

## What Support or Impede the success of small and Medium Scale Industry in DKI Jakarta? a case study of the Traditional and Informal Sector Industry in West Jakarta

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### Abstrak

The population dynamics in Indonesia have brought several implications on manpower condition. Fertility level that was high in the past still has impact on the high supply of manpower in Indonesia today. One consequence is that the Government has to provide job opportunity for working age population that is continually growing in number. However, formal sector occupations can only absorb about one third of manpower in Indonesia. As a result, most working age Indonesians have to create their own job opportunity in informal sector in particular in small and medium scale industry (UKM). The success of UKM depends on many factors. This study aims to investigate the factors that support or impede the non-corporate body UKM in particular informal and small scale and traditional industry (USIT). The study location is in West Jakarta.

For the purpose of the study, a survey was conducted. The survey collected data through face-to-face interviews to USIT owners using a structured questionnaire. Data analysis was done descriptively. It is hypothesized that the progress of a USIT depends on the USIT owners' demographic and socioeconomic characteristics, business characteristics and other characteristics (whether owns DKI Jakarta's identity card/KTP), the presence of difficulty in doing business, economic crisis effects on business, training, financial assistance and business prospect). There are eight indicators of growing business used in this study: duration of business and the ability to expand the business. The ability to expand the business is viewed from whether there is growth in physical assets, financial capitals, rates, labor and customers from the beginning of business to the time of the study (October 2002). Results of the study show that the advancement of USIT depends on the demographic and socioeconomic characteristics of USIT owners, the characteristics of business and other characteristics. Economic stability and financial resources are the two factors stated to affect the growing of a USIT. Access to information about financial aid from the Government is inadequate.