

## Observing Palangkaraya Readiness as Indonesia's New Capital City from the Entrepreneurial Perspective

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**Abstract** : *The discourse of transferring the government capital to Palangkaraya city in recent years has been widely discussed with various studies until the central government also provides support so that this discourse is seriously studied. As a candidate for the capital city, Palangkaraya welcomes the discourse with a variety of preparations to support it, in turn that Palangkaraya that is truly ready to become a government capital of the Republic of Indonesia. One of the important studies to welcome the readiness of Palangkaraya city as the government capital of the Republic of Indonesia is from entrepreneurship, for business people who are members of the Small and Medium Industries (IKM) in Central Kalimantan Province has the hope that the potential of superior products is patterned locality can increase its competitiveness and in other parts community empowerment can continue to be sustainable. This paper aims to provide a scientific review that the readiness of Palangkaraya as the capital city needs to pay attention to the creative business units that have existed in the community through the potential of IKM that is ready to develop later.*

**Keywords** : *capital of government; Palangkaraya; entrepreneurship; IKM; empowerment*

### I. Introduction

Planned to move the government capital of the Republic of Indonesia to Palangkaraya in recent years, some kinds of studies and discussions are carried out both by the government at the local to national level, academics also review the discourse with various perspectives, people with various kinds of arguments according to their understanding.

One that has not been touched deeply in a study or discussion about the discourse of transferring the capital to Palangkaraya is in terms of entrepreneurship. This review is important because it relates to empowerment communities at local level, most of whom are indigenous people, in this case the Dayak tribe. This is based on the reason that there are some communities that still prioritize local wisdom so that this situation must be maintained in order to remain sustainable.

There is a reason that is reasonable if the transfer of the capital to Palangkaraya, in fact the local community or Dayak people have not been fully prepared for the arrival of immigrants and various kinds of influence. There will be a lot of eroded values and long-lost identity as Dayak, moreover the business centers of the community that are related to entrepreneurship because on this side it relates to empowerment which has been used as the main support for business actors in particular in Central Kalimantan.

Like most business people in other regions by the Central Kalimantan Provincial Government these business centers are incorporated in the IKM which are recorded and nurtured by the Department of Trade and Industry of Central Kalimantan Province with the hope that there is a focus on potential locality as a superior product for Central Kalimantan Province competitiveness in the global era.

Guided by this, there is an opportunity that can be utilized by business people in Central Kalimantan to improve their products and develop them so that when the capital actually

moves to Palangkaraya all kinds of problems related to product marketing to HR can be easily overcome. While in other parts of this synergistic situation as an effort to support each other (synergy) must continue to run between business people (the community), the government, and the private sector to always innovate when a region has the potential of superior products. This by Austin, Stevenson, and Wei-Skillern (2006) is interpreted as an innovative activity that creates social value within or through the government, business, or non-profit sectors.

## II. Review of Literature

### 2.1 Small and Medium Industries (IKM) in Central Kalimantan

Industry and Trade Service of Central Kalimantan has carried out many activities to develop local products so that people can be independent with entrepreneurship. Activities carried out in general when focusing on the community are usually in the form of exhibitions, training, mentoring, internships to events of a competitive nature. In other parts of this service through the results of data collection carried out for the number of IKM in Central Kalimantan, you can see the Following :

**Table 1.** Industrial Data in Kalimantan 2017

NO	DISTRICTS	AMOUNT OF PRODUCTION UNITS	TOTAL OF WORKER	INVESTMENT VALUE (Rp. 000)	PRODUCTION VALUE	VALUE OF RAW MATERIALS
					(Rp. 000)	(Rp. 000)
1	PALANGKA RAYA	1.065	3.620	49.352.596	117.173.479	21.635.495
2	PULANG PISAU	240	631	821.893	11.178.696	695.306
3	KAPUAS	1.027	4.872	682.587	1.580.577	978.424
4	GUNUNG MAS	304	668	19.303.248	15.662.096	16.283.924
5	SERUYAN	496	1.303	11.941.781	43.392.298	11.383.780
6	KOTAWARINGIN TIMUR	322	1.393	8.817.230	33.656.666	10.540.960
7	KOTAWARINGIN BARAT	1.697	550	76.573.131	68.259.346	36.544.080
8	MURUNG RAYA	144	306	6.078.800	4.666.150	2.092.900
9	LAMANDAU	215	540	8.290.608	9.237.515	5.487.800
10	SUKAMARA	495	1.083	3.011.770	59.802.291	48.645.660
11	BARITO SELATAN	384	1.407	6.055.738	14.274.155	7.002.011
12	BARITO UTARA	379	1.406	11.680.248	20.515.565	8.823.972
13	BARITO TIMUR	338	1.090	7.914.450	101.665.990	40.533.455
14	KATINGAN	582	2400	56.017.350	60.030.940	29.391.210
<b>TOTAL</b>		<b>7.688</b>	<b>21.269</b>	<b>266.541.430</b>	<b>561.095.764</b>	<b>240.038.977</b>

Source: Industry and Trade Service of Central Kalimantan 2018

The magnitude of this agency's role to the community, at least since 2017 in Central Kalimantan, the total employment of 14 districts / cities has 21,269 workers absorbed with an investment of Rp. 266,541,430, - and with a total production unit of 7,688 units. Furthermore, from this data, it can also be seen that West Kotawaringin Regency has a total production unit of 1,697 units but only absorbs 550 workers. Then the city of Palangkaraya as many as 1,065 units with employment of as many as 3,620 workers, and Kuala Kapuas district as many as

1,027 units with employment of as many as 4,872 workers absorbed. From this data, it can also be seen that the lowest number of production units is Murung Raya district with 144 units which are only able to absorb 306 workers.

Furthermore, specifically for Palangka Raya city, it can be said that it is very ready to become the Republic of Indonesia because in terms of the number of metal, machinery and electronics IKM which has the highest investment value of Rp.7,432,729,000 while in terms of production value Rp.17,966,456,000 , - with a raw material value of Rp. 3,516,042,000 (database of Central Kalimantan Province IKM in 2017). In addition, Palangka Raya has the potential of creativity-based IKM crafts to be developed, such as wire jewelry with the application of local wisdom-based dayak webbing, as well as rattan handicrafts that can be combined with rocks. In the future this potential in Palangka Raya can be developed by various craft centers so that people who come to visit Palangka Raya have no difficulty in finding typical Central Kalimantan handicrafts, especially in Palangka Raya. In other parts there is another potential that is just as important, it can also be developed, namely a food and beverage center which is a souvenir of Central Kalimantan.

Other support from Industry and Trade Office of Central Kalimantan Province because in Palangka Raya Packaging Houses are available which can be the main support for packaging IKM food and beverages or other products that require attractive packaging. In the future packaging houses can be developed so that they can contribute to Palangka Raya by contributing to PAD (Regional Revenue). Other potential that can be utilized in Palangka Raya is that the future UPT Kayu Temanggung Tilung is expected to be able to advance and develop such as UPT Kayu located in Java and up to now UPT Kayu is actively providing assistance with supervision of experts from the Jepara furniture center (Central Java).

There is one more thing if the city of Palangka Raya becomes the Capital of the Nation, from the geographical side of the location which is exactly in the middle, and the absence of volcanoes so that no volcanic disaster erupts, the absence of sea in Palangka Raya is safe from the tsunami. This is also supported in terms of accessibility because Palangka Raya's position is in the middle so that it is easy to access from anywhere and for residents of Palangka Raya, especially IKM, it is easy to access out to develop its business.

## **2.2 Urgency of IKM as a Center for Empowerment**

IKM can survive and develop in urban planning can answer one of the things that can be discussed, requiring these entrepreneurial units to provide benefits to encourage labor aimed at the independence of the people in the city. The composition of the entrepreneurial unit compilation that develops in the community can be used as a container for creation and improvement of welfare.

This is where there is an affirmation if the IKM is one of the fields of entrepreneurship because so important the meaning of entrepreneurship by Ihalauw (2002) provides an overview of increasing entrepreneurship which ultimately cannot be separated from the work of Schumpeter (1934) in his Economic Development Theory: An asking Advantages, Capital, Credit, Interest and Business Cycle. In his work, the profits of employers are the benefits gained by those who have innovative businesses.

There are opportunities that larger people do not need to have in taking advantage of opportunities to open a business unit that is tailored to the surrounding environment. This is also coupled with creativity that is realized with the products sold.

Once the importance of the role of IKM in this society by Berry, Rodriquez & Sandeem (2001) in Lestari (2010) discusses there are three reasons that are very needed first IKM, increasing IKM better in producing a productive workforce. Second, IKM often increases productivity through investment and actively follows technological changes. Third, IKM. At least there are three advantages of IKM that are not found in the corporation, namely (1) small business capital. This small factor of capital makes the reason many take risks to start businesses in this sector. (2) Capital is relatively small and does not require many people so that management can be done by improvising in choosing products and how to produce them. (3) The small capital and improvisation that it has turned out to characterize IKM as a very flexible business organization. Small businesses and household businesses in Indonesia also play an important role in increasing labor, increasing the number of business units and supporting household income.

As a part that cannot support empowerment has space in supporting entrepreneurship that develops in the community. There are units that must be shared by unit owners in this case the government to the community to be empowered, existing business units or those developed in the community. In other words the community needs to provide input, and the government is obliged to pay attention to all kinds of inputs and then support programs that do agree to give positive responses to the community itself.

One of the references that is related in this study about empowerment represents an inseparable part of human development, because this is where the fundamental understanding to see empowerment is supported. Then it was started by the UNDP (United Nations Development Program) launching human development (human development) as the winner of choice for everyone to live longer, healthier and live better lives (UNDP, HDR 1990). Extending human choices means assuming a decent place of life that allows humans to gain access to knowledge and education with access to the resources needed for decent living (Chakraborty, 2002).

The concept of human development with all its supporting pillars is a fundamental in understanding the empowerment of a community, including business units that exist and develop in the community in the form of IKM. Suhandoyo (2002) says that human development can also be interpreted as building a person's ability through improving the level of health, knowledge or education and skills. According to Ranis and Stewart (2000) interpreting human development as an improvement in a person's condition so as to enable a longer life while being healthier and more meaningful. Human development is an effort to improve human capabilities, especially through improving the level of health and education, so as to make people become healthier and more productive so that it is possible to reach opportunities available to each of them.

This concept enables human development to be in line with the development paradigm that is related to community participation, namely empowerment. Empowerment in a simple way can be interpreted as an effort to enable the community to have a strategic bargaining position on all kinds of government programs so that people can enjoy the results or effects of various programs for the betterment of their lives.

As stated by Mardikanto (2010) the term "community empowerment" as a translation of the word "empowerment" began to be used in everyday language in Indonesia together with the term "poverty alleviation" since the launch of the Presidential Instruction no. 5/1993, which became known as the IDT Inpres (Inpres Desa Tertinggal). Since then, the term

empowerment and poverty alleviation has been a "twin brother" which has always been a topic and a key word for development efforts.

So then the notion of empowerment is of concern to many parties from various fields, disciplines and various approaches. According to Rappaport in Suharto (1998); "Empowerment refers to efforts to reallocate resources through changing social structures. Empowerment is a way that is directed at the community, organization or community in order to be able to master (rule over) their lives ", so the purpose of empowerment is essentially as explained by Ife (2008): " Empowerment aims to increase the power of disadvantage..."

If it relates to people's abilities, which are related to those who fall into the category of vulnerable and weak, then empowerment by Swift and Levin (1987) in Mardikanto and Soebiato (2015) sees it in two ways:

1. Having access to productive resources that enable them to increase their income and obtain the goods and services they need.
2. Participate in the development process and decisions that affect them. Empowerment refers to efforts to reallocate power through changing social structures.

Whereas in another section Payne (1997) provides an understanding of empowerment as a development strategy, where empowerment can be interpreted as an activity to help clients gain power to make decisions and determine actions to be taken, related to themselves including reducing personal and social barriers in take action through increasing the ability and confidence to use the power possessed by transferring power from the environment. Then this was added by Ife (2008) that empowerment is an effort to provide people with resources for their livelihoods, opportunities, knowledge and skills to improve their ability to determine their future and to participate in and influence the lives of their communities.

### **2.3 Efforts to Increase Competitiveness**

The Palangka Raya city as the basis for increasing the IKM in order to welcome the move of the capital city to be very strategic because there are opportunities for IKM as well as having challenges to be able to develop and have competitiveness in the global era. The current situation and conditions for SMIs in Central Kalimantan must prepare everything to welcome this, for example by:

First, improving the ability of reliable human resources for IKM actors through training. In this section, the HR Management side is needed in the form of adequate training, as revealed by Simamora (2006) training is a learning process that involves acquiring expertise, concepts, regulations, or attitudes to improve labor performance, then also mentioned in Article I paragraph 9 of Act No. 13 of 2003 concerning Manpower that job training is all activities to give, obtain, improve, and develop work competencies, productivity, discipline, attitudes, and work ethic at a certain level of skill and expertise in accordance with the level and job qualifications.

Second, multiply exhibition events or expos at the local level and include IKM actors in national or international scale events. In this section, government support is very important, because this is where the government's alignments actually exist for the IKM. When there is an event on a local scale, the IKM players in the city of Palangka Raya can invite IKM players from the districts in Central Kalimantan province. By regularly participating in exhibition or expo events, it is hoped that IKM actors can learn in arranging products (product displays) to make them look attractive or also IKM actors can absorb various new insights

and knowledge when participating in the event. And the main thing is in this section, the IKM certainly competes with each other to get buyers.

Third, conduct periodic evaluations of programs established by the Department of Trade and Industry of Central Kalimantan Province for IKM, because IKMs will always develop and the numbers will always increase. In other parts of the government, in this case the Department of Industry and Trade of the Province of Central Kalimantan must always record and support new SMEs that grow according to the potential in each region.

### III. Conclusion

Reviewing Palangkaraya City as a potential capital city can be seen from the perspective of business units that develop in the community through IKM, the role of SMIs is very important in empowering the community because on this side the independence of society is absolutely necessary in facing the era of global competition.

The role of the government in this case Industry and Trade office of Central Kalimantan Province also participates in data collection and facilities for IKM players to be able to develop their products so that IKM actors can survive and become better.

In addition, efforts are also needed to improve the competitiveness of IKM products from the government through the Department of Trade and Industry as well as the willingness of the IKM actors to synergize with each other in welcoming Palangkaraya as the capital of the Republic of Indonesia.

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