

Perceptions of Small and Medium Industry (IKM) Actors Regarding the Role of Packaging Houses in Business in Tuban.

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ABSTRACT: IKM is an undertaking to produce a product from raw materials into finished materials. SMEs play a major role in the growth and development of an economy. One of the efforts to develop IKM is through the presence of packaging house services. The purpose of this research is to know the perception of the perpetrators of IKM to the role of packaging houses and also its role in improving the development of enterprises. This research is a kind of field research that is carried out through observations, documentation, as well as interviews of 5 UKM offenders in Tuban and the head of Disnakerin Kab. Tuban. The data obtained is then tested for validity using source triangulation and analyzed using collection, reduction, presentation, and inference. The results of this study show that the perpetrators of the IKM give a positive perception of the role of packaging houses as it can improve the quality of the packaging, the appearance of the product selling price, etc. In addition, packaging houses also play a role in enhancing business development that includes growth in production, sales, revenue and profits for ICT operators.

KEYWORDS: MEs, perception and practitioners, packaging houses

I. INTRODUCTION

One indicator of successful economic development is the achievement of high and sustainable economic growth, which supports ongoing progress and prosperity. Economic growth prioritizes the strengthening of economic sectors through the optimal use of resources. Economic development, as a government policy, aims to enhance living standards, expand employment opportunities, and ensure equitable income distribution. Industrialization is a central aspect of this process, as it improves people's welfare by creating jobs (Siburian & Woyanti, 2013 in Wulandari, 2021).

Small and Medium Enterprises (SMEs) play a vital role as pillars of Indonesia's economy. The food and beverage industry, for example, had a positive and significant effect on economic growth from 2001 to 2022 (Amalia et al., 2023). SMEs are defined as small and medium-scale industries. According to the Central Statistics Agency (BPS), small-scale industries convert raw materials into finished goods, or upgrade the value of less valuable goods (Khairally, 2023). Similarly, the Department of Industry and Trade (Disperindag) views small industries as those processing raw, semi-finished, or finished goods into higher-quality products (Khairally, 2023).

Although SMEs and IKMs (small and medium industries) differ in their definitions, they are interrelated. SMEs usually resell industrial products, while IKMs manufacture products from raw to finished goods. Both, however, contribute significantly to growth and development (Abdullah, 2018, cited in Mahardikawati and Nurgiyatna, 2020).

In Tuban Regency, SMEs are particularly widespread. According to the local Department of Industry and Manpower, Tuban hosts 2,672 SMEs, consisting of 1,870 in food and beverage, 534 in crafts, and 268 in batik. The dominance of food and beverage SMEs is explained by lower investment requirements and simpler technology (Suwito, 2024).

To support this sector, the Tuban Government established a Packaging House through the Suwo Service. This initiative aims to foster development in food, beverage, and packaging industries, improve technological advancements, and provide technical services (Suwito, 2024). Packaging Houses serve as centers for packaging-related activities, offering both physical and non-physical services, such as consulting, packaging, and design (–, 2006). They specifically target industries—especially small and medium-scale—that lack the capacity to manage packaging effectively on their own (–, 2006).

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Through this facility, SMEs can access consultations, design support, and packaging solutions to enhance their products. This is particularly important given that many businesses still use inadequate packaging, which reduces consumer appeal. By improving packaging, SMEs can strengthen their competitiveness, which in turn contributes to the local economy.

The success of the Packaging House depends on SMEs' and communities' active use of its services. When widely utilized, the facility not only supports SMEs' growth but also stimulates broader economic development in Tuban Regency (Suwito, 2024). Given this background, the study titled "Perceptions of Small and Medium Industry (IKM) Actors regarding the Role of Packaging Houses in Tuban Regency" is proposed.

II. LITERATURE REVIEW

A. Perception

Perception refers to the process of recognizing, organizing, and interpreting sensory information to form an understanding of the environment (Asrori, 2009). It begins with the reception of stimuli by the senses, attention, and transmission to the brain, leading to awareness. According to Sarwono (1983) in Bukhori (2021), perception involves abilities to differentiate, group, and focus, which explains why individuals may perceive the same object differently due to varying value systems and personality traits. Factors influencing perception are internal—such as feelings, attitudes, prejudices, and motivation—and external, including knowledge, environment, intensity, repetition, and familiarity (Toha, 1989 in Bukhori, 2021). Two primary frameworks shape perception: the frame of reference (knowledge, education, research) and the frame of experience (environmental experiences).

B. Small and Medium Industries (SMIs)

Industries transform raw or semi-finished goods into finished products for profit, ranging from clothing to food and beverages (Bakhri, 2020). Definitions of small industries vary: BPS (2003) defines them based on worker numbers (1–19), while the Ministry of Industry and Trade (1999), Bank Indonesia, and Regulation No. 14/2019 classify them by investment value, excluding land and buildings. Medium industries, meanwhile, have turnovers above IDR 1 billion and employ at least 20 workers (Ministry of Industry Regulation, 2016 in Bakhri, 2020).

Characteristics of SMEs include independent management, locally based operations, owner-funded capital, and relatively small size. Types of SMIs are: (a) modern small industries, which use intermediate technology and link to larger industries; (b) traditional small industries, which are simple and rural-based; and (c) small craft industries, which vary in technological sophistication and play roles in cultural preservation (Indarti, 2004). Classification also follows KBLI/ISIC standards and includes subsectors like chemicals, machinery, food, crafts, fashion, publishing, software, culinary, and creative industries (Wijaya, 2018; Dharmawati, 2017).

C. Small and Medium Enterprises (SMEs)

SMEs are people's economic activities meeting legal criteria of assets and sales (Law No. 9/1995). According to BPS, small industries involve 5–19 workers. SMEs offer advantages such as technological innovation, job creation, flexibility, and strong interpersonal relations (Partomo & Rachman, 2004). Wilantara and Susilawati (2016) classify SMEs into four groups: livelihood activities (informal sector), micro-enterprises, small dynamic enterprises (entrepreneurial, export-oriented), and fast-moving enterprises (potential to grow big). SMEs play vital roles in employment, equitable development, and fairer income distribution (Darwanto, 2012). However, they face challenges including capital limitations, informal legal status, weak HR and marketing, limited export penetration, and financial management constraints (Setyo Budi, 2007 in Bismala, 2016).

Business development refers to activities increasing profit, production, or service potential (Novi, 2017). It includes promotional efforts, innovation, and growth in production, sales, revenue, and profit (Shanmugam & Bhaduri, 1997 in Dewi & Mega, 2017).

D. Packaging House (Rumah Kemasan)

Established in 2022, Tuban Regency's Packaging House is managed by the Manpower and Industry Service as an innovation to support SME growth and local economic development (Suwito, 2024). Its vision is to improve SME product packaging quality, making it more innovative and competitive. Its mission includes assisting SMEs with packaging services, providing materials, offering information facilities, and increasing product competitiveness. Services include consultation, design/redesign, material recommendations, packaging machine utilization, and production of labels, stickers, brochures, and packaging (Suwito, 2024). The initiative also supports industrial growth, technological advancement, and public welfare in Tuban Regency.

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III. RESEARCH METHODS

This research employed a qualitative descriptive method (Abdussamad, 2021) to explore SME actors' perceptions of Packaging Houses. The study was conducted in Tuban Regency from June 2024, following the issuance of a research permit.

A. Research Subjects

The research focused on five SMEs selected using purposive sampling, along with the head of the Tuban Manpower and Industry Office. Criteria for selection included active use of Packaging House services, purchase frequency (more than five times), domicile in Tuban, and willingness to be interviewed (Sugiyono, 2013).

B. Data Collection

Observation was conducted at the Packaging House and SME business sites to assess packaging services and product outcomes.

Interviews were held with SME owners and the Packaging House head, guided by a structured interview protocol (Mardalis, 2004).

Documentation included records, photographs, and printed packaging designs related to SMEs and Packaging Houses (Nasution, 2002 in Sugiyono).

C. Data Validation and Analysis

Data validity was tested using source triangulation (Moleong, 2016). Data analysis followed the Miles and Huberman model: data collection, reduction, display, and conclusion drawing (Bungin, 2003).

IV. RESULTS AND DISCUSSION

A. Results

1. Perceptions of Packaging Houses

SMEs perceived Packaging Houses as beneficial in multiple ways:

- **Quality and Competitiveness:** Packaging enhanced product attractiveness and competitiveness at exhibitions (Ar, Batik entrepreneur).
- **Cost Efficiency:** Printing costs were cheaper than private printing outlets, reducing production expenses (SM, Catering owner).
- **Customer Appeal:** Improved designs increased consumer interest and recognition (HE, Aurora).
- **Market Penetration:** Products reached broader markets, including online platforms and national exhibitions (SY, Nada Bakery).

2. Perceptions of Business Development

SMEs acknowledged that Packaging Houses influenced their business development through:

- **Production Growth:** Increased demand drove higher production volumes (Ar; SM).
- **Sales Expansion:** Attractive packaging facilitated greater sales, especially through resellers and modern markets.
- **Income Growth:** Higher sales resulted in increased income (HE; SY).
- **Profitability:** Even with higher sticker costs, most SMEs agreed that attractive packaging added value and profits (RJ; Ar).

B. Discussion

The findings demonstrate that SMEs perceive Packaging Houses as an effective government initiative. They directly address long-standing SME challenges in packaging, branding, and marketing. The results align with Darwanto's (2012) argument that SMEs require institutional support to maximize their role in equitable development.

However, operational issues remain, including occasional delays due to machine breakdowns (Ar) and increased costs for specific materials such as stickers (SY). These challenges suggest the need for better investment in technology and cost management strategies.

Overall, Packaging Houses contribute to the competitiveness of SMEs by combining affordability, professional services, and accessibility. By improving packaging standards, SMEs are better positioned to compete nationally, thereby enhancing Tuban's regional economy.

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CONCLUSIONS

Based on the research results and research analysis that have been described by the researcher in the previous chapter, the following conclusions can be drawn:

1. The SME actors who acted as research subjects mostly gave positive perceptions or responses to the role of the Packaging House, so it can be said that the Packaging House plays a role in the efforts of SME actors to improve packaging quality, product appearance, selling prices and so on.
2. Based on the results of interviews and observations, IKM actors acknowledged that Packaging Houses play a role in increasing business development, including production growth, sales, income and profits for IKM actors.

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