

Optimizing the Potential of Leather Micro Industry through Innovation and Product Diversification by the Department of Industry, Trade, Energy, and Mineral Resources of Garut Regency

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ABSTRACT

Raw materials for sheepskin products are easily obtained in Sukaregang, Kota Wetan Village because it is a leather industry center. The Department of Industry, Trade, Energy, and Mineral Resources (Disperindag ESDM) of Garut Regency aims to improve the welfare of micro-industry through innovation and product diversification by the Department of Industry, Trade, Energy, and Mineral Resources of Garut Regency. The purpose of this study was to determine efforts to optimize local potential through innovation and product diversification carried out by the department, as well as inhibiting factors and efforts to overcome inhibiting factors. This research method is qualitative descriptive. Data collection techniques with observation, interviews, and documentation. Data analysis techniques include data reduction, data presentation, and drawing conclusions. The theory used is the optimization theory according to Siringoringo. The results of the study indicate that business actors have several inhibiting factors in efforts to optimize local potential. Efforts made by the Disperindag ESDM of Garut Regency to overcome these inhibiting factors include adding employees, providing capital assistance, and providing training and mentoring for product marketing through digital media and e-commerce.

Keywords: Business Welfare; Leather Micro-Industry; Potential Resource; Product Diversification; Product Innovation

INTRODUCTION

Local potential is a very important concept in the context of regional development. It reflects the wealth of a region or community, which can be the foundation for sustainable economic growth, improving social welfare, and preserving the environment. By understanding and optimally utilizing local potential, a region or community can create sustainable development, strengthen the local economy, improve social welfare, and protect and preserve the environment for future generations. Therefore, the government, local stakeholders, and the community need to work together to identify, manage, and utilize local potential sustainably and efficiently.

Garut Regency is one of the regions in Indonesia that is rich in local potential, both in terms of natural resources, culture, and human resources. Amid ongoing economic development, the utilization of local potential is very important as a foundation for sustainable economic development, especially in the context of developing small and medium industries (SMEs). In Garut Regency, there are various types of micro and small industries (MSMEs), but what is interesting to consumers is the leather industry, because Garut Regency is famous for its sheep whose skin is used by business actors and made into various leather products (bags, shoes, jackets, sandals, wallets, and other leather-based products). The leather industry in Garut Regency is located in two sub-districts, namely Garut Kota Sub-district and Karangpawitan Sub-district. [Table 1](#) below presents the types of MSMEs in the two sub-districts.

Table 1. Types of MSMEs in Garut Kota District and Karangpawitan District

No	Type of Industries	Number of Industries (units)	
		Garut Kota District	Karangpawitan District
1	Leather	414	620
2	Furniture	27	40
3	Metal Goods	6	29
4	Textiles	3	2
5	Weaving	71	73
6	Extracts	38	346
7	Woven	7	6
8	Food	267	220
9	Drinks	155	42
10	Printing	10	2
11	Crafts	47	5

Source: [Central Agency of Statistics of Garut Regency \(BPS Kabupaten Garut, 2021\)](#)

[Table 1](#) shows that Karangpawitan District has more leather MSMEs compared to Garut Kota District. The one designated as the leather industry center in Garut Regency is Garut Kota District, namely in Sukaregang, Kota Wetan Village. [Table 2](#) below presents the number of micro industries per village in Kota Wetan District.

Table 2. Micro Industry per Sub-district in Kota Wetan District

No	Villages	Number of Micro Industries (units)
1	Margawati	1
2	Sukanegla	2
3	Cimuncang	10
4	Kota Wetan	329
5	Kota Kulon	12
6	Murasanding	-
7	Paminggir	-

8	Regol	6
9	Ciwalen	-
10	Pakuwon	8
11	Sukamantri	46

Source: [BPS Kabupaten Garut \(2021\)](#)

Based on [Table 2](#), Sukaregang, Kota Wetan Sub-district has the largest number of micro-leather industry business actors, namely 329 units and there are 3 (three) sub-districts that do not have micro or small leather product industries.

Leather raw materials are easily obtained in Sukaregang, Kota Wetan Sub-district so that business actors can produce leather products at any time. The problem that emerged in this study is the suboptimal local potential, namely leather raw materials that are processed into finished goods in the form of bags, shoes, jackets, sandals, wallets, and other leather-based products. Before business actors design leather materials into finished goods in the form of leather products, the leather must be tanned. Because business actors do not have the equipment, for leather tanning, business actors must spend production costs to use the facilities provided by the Garut Leather Industry Development Service Unit (SATPEL) by paying according to the type of leather, width of leather, and amount of leather tanned.

Product design to marketing is still done in a simple way (not using technology) due to limited capital and skills. Likewise, the handling of by-products from leather products in the form of liquid waste is also still carried out simply, for example, to neutralize the pH of the waste, the wastewater is collected, filtered with gauze and to neutralize the pH, acid, or base is used with alum. After the pH becomes normal, the liquid waste can be discharged into public waters. Meanwhile, solid waste in the Sukaregang area applies zero waste, namely by being sold to the SATPEL. This problem should receive a response from the Garut Regency Government in this case the Department of Industry, Trade, Energy, and Mineral Resources (Disperindag ESDM) which has the authority to provide guidance and assistance to micro-industry business actors from the leather industry in the Sukaregang area.

Based on the problems above, the quality of micro-industry products from leather is less competitive than products produced through various innovations and product diversification. Therefore, innovation and product diversification are very important for micro-industry business actors to remain relevant and competitive in the market. Product diversification can increase consumer interest and provide wider choices, which in turn can increase sales and business income. Product innovation is also important to meet changing market demands and to differentiate products from competitors. Product diversification strategies have proven effective in improving the welfare of micro-industry business actors.

Thus, this study aims to explore strategies for optimizing the potential of the leather micro-industry in the Garut Regency through innovation and product diversification. By examining the role of the Disperindag ESDM, this research provides valuable insights into effective policy interventions and industry support mechanisms. The study's significance lies in its potential to enhance the competitiveness and sustainability of local leather businesses, contributing to regional economic growth. Its novelty stems from the integrated approach of combining innovation and diversification strategies within the context of a government-supported industrial framework. Ultimately, the findings will serve as a practical reference for policymakers, entrepreneurs, and stakeholders seeking to strengthen the leather micro-industry in West Java and beyond.

LITERATURE REVIEW

Optimization

Optimizing local potential through innovation and product diversification is an important aspect of improving the welfare of small industry business actors. Optimization theory is used as a basis for understanding how local potential can be maximized. According to optimization theory, it will help in identifying factors that influence the efficiency and effectiveness of the use of local resources ([Kurniawan et al., 2022](#)). Optimizing local potential through innovation and product diversification is an important factor in improving the welfare of small industry business actors ([Ayu et al., 2021](#)).

To overcome the problem of optimizing local potential through innovation and diversification, Siburian in [Miagina et al. \(2021\)](#) emphasized the importance of this strategy in improving the welfare of small industry businesses. Based on the literature review, it can be concluded that optimizing local potential through innovation and product diversification is very important in improving the welfare of small industry businesses. Furthermore, the first literature source emphasizes that optimizing local potential through innovation and product diversification can be achieved.

[Siringoringo's \(2005\)](#) optimization theory states that optimization is the process of finding the best solution, not always the highest profit that can be achieved if the optimization goal is to maximize profit, or not always the smallest cost that can be suppressed if the optimization goal is to minimize costs. [Siringoringo \(2005\)](#) also explains that several indicators need to be identified as optimization problems as follows.

Objectives

Objectives can be in the form of maximization or minimization. Maximization is used if the optimization objective is related to profit, revenue, and the like. While minimization is used with optimization objectives related to costs, time, distance, and the like. The determination must of course be adjusted to what will be maximized or minimized.

Decision Alternatives

Decision alternatives are activities carried out to obtain or achieve a goal. Decision alternatives are available using limited resources owned by decision makers and decision makers are also faced with several choices that need to be considered carefully.

Limiting Resources

Resources are sacrifices that must be made to achieve the goals set, and the availability of these resources is limited. Resources can be in the form of raw materials, production facilities, human working hours, capital, market share, government regulations, and others. This availability is what causes the need for optimization.

Applying this optimization theory is expected to produce strategic recommendations that can help the Disperindag ESDM of Garut Regency in optimizing local potential efficiently and effectively. In addition, the application of this theory can also provide a deeper understanding of the dynamics of local potential management and its contribution to improving the welfare of the community in the area.

Micro, Small, and Medium Enterprises (MSMEs)

MSMEs are a vital sector in a country's economy ([Abbas et al., 2020](#); [Prieto-Sandoval et al., 2019](#)). The concept of MSMEs has been explained by several experts with a focus on various aspects, including the number of workers used as a classification parameter

([Bartolacci et al., 2020](#); [Hanaysha et al., 2022](#); [Muangmee et al., 2021](#)). According to [Sumitro \(2004\)](#), MSMEs can be defined as businesses run by a company with a workforce of no more than 50 people. This opinion emphasizes that the scale of MSMEs is directly related to the size of the workforce owned by the company.

[Alma \(2010\)](#) complements this definition by stating that micro-scale businesses are the main component of MSMEs. Examples of MSMEs include street vendors, handicrafts, and souvenir businesses. [Alma's \(2010\)](#) view highlights the variety of businesses that fall into the MSME category, which are generally small-scale but have an important role in the local economy. In the context of MSME development, a comprehensive understanding of the definition and classification of MSMEs is important for government policies, financial institutions, and business actors in supporting the growth of this sector. [Table 3](#) below presents the classification of MSMEs.

Table 3. Classification of MSMEs

No	Enterprises	Worker	Wealth (Rp)	Annual Turnover (Rp)
1	Micro	less than 10	50 million	no more than 300 million
2	Small	10 to less than 50	50 million to 500 million	300 million to 2.5 billion
3	Medium	50 to less than 300	500 million to 10 billion	2.5 billion to 50 billion

Source: [Yazfinedi \(2018\)](#)

Local Potential

Local potential is an important factor in the development of the micro leather industry in Sukaregang, Kota Wetan Village, Garut Kota District, Garut Regency, West Java. Optimizing local potential through innovation and product diversification is a necessary step to support various research activities. Optimization theory is used as a basis for understanding how local potential can be maximized, by identifying factors that influence the efficiency and effectiveness of the use of local resources ([Osabutey et al., 2024](#); [Timonen et al., 2021](#); [Wise et al., 2017](#)).

Innovation in Product Development

Product innovation is a crucial strategy for maintaining relevance and competitiveness in the market ([Maya et al., 2018](#)). Through innovation, business actors can meet the changing needs of the market. Product innovation strategies also help differentiate products from competitors ([Devi et al., 2024](#); [Zhang & Wan, 2024](#)). Product innovation also provides opportunities to create added value and increase customer satisfaction ([Faruq et al., 2023](#)). Through product innovation, businesses can introduce new and better products that better meet customer needs and preferences ([Hao et al., 2023](#); [Husriadi et al., 2020](#); [Zhao et al., 2024](#)).

Product Diversification Strategy

Product diversification is an important step to increase consumer interest and provide wider choices ([Rainanto et al., 2019](#)). Diversification can be done in various ways, such as concentric diversification, vertical diversification, horizontal diversification, and conglomeration ([Budiman et al., 2022](#)). Product diversification strategies have been proven effective in increasing sales and company growth ([Braguinsky et al., 2021](#); [Shi et al., 2023](#)).

Product diversification can help companies reach new market segments, reduce the risk of dependence on existing products, and expand market share. As a result, product diversification carried out by MSMEs can help them grow and increase business sustainability ([Goenadhi et al., 2023](#)). Innovation and product diversification are two important strategies that can be used by MSMEs to increase their competitiveness and business growth ([Prayitno et al., 2024](#)). The ability of MSMEs to develop innovative products and diversify products will be key factors in achieving their success in facing market competition and achieving sustainable growth ([Hitt et al., 1997](#); [Nurcholidah et al., 2024](#)).

Economic Welfare and Its Indicators

Economic welfare is the result of efforts to optimize local potential through innovation and product diversification ([Ibrahim et al., 2024](#)). Indicators of economic welfare can include increased income, business growth, and contribution to the local economy. Innovation and product diversification can lead to job creation and provide opportunities for entrepreneurship in the community. This can ultimately improve the economic welfare of the community as a whole ([Simon et al., 2020](#)). The development of MSMEs is very important to improve people's standard of living and support regional economic growth ([Artomova et al., 2023](#); [Devi & Ramachandran, 2014](#); [Menne et al., 2022](#)).

RESEARCH METHOD

The research approach used in this study is a descriptive qualitative approach. Descriptive research is used when there is information or knowledge related to social phenomena to be studied and investigated. This knowledge comes from literature surveys, research reports, or exploration results. As a reference in observation, this study refers to the optimization theory according to [Siringoringo \(2005\)](#).

This study uses primary data sources in the form of direct survey results, field observations, or interviews with informants and secondary data sources in the form of official documents, literature books, or scientific journals. The researcher used purposive sampling and accidental sampling to collect information from the micro-leather industry business community in Sukaregang, Kota Wetan Village, Garut Kota District, Garut Regency, West Java. This approach allows researchers to gain in-depth insight into the practices and challenges faced by the micro-leather industry business community in the district.

In the context of this study, the data analysis technique used was qualitative data analysis with the inductive method. This research is a descriptive study using an inductive approach, which describes problems or cases based on current facts. The inductive approach allows researchers to draw general conclusions based on specific facts found in the study. Researchers use data analysis techniques according to [Miles and Huberman \(2014\)](#) which consist of data reduction, data presentation, and drawing conclusions. The research was conducted at the Disperindag ESDM of Garut Regency and the Sukaregang Leather Industry Center, Kota Wetan Village, Garut Kota District, Garut Regency, West Java.

RESULTS

Optimizing Local Potential Through Innovation and Product Diversification

The optimization theory used in this study is according to [Siringoringo \(2005\)](#). In this study, the theory can be used to measure how optimal the efforts made by the Disperindag ESDM are towards optimizing local potential through innovation and product

diversification for efforts to improve the welfare of micro-entrepreneurs from the leather industry. The theory has three dimensions, namely objectives, alternative decisions, and limited resources with their respective indicators.

Objectives

The objective dimension includes two indicators: maximization and minimization. The Disperindag ESDM aims to optimize local potential through innovation and product diversification. Specifically, their efforts focus on improving the welfare of micro-industry business actors in the leather sector in Sukaregang, Kota Wetan Village, Garut Kota District, Garut Regency, West Java. These efforts include:

Maximization

Maximization is one of the factors to achieve the goal in an effort to improve the welfare of micro-industry business actors. A description of how the efforts made by the Disperindag ESDM to improve the welfare of micro-industry business actors from the leather industry through innovation and product diversification requires factors whose use is maximized. The efforts made by the department are to maximize leather products. This is because the leather in Sukaregang, Kota Wetan Village is the Center for the Leather Industry in Garut Regency, there is also in Lebakjaya Village, Karangpawitan District, but the leather industry in Lebakjaya Village is much smaller and is not a Center for the Leather Industry in Garut Regency.

To improve the welfare of micro-industry business actors through innovation and product diversification, the following is an explanation by the Head of the Disperindag ESDM, Mr. Ridwan Effendi, who clarifies the factors whose use is maximized:

"The community is aware that Sukaregang, Kota Wetan Village, Garut City District, is the center of the leather industry. Therefore, the Disperindag ESDM is trying to optimize the management of the leather-based micro-industry. It is hoped that this leather industry center can create or expand employment opportunities for the community in Sukaregang and its surroundings, by processing leather materials into finished products such as leather bags, leather jackets, leather wallets, leather shoes, leather sandals, and others". (Head of the Disperindag ESDM, Mr. Ridwan Effendi)

The Disperindag ESDM encourages micro-industry business actors from the leather industry to maximize the processing of leather products into several products that suit consumer tastes as a market share. The Trade Sector provides guidance to micro-industry actors from the leather industry to maximize the processing of leather products into quality products with high selling value. Allocating equipment for the production process of leather products into finished goods, if this is submitted. If no micro or small industry actors submit equipment to the department, then the department will allocate a budget for equipment needed by other MSMEs.

Minimization

SATPEL provides facilities for renting tanning equipment with varying rental fees, this is adjusted to the width and type of leather being tanned. This tanning equipment rental facility can reduce production factor costs. In the production process, there are factors that must be minimized, namely the use of labor as efficiently as possible to reduce production factor costs. The results of the presentation by the Secretary of the Disperindag ESDM of Garut Regency, Mr. Riki Rizki Darajat, are as follows:

"The goal of improving the welfare of micro leather industry business actors through innovation and product diversification carried out by the Disperindag ESDM requires minimization in the production process of leather materials into finished goods. This minimization can be done by using the most efficient workforce possible to reduce production costs. In addition, what is more important for the micro leather industry is minimizing production waste, especially liquid waste which is B3 waste and requires serious handling. This is related to public health in the Sukaregang area and its surroundings". (Secretary of the Disperindag ESDM of Garut Regency, Mr. Riki Rizki Darajat)

In addition, it is necessary to minimize waste, especially liquid waste in the production process. Processing leather products into finished goods produces liquid waste and solid waste. Liquid waste has not been handled using technology, while solid waste from the leather product processing process has been handled, namely being sold to SATPEL and then processed into environmentally friendly goods. Liquid waste can be minimized by using a simple wastewater treatment system, namely neutralizing the pH of wastewater with alum, lime, and acetic acid. After the pH of wastewater is normal, it can be discharged into public waters. Meanwhile, solid waste is implemented as Zero Waste and is sold to SATPEL, then SATPEL processes the waste using technology so that it does not pollute the environment.

Alternative Decisions

Efforts made by the Disperindag ESDM in optimizing local potential through innovation and product diversification aim to improve the welfare of micro-entrepreneurs from the leather industry. This production process requires careful decision-making to increase production and product sales value. In addition, this decision-making must consider various alternatives that can meet or approach the established criteria and have minimal risk.

The importance of product diversification is also emphasized, where business actors are encouraged to create innovative products that are in line with market trends. This not only expands market reach but also increases the competitiveness of local products in national and international markets. This approach is expected to have a significant positive impact on the welfare of micro-entrepreneurs, open up more jobs, and improve the local economy in the Sukaregang area and its surroundings.

Most Meet or Approach the Criteria

Regarding the alternative decision that best aligns with the goal of optimizing local potential through innovation and product diversification to improve the welfare of micro-leather industry business actors, Mrs. Popi Susmiati, Head of Promotion Development and Trade Cooperation Division at the Disperindag ESDM, stated the following:

"To maximize the processing of leather materials into finished products and increase the marketing of leather products, the Disperindag ESDM has several alternative decisions. One of them is to increase the promotion of Sukaregang leather products by involving DEKRANASDA Garut Regency. In addition, the agency is collaborating with the Leather Academy from Yogyakarta to provide training to micro-leather industry business actors, in order to minimize product failure." (Head of Promotion Development and Trade Cooperation Division at the Disperindag ESDM, Mrs. Popi Susmiati)

Based on the presentation of key informants above, it can be concluded that the alternative decisions taken by the Disperindag ESDM of Garut Regency include two main strategies. First, building cooperation with the Yogyakarta Leather Academy to provide assistance and training to micro leather industry business actors as an effort to reduce failure in the production process. Second, increasing the role of DEKRANASDA Garut Regency in assisting the marketing of leather products from Sukaregang through national and international exhibitions, as well as converting solid leather waste into products that have high economic value. These steps are expected to increase the sustainability and competitiveness of micro leather industry businesses in Garut Regency.

Least Risk

The results of the presentation by the Head of the Disperindag ESDM, Mr. Ridwan Effendi, revealed the alternative decision with the lowest risk as follows:

"The Disperindag ESDM has an alternative decision with minimal risk in optimizing local potential through innovation and product diversification. One of the steps taken is to provide training to micro leather industry business actors regarding product marketing through digital media. This marketing system has a very small risk of sales failure, so it can expand the marketing network effectively." (Head of the Disperindag ESDM, Mr. Ridwan Effendi)

The alternative decision with the least risk taken by the Disperindag ESDM of Garut Regency is to provide marketing and sales training through digital media. This step aims to increase sales of leather products. This digital marketing and sales training is considered an effective strategy because marketing is a very important aspect of business success. Micro-entrepreneurs in the leather industry need to master these skills to be able to compete in an increasingly competitive market. Through this training, entrepreneurs will learn how to utilize digital platforms to reach more consumers, promote their products more widely, and increase sales.

Limiting Resources

Supporting Resources

Secretary of the Disperindag ESDM of Garut Regency, Mr. Riki Rizki Darajat, regarding supporting resources in optimizing local potential through innovation and product diversification for efforts to improve the welfare of micro-leather industry business actors, stated as follows:

"These supporting resources include equipment needed by micro-leather industry business actors, such as scissors and sewing equipment. In addition, marketing and sales training through digital media and e-commerce is also provided, which requires a laptop or PC as a training aid." (Secretary of the Disperindag ESDM of Garut Regency, Mr. Riki Rizki Darajat)

Supporting resources in optimizing local potential through innovation and product diversification to improve the welfare of micro leather industry business actors includes two main aspects. First, production equipment such as scissors and sewing tools are essential for the leather product manufacturing process. Second, technological devices such as laptops or PCs are used for digital marketing and sales training for leather products. By providing this equipment, the Disperindag ESDM of Garut Regency seeks to improve production efficiency and quality, while helping business actors master modern marketing strategies. This step is expected to not only improve the technical

skills of business actors but also expand market reach and increase the selling value of leather products from Garut Regency. This effort is part of a comprehensive strategy to support the sustainability and growth of the micro leather industry in the area.

Human Resources

The results of the presentation by the Head of Disperindag ESDM, Mr. Heri Gunawan, regarding human resources in optimizing local potential through innovation and product diversification for efforts to improve the welfare of micro-leather industry business actors are as follows:

"In general, human resources for micro-leather industry business actors in Sukaregang, Kota Wetan Village, Garut City District, already have the ability to produce quality leather products. However, there are shortcomings in terms of the ability to market leather products by utilizing digital media to expand sales reach." (Head of Disperindag ESDM, Mr. Heri Gunawan)

Human resources in efforts to optimize local potential through innovation and product diversification to improve the welfare of micro leather industry business actors, carried out by the Disperindag ESDM of Garut Regency, are currently still experiencing a shortage of employees. Meanwhile, micro leather industry business actors already have good skills in processing leather products, but they still have not utilized digital media for marketing. To overcome this deficiency, additional employees are needed who are able to support the optimization of local potential more effectively. In addition, it is important to provide more intensive training on the use of digital media for micro leather industry business actors, so that they can expand their marketing reach and increase sales of their products. Thus, efforts to improve the welfare of micro leather industry business actors through innovation and product diversification can be more optimal and sustainable ([Anwar et al., 2024](#)).

DISCUSSION

Inhibiting Factors for Optimizing Local Potential Through Innovation and Product Diversification

Lack of Employees from the Disperindag ESDM

The lack of employees at the Disperindag ESDM is one of the inhibiting factors in optimizing local potential through innovation and product diversification. This has an impact on the limited assistance and coaching that can be provided to micro-industry business actors in Sukaregang, Kota Wetan Village, Garut Kota District, Garut Regency. With a minimal number of employees, Disperindag ESDM has difficulty reaching all the needs of business actors, such as skills training, leather-based product development, and increasing wider market access. As a result, local potential that should be able to drive the regional economy has not been optimally utilized. This obstacle is increasingly felt in Sukaregang, which is known as the center of the leather industry in Garut. Micro-business actors often face challenges in creating innovative and competitive products, especially in the modern market.

Lack of Capital for Micro-Industry Business Actors from the Leather Industry in Sukaregang

Sukaregang, known as the center of leather processing and production in Garut Regency, has great potential to become a center for creative leather-based industries. However, one of the main obstacles faced by micro-industry business actors in this region is the lack of capital. Limited capital hinders business actors from accessing quality raw materials, increasing production capacity, and implementing technological

innovations that can support product diversification. This situation makes it difficult for them to compete in an increasingly competitive market, both locally and globally.

Lack of Skills of Micro-Industry Business Actors from the Leather Industry in Utilizing Technology to Market and Sell Leather Products from Their Production

Many business actors are not yet proficient in using digital platforms, such as social media, marketplaces, or other online applications, to expand their market reach. As a result, their products tend to only be known in the local market and have difficulty penetrating a wider market, both nationally and internationally. The Disperindag ESDM has an important role in helping these business actors overcome these obstacles. By providing training in technology skills and digital marketing, Sukaregang's great potential can be maximized through innovation and product development. However, without sufficient understanding of technology, business actors will have difficulty taking advantage of opportunities in the digital era. Therefore, ongoing training and mentoring need to be prioritized to improve their abilities, open wider market access, and support the growth of the leather industry in Sukaregang.

Garut Regency's Efforts to Optimize Local Potential Through Innovation and Diversification

Adding Employees to the Disperindag ESDM Through Coordination with the Personnel and Training Agency

To overcome various obstacles in optimizing local potential through innovation and diversification of leather products in Garut Regency, one strategic step that can be taken by the Disperindag ESDM is to increase the number of employees. The addition of employees aims to increase the capacity of services and assistance to micro-industry business actors, especially in the Sukaregang area which is the center of leather processing. Through coordination with the Personnel and Training Agency, the addition of competent and skilled workers can help strengthen the implementation of programs that have been designed, such as technology training, digital marketing, and product development. Thus, it is hoped that the program can be run more effectively and touch all levels of business actors.

Capital Assistance to Micro-Industry Business Actors from the Leather Industry

This assistance aims to strengthen the working capital needed, for the procurement of quality raw materials, increasing production capacity, and developing innovative products. With this capital support, business actors can more freely diversify their products so that they can create leather products with high added value that are able to compete in a wider market. In addition to providing capital assistance, the office also integrates this program with technical assistance and guidance, so that the funds provided can be utilized optimally. This assistance is designed to open access for business actors to more modern production technology, improve product quality, and increase the competitiveness of the leather industry in Sukaregang. This step not only helps business actors overcome financial obstacles but also encourages the growth of a more sustainable business ecosystem. With the synergy between capital, innovation, and product diversification, it is hoped that the leather industry in Sukaregang will be able to develop rapidly and have a positive impact on the welfare of the local community and the economy of Garut Regency as a whole.

Assistance in Training and Mentoring Product Marketing Through Digital Media and E-Commerce

The Disperindag ESDM of Garut Regency realizes the importance of digital marketing in increasing the competitiveness of leather products from micro-industry business actors in Sukaregang. To overcome the constraints of limited skills in utilizing technology, the

agency provides assistance in the form of training and mentoring in product marketing through digital media and e-commerce. This program aims to help business actors understand and master digital platforms such as social media, marketplaces, and data-based marketing strategies. With this training, business actors are not only taught how to utilize technology, but also how to develop effective marketing strategies to reach a wider market, both nationally and internationally. This mentoring does not stop at training but is continued with an ongoing guidance program to ensure that business actors are able to optimally implement the knowledge gained. Through mentoring, they are helped to make maximum use of digital features, such as search engine optimization (SEO), digital advertising, and online store management. This step aims to increase the visibility of their products in cyberspace and open up new opportunities in markets that were previously difficult to reach. With this assistance, it is hoped that business actors in Sukaregang can maximize local potential through innovation and product diversification, while also improving their welfare by reaching a wider market in the digital era.

CONCLUSION

This study explores strategies to optimize the potential of Garut Regency's leather micro-industry through innovation and product diversification. The Disperindag ESDM is actively engaged in maximizing the processing of raw leather materials into finished goods, a key initiative aimed at boosting employment opportunities within the Sukaregang Area and its surrounding communities. Furthermore, they are tackling waste management challenges. Liquid waste is minimized through a simple yet effective treatment system involving the neutralization of wastewater pH using alum, lime, and acetic acid. Once the wastewater reaches a neutral pH level, it can be safely discharged into public waterways. Solid waste is managed through a Zero Waste program, where it is sold to SATPEL. SATPEL then processes this waste with specialized technology, ensuring environmentally sound disposal and preventing pollution.

To further enhance the capabilities of the leather micro-industry, the Disperindag ESDM has established a cooperative partnership with the Leather Academy of Yogyakarta. This collaboration facilitates the provision of crucial assistance and training to micro-industry business actors, focusing on minimizing production process failures and improving overall efficiency. Recognizing the importance of effective marketing, the Disperindag ESDM is also working to increase the visibility of Sukaregang leather products. This is being accomplished by amplifying the role of DEKRANASDA Garut Regency in promoting these products through national and international exhibitions. Additionally, to mitigate risk and expand market reach, the Disperindag ESDM is providing training in digital marketing and sales techniques, empowering business actors to leverage online platforms for increased sales.

The Disperindag ESDM provides vital supporting resources to micro-leather industry business actors. These resources include essential equipment such as scissors and sewing machines, necessary for production. Furthermore, recognizing the importance of digital literacy, they provide laptops or PCs to support training initiatives focused on marketing leather products through digital channels. However, the Disperindag ESDM faces challenges, including a shortage of staff. While micro-leather industry business actors possess considerable skill in processing leather products, their marketing efforts, particularly in utilizing digital media, require further development.

Several factors hinder the Disperindag ESDM's efforts to optimize the local potential of the leather micro-industry through innovation and product diversification, thereby impacting the welfare of micro-leather industry business actors in Sukaregang, Kota

Wetan Village, Garut Kota District, Garut Regency. A significant constraint is the limited number of employees within the Disperindag ESDM, impacting their capacity to implement and manage various initiatives effectively. Additionally, limited capital remains a challenge for micro-leather industry business actors, restricting their ability to invest in improvements and expansion. From a human resources perspective, the skills of these business actors in utilizing technology for marketing and sales require further development, hindering their ability to reach wider markets and maximize their potential.

To address these challenges, the Disperindag ESDM is actively pursuing solutions. Efforts are underway to increase staffing levels by recruiting individuals with relevant skills and expertise, aiming to enhance the department's capacity. Furthermore, the local government is facilitating access to capital assistance for micro-leather industry business actors, providing them with the financial resources necessary to invest in their businesses and drive growth.

LIMITATION

In this study, the author limits the scope and limitations of the study to the optimization of local potential carried out by the Disperindag ESDM of Garut Regency through innovation and product diversification to improve the welfare of micro-industry business actors from the leather industry in Sukaregang, Kota Wetan Village, Garut Kota District, Garut Regency, West Java.

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DECLARATION OF CONFLICTING INTERESTS

This study was carried out solely to advance knowledge in the field of local governance, with no intention or purpose that could result in a conflict of interest. The findings of this research are anticipated to offer policy recommendations for relevant local government institutions.

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