


## Implementation of business incubation program by PLUT KUMKM West Sumatera in Padang City

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### ABSTRACT

This study examines the implementation of the Business Incubation Program by PLUT KUMKM in Padang City, West Sumatra. Business incubation refers to a structured process involving guidance, mentoring, and business development provided by an incubator to support the growth of participating MSMEs. The research adopts George C. Edward III's (1980) policy implementation model, which emphasizes four key variables that influence successful implementation: communication, resource, disposition, and bureaucratic structure. A qualitative descriptive approach was employed, with data collected through in-depth interviews and documentation analyses. The research results show that the PLUT Business Incubation Program has met its objectives of providing guidance and assistance to MSMEs participating in the incubation. Support from agency leadership and the commitment of facilitators are reinforcing factors for implementation, while a clear organizational structure and the existence of SOPs support smooth execution of the program. Next, the factors influencing the Implementation of the Business Incubation Program by PLUT are: Supporting factors: leadership support, competence of implementers, adequate facilities, good internal coordination, and tangible benefits for participants. Inhibiting factors: Limited human resources and budget, uneven socialization, varying participant motivation, and lack of follow-up mentoring after the program. This study affirms that the PLUT KUMKM business incubation program plays an important role in enhancing the capacity and competitiveness of SMEs; however, it requires strengthening communication aspects, resources, and an implementation strategy that is more adaptive to the needs of SMEs business actors.

**Keywords:** program implementatin, business incubation, MSMEs, PLUT KUMKM

## 1. INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) in Indonesia have demonstrated that they play a strategic role in maintaining national economic stability. By 2025, the development of MSMEs in Indonesia has increased, with the number reaching around 66 million, contributing approximately 61% to the GDP and absorbing about 97% of the national workforce. The presence of MSMEs not only drives economic growth, but also plays a role in economic equity, reducing poverty, and creating jobs in various regions, including remote areas.

In the West Sumatra Province, MSMEs play a significant role in the regional economy. However, their distribution has not yet been spread evenly across the area. According to data from the West Sumatra Provincial Department of Cooperatives and MSMEs for 2022–2023, approximately 428,126 business units are scattered across 19 regencies and cities. Padang City has the highest number of MSMEs, totaling 111,252 units. This situation is why the author chose Padang City as the research location. This also highlights the importance of strategies to strengthen MSME capacity through continuous mentoring so that they can grow and improve their competitiveness.

PLUT is used to address these issues. PLUT functions as an integrated service center that provides guidance, business consultation, training, incubation, and facilitation of access to financing and marketing. One of the programs carried out at PLUT is the business incubation program. Incubation is a process of mentoring, guidance, and development provided by an incubator institution to incubation participants (tenants) (Atmoko, 2021). This program was initiated by the Ministry of Cooperatives and SMEs to implement policies for directed and sustainable development of MSMEs. The importance of the business incubation program, as regulated in Government Regulation Number 7 of 2021, is to create new entrepreneurs, improve the quality and productivity of MSMEs, strengthen competitiveness, and develop the human resource capacity of MSME actors to survive and grow sustainably.

This incubation program is designed to provide intensive training, business mentoring, management consulting, as well as facilitation of access to capital and marketing. MSME actors aim to increase their revenue (turnover), expand their business networks, and strengthen their competitiveness (Bismala et al, 2019; Hewit & Van Rensburg, 2020; Idris, 2012). In the first year, January 2024, this business incubator assisted 23 participants with various types of businesses, such as culinary, fashion, craft, and cultivation. To determine the extent of implementation of the business incubation program at PLUT KUMKM.

For both local and central governments, business incubation is a tangible effort in supporting the achievement of economic development goals, such as equitable welfare, job creation, poverty alleviation, and increasing the contribution of MSMEs to the gross domestic product (GDP). Therefore, the presence of incubation programs at PLUT KUMKM is crucial as a solution to the various challenges faced by MSMEs, whether in terms of capital limitations, management, innovation, or market access (Anshari & Khaidir, 2020).

This program runs for 12 months and includes the pre-incubation, incubation, and post-incubation stages. In addition, the program provides mentoring and coaching by practitioners or experts, facilitates access to funding, and offers support in promotion and strategic partnership networking. Its main goal is to create new, highly competitive businesses and to encourage the optimization of human resource roles in regional economic growth (PLUT KUMKM, 2024).

## 2. METHOD

According to Sudaryono (2018), this study employed a qualitative method with a descriptive approach to comprehensively depict the process of implementing the business incubation program by PLUT KUMKM West Sumatra. This research focuses on an in-depth understanding of a problem or phenomenon revealed through narratives, stories, interviews with informants, and analysis of personal documents such as photos, notes, physical behavior, and other aspects not related to numbers, as in quantitative research (Idrus, 2009). This study uses the policy implementation theory which states that

there are four variables that affect the success of policy or program implementation, namely communication, resources, disposition, and bureaucratic structure.

This research is located at PLUT KUMKM West Sumatra, Padang City, with informants consisting of managers, consultants, and MSMEs. Data were collected through in-depth interviews and documentation. Data validity was ensured by using source triangulation. Data analysis was performed using the interactive model which includes data reduction, data presentation, and drawing conclusions (Sugiyono, 2022).

### **3. RESULTS AND DISCUSSION**

#### **3.1 Implementation of the Business Incubation Program by PLUT KUMKM under the Department of Cooperatives and SMEs of West Sumatra Province in Padang City**

This research shows that the implementation of the Business Incubation Program at PLUT KUMKM is effective in supporting the development of SMEs in West Sumatra. Based on George C. Edwards III's policy implementation theory, the program implementation can be analyzed through four main indicators: communication, resources, disposition, and bureaucratic structure.

##### **3.1.1 Communication**

Communication plays an important role in determining the success of a program implementation (Pramono, 2020). In general, the communication process between the implementers and the target groups has been running fairly well. Program socialization is conducted through various media, especially the official social media accounts of the Cooperative Office and PLUT KUMKM, so that information can reach more MSME actors. However, the effectiveness of communication has not yet reached an optimal level. Some MSME participants in areas with limited internet access often receive information late or incompletely. In addition, a very short notice before activities begin gives participants insufficient time to prepare (Budiman, 2021). Overall, communication in this program is considered effective, but it still needs to be improved, especially in terms of reach, timeliness, and consistency of information delivery, so that all MSME actors can receive accurate information.

##### **3.1.2 Resources**

The availability and quality of resources, both human and material, greatly influences the success of policy implementation (Edward III, 1980). Based on the research findings, the human resources at PLUT KUMKM are considered to have good competence and professionalism. Facilitators, consultants, and technical staff members demonstrated a high commitment to providing training, assistance, and guidance to the participants. However, there are still challenges due to the limited number of mentors compared to the large number of MSME actors in this province; therefore, the services provided have not yet been able to reach all areas evenly. In terms of funding, there is a noticeable difference between the Sumbar PLUT-In program, funded by the government, and the Pluzu Academy, which operates independently. The former tends to be more structured and systematic, whereas the latter is more flexible and creative, although it often faces funding limitations. Meanwhile, available facilities such as training rooms, halls, and digital resources are adequate to support activities, although they can still be optimized for more effective use.

##### **3.1.3 Disposition**

Disposition is an important factor in achieving program success. The results indicate that the implementers at PLUT KUMKM have high commitment, honesty, and responsibility. They not only act as administrative executors, but also as motivators, facilitators, and mentors for MSME actors. Active support from the heads of the cooperative and SME offices also strengthens this positive spirit. The

direct involvement of leadership in activities such as program openings, monitoring, and evaluations provides moral encouragement and increases enthusiasm for both implementers and participants. Overall, implementers' attitudes and behaviors reflect integrity and compliance with applicable regulations, including Government Regulation Number 7 of 2021, which serves as a reference for program implementation.

### **3.1.4 Bureaucratic Structure**

The bureaucratic structure at PLUT KUMKM operates well and is systematically organized. As a Technical Implementation Unit (UPTD) under the Cooperative Office, PLUT KUMKM has clear task divisions, maintained coordination, and a consistently applied accountability system. Nevertheless, strict administrative procedures, especially programs that use government funds, often limit flexibility in field implementation. By contrast, programs run independently, such as the Pluzy Academy, tend to be more flexible and innovative in their application. Therefore, simplifying bureaucratic mechanisms is important so that program implementation can better adapt to participants' needs. Overall, the bureaucratic structure of PLUT KUMKM functions effectively in maintaining coordination, clarity of roles, and accountability, although increasing flexibility is still required for programs that are more responsive to field conditions.

## **3.2 Factors Influencing the Implementation of the Business Incubation Program by PLUT KUMKM under the Department of Cooperatives and SMEs of West Sumatra Province in Padang City**

The implementation of the PLUT KUMKM Business Incubation Program is influenced by various internal and external factors that determine its success and challenges.

### **3.2.1 Supporting Factors**

The successful implementation of the PLUT KUMKM Business Incubation Program is inseparable from several key supporting factors. Leadership support is among the most influential factors. The head of the cooperative and SMEs office is actively involved in every stage of the program, from planning to evaluation, providing significant moral, administrative, and logistical support. This direct involvement strengthens the legitimacy of the program, while also boosting motivation for both implementers and participants. In addition, the competence and commitment of program implementers are important factors. Consultants and facilitators demonstrated strong technical skills, high professionalism, and dedication in assisting the participants. They actively monitor business developments, help find solutions to various challenges, and adjust strategies according to the ever-changing market dynamics. In addition, the availability of adequate facilities and infrastructure, such as training rooms, auditoriums, product photography studios, and digital resources, creates an environment that supports training activities and incubation processes. The program also benefits from good internal coordination between the PLUT staff, the Cooperative Office, and consultants. This coordination is built through regular meetings, a structured reporting system, and online communication tools that facilitate collaboration and decision-making. The positive impact of this program can be seen in the increased managerial skills of participants, more effective marketing strategies, and expansion of their business networks. All these factors contribute to enhancing entrepreneurs' adaptability and competitiveness (Sartono & Rahmawati, 2018; Sitorus & Anggreini, 2023; Rahayu & Khaidir, 2021). Overall, these factors create a connected and reinforcing ecosystem, thereby promoting effective program implementation and MSME development.

### **3.2.2 Inhibiting Factors**

Although this programme has shown various positive achievements, several factors hinder the overall effectiveness of its implementation. One of the main challenges is the limitation of human resources. The number of available facilitators and mentors is not proportional to the number of MSME actors who require guidance, resulting in suboptimal service distribution and limited monitoring. Another significant constraint relates to the funding aspects. Programs managed independently, such as the Pluzy Academy, rely heavily on participant contributions, whereas government-funded programs are often hindered by strict financial regulations, which limit flexibility and room for innovation. In addition, limitations in communication and access to information affect program inclusivity. Reliance on social media as the main channel for disseminating information has not been entirely effective in reaching MSMEs in areas with poor internet access. On the other hand, a small portion of participants also exhibited low levels of commitment and motivation; they tended to join the program merely to gain short-term benefits rather than being driven by a strong desire to sustainably develop their businesses. The lack of follow-up programs after the incubation period is a weakness that needs attention. The absence of a mentoring or post-program support system made it difficult for some participants to maintain and develop the business progress achieved during incubation. Therefore, addressing various inhibiting factors, particularly by strengthening human resource capacity, increasing flexibility in financial management, expanding communication reach, encouraging active participant engagement, and providing post-incubation support, is an important step in enhancing the effectiveness and strengthening the long-term impact of the PLUT KUMKM Business Incubation Program.

## **4. CONCLUSION**

Based on the findings and discussion regarding the implementation of the Business Incubation Program by PLUT KUMKM West Sumatra in Padang City, it can be concluded that the implementation of the Business Incubation Program Implementation Strategy aligns with the policy effectiveness principles proposed by George C. Edward III. The research results indicate that the four variables—communication, resources, disposition, and bureaucratic structure—have varying levels of effectiveness, but complement each other in supporting the program's success. Among them, communication and implementers' disposition are the most influential factors for successful implementation, while resource limitations and rigid bureaucratic mechanisms remain major obstacles that require further attention. Supporting Factors The factors affecting the Implementation of the Business Incubation Program by PLUT KUMKM in this study include: a) Supporting factors: leadership support, implementer competence, adequate facilities, good internal coordination, and tangible benefits for participants. b) Inhibiting factors: Limited human resources and budget, uneven dissemination, varying participant motivation, and the absence of follow-up mentoring after the program.

### **Ethical approval**

This research did not require ethical approval

### **Informed consent statement**

Informed consent was not obtained for this study.

### **Author's Contributions**

AYZ contributed to the research conceptualization, data collection, and preparation of the manuscript draft. AK supervised the study, provided theoretical and methodological guidance, and contributed to data analysis and final manuscript revision.

### **Disclosure Statement**

No potential conflict of interest was reported by the author(s).

### **Data availability statement**

The data presented in this study are available upon request from the corresponding author for privacy reasons.

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### **Notes on Contributions**

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