

ABSTRACT

The Effects of the Government Establishment Policy on the Performance and Business Structure of the Sub Sector Small Industry in North Sumatra

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The Sub-Sector of the Small Industry Rural Economic Crusade is a group commodities that generally grows and develops in a rural area, using much local material, traditionally process and handed down from one generation to another. Its commodity is one of the national economic growth contributors, therefore the constrains faced by business owner are the low of technical skill, government service on licensing issues, limited capitalization, limited marketing skill, and limited technical guidance. The constraints can be cope by sustainable establishment.

The government establishment policy is focused on coping problems above, that is, (1) technical skill training program, (2) supporting the government regulation on ease license issues to industrial and trade operation, (3) supporting the capitalization, (4) supporting the marketing skill, (5) supporting the industrial and trade technical guidance. The establishment program conducted by government are aimed to increase the investment rate, workforce absorption, and sales revenue growth as stated in the regulation no 9, 1995 that is, to increase business structure from micro to small industry.

The objective of the results are to analysing and gain empirical evidence of the effects of the Government establishment policy including, technical training support, government regulation support, capitalization support, marketing support, industrial and trade technical guidance supported for business performance and industrial stucture unit development. They are analysed by human capital theory, public policy theory, regulations and the result of previous researches, either supported or rejected.

The most significant findings which have never been researched is the influence of business performance on business structure is 0,8037. It is the highest coefficient value among the other ten. Therefor, it could be stated that the effects of business performance dominantly influence on the other ten. It proves that government is successful in arranging and managing its establishment by training support, government rules, capitalization, marketing, and industrial and trade technical guidance supported as stated in regulation no 9, 1995 on this Small Medium Enterprise Affair by increasing business structure from micro to small industry. Besides, the main finding above, there are other research findings ; the positive significant of the technical training on business performance and the negative significance of government rules on the business performance and business structure that do not support Vasant Decal Theory (2003) and the positive significant of the effects of the industrial and trade elucidation on business performance and doesn't support Mulyadi's research (1999).

Key words : government policy, establishment, performance, unit structure business development, Small Industry Rural Economic Crusade