can provide insights for improving future assistance programs, focusing on more comprehensive and sustainable support.

## **Conclusion**

This study evaluates the effectiveness of government assistance on the economic independence of micro-enterprises in Central Lombok. The main findings are as follows:

- **Positive Impact:** Government assistance significantly increases economic independence, with 70% of respondents reporting an average income increase of 30%, and 65% successfully expanding their businesses.
- **Types of Assistance:** Business capital assistance has the most impact, followed by skill training and marketing assistance, which together increase micro-enterprise capacity and market access.
- **Supporting Factors:** Access to capital, skill training, market networks, and recipients' commitment are the main factors supporting micro-enterprise success.

- Inhibiting Factors: Complex bureaucracy, lack of mentoring, limited information access, and infrastructure constraints hinder the effectiveness of assistance.
- Case Studies: Successful micro-enterprises effectively utilized the assistance, while less successful ones faced challenges in financial management, marketing, and management.

These findings highlight the importance of comprehensive and integrated support in government assistance programs to enhance the economic independence of micro-enterprises in Central Lombok.

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