

Governance in Regional-Based Small and Medium Enterpris (SME) Empowerment for Economic Growth in Metro City

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Article Info

Article history:

Received: September 2,
2025
Revised: December 25,
2025
Accepted: January 02,
2026

Keywords:

Regional Economic
Potential
Creative Economy
Good Governance

ABSTRACT

The purpose of this study is to analyze the economic potential of each region in Metro City and formulate development strategies to improve the regional economy from a public administration perspective. The research method uses a descriptive-analytical qualitative approach with secondary data from BPS, RPJMD, and SME/IKM profiles. The findings reveal the unique characteristics of each sub-district: Metro Pusat as a trade center, Metro Utara with its ecoprint batik center, and the spread of creative SMEs/IKMs such as tapis weaving and handicrafts throughout the region. Supported by a high Human Development Index (HDI) (70.18 in 2020), Metro City has a strong human resource foundation, but it is not yet supported by an integrated regional development strategy. Policy recommendations focus on implementing the fourth mission of the RPJMD through three strategies: (1) developing economic clusters based on regional uniqueness, (2) improving infrastructure support and technology access for SMEs/IKMs, and (3) strengthening triple helix collaboration between the government, private sector, and academia. The conclusion emphasizes that optimizing regional potential through a strategic public administration approach will drive inclusive and sustainable economic growth in Metro City.

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1. INTRODUCTION

Regional economic development is not merely a matter of statistical growth, but rather a complex process that requires strategic planning, inter-agency coordination, and effective policy implementation by local governments. As the main actor, the government has a crucial role in identifying, empowering, and optimizing the economic potential spread across each region to create inclusive and sustainable growth. Metro City, as one of the

medium-sized cities in Lampung Province, faces the challenge of transforming its local economic potential into a competitive economic force, in line with the vision and mission of the 2021-2026 Regional Medium-Term Development Plan (RPJMD). Furthermore, in terms of economics, macroeconomics is a branch of economics that studies the economy in aggregate and comprehensively.

The scope of the study covers various key indicators such as inflation, unemployment rates, economic growth, and gross domestic product. Unlike microeconomics, which focuses on analyzing the efficiency of resource allocation and achieving maximum satisfaction at the individual or company level, macroeconomics analyzes aggregate supply and demand and the role of the government in formulating policies to overcome economic instability. The macroeconomic approach also emphasizes the importance of fiscal and monetary policy interventions to achieve economic stability and sustainable growth. Macroeconomics addresses various fundamental issues, including the mechanisms of production of goods and services and consumption patterns in the economy as a whole.

Theoretically, macroeconomics aims to understand the functions and mechanisms of the economic system as a whole. Boediono (2018) defines macroeconomics as a branch of science that studies a country's economic growth and economic fundamentals, including analysis of short-term and long-term economic dynamics. Regional development policies are important instruments in public administration for reducing disparities between subdistricts and creating new centers of economic growth. However, these policies must be based on comprehensive mapping of potential and accurate data. This study aims to analyze the leading potential of each subdistrict in Metro City and formulate recommendations for development strategies that are integrated with the principles of good governance, so that they can serve as a guide for the City Government in accelerating regional economic development.

The scope of macroeconomics covers various aspects of government policy that determine the dynamics of a region's economy, including government spending, investment, and various activities aimed at boosting economic growth. Metro City, classified as a medium-sized city with an area of 68.74 km² and autonomous status, is the second most important economic growth center in Lampung Province after the capital city of Bandar Lampung, located about 50 km away. This strategic position makes Metro City a significant region in the context of regional economic development. Furthermore, Metro City serves as a hub connecting various surrounding districts through provincial and district/city roads.

Administratively, based on Local Regulation No. 25 of 2000, the Metro City area is divided into 5 subdistricts and 22 urban villages, as shown in the following map:

3. RESULTS AND DISCUSSION

The analysis of Metro City's economic development requires comprehensive quantitative data. One of the fundamental indicators used is Regional Gross Domestic Product (RGDP) data, which empirically represents the economic growth and per capita income of the region. Furthermore, GRDP not only reflects macroeconomic achievements, but also describes the economic structure and the potential and capacity of the region in managing its natural resources (BPS, 2020). A deep understanding of GRDP data is an important prerequisite for evidence-based regional development planning. The following is the Regional Domestic Product data for Metro City:

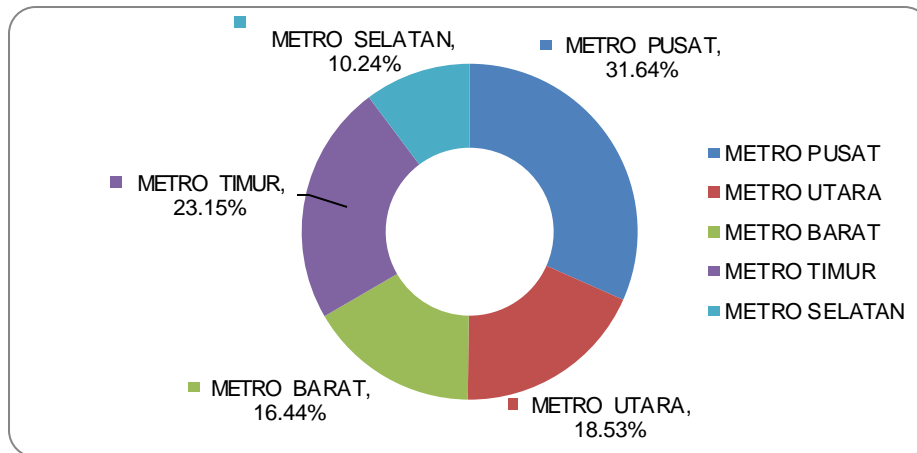
Table 1.1 Gross Regional Domestic Product Based on Current Prices by Industry in Metro City (billion rupiah) in 2023

No	Industry	2023
1	Agriculture, Forestry, and Fishing	395,67
2	Mining and Quarrying	0,00
3	Manufacturing	1.221,15
4	Electricity and Gas	10,16
5	Water Supply; Sewerage, Waste Management, and Remediation Activities	4,10
6	Construction	537,02
7	Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles	1,422,86
8	Transportation and Storage	776,49
9	Accommodation and Food Service Activities	232,74
10	Information and Communication	623,14
11	Financial and Insurance Activities	532,32
12	Real Estate Activities	443,94
13	Business Activities	58,44
14	Public Administration and Defence; Compulsory Social Security	511,32
15	Education	451,06
16	Human Health and Social Work Activities	449,68
17	Other Services Activities	195,35
18	Gross Regional Domestic Product	7.865,46

According to the data, there are many business fields or industries spread across Metro City. These include agriculture, manufacturing, and other micro, small, and medium enterprises. This sector does indeed make a significant contribution, but other sectors are needed to boost economic growth, and it is hoped that the community can participate in them.

3.1. Distribution of Metro City Areas

Population data for Metro City shows an uneven distribution pattern, with the highest concentration in Metro Pusat District, which accounts for 31.64% of the total population. While the subdistrict with the lowest population is Metro Selatan, which only accounts for 10.24%. This shows significant demographic disparities between subdistricts and reflects the influence of economic and geographical factors, as well as the availability of infrastructure, in the formation of settlement patterns. Metro City consists of five subdistricts with varying sizes and geographical conditions. The data is as follows:



Source: Metro City Population and Civil Registry Office

It can be seen that the largest population is located in Central Metro with 31.64%, while the smallest population is located in South Metro with a percentage of 10.24%. Of course, this is a problem that arises in developing areas such as Metro City, where the distribution of the population is uneven. The population density in Metro City in 2020 was 2,499 people/km². The Metro Pusat sub-district, with an area of 11.71 km², was the most densely populated area with 4,643 people/km². This sub-district had a population of around 31.64% of the total population of Metro. Meanwhile, the Metro Selatan sub-district, with an area of 14.33 km², is only inhabited by 10.24% of Metro City's total population, making it the least densely populated sub-district at 1,228 people per km². Although part of the Metro Selatan sub-district is still agricultural land, residential areas have developed significantly in this sub-district.

The population density in Central Metro is due to the fact that Central Metro Subdistrict is the center of government and the heart of the city and economy, and also has fairly complete infrastructure and public facilities, making it more attractive than other subdistricts. This is also one of the factors contributing to the uneven distribution of population in Metro City. As a result, Metro Pusat has the best access to educational and health infrastructure, as well as shopping centers. Therefore, economic activity occurs in most businesses and jobs are concentrated in the city center.

3.2. Distribution of Micro, Small, and Medium Enterprises (MSMEs)

Based on the identification results, it was revealed that Micro, Small, and Medium Enterprises (MSMEs) are evenly distributed across all urban villages and sub-districts in Metro City. The types of products produced show significant diversity, including knitted crafts, ecoprint batik, food products, and brick and ceramic production. It is worth noting that the market orientation of MSMEs in Metro City is not only limited to the domestic

market, but has also reached regional markets such as Central Lampung Regency and Bandar Lampung City. This market expansion is driven by the adoption of digital technology in marketing strategies, where businesses do not only rely on conventional methods but also utilize online platforms to expand their distribution reach. The following is comprehensive data on the distribution of MSMEs:

No	MSMEs Name	Location	Product	Market
METRO PUSAT				
1	Pelita Rajut - Suharini	Metro	Shoes, Bags, Tissue Boxes, Wallets (knitted)	Metro, Outside Metro,
2	Handmade Khanza Craft (Turunan Tapis) - Karina Saputri	Imopuro	Tapis Bags, Accessories, Shoes	Metro, Outside Metro,
3	Wulandari Handmade (Kerajinan Tapis) - Gesti Ayu W.	Hadimulyo Barat	Tapis woven bag, Tapis pattern wallet	Metro, Outside Metro,
4	Batik Ciprat Silabi - SLB Wiyata Darma	Hadimulyo Timur	Hand-drawn Batik and Splatter Batik	Metro, Outside Metro,
5	Keripik Tempe Siger Mas - Syahrani	Hadimulyo Timur	Tempe Chips	Metro, Outside Metro,
6	Kopi Kuda - Halimah	Yosomulyo	Coffee	Metro, Outside Metro,
7	Sentra Bata Yosomulyo -		Brick	Metro, Outside Metro,
METRO UTARA				
1	Canting Batik Metro - R. Budiadi	Banjarsari	Batik Business, Ecoprint	Metro, Outside Metro,
2	Naya Batik - Nani Nurdiana	Banjarsari	Hand-drawn batik and painted batik	Metro, Outside Metro,
3	Keripik Pisang Cahaya - Supriyanto	Banjarsari	Banana chips in various flavors	Metro, Outside Metro,
4	Yumna - Hendri Tursilowati (KWT Sekar Mandiri)	Banjarsari	Meatballs, Tofu Meatballs, Coffee, Pecel Chili Sauce	Metro
5	Sanggar Wisnu (Patung) - Made	Banjar Sari	Elephant Sculptures and Souvenirs typical of Lampung	Metro, Outside Metro,

6	PD. Cipta Mitra Bersama - Bonari	Purwoasri	Dried Meatballs	Metro, Outside Metro,
7	Kebun Madu Jack Tris 28 - Sutrisno	Purwoasri	Pure Honey, Klanceng Bee Seeds, Super Colonies, Trigona Bee Seeds, AMP Bee Plant Seeds.	Metro, Outside Metro,
METRO SELATAN				
1	Rumah Kue dan Kopi Gue - Nur Caturini	Margorejo	Cakes and Coffee	Metro, Outside Metro,
2	Oseri (Olahan Serba Ikan) - Wasih P.	Margodadi	Fish floss, fish skin crackers	Metro, Outside Metro,
METRO TIMUR				
1	Jan Ayu - Linda Ayu Citra	Yosodadi	Non-Gold Thread Tapis Fashion	Metro, Outside Metro, Outside Negeri
2	Allya Tapis Lampung (turunan Tapis) - Siti Subaryani	Yosodadi	Fashion tapis	Metro, Outside Metro,
3	Keripik Pisang Tunas - Bambang	Yosodadi	Banana chips in various flavors, Coffee	Metro, Outside Metro,
4	Telaga RizqyS(usu Kambing) - Winarko	Yosodadi	Liquid goat milk, Powdered goat milk, and Kefir	Metro, Outside Metro,
5	Dela Tapis - Sutiayah/Denti	Tejosari	Tapis weaving	Metro, Outside Metro,
6	Sulam Usus Mawar - Rohana	Iringmulyo	Sulam Usus	Metro, Outside Metro,
7	Bakso Kembar - Kholid MD	Tejoagung	Meatballs	Metro, Outside Metro,
METRO BARAT				
1	Delnas CraftT(urunan Tapis) - Hesti Tumirah	Ganjar Asri	Bags, Wallets, Masks (Tapis Motif)	Metro, Outside Metro,
2	Sentra IKM Tahu - Noventia Itayani	Ganjar Agung	Hollow Tofu and Vegetable Tofu	Metro
3	Restu Ananda (Aneka Keripik) - Agatha Sunarmi	Mulyojati	Tempe Chips, Banana Chips, Banana Sale, Herbal Medicine	Metro, Outside Metro,

4	Poer Craft (Kerajinan kaca) - Poer	Mulyojati	Glass Waste Crafts	Metro, Outside Metro,
5	Ruang Keramik Studio - Baskoro	Mulyojati	Ceramic and Pottery Crafts	Metro, Outside Metro,

Based on recorded data, Micro, Small, and Medium Enterprises (MSMEs) in Metro City show a concentrated distribution across five subdistricts with diverse product characteristics that reflect the local potential of each region. A detailed analysis shows that Central Metro is dominated by culture-based handicraft industries such as tapis weaving and batik, while North Metro excels as a center for the production of ecoprint batik and processed food products. East Metro stands out in tapis fashion products that have reached the export market, while West Metro concentrates on glass waste crafts and tofu production. Meanwhile, Metro Selatan, which has the lowest population density, still focuses on simple food products based on fisheries and agro-industry. The main trends identified include the dominance of the creative economy sector, widespread adoption of digital marketing, and a market orientation that has reached regional and national areas. This distribution pattern indicates the need for differentiated development policies between regions, with a focus on developing industry clusters based on local uniqueness, increasing digital market access, and synergies between government agencies to optimize regional economic potential. These findings recommend a decentralized governance approach in accordance with the specific strengths of each sub-district.

The implementation of regional autonomy requires institutional readiness and development strategies based on the unique potential and competitiveness of each region in Metro City. Regional economic development must be aligned with specific location characteristics, given that each sub-district has leading sectors that contribute significantly to regional income. As an illustration, data shows that the North Metro area specializes in batik production, prompting the Metro City Government to develop the Batik EcoPrint program as an effort to empower communities with high economic value. In line with the findings (Apriyana, 2009), leading sectors that have a large empirical contribution serve as the main drivers of regional economic growth.

The city of Metro has a vision and mission in accordance with the Metro City Medium-Term Development Plan (RPJMD) for 2021-2026, which is to become an “Educated, Healthy, Prosperous, and Cultured City” with five missions, namely

1. Realizing competitive education and culture at the national and global levels by upholding religious values.
2. Creating a physically, spiritually, and socially healthy community.
3. Effectively and efficiently improving the quantity and quality of physical infrastructure in an environmentally conscious and sustainable manner.
4. Developing a productive community that is competitive in the fields of technology, innovation, and the creative economy.
5. Realizing good, respectable, and dignified governance.

Based on this vision and mission, the Metro City Government is committed to implementing mission 4, “Enhancing a productive, competitive society in the fields of technology, innovation, and the creative economy.” On this basis, the Metro City Government encourages the community to realize Metro as a center of the creative economy

for economic improvement. This will have a positive effect on the economy and increase the gross regional domestic product (GRDP) compared to other cities and regencies.

4. CONCLUSION

The vision and mission of Metro City, which focuses on developing a productive and competitive community in the fields of technology, innovation, and creative economy, has demonstrated a strategic commitment that is relevant to regional development needs. However, its implementation requires concrete support from the City Government, particularly in the provision of adequate facilities and infrastructure. Based on the identified data, many MSMEs still need support in the form of more modern production equipment to improve efficiency and product quality. In addition, collaboration with the private sector in the procurement of goods and the provision of comprehensive training for business actors is an urgent need so that local products can compete with imported products. Thus, this tangible support will not only strengthen the sustainability of MSMEs, but also transform the vision and mission from mere concepts into operational actions that have a direct impact on the economic growth of Metro City.

ACKNOWLEDGEMENTS

Author Thank you to all agencies involved, especially the Regional Development Planning Agency (BAPPEDA) of Metro City, the Population and Civil Registry Office of Metro City, and all other agencies involved.

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